2012
Comprehensive Annual Financial Report

City and County of Denver, Colorado | Year Ended December 31, 2012

Comprehensive Annual Financial Report

City and County of Denver, Colorado | Year Ended December 31, 2012

DENVER
THE MILE HIGH CITY

prepared by

Department of Finance

Controller's Office
Accounting and Financial Reporting Division

Cary Kennedy, Chief Financial Officer

Beth Machann, CGFM, Controller

available online at
www.denvergov.org/finance

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INTRODUCTION

Department of Finance
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DENVER
THE MILE HIGH CITY

May 30, 2013

Cary Kennedy
Deputy Mayor and 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 (U.S. GAAP) and audited in accordance with generally accepted auditing standards 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, 2012.

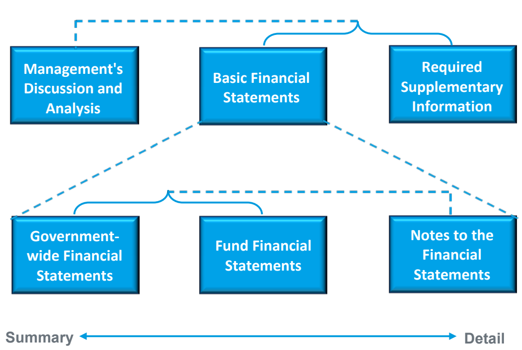
This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those 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 U.S. 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 for the fiscal year ended December 31, 2012, 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended December 31, 2012. The independent auditors' 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 letter of transmittal, Mayor, Auditor, District Attorney, Clerk and Recorder, and City Council introductions, the City's organization chart, and certificates of achievement.
- The Financial section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities 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 funds financial statements, the component units financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information, on a multi-year basis.



This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

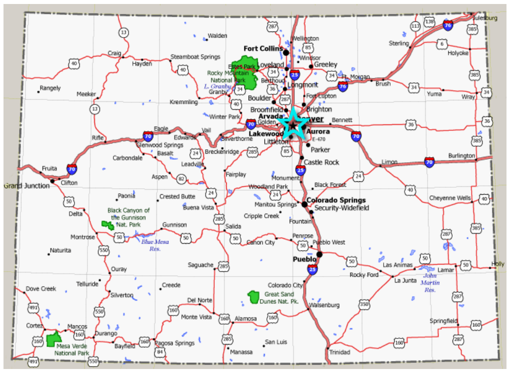
This CAFR includes all funds of the City. The City provides a full range of services including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The CAFR also includes the City's component units, which are legally separate organizations and for which the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City's financial statements to be incomplete were they not included.

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 except for capital outlay. 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.

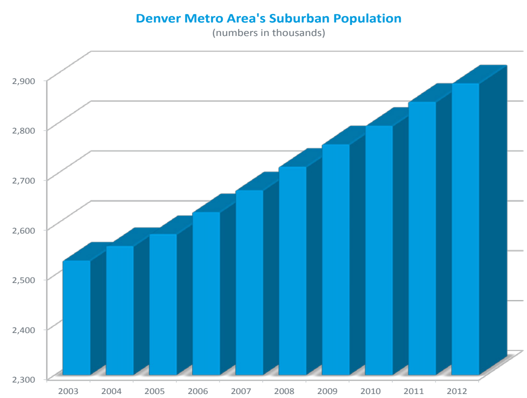
In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's 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 report.

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 2012 U.S. Census population of 634,265 for the core City and County. It is estimated that 2.9 million people reside in the Denver metro area, which includes the suburban counties of 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. All elected officials' terms are concurrent and last four years and each position is subject to term limits of twelve years.

The Charter establishes 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.

REGIONAL ECONOMIC 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 building, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. The economy continued to recover from a recession with revenues improving in 2012. The City continued to take steps throughout 2012 to reduce expenditures to bring them in line with revenues. As of 2012, the City closed $450 million dollars of budget gaps since 2008.

The economy of the metropolitan area generally mirrors that of the state. According to Colorado's Office of State Planning and Budgeting (OSPB), the economy continues to struggle with burdensome forces related to the recent recession, such as high levels of private and public debt and unemployment, the loss of wealth, tight credit markets, and heightened uncertainty. However, there are economic conditions that continue to be favorable, such as strong manufacturing activity, sustained export growth, and the financial conditions of many businesses, especially larger corporations, are solid overall. Due to these positive trends and because of the economy's resiliency, the economy is expected to continue to grow despite headwinds. The employment situation continues to be a concern. While the state added jobs in 2012, state unemployment was 7.5% in January 2013, down from 7.8% in January 2012. Colorado's unemployment rate is below the national average of 8% for 2012, according to the OSPB.

Construction

The March 2012 OSPB Colorado Economic Perspective report states that nonresidential construction value will continue to decline in 2012 but will show modest gains in 2013. The OSPB also projects strong permit growth in 2012 and 2013 due to strong performance in multi-family units.

Personal Income and Wages

The March 2013 OSPB Colorado Economic Perspective report shows that personal income growth increased 4.5% in 2012. According to the OSPB, personal income is forecast to increase 3.6% in 2013 due to continuing modest job growth.

Consumer Spending

Overall, despite challenges in the economy, consumer spending continues to increase according to the OSPB. Colorado retail trade sales are expected to increase 4.3% in 2013, though this could be partially due to higher fuel and food prices and not necessarily higher sales volume. Sales and use tax revenue, which makes up half of the City's General Fund revenue stream, increased by 2.3% in 2012. The City anticipates that core sales and use tax revenue will continue to grow approximately 4.0 % in 2013.

City Financial Policies and Planning

The City, as with the rest of the nation and most of the world, experienced a significant recession in 2009, causing the largest decline in revenues since the 1930's. Formal financial policies, as well as operating practices, have enabled the City to maintain core services and minimize the impact to citizens and employees wherever possible. Formal policies exist in areas such as balanced budgets, revenue diversification and use of one-time and unpredictable revenues, operating expenditures, reserves, investments, and debt.

In November 2012, Denver voters approved Referred Measure 2A to allow the City to retain all revenues collected without limitations. Beginning in 2013, the City will begin to enhance services and implement programs.

Revenue Administration

The City's main source of revenue for operating expenditures is sales and use tax, which makes up 50% of total General Fund revenues. This is less than the 70% average for most local governments in the region. In addition, the City reviews all fees, fines, and charges for services on a rotating basis to ensure they are meeting cost recovery goals. One-time and unpredictable revenues are spent on one-time costs, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

Expenditure Administration

Expenditure budgets are carefully reviewed by both the implementing departments and the Budget and Management Office. Careful attention is paid to ensure departments are meeting projected vacancy savings and that excess budget is not transferred to non-personnel line items. For 2012, selective hiring of only critical vacancies, abolishment of positions, and reduced spending on supplies and equipment all contributed to $8 million in additional savings beyond the original budget by year-end.

Reserves

The City has multiple reserves in its General Fund to address budgetary shortfalls. A Contingency Reserve of no less than 2% of total estimated expenditures, an Emergency Reserve mandated by the State Constitution equal to 3% of covered funds, and an Undesignated Fund Balance target of 15% of total budgeted expenditures. The City's budget policy concerning the use of reserves varies depending on the reserve type but generally limits the use of reserves to respond to revenue shortfalls, unanticipated expenditures, or severe economic downturn. The policy further states that use of reserves should be combined with structural changes to bring the budget back into balance. The Undesignated Fund Balance at the end of 2013 was projected to be 11.7% of expenditures; however with the passage of Measure 2A, the City has revised the Undesignated Fund Balance to 12.0%.

Debt Administration

The City's debt policy establishes guidelines and parameters for the issuance and management of debt. The primary objectives of the policy are to ensure that debt is issued prudently and affordable. The Taxpayer's Bill of Rights (TABOR) under the State Constitution requires the City to obtain voter approval prior to issuing any multi-year fiscal debt or obligations. Certain exceptions apply for refunding of outstanding bonds and debt issued by enterprises of the City. The City's Charter further restricts general obligation bonded debt to 3% of the actual value of the taxable property within the City. General obligation water bonds issued by Denver Water are excluded from this limitation. At December 31, 2012, the City's general obligation bonded debt of $895,649,000, subject to this restriction, was 38.9% of the $2,300,923,000 three-percent limitation amount, not including compound interest of the general obligation mini-bonds.

According to standard measures used by the primary credit rating agencies to assess debt (e.g. fund balance as a percent of operating expenses, debt-to-assessed ratios, debt per capital, etc.), the City's level of direct debt obligations are considered moderate but manageable in comparison with similarly sized cities. Rating agencies cite the City's strong financial management and prudent fiscal policies as credit strengths. As of December 31, 2012, the City is rated triple-A (AAA) by all three of the major rating agencies: Standard & Poor's, Fitch, and Moody's Investors Service.

Cash Management

The City's Charter regulates the securities in which the City may invest its funds. 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 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 2011, Mayor Vidal initiated the Structural Financial Task Force to review the General Fund's structural imbalance between revenue and expenditure growth. The task force was comprised of fifteen business and community leaders that met monthly to review and validate the structural gap and determine solutions for the gap. The task force reviewed sixty expenditure and revenue ideas, recommending a menu of twenty-nine recommendations for the City to use to close the gap. The City has adopted many of the cost savings proposals since Mayor Hancock announced his support for many of the proposals made by the Structural Financial Task Force. The singular revenue proposal adopted was the voters' approval of the removal of TABOR restrictions on the City's revenue growth along with the elimination of credited mills used to stay under TABOR limits. Measure 2A was referred to the ballot in November of 2012 and passed with 73.9% support. The passage has led to a forecasted revenue increase of $40 million in 2013 that will be used to provide services that had been reduced in response to the recession including library hours, street paving and increased parks maintenance.

The City has a six-year long-range capital planning process and document that is updated each year and helps drive annual capital funding decisions as well as periodic general obligation bond issues for larger investments. For operations, revenues are forecasted out for twenty years to account for planned changes to existing revenues, such as sunsetting revenues, and to project any future deficits between revenues and expenditures.

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, 2011. 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 thirty-second consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this 2012 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 2012 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.

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 Cash, Risk, and Capital Funding Division and the Budget and Management Office were also instrumental in the CAFR's completion. Their cooperation and continued assistance is necessary and appreciated. I would like to thank all personnel who 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,

Cary Kennedy
Deputy Mayor and Chief Financial Officer

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Honorable Michael B. Hancock
Mayor

Dear Denver residents:

Cities across this country are starting to emerge from one of the most challenging economic times our nation has ever experienced. While many municipalities will continue to face daunting challenges moving forward, I am proud to report that Denver stands on very solid ground.

We find ourselves here because of our smart choices. We made conscious decisions to be proactive in addressing our fiscal challenges and committed ourselves to becoming ever more effective and efficient. We took bold action to make Denver more financially sustainable over the long run, preparing us to leave for our children and future generations a city we can all be proud of.

Over the past five years, we've balanced the budget annually by closing gaps totaling $540 million. We've been smart about managing liabilities, keeping our debt low and consistent with comparably sized cities. We've been extremely cautious about maintaining adequate reserves and about implementing strong internal controls. The competitive tax structure we've maintained has given us the 8th lowest sales tax rate of 26 metro jurisdictions, and the overwhelming support of Denver voters to overturn TABOR restrictions on the city's tax base has allowed our city to eliminate its budget deficit, to recover more quickly from the recession and catch back up on essential services lost over the past four years.

With the 2012 passage of Measure 2A, we have been able to restore services, balance our budget and grow our rainy day fund. All three major credit rating agencies have awarded Denver the highest AAA rating because our economy is strong, our finances are well managed and there is clear evidence that we are careful stewards of public taxpayer money.

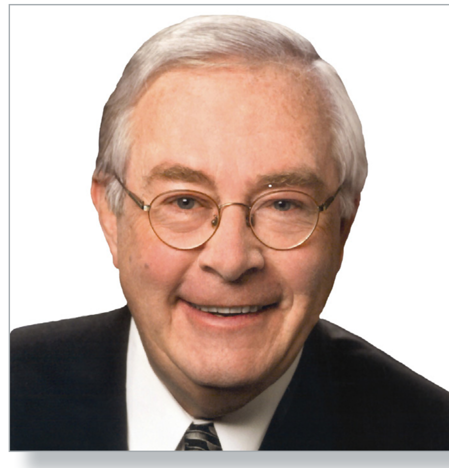
Our efforts have reaped rewards. Today, our city is safer, fiscally stable and growing. We are emerging from this recession as a vibrant, world-class city that is attracting new residents, businesses and visitors. We've placed a renewed emphasis on Denver's children, and we continue to be recognized for our healthy, progressive lifestyle.

With your active engagement, we will harness our Denver spirit – that never-satisfied, always striving for new possibilities attitude – and deliver the highest quality services, the highest degree of integrity, fairness and professionalism, and we'll do it in a completely open and transparent manner.

Together we will forge ahead with a mindful eye that good government is about meeting citizens where they are without compromising the overall commitment to becoming a great city—a city where every single person is valued, where every single one of us matters!

Mayor's Cabinet and Chief of Staff	
Cary Kennedy Deputy Mayor and Chief Financial Officer	**Adrienne Benavidez** Manager of General Services
Janice Sinden Chief of Staff	**Lauri Dannemiller** Manager of Parks and Recreation
Douglas J. Friednash City Attorney	**Jose Cornejo** Manager of Public Works
Kim Day Manager of Aviation	**Alex J. Martinez** Manager of Safety
Doug Linkhart Manager of Environmental Health	**Penny May** Manager of Human Services
Tom Downey Manager of Excise and Licenses	**Rocky Piro** Manager of Community of 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 third term beginning in July 2011. Mr. Gallagher's term will expire on the third Monday in July 2015.

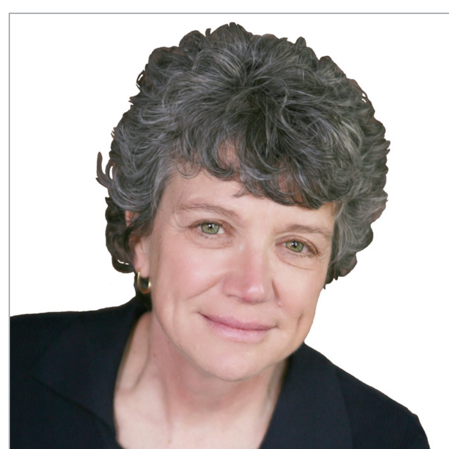


Honorable Dennis J. Gallagher
Auditor

Honorable Mitchell R. Morrissey
District Attorney

Mitchell R. 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, 2017.

Debra Johnson was elected Clerk and Recorder in July 2011. Ms. Johnson also serves as Public Trustee, City Clerk, and Ex-Officio Clerk of the City and County of Denver. Ms. Johnson's term will expire on the third Monday in July 2015.

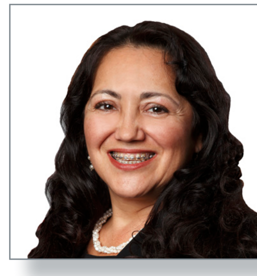


Honorable Debra Johnson
Clerk and Recorder

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 2015.

Honorable Mary Beth Susman
President
5th District

Honorable Robin Kneich
At-Large



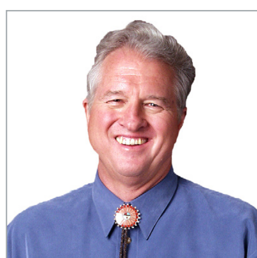
Honorable Deborah Ortega
At-Large

Honorable Susan K. Shepherd
1st District

Honorable Jeanne Faatz
2nd District

Honorable Paul D. López
3rd District

Honorable Peggy Lehmann
4th District

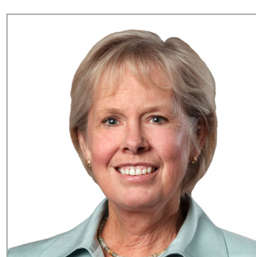


Honorable Charlie Brown
6th District

Honorable Chris Nevitt
7th District

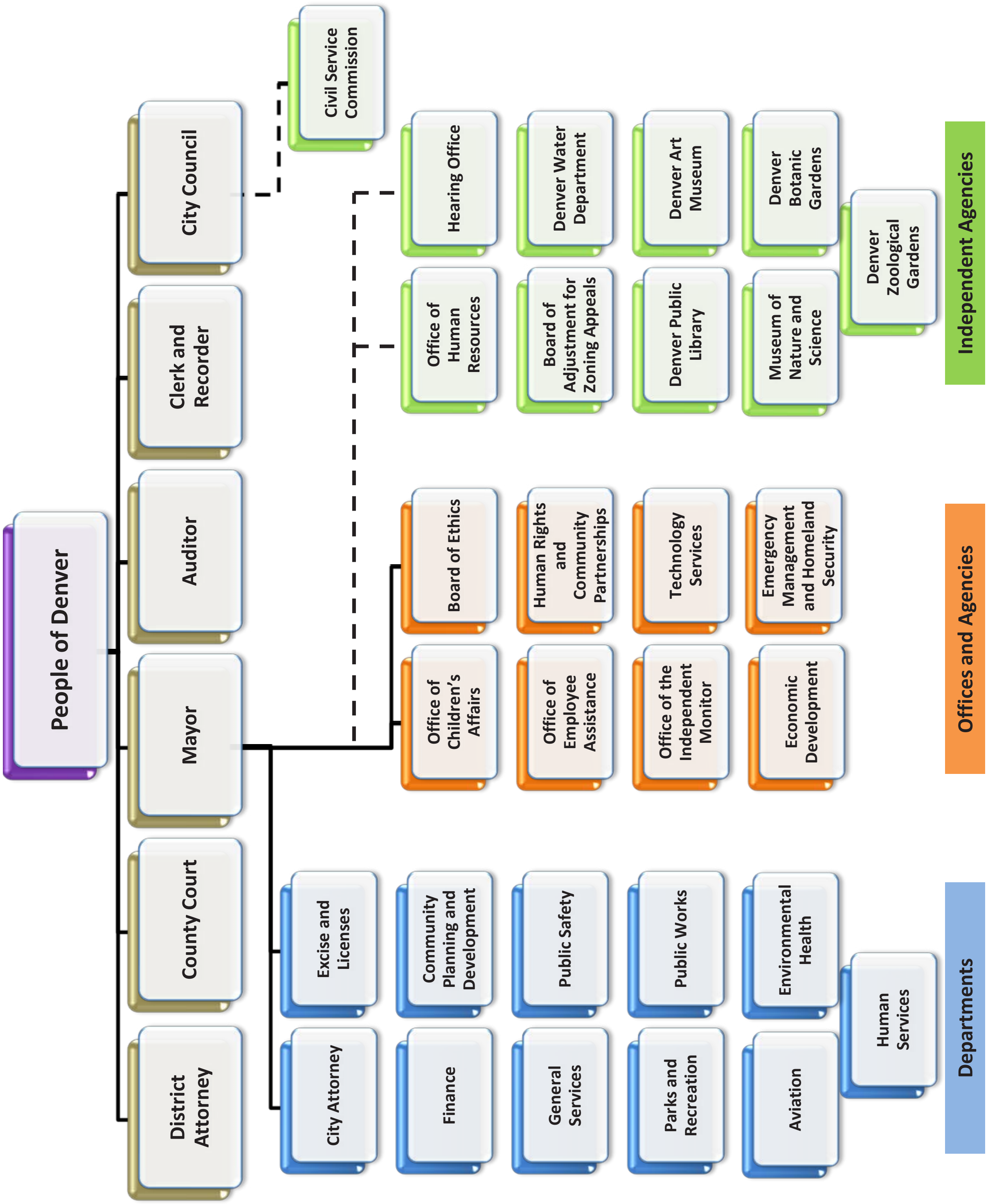
Honorable Albus Brooks
8th District

Honorable Judy Montero
9th District



Honorable Jeanne Robb
10th District

Honorable Christopher Herndon
11th District


People of Denver
District Attorney
County Court
Mayor
Auditor
Clerk and Recorder
City Council
Civil Service Commission
City Attorney
Excise and Licenses
Finance
Community Planning and Development
General Services
Public Safety
Parks and Recreation
Public Works
Aviation
Environmental Health
Human Services
Departments
Office of Children's Affairs
Board of Ethics
Office of Employee Assistance
Human Rights and Community Partnerships
Office of the Independent Monitor
Technology Services
Economic Development
Emergency Management and Homeland Security
Offices and Agencies
Office of Human Resources
Hearing Office
Board of Adjustment for Zoning Appeals
Denver Water Department
Denver Public Library
Denver Art Museum
Museum of Nature and Science
Denver Botanic Gardens
Denver Zoological Gardens
Independent Agencies

The City and County of Denver is proud to have been recognized with the **Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award** offered by the Government Finance Officers Association of the United States and Canada (GFOA)

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, 2011.

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.

Financial

BKD LLP
CPAs & Advisors

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Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Auditor's Report

Audit Committee
City and County of Denver
Denver, Colorado

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Colfax Business Improvement District, Denver Union Station Project Authority, and Denver Preschool Program, Inc., all of which are included as discretely presented component units, which represent 77.2 percent of total assets and 65.9 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2012, respectively. Those financial statements were audited by other auditors 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 Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Colfax Business Improvement District, and Denver Union Station Project Authority, and Denver Preschool Program, Inc., is based solely on the reports of the other auditors. Additionally, we did not audit the financial statements of the Gateway Village General

Audit Committee
City and County of Denver

Improvement District and Denver14th Street General Improvement District, each of which are included as blended component units, which represent .03 percent of total assets and 0.11 percent of total revenues of the aggregate remaining fund information as of and for the year ended December 31, 2012, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Gateway Village General Improvement District and Denver 14th Street General Improvement District, is based solely on the reports of the other auditors. 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 from material misstatement. The financial statements of Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Colfax Business Improvement District, 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 and Denver 14th Street General Improvement District, blended component units, each of which are component units included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, 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 as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit Committee
City and County of Denver

Emphasis of a Matter

As discussed in Note I.E.2, during the year ended December 31, 2012, the City changed its accounting for the financial reporting entity through retroactive application to prior year's financial statements.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory, statistical, and other schedules sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Audit Committee
City and County of Denver

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2013, 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* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
May 30, 2013

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, 2012. 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 $2,933,273,000 (net position). Of this amount, $517,284,000 (unrestricted net position) may be used to meet the City's ongoing obligations.

- The City's total net position increased by $126,057,000, or 4.5% over prior year.

- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $688,245,000, a decrease of $41,947,000 from the prior year. Approximately 22.5% of the fund balance (unassigned fund balance) is available for spending at the government's discretion.

- At the end of the current fiscal year, unassigned fund balance of the General Fund was $155,039,000 which represents 16.8 % of total General Fund expenditures, including transfers out.

- The City's total bonded debt increased by $82,155,000 during the year. Increases occurred in the revenue bonds.

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 Position presents information on all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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, culture, and recreation. Sales and property taxes finance the majority of these services.

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

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

Fund Financial Statements

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Human Services special revenue fund, each of which is considered to be a major fund. Data from the other 20 governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Wastewater Management and the Denver Airport System, both of which are considered to be major funds of the City. Data for the other two enterprise funds and all of the internal service funds are combined into their respective single aggregated presentations. Individual fund data for the nonmajor enterprise funds and all of the internal service funds is provided in the form of combining statements elsewhere in this report. In 2012 Central Services, an Internal Service fund, was closed.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by approximately $2,933,277,000 at the close of the most recent fiscal year.

A portion of the City's net position, $517,284,000 (17.6%), is unrestricted and may be used to meet the City's ongoing financial obligations. This portion represents resources that are not restricted by external requirements nor invested in capital assets.

Net position of $1,302,201,000 (44.4%) 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 positions of the City also include $1,113,788,000 (38.0%) of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

Table 1 reflects the City's net position (dollars in thousands) as of December 31, 2012 and 2011:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 1,253,715	$ 1,287,304	$ 1,978,213	$ 1,645,022	$ 3,231,928	$ 2,932,326
Capital assets	2,848,075	2,736,425	3,650,401	3,646,469	6,498,476	6,382,894
Total assets	**4,101,790**	**4,023,729**	**5,628,614**	**5,291,491**	**9,730,404**	**9,315,220**
Deferred outflows	43,816	44,667	42,900	33,852	86,716	78,519
Noncurrent liabilities	1,835,276	1,861,104	3,944,974	3,687,178	5,780,250	5,548,282
Other liabilities	528,068	496,098	575,529	542,143	1,103,597	1,038,241
Total liabilities	**2,363,344**	**2,357,202**	**4,520,503**	**4,229,321**	**6,883,847**	**6,586,523**
Deferred inflows	-	-	-	-	-	-
Net position						
Net invested in capital assets	1,315,237	1,247,292	(13,036)	91,524	1,302,201	1,338,816
Restricted	457,614	552,799	656,174	627,377	1,113,788	1,180,176
Unrestricted (deficit)	9,411	(88,897)	507,873	377,121	517,284	288,224
Total net position	**$ 1,782,262**	**$ 1,711,194**	**$ 1,151,011**	**$ 1,096,022**	**$ 2,933,273**	**$ 2,807,216**

Table 2 reflects the City's changes in net position (dollars in thousands) for the years ended December 31, 2012 and 2011:

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 324,826	$ 305,696	$ 854,783	$ 812,749	$ 1,179,609	$ 1,118,445
Operating grants and contributions	253,319	195,613	675	400	253,994	196,013
Capital grants and contributions	33,557	40,824	29,886	46,354	63,443	87,178
General revenues:						
Facilities development admissions tax	8,986	8,325	-	-	8,986	8,325
Lodgers tax	57,956	55,620	-	-	57,956	55,620
Motor vehicle ownership fee	19,784	17,140	-	-	19,784	17,140
Occupational privilege tax	43,227	41,141	-	-	43,227	41,141
Property tax	287,062	288,106	-	-	287,062	288,106
Sales and use tax	494,495	481,023	-	-	494,495	481,023
Specific ownership tax	191	162	-	-	191	162
Telephone tax	9,979	9,871	-	-	9,979	9,871
Investment income	11,259	24,196	48,275	33,323	59,534	57,519
Other revenues	31,921	42,378	17	-	31,938	42,378
Total revenues	**1,576,562**	**1,510,095**	**933,636**	**892,826**	**2,510,198**	**2,402,921**
Expenses						
General government	247,659	244,430	-	-	247,659	244,430
Public safety	570,111	531,109	-	-	570,111	531,109
Public works	195,168	149,160	-	-	195,168	149,160
Human services	111,067	114,252	-	-	111,067	114,252
Health	53,755	52,286	-	-	53,755	52,286
Parks and recreation	80,480	57,702	-	-	80,480	57,702
Cultural activities	110,885	127,606	-	-	110,885	127,606
Community development	40,262	46,571	-	-	40,262	46,571
Economic opportunity	21,481	23,036	-	-	21,481	23,036
Interest on long-term debt	74,901	77,263	-	-	74,901	77,263
Wastewater management	-	-	99,179	97,773	99,179	97,773
Denver airport system	-	-	763,249	783,249	763,249	783,249
Other enterprise funds	-	-	15,944	15,514	15,944	15,514
Total expenses	**1,505,769**	**1,423,415**	**878,372**	**896,536**	**2,384,141**	**2,319,951**
Change in net position before transfers	70,793	86,680	55,264	(3,710)	126,057	82,970
Transfers	275	244	(275)	(244)	-	-
Change in net position	**71,068**	**86,924**	**54,989**	**(3,954)**	**126,057**	**82,970**
Net position - January 1	1,711,194	1,624,270	1,096,022	1,099,976	2,807,216	2,724,246
Net position - December 31	**$ 1,782,262**	**$ 1,711,194**	**$ 1,151,011**	**$ 1,096,022**	**$ 2,933,273**	**$ 2,807,216**

Governmental activities increased the City's net position by $71,068,000 for the year ended December 31, 2012. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 84.8% of all tax revenues and 49.6% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled $287,062,000 for a decrease of $1,044,000 (0.4%) while sales and use tax revenues of $494,495,000 were up $13,472,000 (2.8%) compared to 2011, reflecting a moderate growth in the 2012 economy.

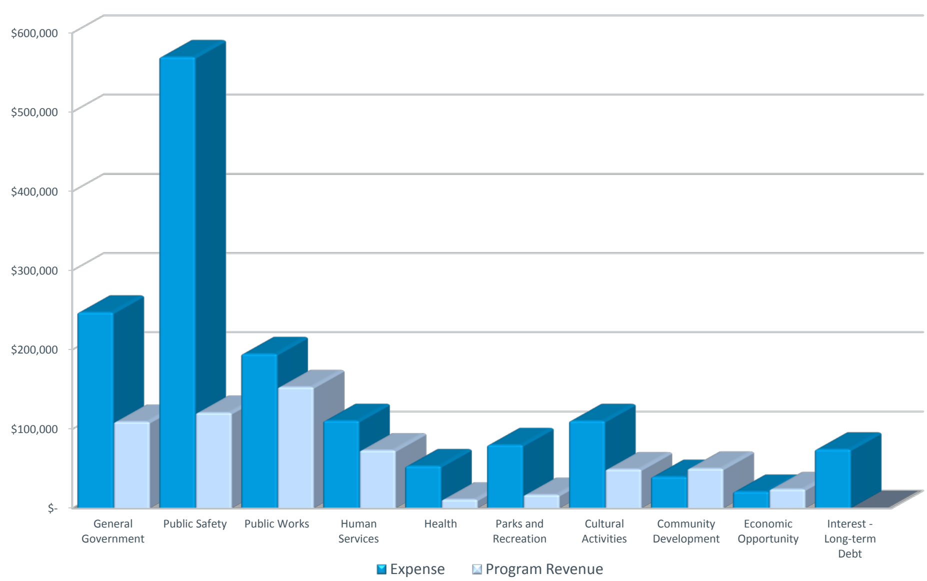
- Investment income decreased by $12,937,000 due to the decrease in interest rates nationally.

- Total expenses increased by $82,354,000 (5.8%) generally due to the increase in costs for goods and services, primarily related to construction services.

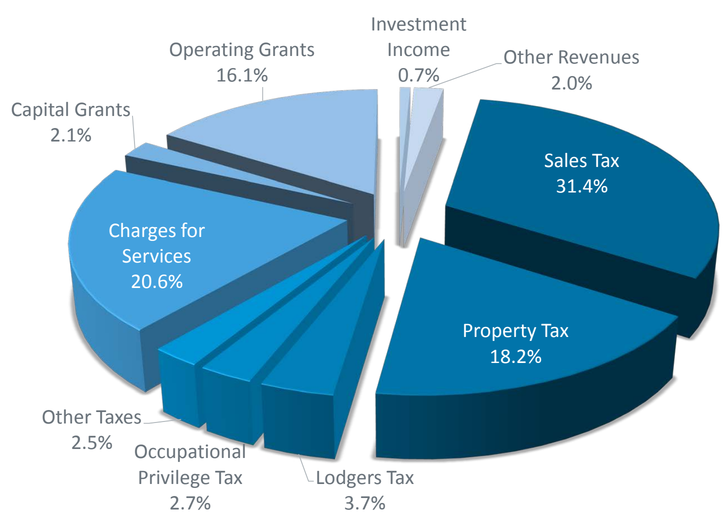
General government expenses in 2012 were $247,659,000 (16.4%) of total expenses. Public safety expenses were $570,111,000 (37.9%) of total expenses. Public works' expenses were $195,168,000 (13.0%) of total expenses. Cultural activities were $110,885,000 (7.3%) of total expenses. Human services' expenses were $111,067,000 (7.4%) of total expenses. The remainder of the governmental activities expenses is comprised of health with $53,755,000 (3.6%), parks and recreation with $80,480,000 (5.3%), community development with $40,262,000 (2.7%), economic opportunity with $21,481,000 (1.4%), and interest on long-term debt of $74,901,000 (5.0%).

Expenses and Program Revenues - Governmental Activities

dollars in thousands



Revenues by Source - Governmental Activities



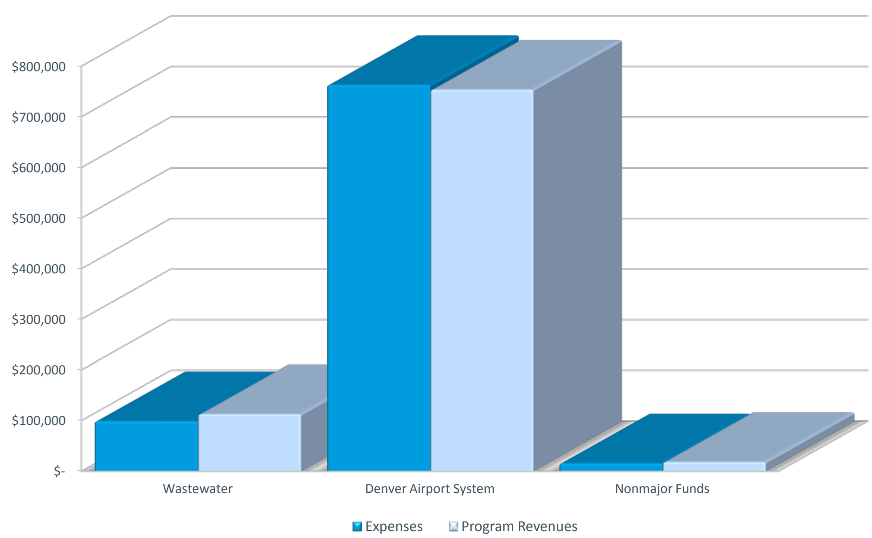
Business-type activities increased the City's net position by $54,989,000. Key elements of this decrease are as follows:

- Total revenues of $933,636,000 were $40,810,000 (4.6%) higher compared to prior year amounts.

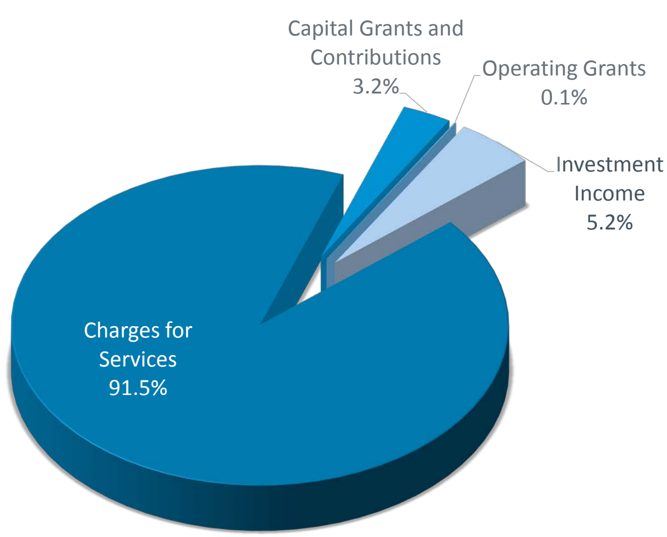
- Total expenses of $878,372,000 decreased by $18,164,000 (2.0%) when compared to the prior year. Wastewater Management expenses in 2012 totaled $99,179,000 (11.3%) of total business-type activities. Denver Airport System expenses totaled $763,249,000 (86.9%) of business-type activities. The remaining $15,944,000 (1.8%) of expenses in business-type activities were related to Environmental Services and Golf activities.

Expenses and Program Revenues - Business-Type Activities

dollars in thousands



Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned 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, 2012, the City's governmental funds reported combined ending fund balances of $688,245,000, a decrease of $41,947,000 in comparison with the prior year. Approximately 22.5% or $155,001,000 of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. As of December 31, 2012, unassigned fund balance of the General Fund was $155,039,000 while total fund balance was $226,848,000. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.8% of total General Fund expenditures, including transfers out, of $924,196,000, while total fund balance represents 24.5% of the same amount.

The total fund balance of the City's General Fund increased by $12,538,000 (5.9%) during the year ended December 31, 2012. This is a result of recovering revenues following the 2009 recession and cost savings measures implemented in 2012 to reduce overall expenditures.

Almost every revenue source increased slightly in 2012 due to a recovery of the economy. Total General Fund revenues, including transfers in, of $935,355,000 increased by $30,999,000 or 3.4%. Certain revenues in the General Fund that increased from 2011 to 2012 include:

- Sales and use taxes earned were higher by $10,165,000. This increase is primarily attributable to improvements in the economy.
- Motor Vehicle ownership revenue increased by $2,644,000 as a result of an increase in vehicle registrations.
- Property taxes were higher by $5,868,000 primarily due to higher collections allowed by TABOR.
- Licenses and permits revenues increased by $4,192,000 largely due to an increase in construction activity as well as an increase in the value of the activity.
- Charges for services increased by $8,225,000. Factors contributing to this increase include additional revenue reimbursement from enterprise funds, growth in plan review revenue associated with improvements in local construction activity, and various other fee increases.

Some revenues in the General Fund decreased from 2011 to 2012, including:

- Investment income decreased by $3,490,000 due to the investment portfolio securities' unrealized gains being less at year end than the prior year.
- Fines and forfeitures decreased by $1,863,000. Factors contributing to this decrease are lower collections in Photo Radar and traffic court fines.

The national and local economies continued to slowly recover in 2012 following the recession of 2009. The City continued to monitor 2012 expenditures. Total General Fund expenditures, including transfers out, increased by $52,780,000, or 6.1%. The primary drivers of this increase are personnel cost increases, fleet replacement and technology investments.

The Human Services special revenue fund had a total fund balance of $33,441,000. This amounts to a net increase in fund balance of $10,611,000 during the current year. The underlying reasons for the change include decreased operating expenses and an increase in transfers in compared to 2011.

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 position of Wastewater Management was $525,297,000 and those for the Denver Airport System were $582,336,000. Net position for all enterprise funds increased $54,989,000. 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 2012, prepared in the summer of 2011, were based on a gradual but slow recovery with minimal growth in the economy. The original projection was for sales and use tax growth of 3.5% above 2011 amounts and an overall growth rate in the General Fund of 2.1% over 2011 revised figures. The revenue forecast, including transfers in, was revised upward by $4,992,000 or 0.5%, over original projections, during 2012 to primarily account for stronger revenue performance. The major revisions by individual revenue type are listed below:

- The sales and use tax estimate was revised upward by $2,778,000 or .6% due to collections exceeding original growth expectations.

- The occupational privilege tax estimate was revised upward by $1,263,000 or 3.0% to better align with year-to-date collections and projected job growth for the State.

- Licenses and permitting revenue projections were revised upward by $1,266,000 or 5.8% due to an increase in construction activity.

- Transfers in was revised upward by $1,706,000 or 7.5% to account for additional Convention Center excise tax revenue being transferred to the General Fund.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph. The national and local economies slowly improved throughout 2012, though revenues were still far below historical levels.

In 2012, actual General Fund revenues, including transfers in, were approximately $19,156,000 higher than the revised budget for 2012, or 2.1%, primarily due to various revenues performing better than expected. General Fund budget basis expenditures were approximately $36,293,000 less than the final budget. This is due to achieving expected unspent appropriations, due in large part of savings measures put in place to respond to the recession, including furloughs, program reductions, compensation savings, and equipment replacement deferrals.

Capital Assets and Bonded Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2012, were $6,498,476,000 (net of accumulated depreciation). This investment in capital assets includes land and land rights, collections, buildings and improvements, equipment and other, park facilities, and, for governmental activities, infrastructure (including streets, alleys, traffic signals, bridges, fiber optic cable, and trails). Infrastructure-type assets of business-type activities are reported as buildings and improvements. The City's capital assets by type at December 31, 2012 and 2011 are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Land and construction in progress	$ 379,899	$ 388,345	$ 496,152	$ 397,506	$ 876,051	$ 785,851
Buildings and Improvements	2,256,276	2,120,352	5,086,021	5,026,714	7,342,297	7,147,066
Equipment and other	302,418	280,226	791,280	755,797	1,093,698	1,036,023
Collections	62,324	70,579	-	-	62,324	70,579
Infrastructure	1,345,162	1,261,886	-	-	1,345,162	1,261,886
Less accumulated depreciation	(1,498,004)	(1,384,963)	(2,723,052)	(2,533,548)	(4,221,056)	(3,918,511)
Total	**$ 2,848,075**	**$ 2,736,425**	**$ 3,650,401**	**$ 3,646,469**	**$ 6,498,476**	**$ 6,382,894**

Major capital asset activity for the year ended December 31, 2012 included the following:

- Governmental Activities – The Police Crime Lab, the Stapleton branch library and the housing unit at the county jail were all placed in service in 2012 as part of the Better Denver Bond projects.

- Business-type Activities – Additions to the Wastewater Collection system of $35,135,000 occurred in 2012 and Denver Airport System continued construction on the South Terminal Redevelopment Program.

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, 2012, the City had total bonded indebtedness of $5,076,724,000 (excluding GID Bond of $5,290,000). Of this amount, $895,649,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt, $4,181,075,000, represents bonds and commercial paper notes secured by specified revenue sources (i.e., revenue bonds of the Denver Airport System, Wastewater Management, and excise tax revenue bonds). The City has no outstanding commercial paper notes as of December 31, 2012.

As of December 31, 2012, the City's general obligation debt is rated AAA by Standard & Poor's rating agency, Fitch Ratings, and Moody's Investors Service.

In January 2012, the City issued $50,425,000 of Series 2012 Wastewater Enterprise Bonds to provide new money for capital projects and to refund all of the remaining $20,350,000 of Series 2002 Wastewater Revenue Bonds.

On May 30, 2012, the Airport System drew $56,000,000 of Commercial Paper. The proceeds were for reimbursement of approximately $19,500,000 of prior capital expenditures and to fund $36,500,000 of capital projects. The Commercial Paper was refunded in October.

On July 20, 2012, the Airport System defeased certain bonds as a part of the City's obligations under the Lease Amendment with United Airlines approved on June 2012 and to complete the baggage system defeasance which began in 2006.

On October 1, 2012, the Airport System terminated the existing Letter of Credit for its Series 2009C Bonds and entered into an agreement with U.S. Bank pursuant to which U.S. Bank agreed to hold the 2009C Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through April 30, 2017.

On October 17, 2012, the Airport System issued $315,780,000, $510,140,000 and $30,285,000 of Airport System Revenue Bonds, Series 2012A, B and C, respectively, in a fixed rate mode to finance capital projects, current refund all of the remaining 1998A Bonds ($104,050,000), and 1998B Bonds ($103,395,000), a portion of the 2002E Bonds ($63,570,000), and 2003A Bonds ($134,475,000), to advance refund a portion of the 2003A Bonds ($27,490,000) and all of the 2003B Bonds ($75,460,000), and to refund all of the outstanding Subordinate Commercial Paper Note Series A ($56,000,000).

The Airport System's senior lien debt is rated at A+ with stable outlook by Standard & Poor's and Fitch Ratings as of December 2012. Moody's Investors Service rated it A1 with a negative outlook as of December 31, 2012.

Outstanding bonded debt at December 31, 2012, and 2011, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
General obligation bonds	$ 895,649	$ 941,484	$ -	$ -	$ 895,649	$ 941,484
Revenue bonds	230,650	249,140	3,950,425	3,803,945	4,181,075	4,053,085
Total	**$ 1,126,299**	**$ 1,190,624**	**$ 3,950,425**	**$ 3,803,945**	**$ 5,076,724**	**$ 4,994,569**

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 2013 budget assumes moderate growth in the local economy. The 2013 General Fund original revenues, including transfers in, are projected to be $945,774,000, which is an increase of 5.2% from actual 2012 revenues. It is anticipated that 2013 revenues will be revised upward to reflect better than expected performance in 2012 and the early part of 2013. Measures have been taken to have expenditures be in line with anticipated revenues.

It is anticipated that fund balance will increase during 2013 and the City remains committed to growing General Fund reserves.

Requests for Information

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

Basic Financial Statements

Statement of Net Position

December 31, 2012 (dollars in thousands)

	Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Units
Assets				
Cash on hand	$ 11,716	$ -	$ 11,716	$ -
Cash and cash equivalents	574,767	128,757	703,524	22,438
Investments	-	455,728	455,728	-
Receivables (net of allowances):				
Taxes	395,423	-	395,423	82,475
Notes	76,453	-	76,453	-
Accounts	26,958	52,891	79,849	696
Accrued interest	2,712	6,244	8,956	188
Other	-	-	-	12,826
Due from other governments	29,047	-	29,047	-
Internal balances	4,658	(4,658)	-	-
Inventories	2,679	10,700	13,379	-
Prepaid items and other assets	2,888	3,014	5,902	6,190
Restricted assets:				
Cash and cash equivalents	50,700	153,893	204,593	161,555
Investments	-	1,021,715	1,021,715	18,000
Accounts receivable	-	11,636	11,636	-
Accrued interest receivable	-	2,591	2,591	-
Other receivables	-	9,964	9,964	-
Prepaid items	-	2,837	2,837	-
Long-term receivables (net of allowances)	50,176	14,675	64,851	159,727
Denver Water CIS (net of amortization)	-	603	603	-
Prepaid expense	-	11,987	11,987	-
Bond issue costs and other assets (net of accumulated amortization)	6,363	29,656	36,019	9,480
Interest rate swaps	-	62,822	62,822	-
Assets held for disposition	19,175	3,158	22,333	-
Capital assets:				
Land and construction in progress	379,899	496,152	876,051	36,932
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	2,468,176	3,154,249	5,622,425	216,203
Total Assets	**4,101,790**	**5,628,614**	**9,730,404**	**726,710**
Deferred outflow of resources				
Accumulated decrease in fair value of hedging derivatives	43,816	42,900	86,716	25,685
Liabilities				
Vouchers payable	64,465	34,621	99,086	6,428
Accrued liabilities	58,231	76,764	134,995	47,844
Unearned revenue	349,268	28,929	378,197	71,167
Interest rate swaps	49,867	300,457	350,324	41,522
Advances	6,010	-	6,010	1,544
Due to taxing unit	227	-	227	-
Due to other governments	-	7,825	7,825	3,178
Liabilities payable from restricted assets	-	126,933	126,933	-
Bonds with demand features	-	-	-	162,555
Noncurrent liabilities:				
Due within one year	112,698	175,170	287,868	20,719
Due in more than one year	1,722,578	3,769,804	5,492,382	643,620
Total Liabilities	**2,363,344**	**4,520,503**	**6,883,847**	**998,577**
Net Position				
Net investment in capital assets	1,315,237	(13,036)	1,302,201	(121,385)
Restricted for:				
Capital projects	302,925	25,525	328,450	76,364
Emergency use	36,140	-	36,140	662
Debt service	91,981	630,649	722,630	79,638
Donor and other restrictions:				
Expendable	13,341	-	13,341	3,861
Nonexpendable	3,000	-	3,000	-
Other purposes	10,227	-	10,227	-
Unrestricted (deficit)	9,411	507,873	517,284	(285,322)
Total Net Position (Deficit)	**$ 1,782,262**	**$ 1,151,011**	**$ 2,933,273**	**$ (246,182)**

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2012 (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	$ 247,659	$ 75,761	$ 33,960	$ -
Public safety	570,111	90,528	30,634	-
Public works	195,168	60,227	62,269	30,777
Human services	111,067	537	73,133	-
Health	53,755	2,899	8,646	-
Parks and recreation	80,480	8,663	7,251	1,528
Cultural activities	110,885	47,791	1,657	293
Community development	40,262	23,466	26,617	527
Economic opportunity	21,481	14,954	9,152	432
Interest on long-term debt	74,901	-	-	-
Total Governmental Activities	**1,505,769**	**324,826**	**253,319**	**33,557**
Business-type Activities:				
Wastewater management	99,179	106,167	-	6,890
Denver airport system	763,249	730,145	675	22,996
Environmental services	7,001	8,709	-	-
Golf course	8,943	9,762	-	-
Total Business-type Activities	**878,372**	**854,783**	**675**	**29,886**
Total Primary Government	**$ 2,384,141**	**$ 1,179,609**	**$ 253,994**	**$ 63,443**
Component Units	**$ 290,276**	**$ 85,044**	**$ 41,072**	**$ -**

General revenues:
Taxes:
Facilities development admissions
Lodgers
Motor vehicle ownership fee
Occupational privilege
Property
Sales and use
Specific ownership
Telephone
Investment and interest income
Other revenues
Transfers
Total General Revenues and Transfers
Change in net position
Net position - January 1, as previously reported
Change in accounting principle - GASB 61
Net position - January 1, as restated
Net Position (Deficit) - 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
$ (137,938)	$ -	$ (137,938)	
(448,949)	-	(448,949)	
(41,895)	-	(41,895)	
(37,397)	-	(37,397)	
(42,210)	-	(42,210)	
(63,038)	-	(63,038)	
(61,144)	-	(61,144)	
10,348	-	10,348	
3,057	-	3,057	
(74,901)	-	(74,901)	
(894,067)	**-**	**(894,067)**	
-	13,878	13,878	
-	(9,433)	(9,433)	
-	1,708	1,708	
-	819	819	
-	**6,972**	**6,972**	
(894,067)	**6,972**	**(887,095)**	
			$ (164,160)
8,986	-	8,986	-
57,956	-	57,956	1,447
19,784	-	19,784	-
43,227	-	43,227	-
287,062	-	287,062	59,937
494,495	-	494,495	36,544
191	-	191	208
9,979	-	9,979	-
11,259	48,275	59,534	12,432
31,921	17	31,938	13,205
275	(275)	-	-
965,135	**48,017**	**1,013,152**	**123,773**
71,068	54,989	126,057	(40,387)
1,711,194	1,096,022	2,807,216	1,688,521
-	-	-	(1,894,316)
1,711,194	1,096,022	2,807,216	(205,795)
$ 1,782,262	**$ 1,151,011**	**$ 2,933,273**	**$ (246,182)**

Balance Sheet - Governmental Funds

December 31, 2012 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Assets				
Cash on hand	$ 70	$ 647	$ 10,999	$ 11,716
Cash and cash equivalents	146,392	25,709	351,530	523,631
Receivables (net of allowances of $110,804)				
Taxes	163,031	56,266	176,126	395,423
Notes	480	-	75,973	76,453
Accounts	21,140	13,141	41,773	76,054
Accrued interest	1,030	-	1,463	2,493
Interfund receivable	9,204	16	1,281	10,501
Due from other governments	-	2,806	26,241	29,047
Prepaid items and other assets	159	-	2,729	2,888
Restricted assets:				
Cash and cash equivalents	45,283	-	5,417	50,700
Assets held for disposition	11,436	-	7,739	19,175
Total Assets	**$ 398,225**	**$ 98,585**	**$ 701,271**	**$ 1,198,081**
Liabilities and Fund Balances				
Liabilities:				
Vouchers payable	$ 16,719	$ 3,540	$ 42,882	$ 63,141
Accrued liabilities	30,200	2,236	1,386	33,822
Due to taxing units	111	-	116	227
Interfund payable	3,199	2,144	1,578	6,921
Deferred revenue	121,104	56,589	221,922	399,615
Advances	18	635	5,357	6,010
Compensated absences	26	-	74	100
Total Liabilities	**171,377**	**65,144**	**273,315**	**509,836**
Fund Balances:				
Nonspendable	159	-	5,729	5,888
Restricted	56,566	33,441	361,719	451,726
Committed	15,084	-	27,786	42,870
Assigned	-	-	32,760	32,760
Unassigned	155,039	-	(38)	155,001
Total Fund Balances	**226,848**	**33,441**	**427,956**	**688,245**
Total Liabilities and Fund Balances	**$ 398,225**	**$ 98,585**	**$ 701,271**	**$ 1,198,081**

See accompanying notes to basic financial statements.

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

December 31, 2012 (dollars in thousands)

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

Total fund balance-governmental funds.	$ 688,245
Capital assets used in governmental activities, excluding internal service funds of $21,020, are not financial resources, and therefore, are not reported in the funds.	2,827,055
Accrued interest payable not included in the funds.	(23,904)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	51,095
Accumulated decrease in fair value of hedging derivatives.	43,816
Interest rate swap liability.	(49,867)
Bond issue costs, net of accumulated amortization.	6,363
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 position.	21,693
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 $53,042).	(1,782,234)
Net position of governmental activities	**$ 1,782,262**

See accompanying notes to basic financial statements.

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

For the Year Ended December 31, 2012 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Facilities development admission	$ -	$ -	$ 8,986	$ 8,986
Lodgers	15,898	-	42,058	57,956
Motor vehicle ownership fee	19,784	-	-	19,784
Occupational privilege	43,173	-	54	43,227
Property	79,199	51,192	156,671	287,062
Sales and use	451,352	-	43,143	494,495
Specific ownership	-	-	191	191
Telephone	2,724	-	7,255	9,979
Special assessments	-	-	1,422	1,422
Licenses and permits	33,906	-	1,487	35,393
Intergovernmental revenues	25,913	72,518	138,461	236,892
Charges for services	162,086	537	57,068	219,691
Investment and interest income	4,606	-	6,132	10,738
Fines and forfeitures	53,227	-	2,737	55,964
Contributions	-	614	5,901	6,515
Other revenue	7,414	306	43,310	51,030
Total Revenues	**899,282**	**125,167**	**514,876**	**1,539,325**
Expenditures				
Current:				
General government	174,272	-	67,819	242,091
Public safety	469,039	-	76,356	545,395
Public works	90,007	-	117,198	207,205
Health	43,765	-	9,083	52,848
Human services	-	110,784	-	110,784
Parks and recreation	53,188	-	8,573	61,761
Cultural activities	34,736	-	53,248	87,984
Community development	15,687	-	24,818	40,505
Economic opportunity	205	-	21,277	21,482
Debt service:				
Principal retirement	3,434	3,575	80,384	87,393
Interest	1,168	1,204	72,979	75,351
Capital outlay	-	-	93,934	93,934
Total Expenditures	**885,501**	**115,563**	**625,669**	**1,626,733**
Excess (deficiency) of revenues over (under) expenditures	13,781	9,604	(110,793)	(87,408)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5	5
Capital leases	1,043	-	51,700	52,743
Intergovernmental agreement	-	-	6,725	6,725
Payments to escrow	-	-	(13,729)	(13,729)
Insurance recoveries	336	7	897	1,240
Transfers in	36,073	1,075	50,331	87,479
Transfers out	(38,695)	(75)	(50,232)	(89,002)
Total Other Financing Sources, Net	**(1,243)**	**1,007**	**45,697**	**45,461**
Net change in fund balances	12,538	10,611	(65,096)	(41,947)
Fund balances - January 1	214,310	22,830	493,052	730,192
Fund Balances - December 31	**$ 226,848**	**$ 33,441**	**$ 427,956**	**$ 688,245**

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, 2012 (dollars in thousands)

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

Net change in fund balances - total governmental funds	$ (41,947)
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	171,026
Depreciation expense (excluding internal service)	(131,762)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	43,470
The issuance of long-term debt and other obligations (e.g., bonds, certificates of participation, and capital leases) provides current financial resources 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 position. Also, governmental funds report the effect of issuance costs, 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	(6,725)
Capital lease issued	(52,743)
Principal retirement on bonds	67,476
Issuance costs, premium, discounts and deferred gain (loss) on refunding	5,119
Capital lease principal payments	33,646
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)	(16,585)
Accrued interest payable	1,034
Legal liability	(3,052)
Pollution remediation	(177)
Net OPEB obligation	(1,619)
Note payable	(5,164)
Line of credit payable	521
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.	8,550
Change in net position of governmental activities	**$ 71,068**

See accompanying notes to basic financial statements.

Statement of Net Position - Proprietary Funds

December 31, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	$ 8,489	$ 95,311
Investments	3,766	139,739
Receivables (net of allowance for uncollectibles of $1,675):		
Accounts	12,300	38,532
Accrued interest	254	5,890
Inventories	-	10,524
Interfund receivable	104	1,642
Prepaid items and other assets	989	2,025
Restricted assets:		
Cash and cash equivalents	-	151,056
Investments	7,046	137,312
Accounts receivable	-	11,636
Accrued interest receivable	-	2,572
Other receivables	-	9,964
Prepaid items	-	2,837
Total Current Assets	**32,948**	**609,040**
Noncurrent assets:		
Investments - restricted	32,325	845,032
Investments - unrestricted	17,276	294,947
Capital assets:		
Land and construction in progress	19,660	472,193
Buildings and improvements	16,736	2,007,840
Improvements other than buildings	756,620	2,275,359
Machinery and equipment	15,772	769,391
Accumulated depreciation	(268,992)	(2,435,888)
Net capital assets	539,796	3,088,895
Long-term receivables (net of allowances)	3,981	10,694
CIS net	603	-
Prepaid expense and other	-	11,987
Bond issue costs and other assets, net	-	29,587
Interest rate swaps	-	62,822
Assets held for disposition	-	3,158
Total Noncurrent Assets	**593,981**	**4,347,122**
Total Assets	**626,929**	**4,956,162**
Deferred Outflow		
Accumulated decrease in fair value of hedging derivatives	-	42,900

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 24,957	$ 128,757	$ 51,136
-	143,505	-
2,059	52,891	1,080
100	6,244	219
176	10,700	2,679
28	1,774	1,726
-	3,014	-
2,837	153,893	-
-	144,358	-
-	11,636	-
19	2,591	-
-	9,964	-
-	2,837	-
30,176	**672,164**	**56,840**
-	877,357	-
-	312,223	-
4,299	496,152	5,653
13,436	2,038,012	18,073
16,030	3,048,009	82
6,117	791,280	7,014
(18,172)	(2,723,052)	(9,802)
21,710	3,650,401	21,020
-	14,675	-
-	603	-
-	11,987	-
69	29,656	-
-	62,822	-
-	3,158	-
21,779	**4,962,882**	**21,020**
51,955	**5,635,046**	**77,860**
-	42,900	-

continued

Statement of Net Position - Proprietary Funds, continued

December 31, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	$ 615	$ 33,256
Revenue bonds payable	2,540	-
Accrued liabilities	1,302	72,235
Unearned revenue	16,200	12,439
Interfund payable	1,094	5,175
Capital lease obligations	534	-
Notes payable	1,275	-
Compensated absences	869	2,704
Construction payable	2,502	-
Due to other governments	7,825	-
Current liabilities (payable from restricted assets):		
Vouchers payable	-	65,094
Retainages payable	-	18,612
Notes payable	-	7,243
Accrued interest and other liabilities	-	23,296
Other accrued liabilities	-	19,931
Revenue bonds payable	-	158,940
Total Current Liabilities	**34,756**	**418,925**
Noncurrent liabilities:		
Interest rate swaps	-	300,457
Notes payable	1,329	25,322
Revenue bonds payable, net	50,568	3,665,727
Capital lease obligations	7,966	-
Special Incentive Program payable	-	-
Compensated absences	1,967	6,295
Other accrued liabilities	5,046	-
Claims reserve	-	-
Total Noncurrent Liabilities	**66,876**	**3,997,801**
Total Liabilities	**101,632**	**4,416,726**
Net Position		
Net investment in capital assets	515,661	(544,739)
Restricted for:		
Capital projects	-	22,669
Debt service	-	630,649
Unrestricted	9,636	473,757
Total Net Position	**$ 525,297**	**$ 582,336**
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 750	$ 34,621	$ 1,324
470	3,010	-
725	74,262	405
290	28,929	748
799	7,068	12
436	970	729
-	1,275	-
147	3,720	618
-	2,502	-
-	7,825	-
-	65,094	-
-	18,612	-
-	7,243	-
-	23,296	-
-	19,931	-
-	158,940	-
3,617	**457,298**	**3,836**
-	300,457	-
-	26,651	-
3,999	3,720,294	-
833	8,799	18,118
-	-	-
764	9,026	691
-	5,046	-
-	-	32,886
5,596	**4,070,273**	**51,695**
9,213	**4,527,571**	**55,531**
16,042	(13,036)	2,173
2,856	25,525	-
-	630,649	-
23,844	507,237	20,156
$ 42,742	1,150,375	**$ 22,329**
	636	
	-	
	$ 1,151,011	

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	**Denver Airport System**
Operating Revenues		
Charges for services	$ 106,167	$ 624,673
Other revenue	-	-
Change in claims reserve	-	-
Total Operating Revenues	**106,167**	**624,673**
Operating Expenses		
Personnel services	20,087	120,334
Contractual services	15,858	175,420
Supplies and materials	1,427	92,417
Depreciation and amortization	16,113	178,567
District water treatment charges	44,368	-
Claims payments	-	-
Other operating expenses	-	-
Total Operating Expenses	**97,853**	**566,738**
Operating income	8,314	57,935
Nonoperating Revenues (Expenses)		
Investment and interest income	1,123	46,899
Passenger facility charges	-	105,472
Disposition of assets	17	-
Grants	-	675
Interest expense	(1,354)	(190,255)
Other expense	-	(6,460)
Total Nonoperating Revenues (Expenses)	**(214)**	**(43,669)**
Income before capital grants, contributions, and transfers	8,100	14,266
Capital grants and contributions	6,890	22,996
Transfers in	-	-
Transfers out	(25)	-
Change in net position	14,965	37,262
Net position - January 1	510,332	545,074
Net Position - December 31	**$ 525,297**	**$ 582,336**

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

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 17,894	$ 748,734	$ 43,313
577	577	1,147
-	-	2,990
18,471	**749,311**	**47,450**
7,101	147,522	9,291
2,828	194,106	583
890	94,734	21,268
934	195,614	1,116
-	44,368	-
-	-	7,092
3,966	3,966	1,876
15,719	**680,310**	**41,226**
2,752	69,001	6,224
253	48,275	1,101
-	105,472	-
-	17	(523)
-	675	-
(243)	(191,852)	(632)
-	(6,460)	-
10	**(43,873)**	**(54)**
2,762	25,128	6,170
-	29,886	-
-	-	1,798
(250)	(275)	-
2,512	54,739	7,968
40,230	1,095,636	14,361
$ 42,742	**$ 1,150,375**	**$ 22,329**
	$ 54,739	
	250	
	$ 54,989	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	$ 106,374	$ 606,076
Payments to suppliers	(43,726)	(266,509)
Payments to employees	(19,675)	(119,466)
Other receipts	-	-
Interfund activity	(12,003)	(17,291)
Claims paid	-	-
Net Cash Provided by Operating Activities	**30,970**	**202,810**
Cash Flows From Noncapital Financing Activities		
Operating grants received	-	484
Transfers in	-	-
Transfers out	(25)	-
Net Cash Provided (Used) By Noncapital Financing Activities	**(25)**	**484**
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt	43,250	479,058
Bond issue costs	(417)	(5,820)
Principal payments	(3,093)	(156,339)
Interest payments	(1,951)	(147,106)
Passenger facility charges	-	104,076
Payments on capital assets acquired through construction payables	(4,446)	(31,316)
Acquisition and construction of capital assets	(9,222)	(95,081)
Reimbursement from City for capital asset costs and proceeds from sale of assets	17	318
Contributions and advances	1,746	19,080
Payments to escrow for current refunding of debt	-	(119,693)
Net Cash Provided (Used) by Capital and Related Financing Activities	**25,884**	**47,177**
Cash Flows From Investing Activities		
Purchases of investments	(196,392)	(3,159,289)
Proceeds from sale of investments	145,462	3,025,999
Sale of assets held for disposition; payments to maintain assets held	-	6,105
Insurance proceeds from remediation of asset held for disposition	-	2,112
Interest received	968	28,297
Interest rate swap settlements	-	(36,828)
Net Cash Provided (Used) by Investing Activities	**(49,962)**	**(133,604)**
Net increase in cash and cash equivalents	6,867	116,867
Cash and cash equivalents - January 1	1,622	129,500
Cash and Cash Equivalents - December 31	**$ 8,489**	**$ 246,367**

See accompanying notes to basic financial statements.

	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
	$ 17,638	$ 730,088	$ 43,866
	(8,593)	(318,828)	(25,073)
	(7,179)	(146,320)	(9,279)
	577	577	1,147
	-	(29,294)	-
	-	-	(7,092)
	2,443	**236,223**	**3,569**
	-	484	-
	-	-	1,798
	(250)	(275)	-
	(250)	**209**	**1,798**
	1,307	523,615	-
	-	(6,237)	-
	(918)	(160,350)	(698)
	(250)	(149,307)	(632)
	-	104,076	-
	-	(35,762)	-
	(1,347)	(105,650)	(393)
	-	335	-
	-	20,826	-
	-	(119,693)	-
	(1,208)	**71,853**	**(1,723)**
	-	(3,355,681)	-
	-	3,171,461	-
	-	6,105	-
	-	2,112	-
	256	29,521	1,182
	-	(36,828)	-
	256	**(183,310)**	**1,182**
	1,241	124,975	4,826
	26,553	157,675	46,310
	$ 27,794	**$ 282,650**	**$ 51,136**

continued

Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 8,314	$ 57,935
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	16,113	178,567
Miscellaneous revenue	-	2,094
Accounts receivable, net of allowance	(727)	(2,887)
Interfund receivable	(20)	-
Inventories	-	182
Prepaid items and other assets	(90)	(13,170)
Vouchers payable	149	2,064
Unearned revenue	770	(9,258)
Accrued and other liabilities	8,697	(10,198)
Interfund payable	(2,238)	(2,519)
Claims reserve	2	-
Net Cash Provided by Operating Activities	**$ 30,970**	**$ 202,810**

Noncash Activities

In 2012, the Airport issued revenue bonds in the amount of $856,205,000, realizing an original issue premium of $105,765,000. Net proceeds of the bonds were deposited in an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts.

Wastewater issued bonds in the amount of $50,425,000 in 2012, in order to refund debt and fund capital projects. Net proceeds of $21,386,000 were deposited immediately in 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 $5,695,000 were realized on the issuance of bonds in 2012.

	Wastewater Management	Denver Airport System
Assets acquired through capital contributions	$ 5,144	$ -
Unrealized gain on investments	-	988
Unrealized gain on derivatives	-	17,248
Capital assets acquired through accounts payable	2,502	82,719
Amortization of bond premiums and deferred losses on bond refundings	175	15,764

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 2,752	$ 69,001	$ 6,224
934	195,614	1,116
-	2,094	-
(296)	(3,910)	115
-	(20)	317
(27)	155	57
13	(13,247)	-
(94)	2,119	(478)
27	(8,461)	-
(78)	(1,579)	133
(788)	(5,545)	(925)
-	2	(2,990)
$ 2,443	**$ 236,223**	**$ 3,569**

$ -	$ 5,144	$ -
-	988	-
-	17,248	-
-	85,221	-
7	15,946	-

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2012 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	$ -	$ 202	$ 3,313
Cash and cash equivalents	32,875	579	30,257
Securities lending collateral	185,736	-	-
Receivables (net of allowance for uncollectibles of $4,966):			
Taxes	-	-	657,145
Accounts	514	-	370
Accrued interest	1,408	-	-
Investments, at fair value:			
U.S. Government obligations	137,834	-	-
Domestic stocks and bonds	663,839	-	-
International stocks	486,374	-	-
Mutual funds	66,441	-	-
Real estate	627,141	-	-
Other	389,335	-	-
Total Investments	**2,370,964**	**-**	**-**
Capital assets, net of accumulated depreciation	5,804	-	-
Total Assets	**2,597,301**	**781**	**$ 691,085**
Liabilities			
Vouchers payable	4,795	286	-
Securities lending obligation	185,735	-	-
Other accrued liabilities	-	-	14,778
Due to taxing units	-	202	676,307
Total Liabilities	**190,530**	**488**	**$ 691,085**
Net Position			
Net position held in trust for pension benefits	1,781,633	-	
Net position held in trust for OPEB benefits	73,057	-	
Net position held in trust for deferred compensation benefits	552,081	-	
Net position held in trust for other purposes	-	293	
Net Position Held in Trust for Pension Benefits and Other Purposes	**$ 2,406,771**	**$ 293**	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2012 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	$ 47,176	$ -
Denver Health and Hospital Authority	6,822	-
Plan members	61,303	-
Total Contributions	**115,301**	**-**
Investment earnings:		
Net appreciation in fair value of investments	188,100	-
Interest and dividends	82,867	-
Total Investment Earnings	**270,967**	**-**
Less investment expense	(10,585)	-
Net Investment Earnings	**260,382**	**-**
Securities lending earnings	582	-
Securities lending expenses:		
Borrower rebates	613	-
Agent fees	(300)	-
Net Earnings from Securities Lending	**895**	**-**
Total Net Investment Earnings	**261,277**	**-**
Total Additions	**376,578**	**-**
Deductions		
Benefits	192,509	-
Refunds of contributions	988	-
Administrative expenses	3,582	-
Other deductions	-	27
Total Deductions	**197,079**	**27**
Change in net position	179,499	(27)
Net position - January 1	2,227,272	320
Net Position -December 31	**$ 2,406,771**	**$ 293**

See accompanying notes to basic financial statements.

Statement of Net Position - Component Units

December 31, 2012 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Other Component Units	Total
Assets					
Cash and cash equivalents	$ 4,491	$ 474	$ 7,107	$ 10,366	$ 22,438
Receivables (net of allowances):					
Taxes	2,677	1,120	69,051	9,627	82,475
Accounts	-	-	272	424	696
Accrued interest	-	-	188	-	188
Other	-	8,522	4,108	196	12,826
Prepaid items and other assets	1,155	-	4,910	125	6,190
Restricted Assets:					
Cash and cash equivalents	87,723	11,666	59,821	2,345	161,555
Investments	-	-	18,000	-	18,000
Long-term receivables	-	159,727	-	-	159,727
Other assets	9,480	-	-	-	9,480
Capital Assets:					
Land and construction in progress	23,421	13,511	-	-	36,932
Buildings and improvements	230,214	-	-	17,565	247,779
Machinery and equipment	41,331	-	-	1,479	42,810
Accumulated depreciation	(72,612)	-	-	(1,774)	(74,386)
Net Capital Assets	**222,354**	**13,511**	**-**	**17,270**	**253,135**
Total Assets	**327,880**	**195,020**	**163,457**	**40,353**	**726,710**
Deferred outflows					
Accumulated decrease in fair value of hedging derivatives	-	-	25,685	-	25,685
Liabilities					
Vouchers payable	3,861	-	-	2,567	6,428
Accrued liabilities	7,820	32,520	2,304	5,200	47,844
Unearned revenue	-	1,120	61,984	8,063	71,167
Interest rate swaps	-	-	41,522	-	41,522
Advances	1,231	-	313	-	1,544
Due to other governments	-	-	1,584	1,594	3,178
Bonds with demand features	-	-	162,555	-	162,555
Noncurrent liabilities:					
Due within one year	4,335	-	16,030	354	20,719
Due in more than one year	340,366	189,465	96,824	16,965	643,620
Total Liabilities	**357,613**	**223,105**	**383,116**	**34,743**	**998,577**
Net Position					
Net investment in capital assets	(123,819)	551	-	1,883	(121,385)
Restricted for:					
Capital projects	55,953	-	20,411	-	76,364
Emergency use	-	-	-	662	662
Debt service	41,566	-	36,613	1,459	79,638
Donor and other restrictions:					
Expendable	-	-	3,861	-	3,861
Unrestricted (deficit)	(3,433)	(28,636)	(254,859)	1,606	(285,322)
Total Net Position (Deficit)	**$ (29,733)**	**$ (28,085)**	**$ (193,974)**	**$ 5,610**	**$ (246,182)**

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2012 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Other Component Units	Total
Expenses	$ 94,975	$ 115,855	$ 57,679	$ 21,767	$ 290,276
Program Revenues					
Charges for services	83,279	-	1,537	228	85,044
Operating grants and contributions	-	39,799	785	488	41,072
Total Program Revenues	**83,279**	**39,799**	**2,322**	**716**	**126,116**
Net expenses	(11,696)	(76,056)	(55,357)	(21,051)	(164,160)
General Revenues					
Taxes:					
Lodgers	-	-	1,447	-	1,447
Property	-	-	51,896	8,041	59,937
Sales and use	-	690	23,495	12,359	36,544
Specific ownership	-	-	-	208	208
Investment and interest income	125	9,574	2,724	9	12,432
Other revenues	9,250	-	2,746	1,209	13,205
Net General Revenues	**9,375**	**10,264**	**82,308**	**21,826**	**123,773**
Change in net position	(2,321)	(65,792)	26,951	775	(40,387)
Net position (deficit) - January 1	(27,412)	37,707	(220,925)	4,835 [1]	(205,795) [2]
Net Position (Deficit) - December 31	**$ (29,733)**	**$ (28,085)**	**$ (193,974)**	**$ 5,610**	**$ (246,182)**

[1]Due to the implementation of GASB 61, previously reported net position (deficit) is reduced by $256,258 to account for the nonmajor component units no longer included in the reporting entity.

[2]Due to the implementation of GASB 61, previously reported net position (deficit) is reduced by $256,258 to account for the nonmajor component unit, and $1,638,058 to account for the major component units, no longer included in the reporting entity.

See accompanying notes to basic financial statements.

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Contents

I. Summmary of Significant Accounting Policies

II. Stewardship, Compliance, and Accountability

III. Detailed Notes for All Funds

IV. Other Note Disclosures

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 (U.S. GAAP) 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 U.S. GAAP, 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*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. Certain amounts reported in the individual component unit financial statements have been reclassified to conform to the City's accounting policies. Each component unit has a December 31st year end.

1. **Blended Component Units.**

   Gateway Village General Improvement District and **Denver 14th Street General Improvement District –** The districts were created by the City as separate legal entities pursuant to state statute. Per statute, the City Council serves as *ex officio* Board of Directors for the districts. District Advisory Boards, appointed by the City Council, conduct and manage all affairs of the districts, which provide services entirely to the City, subject to overall approval and supervision of the *ex officio* Board of Directors. The districts are reported herein in the City's special revenue and debt service funds.

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 was created by the City as a separate legal entity pursuant to state statute for the purpose of maintaining public improvements and planning development activities within each BID's geographic boundaries. The City appoints the governing boards of the BIDs and is able to impose its will though the approval of the BID's operating budgets. The 9th Avenue BID had no financial activity in 2012 or net assets to report as of December 31, 2012.

   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 hotel adjacent to the City's convention center. The Mayor appoints the Board of Directors of the DCCHA, subject to City Council confirmation, and a financial benefit/burden relationship exists as a result of an economic development agreement between the City and DCCHA. According to the agreement DCCHA distributes certain excess revenues to the City, makes payments in lieu of taxes to the City, and has entered into a room block agreement which coordinates the reservation of hotel room blocks with events scheduled at the City's convention center. The City makes semi-annual economic development payments to the DCCHA, which totaled $9,250,000 in 2012, and will gradually increase to an annual maximum of $11,000,000 in 2018. The City also has the right to purchase the hotel at the purchase option price per the agreement.

Denver Downtown Development Authority (DDDA) – The DDDA was created for the purpose of promoting public health, safety, prosperity, security, and general welfare in order to halt or prevent deterioration of property values or structures within the central business district and to assist in the development and redevelopment of the central business district, especially to benefit the property within the boundaries of the Authority. The City entered into a cooperation agreement with DDDA in 2009 authorizing the Authority to collect and disburse property and sales tax increment revenues. The DDDA collects property and sales tax increment revenue from the City and disburses it to the Denver Union Station Project Authority and the Denver Union Station Metro Districts. The Central Platte Valley Metropolitan District also exists within the boundaries of DDDA and it receives property tax revenue from the DDDA. The Board of Directors is appointed by the Mayor and confirmed by City Council, and City Council may remove any director at will. These appointments and the ability of the City to impose its will on the Authority make the City financially accountable for the Authority.

Denver Preschool Program, Inc. (DPP) – DPP is a nonprofit corporation organized to administer the Denver Preschool Program that provides tuition credits for children of Denver families the year before the child is eligible for kindergarten. The City is legally obligated to provide financial support to DPP, as the program is funded by a sales and use tax increase of twelve one-hundredths of one percent (.12%) that was voter-approved through December 2016. The Mayor appoints six of the seven DPP board members and City Council appoints a council member as the other board member. The City appointments to the governing body and its financial obligations to DPP make the City financially accountable for the DPP.

Denver Union Station Project Authority (DUSPA) – In 2001, the City, the Regional Transportation District (RTD), the Denver Regional Council of Governments, and the Colorado Department of Transportation entered into an intergovernmental agreement for the redevelopment of Denver Union Station and its surrounding environs as a multimodal transportation hub in the City's metropolitan area. The Denver Union Station Project Authority was created by City ordinance in 2008, as a permanent, centralized agency to accomplish the Denver Union Station Project (the Project) which will specifically deal with the financing, acquiring, equipping, designing, constructing, operating and maintaining of the Project. DUSPA is a Colorado nonprofit organization. The Mayor appoints six of the eleven voting DUSPA board members, which are then confirmed by City Council. The Mayor can remove any City appointed board member at will, giving the City the ability to impose its will on the Authority. The ability to appoint the majority of voting members and to impose its will on DUSPA makes the City financially accountable for the Authority. Tax increment revenue from the City provides funding for the Project, which creates a financial burden relationship between the City and DUSPA. In addition to the tax increment revenue, DUSPA also receives federal loans, federal and state grants, and RTD bond proceeds. DUSPA is authorized to issue revenue bonds for the Project, which for federal income tax purposes are considered to be issued on behalf of the City, however these bonds, and any other obligation incurred by DUSPA, are not liabilities of the City.

Denver Urban Renewal Authority (DURA) – 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 and to prevent future blight from developing. In addition, for health and safety purposes, DURA provides housing rehabilitation assistance in the form of deferred or low-interest loans to low-income Denver homeowners through two City housing rehabilitation programs. The Mayor appoints the DURA board of directors subject to City Council approval. Any urban renewal project undertaken by DURA must receive prior approval by the City. A significant amount of DURA's financing comes from incremental property and sales tax revenue from the City. In

2009, DURA established Denver Neighborhood Revitalization, Inc. (DNRI), a registered State of Colorado not-for-profit organization and component unit of DURA, to address the needs in the Denver community related to foreclosed and/or abandoned homes. DNRI administers and executes the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities include acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. For presentation purposes, DURA and DNRI financial activity is combined.

Complete financial statements, as applicable, for 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
1573 South Jamaica Street
Denver, Colorado 80012

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

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
4500 West Colfax Avenue
Denver, Colorado 80204

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

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

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

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

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

3. Fiduciary Component Unit.

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

4. Related Organizations.

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

Denver Health and Hospital Authority (Authority) – The Authority is a political subdivision and body corporate of the State of Colorado. The Authority is governed by a nine member board, all appointed by the Mayor. The Authority entered into contractual agreements with the City to obtain and operate the City's existing hospital system. In accordance with the contractual agreements between the Authority and the City, the City paid the Authority $52,794,000 for providing various health related services to the City and its residents during 2012. In addition, the Authority made payments in the amount of $1,888,000 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, appointed by the Mayor, 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.

Denver Water Board – The Denver Water Board was created pursuant to the City Charter as a separate legal entity to oversee the City's water system. The Denver Water Board's five-member governing body is appointed by the Mayor, but the City is not financially accountable for the Denver Water Board because the Denver Water Board has the power to levy property taxes to support general obligation bonds issued by the Denver Water Board and the Denver Water Boards' determination of the necessity for the mill levy would not be subject to approval or modification by the City. The Denver Water Board no longer has authority to issue general obligation bonds and only $500,000 remains outstanding as of December 31, 2012.

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. Neither the City nor DURA is financially accountable for SDC, 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 position 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 position reports all of the City's assets and liabilities, with the difference between the two presented as net position.

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The Wastewater Management fund accounts for the City's storm and sewer operations.
- The Denver Airport System fund accounts for the operation of the City's airport system which includes Denver International Airport.

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

Additionally, the City reports the following fund-types:

- Internal service funds account for fleet maintenance, asphalt plant, and workers' compensation services provided to the various departments and agencies of the City on a cost reimbursement basis. During 2012, the Central Services Fund was closed as it was no longer operating as an internal service fund.

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

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

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

The 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 Position or Fund Balances

1. **Cash and Investments.** For the primary government, except when prohibited by trust agreements, the operating cash in each fund is maintained in one consolidated pool by the City. Cash in excess of operating requirements is invested by the City. 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's investment 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's investments held in the consolidated pool are classified as cash equivalents. For investments owned by wastewater, the airport system, the pension trust funds, and the component units, investments with original maturities of three months or less from the date of purchase are considered cash equivalents.

3. **Property Taxes Receivable.** Property taxes are reported as a receivable and as unearned or deferred revenue when the levy is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. Property taxes receivable is reduced by an allowance for uncollectible taxes. Property taxes are due and considered earned on January 1 following the year levied. The first and second halves become delinquent on March 1 and June 16, respectively. Tax rate levy authority for the 2012 fiscal year was approved when Resolution 196, Series of 2012, 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 in connection with its water accounts. The Wastewater Management enterprise fund is responsible for billing and collecting storm drainage charges using a cycle billing system. Flat rate accounts and certain cycle billings are billed in advance on a monthly basis and revenues relating to future years are classified as unearned revenue. Metered accounts are billed in arrears and have been accrued.

5. **Interfund Receivables/Payables.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net position. 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 also depends on the timing of cash collections (availability).

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

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

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

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

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized 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, excluding library books	15 years
Library books	4 years
Infrastructure	6 to 50 years

Library books are depreciated over a 4-year life using the composite method. The Western History artwork collection, valued at $14,500,000, 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. In addition, artwork acquired through the Estate of Clyfford Still is not capitalized because the collection must be held for public exhibition and sale of the collection, or any piece of the collection, is prohibited, under the terms of the will and the donation agreement. A value has not been assigned to Clyfford Still collection and due to the rarity of the collection combined with restrictions within the will for its ownership and exhibition, its ultimate value may be impossible to establish with any certainty.

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

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

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

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

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

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

12. **Special Incentive Program.** In 2009, the City approved a Special Incentive Program (SIP) for the purpose of reducing payroll expenses by encouraging employees eligible to retire to separate from employment. Under the SIP, each employee who separated from employment will receive $500 per month for thirty months beginning in January 2010. A total of 322 employees elected to participate in the program. The last payment was in June 2012. As of December 31, 2012, there is no longer a liability.

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

14. **Fund Balance.** In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balance classifications based on the nature and extent of the constraints placed on the fund balances.

15. **Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2012, $15,083,000 was reappropriated against the General Fund 2012 budget for remaining prior year encumbrances.

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

1. **Governmental Accounting Standards Board Statement No. 60.** In 2012, the City implemented the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (SCA). An SCA is an arrangement with another governmental entity or an outside party (the operator) in which the City conveys the right to provide public services through the use and operation of a capital asset, generally a facility or infrastructure, for significant consideration. The City has no SCAs to disclose or recognize.

2. **Governmental Accounting Standards Board Statement No. 61.** In 2012, the City implemented the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, (GASB 61), which modifies certain requirements for inclusion of component units in the financial reporting entity. As part of the implementation of GASB 61, the City reviewed and analyzed all entities previously reported as component units using the new guidance. As a result of the review, some entities previously reported as component units are no longer included in

the reporting entity. These entities include the Denver Art Museum, the Denver Museum of Nature and Science, Denver Metro Convention and Visitor's Bureau, d/b/a VISIT DENVER, and the Denver Water Board, although the Denver Water Board is considered a related organization. Due to the implementation, the beginning net position on the Statement of Net Position-Component Units has been reduced by $1,894,316,000 for the component units no longer included in the reporting entity. This includes a decrease to the major component units January 1 net position of $1,638,058,000 and a decrease to the nonmajor component units January 1 net position of $256,258,000.

3. **Governmental Accounting Standards Board Statement No. 62.** In 2012, the City implemented the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates certain accounting and financial guidance issued on or before November 30, 1989 that are nonconflicting with current Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. There was no impact on net position as a result of the implementation. GASB 62 also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election of paragraph 7 of that statement for enterprise funds and business-type activities to apply post November 30, 1989 FASB statements.

4. **Governmental Accounting Standards Board Statement No. 63.** In 2012, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which renames net assets as net position, renames previously reported invested in capital assets, net of related debt to net investment in capital assets on the Statement of Net Position, and provides guidance on the proper presentation of deferred outflows of resources and deferred inflows of resources.

5. **Governmental Accounting Standards Board Statement No. 64.** In 2012, the City implemented the provisions of GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which sets forth criteria that establishes when the effective hedging relationship continues and hedge accounting should continue to be applied.

There was no effect on beginning net position at January 1, 2012, or on changes in net position for the year ended December 31, 2012, for implementation of GASB 60, 62, 63, or 64.

II. Stewardship, Compliance, and Accountability

Note A – Deficit Fund Equity

At December 31, 2012, the Denver Convention Center Hotel Authority (DCCHA), the Denver Preschool Program, Inc. (DPP), the Denver Union Station Project Authority (DUSPA), the Denver Urban Renewal Authority (DURA) and Old South Gaylord BID component units had deficit net position in the amounts of $29,733,000, $41,000, $28,085,000, $193,974,000, and $1,000, respectively.

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

Note B – Excess Expenditures Over Authorizations

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

Table 1

Excess Expenditures Over Authorizations
For the Year Ended December 31, 2012 (dollars in thousands)

	Authorization	Budget Basis Expenditures	Excess over Authorization
Arts and Venues	$ 2,381	$ 2,382	$ 1
Board of Ethics	108	110	2
Parks and Recreation	53,026	53,363	337
Undersheriff	103,700	103,912	212

The expenditures, which resulted in excess of authorization, were recorded because liabilities 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 Colorado Public Deposit Protection Act (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, 2012, the bank balance and carrying amounts of accounts managed by the City Treasurer were $33,328,000 and $38,077,000, respectively (which includes $25,000,000 of Certificates of Deposit). The City's deposits, except for the pension trust fund and certain component units' deposits are subject to, and in accordance with PDPA.

   All deposits for DURA, DUSPA, and DCCHA were not subject to custodial credit risk at December 31, 2012, since they were covered by FDIC or PDPA.

2. **Investments.** It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Finance (the Manager), including investments of certain monies related to all governmental and business-type activities, and trust

and agency funds. The City's Investment Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy.

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

At December 31, 2012, the City's investment balances were as shown in **Table 2**.

Table 2

City Investment Balances

December 31, 2012 (dollars in thousands)

		Fair Value
Repurchase agreements	$	211
Money market funds		159
Local government investment pool		62,080
Commercial paper		306,186
Common stock		968,297
Mutual funds		277,950
State and local government securities		3,316
Municipal bonds and VRDOs		13,222
U.S. Treasury securities		508,610
U.S. agency securities		1,549,818
Corporate, governmental, and mortgage bonds		244,865
Annuity contracts		262,769
Real estate		152,918
Other		411,731
Total Investments	**$**	**4,762,132**

The DERP pension trust fund had securities lending collateral of $211,793,000 at December 31, 2012; see **Note III-A-5** for additional discussion related to this balance.

At December 31, 2012, the investment balances of the discretely presented component units were as shown in **Table 3**.

Table 3

Component Units Investment Balances

December 31, 2012 (dollars in thousands)

		Fair Value
Money market funds	$	105,355
Local government investment pool		17,423
Investment contracts		18,000
Total Investments	**$**	**140,778**

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2012, is shown in **Table 4**.

Table 4

Reconciliation of Cash and Investments

December 31, 2012 (dollars in thousands)

	Primary Government	Component Units	Total
Governmental and Business-type Activities			
Cash on hand	$ 11,716	$ -	$ 11,716
Cash and cash equivalents	703,524	22,438	725,962
Investments	455,728	-	455,728
Restricted cash and cash equivalents	204,593	161,555	366,148
Restricted investments	1,021,715	18,000	1,039,715
Total Governmental and Business-type Activities	**2,397,276**	**201,993**	**2,599,269**
Fiduciary			
Cash on hand	3,515	-	3,515
Cash and cash equivalents	63,711	-	63,711
Investments	2,370,964	-	2,370,964
Total Fiduciary	**2,438,190**	**-**	**2,438,190**
Total	4,835,466	201,993	5,037,459
Less deposit balance	(73,334) [1]	(61,215)	(134,549)
Total Investments	**$ 4,762,132**	**$ 140,778**	**$ 4,902,910**

[1] The carrying amount of the City's deposits, $38,077 plus fiduciary deposits of $32,875, less uncashed warrants of $11,576, plus other cash amounts of $13,958, equal $73,334.

Interest Rate Risk. Interest rate risk is the risk that changes in financial market interest rates will adversely affect the value of an investment. The City's Investment Policy limits interest rate risk for investments under the control of the Manager by limiting the maximum maturity of investments. Investments in commercial paper have a maximum maturity of 270 days. At December 31, 2012, the City's commercial paper maturity dates ranged from January 3, 2013 to June 26, 2013. U.S. Treasury and agency securities can have a maximum maturity of ten years. The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. agency securities that are part of the Denver Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain airport system bonds, and also the investments held for the Cable Land Trust and Workman's Compensation. Maturities of the underlying investments in the local government investment pool are limited by the pool's investment policies to less than one year.

At December 31, 2012, 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	$ 306,186	$ 306,186	$ -	$ -	$ -
Municipal bonds and VRDOs	13,222	-	-	-	13,222
U.S. Treasury securities	440,391	21,565	356,705	62,121	-
U.S. agency securities	1,543,153	226,988	964,536	295,124	56,505
Total	**$ 2,302,952**	**$ 554,739**	**$ 1,321,241**	**$ 357,245**	**$ 69,727**

The City's portfolio of U.S. agency securities includes callable securities. 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, 2012, the City owned callable securities with a fair value of $124,399,000.

The DERP limits its exposure to fair value losses due to rising interest rates by limiting investment duration as the primary measure of interest rate risk within some of its fixed income investments: intermediate – three to seven years, and high yield – between (+) or (-) 10% of the duration of the Merrill Lynch High Yield Cash Pay Index. At December 31, 2012, 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	$ 68,220	$ 52	$ 36,160	$ 17,039	$ 14,969
U.S. agency securities	6,665	7	3,343	1,987	1,328
Asset backed	1,487	-	1,113	114	260
Corporate bonds	141,258	586	87,203	46,831	6,638
Government bonds	62,949	3,679	23,188	27,903	8,179
Mortgage backed	39,171	45	21,681	10,818	6,627
Total	**$ 319,750**	**$ 4,369**	**$ 172,688**	**$ 104,692**	**$ 38,001**

Credit Quality Risk. Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the City. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are assigned credit quality ratings of AAA by Fitch and Moody's, however both agencies assigned a negative outlook in 2012. In August 2011, Standard and Poor's downgraded its rating of the U.S. Government from AAA to AA+. Of the City's investments at December 31, 2012, commercial paper, municipal bonds, municipal variable rate demand obligations (VRDOs), and local government investment pools were subject to credit quality risk. The VRDOs are associated with a financing issued by the City and County of Denver. The City's Investment Policy requires that commercial paper be rated by at least two recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's and Fitch, respectively, at the time of purchase. The Investment Policy requires that the municipal bonds and VRDOs have a minimum underlying issuer rating from at least one of the three rating agencies of A from Standard and Poor's and Fitch and A2 from Moody's. State and local government securities and U.S. agency securities include securities issued by government sponsored enterprises (GSEs). These securities are debt securities that are not explicitly guaranteed by the federal government. The senior debt of these GSEs is rated AAA/Aaa, while the subordinated debt is currently rated AA-/Aa-. The Investment Policy also requires the local government investment pool to have over $1 billion in assets or have the highest current rating from one or more nationally recognized rating agencies.

As of December 31, 2012, the City owned commercial paper with a fair value of $306,186,000 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 $13,222,000 of municipal bonds and VRDOs that had ratings of at least A1 by Moody's or AA- by Standard & Poor's or Fitch. The City also had $62,080,000 invested in local government investment pools with a rating of AAAm by Standard & Poor's.

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

Information on the credit ratings associated with the DERP investments in debt securities at December 31, 2012, is shown in **Table 7** (dollars in thousands).

Table 7

S&P	Moody's	Asset Backed	Corporate Bonds	Government Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 760	$ 23,713	$ -	$ 27,901	$ 52,374
AAA	NR	191	-	-	909	1,100
AA+ to AA-	Aa3 to A1	18	2,062	62,949	1,793	66,822
A+ to A-	A1 to Baa2	43	6,036	-	4,116	10,195
BBB+ to BBB-	A3 to Baa3	43	15,806	-	4,067	19,916
BB+ to BB-	Ba3 to B1	-	29,468	-	-	29,468
B+ to B-	B1 to Caa1	-	28,080	-	-	28,080
CCC+ to CCC	B3 to Caa2	101	6,729	-	-	6,830
NR	Aaa to Baa2	331	2,912	-	385	3,628
NR	NR	-	26,452	-	-	26,452
Total		**$ 1,487**	**$ 141,258**	**$ 62,949**	**$ 39,171**	**$ 244,865**

NR - no rating available.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2012, 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.

One City agency, the Office of Economic Development, owned repurchase agreements that are related to several bank accounts at Vectra Bank in relation to its HUD Section 108 programs. The cash in these accounts is invested each night in repurchase agreements issued by Vectra. The amounts in these accounts are held in the City's name and protected by the PDPA. In addition, Vectra pledges securities that are direct obligations of the U.S. Government, at a minimum collateralized value of 102% in compliance with HUD's investment requirements. The total repurchase agreements at December 31, 2012, were $211,000.

DERP has no formal policy for custodial credit risk. At December 31, 2012, there were no investments or collateral securities subject to custodial credit risk.

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

As of December 31, 2012, all investments in commercial paper, money market funds, and municipal securities were in compliance with this 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, 2012, all DERP investments were in compliance with this policy.

Foreign Currency Risk. Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Investment Policy, excluding the DERP pension trust fund, does not allow for investments in foreign currency. The DERP pension trust fund Investment Policy allows 18% to 26% of total investments to be invested in international equities. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2012, is reflected in **Table 8** (dollars in thousands).

Table 8

Foreign Currency		U.S. Dollars
Australian Dollar	$	20,073
Brazilian Real		19,725
British Pound Sterling		72,546
Canadian Dollar		13,712
Chilean Peso		1,920
Chinese Yuan		18,005
Columbian Peso		62
Czech Koruna		1,827
Danish Krone		3,523
Egyptian Pound		356
Euro		92,140
Hong Kong Dollar		19,428
Hungarian Forint		1,487
Indian Rupee		12,300
Indonesian Rupiah		3,066
Japanese Yen		63,497
Malaysian Ringgit		2,880
Mexican Peso		5,560
New Israeli Shekel		1,743
New Zealand Dollar		913
Norwegian Krone		5,655
Philippine Peso		929
Polish Zloty		3,763
Russian Ruble		10,329
Singapore Dollar		8,405
South African Rand		13,643
South Korean Won		26,496
Swedish Krona		9,270
Swiss Franc		25,760
Taiwan Dollar		16,866
Thai Baht		5,312
Turkish Lira		4,181
Other		227
Total Foreign Deposits and Investments	**$**	**485,599**

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2012, since they consisted solely of money market funds that are not evidenced by securities and are in DCCHA's name.

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, 2012, 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	$ 17,632	$ 17,632	$ -
Guaranteed investment contracts	18,000	-	18,000
Local government investment pool	15,656	15,656	-
Total	**$ 51,288**	**$ 33,288**	**$ 18,000**

5. **Securities Lending.** The City participates in a securities lending program with certain qualified dealers. The securities are loaned to the dealer up to a maximum of one year in exchange for a predetermined fee. The City continues to receive interest earnings on the loaned securities. The securities are collateralized by the dealer. The collateral is held in the City's name by J.P. Morgan, the City's custodian. Collateral is limited to U.S. Government and/or its Agencies' securities with a maximum maturity of 30 years. Only those securities issued by Agencies approved for purchase under the City's Investment Policy are acceptable as collateral for these agreements. The initial market value of the collateral for each investment position maintained with a dealer shall be 102% of the market value of the securities being collateralized. Market value includes investment principal plus accrued interest. Collateral valuation levels with each dealer must be determined on at least a weekly basis, and deficiencies from the required 102% level must be cured no later than the following business day. The City had no securities on loan as of December 31, 2012.

   The DERP pension trust fund participates in a securities lending program to augment income. The program is administered by the DERP custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. Government securities, defined letters of credit or other collateral approved by the DERP. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The DERP continues to receive interest and dividends during the loan period as well as a fee from the borrower. There are no restrictions on the amount of securities that can be lent at one time. At December 31, 2012, the fair value of underlying securities lent was $206,868,000. The fair value of associated collateral was $211,793,000; of this amount, $185,736,000 represents the fair value of cash collateral and $26,057,000 is the fair value of non-cash collateral.

NOTE B – RECEIVABLES

1. **Accounts Receivables and Allowances.** The City reviews its accounts receivables periodically and allowances for doubtful accounts are established based upon management's assessment of collection. **Table 10** represents the accounts receivables and allowances for doubtful accounts at December 31, 2012.

Table 10

Accounts Receivables and Allowances Summary

December 31, 2012 (dollars in thousands)

	Governmental Activities					Business-type Activities				Fiduciary Funds
Receivable	General	Human Services	Other Governmental Funds	Internal Service Funds	Total	Wastewater Management	Denver Airport System	Nonmajor Business-type	Total	Agency
Property taxes	$ 106,437	$ 56,573	$ 168,894	$ -	$ **331,904**	$ -	$ -	$ -	$ **-**	$ 653,075
Other taxes	57,135	44	8,084	-	**65,263**	-	555	-	**555**	7,902
Notes	8,221	-	-	-	**8,221**	-	-	-	**-**	-
Accounts	6,900	13,141	6,778	333	**27,152**	13,758	38,195	2,059	**54,012**	2,018
Long-term accounts	42,103	-	41,053	3,084	**86,240**	3,981	10,695	-	**14,676**	-
Accrued interest	1,030	-	1,463	219	**2,712**	254	8,462	120	**8,836**	1,408
Loans	-	-	143,371	-	**143,371**	-	-	-	**-**	-
Gross Receivable	**221,826**	**69,758**	**369,643**	**3,636**	**664,863**	**17,993**	**57,907**	**2,179**	**78,079**	**664,403**
Allowances	(36,145)	(351)	(74,308)	(2,337)	**(113,141)**	(1,458)	(217)	-	**(1,675)**	(4,966)
Net Receivable	**$ 185,681**	**$ 69,407**	**$ 295,335**	**$ 1,299**	**$ 551,722**	**$ 16,535**	**$ 57,690**	**$ 2,179**	**$ 76,404**	**$ 659,437**

2. **Notes Receivable.** The special revenue funds' and General Fund notes receivable balance at December 31, 2012, is shown in **Table 11** (dollars in thousands).

Table 11

Neighborhood Development Loans	$ 8,874
Economic Development Loans	50,784
Housing Development Loans	91,934
Total Office of Economic Development	**151,592**
Less allowances for delinquent loans	(13,383)
Less allowances for forgivable loans	(61,756)
Notes Receivable, Net	**$ 76,453**

Allowance for uncollectibles for notes receivable of $75,139,000 is included in the accounts receivable allowance of $113,141,000 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 $36,064,000. The DURA component unit recorded an allowance of $3,238,000.

4. **Operating Leases.** **T**he 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 $77,145,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2012. Minimum future rentals due from concessions under operating leases are shown in **Table 12** (dollars in thousands).

Table 12

Year		
2013	$	59,240
2014		25,141
2015		19,911
2016		18,319
2017		14,508
2018 - 2022		33,482
2023		590
Total	**$**	**171,191**

The United Airlines lease provides it can be terminated by the airline if the airline's cost per enplaned passenger exceeds $20 in 1990 dollars. 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 13 and **14** (dollars in thousands) reflect the City's interfund balances as of December 31, 2012.

1. **Interfund Payables/Receivables.**

Table 13

	Payable Fund							
Receivable Fund	**General Fund**	**Human Services**	**Nonmajor Governmental**	**Wastewater Management**	**Denver Airport System**	**Nonmajor Business-type**	**Internal Service**	**Total**
General Fund	$ -	$ 950	$ 1,446	$ 985	$ 5,021	$ 795	$ 7	$ 9,204
Human Services	16	-	-	-	-	-	-	16
Nonmajor Governmental	10	1,191	30	-	50	-	-	1,281
Wastewater Management	-	-	-	-	104	-	-	104
Denver Airport System	1,642	-	-	-	-	-	-	1,642
Nonmajor Busines-type	2	-	26	-	-	-	-	28
Internal Service	1,529	3	76	109	-	4	5	1,726
Total	**$ 3,199**	**$ 2,144**	**$ 1,578**	**$ 1,094**	**$ 5,175**	**$ 799**	**$ 12**	**$ 14,001**

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 14

	Transfers Out					
Transfers In	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Nonmajor Business-type	Total
General Fund	$ -	$ -	$ 36,073	$ -	$ -	$ 36,073
Human Services	1,075	-	-	-	-	1,075
Nonmajor Governmental	36,455	75	13,526	25	250	50,331
Internal Service	1,165	-	633	-	-	1,798
Total	**$ 38,695**	**$ 75**	**$ 50,232**	**$ 25**	**$ 250**	**$ 89,277**

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, 2012, are shown in **Tables 15** and **16**.

1. Governmental Activities.

Table 15

Governmental Activities

For the Year Ended December 31, 2012 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 284,489	$ 7,354	$ -	$ -	$ 291,843
Construction in progress	103,856	94,006	(4,202)	(105,604)	88,056
Total capital assets not being depreciated	**388,345**	**101,360**	**(4,202)**	**(105,604)**	**379,899**
Capital assets being depreciated:					
Buildings and improvements	2,120,352	51,279	(945)	85,590	2,256,276
Equipment and other	280,226	28,976	(6,802)	18	302,418
Collections	70,579	4,363	(13,250)	632	62,324
Intangibles	101	10,629	(74)	-	10,656
Infrastructure	1,261,785	53,720	(363)	19,364	1,334,506
Total capital assets being depreciated	**3,733,043**	**148,967**	**(21,434)**	**105,604**	**3,966,180**
Less accumulated depreciation for:					
Buildings and improvements	(533,833)	(58,769)	859	-	(591,743)
Equipment and other	(226,234)	(23,676)	5,466	-	(244,444)
Collections	(53,538)	(4,381)	13,075	-	(44,844)
Intangibles	(66)	(375)	74	-	(367)
Infrastructure	(571,292)	(45,677)	363	-	(616,606)
Total accumulated depreciation	**(1,384,963)**	**(132,878)**	**19,837**	**-**	**(1,498,004)**
Total capital assets being depreciated, net	**2,348,080**	**16,089**	**(1,597)**	**105,604**	**2,468,176**
Governmental Activities Capital Assets, net	**$ 2,736,425**	**$ 117,449**	**$ (5,799)**	**$ -**	**$ 2,848,075**

2. Business-type Activities.

Table 16

Business-type Activities

For the Year Ended December 31, 2012 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 309,567	$ 38	$ -	$ 197	$ 309,802
Construction in progress	87,939	173,900	(555)	(74,934)	186,350
Total capital assets not being depreciated	**397,506**	**173,938**	**(555)**	**(74,737)**	**496,152**
Capital assets being depreciated:					
Buildings and improvements	2,030,304	97	(1,180)	8,791	2,038,012
Improvements other than buildings	2,996,410	5,073	-	46,526	3,048,009
Machinery and equipment	755,797	21,143	(5,080)	19,420	791,280
Total capital assets being depreciated	**5,782,511**	**26,313**	**(6,260)**	**74,737**	**5,877,301**
Less accumulated depreciation for:					
Buildings and improvements	(892,245)	(60,169)	514	-	(951,900)
Improvements other than buildings	(1,081,842)	(80,916)	-	-	(1,162,758)
Machinery and equipment	(559,461)	(53,911)	4,978	-	(608,394)
Total accumulated depreciation	**(2,533,548)**	**(194,996)**	**5,492**	**-**	**(2,723,052)**
Total capital assets being depreciated, net	**3,248,963**	**(168,683)**	**(768)**	**74,737**	**3,154,249**
Business-type Activities Capital Assets, net	**$ 3,646,469**	**$ 5,255**	**$ (1,323)**	**$ -**	**$ 3,650,401**

Note: Interest costs of $2,445 were capitalized during 2012.

3. Discretely Presented Component Units. Capital Asset activity for the Denver Convention Center Hotel Authority and Denver Union Station Project Authority component units is shown in **Table 17**.

Table 17

Discretely Presented Component Units

For the Year Ended December 31, 2012 (dollars in thousands)

	January 1 [1]	Additions and Transfers	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	$ 23,421	$ -	$ -	$ 23,421
Construction in progress	9,441	5,020	(950)	13,511
Total capital assets not being depreciated	**32,862**	**5,020**	**(950)**	**36,932**
Capital assets being depreciated:				
Buildings and improvements	229,975	239	-	230,214
Improvements other than buildings	-	-	-	-
Machinery and equipment	41,042	289	-	41,331
Total capital assets being depreciated	**271,017**	**528**	**-**	**271,545**
Less accumulated depreciation for:				
Buildings and improvements	(34,233)	(5,682)	-	(39,915)
Improvements other than buildings	-	-	-	-
Machinery and equipment	(28,940)	(3,757)	-	(32,697)
Total accumulated depreciation	**(63,173)**	**(9,439)**	**-**	**(72,612)**
Total capital assets being depreciated, net	**207,844**	**(8,911)**	**-**	**198,933**
Discretely Presented Component Units Capital Assets, net	**$ 240,706**	**$ (3,891)**	**$ (950)**	**$ 235,865** [2]

[1]Due to the implementation of GASB 61, previously reported January 1 balances have been reduced by $1,880,227 to account for the eliminated major component unit.

[2]Excludes net capital assets of $17,271 of Other Component Units.

4. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is shown in **Table 18** (dollars in thousands).

Table 18

General government	$	19,429
Public safety		16,860
Public works, including depreciation of infrastructure		51,619
Human services		709
Health		770
Parks and recreation		12,320
Cultural activities		30,051
Community development		4
Capital assets held by internal service funds		1,116
Total	**$**	**132,878**

5. **Construction Commitments.** The City's governmental and business-type activities have entered into construction and professional services contracts having remaining commitments under contract as of December 31, 2012, as shown in **Table 19** (dollars in thousands).

Table 19

Governmental Activities:		
Winter Park Capital	$	545
Capital Improvements		29,590
Conservation Trust		1,811
Bond Projects		22,291
Other Capital Projects		31,033
Entertainment and Culture		431
Total Governmental Activities	**$**	**85,701**
Business-type Activities:		
Wastewater Management	$	6,000
Denver Airport System		123,113
Total Business-type Activities	**$**	**129,113**

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

NOTE E – LEASE OBLIGATIONS

1. **Capitalized Leases.** The governmental activities capital leases are for various properties including the Wellington Webb Municipal Office Building, 2000 West Third Avenue Wastewater building, Arie P.Taylor Building, the Denver office building at 200 W. 14th Ave., District 1, 2, 3, and 5 Police Stations, Fire Station #10, certain Human Services facilities, the Buell Theatre, the 5440 Roslyn maintenance facility property, the Central Platte Valley Campus facilities, a jail dorm building, and portions of three parking garage/facilities. The capital leases also include certain computer software and network equipment, and public works, safety, and parks and recreation equipment.

In January 2012, the City executed and delivered $11,190,000 of Series 2012A (Tax-Exempt) Certificates of Participation (COPs) and $1,865,000 of Series 2012B (Taxable) COPs. The proceeds of the 2012A certificates were used to advance refund the outstanding Series 2002A COPs ($8,780,000 Tax-Exempt), and the Series 2003A COPs ($2,570,000 Tax-Exempt) with a net present value savings of $1,010,000. The 2012A COPs are fixed rate serial certificates bearing interest from 2.0% to 5.0% with a final maturity in 2021. The proceeds of the 2012B COPs were used to current refund the outstanding Series 2002B COPs ($1,795,000 Taxable) with a net present value savings of $1,701,000. The 2012B COPs bear 0.894% interest with a final maturity December 1, 2013.

In May 2012, the City executed and delivered $18,000,000 of Series 2012C1 (Tax-Exempt) COPs, $15,000,000 of Series 2012C2 (Tax-Exempt) COPs, and $12,000,000 of Series 2012C3 (Taxable) COPs in a private placement transaction. The proceeds of the COPs will be used for certain traffic, drainage, and communications improvements to the East Corridor Light Rail Line as agreed upon by the City and the Regional Transportation District (RTD). The City provided $35,000,000 of the proceeds to RTD for construction of the improvements and RTD has agreed to pay up to $27,000,000 of the lease payments, beginning January 2017, or at completion of the project, whichever is later. The City's Wastewater Management Division received $8,500,000 and its Public Works Department received $1,500,000 of the proceeds for construction of the improvements. Lease payments will be made from FASTER (Funding Advancement for Surface Transportation and Economic Recovery) revenues received from the State of Colorado. The 2012C1, 2012C2, and 2012C3 COPs are serial certificates bearing interest at 2.71%, 4.15%, and 3.90%, with final maturities on December 1, 2024, 2031, and 2022, respectively.

The City provided funding for the construction of parking facilities adjacent to the Denver Museum of Nature and Sciences (DMNS) the Denver Zoo, and the Denver Botanic Gardens (DBG) from proceeds of certificates of participation (COP) financings. Under separate agreements, the DMNS, the Denver Zoological Foundation Inc., and DBG agreed to increase their admission charges and provide a portion of their admission revenues to help make the COP lease payments. In 2012, the DMNS collected and remitted $578,000 to the City to be applied to the lease payments. The Zoo collected and remitted $642,000. DBG collected and deposited $1,149,000 with a trustee to be applied to lease payments.

In addition to base rental payments, the lease agreement related to the Wellington Webb Municipal Office Building requires the City to make all payments for any swap agreements relating to the Series 2008A Certificates of Participation (COPs) entered into by the lessor. There are 3 swap agreements considered to be hybrid instruments embedded in the lease. See **Note III-G-7** for detailed information regarding swaps.

The related net book values of plant and equipment under capital lease obligations as of December 31, 2012, are shown in **Table 20** (dollars in thousands).

Table 20

Governmental Activities		
Buildings	$	383,241
Land		32,193
Equipment		26,850
Less accumulated depreciation		(112,076)
Net Book Value	**$**	**330,208**

Table 21 (dollars in thousands) 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, 2012.

Table 21

Year	Governmental Activities	Business-type Activities
2013	$ 34,676	$ 1,225
2014	33,228	1,083
2015	31,237	1,035
2016	32,304	1,036
2017	30,233	763
2018 - 2022	135,492	4,374
2023 - 2027	104,192	1,968
2028 - 2032	107,944	-
Total minimum lease payments	**509,306**	**11,484**
Less amounts representing interest	(61,627)	(1,715)
Present Value of Minimum Lease Payments	**$ 447,679**	**$ 9,769**

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, 2012, were approximately $4,723,000, for governmental activities and $689,000 for business-type activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

Note F – Rates and Charges

The Denver Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations, maintenance, and debt service related to the airfield and space utilized by the airlines. Any differences between amounts collected and actual costs allocated to the airline's leased space are credited or billed to the airlines. As of December 31, 2012, the Denver Airport System has accrued a liability of $25,586,000 for such amounts due to the airlines.

For the years ended December 31, 2001 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, 2012 were $40,000,000 and have been accrued as a liability at year end.

Note G – Long-Term Debt

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 15 to 20-year serial bonds, except for refunding issues. General obligation bonds outstanding, excluding unamortized premium of $30,666,000, at December 31, 2012, are $895,649,000. Interest rates vary from 2.00% to 5.65% with a net interest cost of 1.53% to 6.77%.

As of December 31, 2012, there remains $60,660,000 of authorized but unissued general obligation bonds attributable to the 2007 authorization for the Better Denver Bond Projects. This is the City's only unissued bond authorization.

General obligation bonds have been issued by the Gateway Village General Improvement District (GID) and the Denver 14th Street GID; however, these bonds are solely the obligation of the Districts and not the primary government. As of December 31, 2012, there are bonds outstanding in the amount of $1,405,000 for the Gateway GID and $3,885,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 22** (dollars in thousands).

Table 22

	Governmental Activities			
	General Government		General Improvement District	
Year	**Principal** [1]	**Interest** [2]	**Principal**	**Interest**
2013	$ 47,755	$ 44,245	$ 370	$ 325
204	46,554	45,124	385	308
2015	51,530	39,954	405	291
2016	53,835	37,671	595	273
2017	56,375	35,072	105	247
2018 - 2022	225,660	147,237	640	1,117
2023 - 2027	251,425	85,918	895	860
2028 - 2032	162,515	18,575	1,260	498
2033 - 2034	-	-	635	68
Total	**$ 895,649**	**$ 453,796**	**$ 5,290**	**$ 3,987**

[1] Does not include $2,826 and $2,713 of compound interest on the Series 1999A and 2007 mini-bonds respectively, unamortized premium of $30,666, or deferred amount on refunding of ($172).

[2] Excludes Build America Bonds interest subsidy. The City is eligible to receive $90.4 million over the remaining life of its Direct Pay Build America Bonds to subsidize interest payments.

2. **Revenue Bonds.** The City and component units issue bonds and notes where income derived from acquired or constructed assets is pledged to pay debt service. Certain Airport system revenue bonds are subject to mandatory redemption requirements in 2012, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of $183,317,000 and deferred amount on refunding of ($243,062,000), for the primary government, at December 31, 2012, are shown in **Table 23** (dollars in thousands).

Table 23

Purpose	**Net Interest Cost**	**Interest Rates**	**Amount**
Excise tax refunding	2.93% to 5.42%	3.00% to 6.00%	$ 230,650
Wastewater	4.98%	2.00% to 5.00%	48,555
Golf	4.80%	4.375% to 5.50%	4,450
Airport system	1.42% to 8.02%	0.10% to 7.75%	3,897,420
Total primary government			**4,181,075**
DCCHA component unit		4.125% to 5.25%	344,195
Total			**$ 4,525,270**

Revenue bonds' debt service requirements to maturity are shown in **Tables 24** and **25** (dollars in thousands).

Table 24

	Governmental Activities		Business-type Activities					
			Golf Enterprise		Wastewater Management		Denver Airport System	
	Principal [1]	Interest	Principal [2]	Interest	Principal [3]	Interest	Principal [4]	Interest
2013	$ 19,325	$ 12,247	$ 470	$ 212	$ 2,540	$ 1,794	$ 158,940	$ 156,114
2014	20,175	11,358	495	191	2,590	1,744	133,495	148,451
2015	19,785	10,433	515	169	2,715	1,614	141,070	142,858
2016	18,120	9,451	540	145	2,850	1,478	156,790	136,410
2017	18,965	8,500	565	120	2,995	1,336	156,420	128,956
2018 - 2022	108,295	26,934	1,865	185	16,760	4,791	940,550	538,778
2023 - 2027	25,985	1,559	-	-	8,385	2,241	1,358,805	318,694
2028 - 2032	-	-	-	-	9,720	905	480,015	176,211
2033 - 2038	-	-	-	-	-	-	205,925	69,304
2038 - 2040	-	-	-	-	-	-	143,830	21,879
2043	-	-	-	-	-	-	21,580	865
Total	**$ 230,650**	**$ 80,482**	**$ 4,450**	**$ 1,022**	**$ 48,555**	**$ 15,903**	**$ 3,897,420**	**$ 1,838,520**

[1]Does not include unamortized premium of $10,261 and deferred amount on refunding of ($1,825).
[2]Does not include unamortized premium of $19.
[3]Does not include unamortized premium of $5,435 and deferred amount on refunding of ($882).
[4]Does not include unamortized premium of $167,602 and deferred amount on refunding of ($240,355).

Table 25

	Component Unit	
	DCCHA	
Year	**Principal** [1]	**Interest**
2013	$ 4,335	$ 17,070
2014	4,900	16,843
2015	5,485	16,586
2016	6,110	16,298
2017	6,710	16,032
2018 - 2022	45,835	74,573
2023 - 2027	69,975	60,792
2028 - 2032	100,405	40,534
2033 - 2037	100,440	11,277
Total	**$ 344,195**	**$ 270,005**

[1]Does not include unamortized premium of $6,616 and deferred amount on refunding of ($6,110).

The City has pledged future facilities development admission tax and occupational privilege tax for payment of debt service on $28,245,000 of Series 2003 Excise Tax Revenue Refunding Bonds issued in April 2003. The bonds were issued for the purpose of refunding outstanding excise tax revenue bonds that financed the construction of the Colorado Convention Center. The total principal and interest remaining to be paid on the bonds is $9,165,000, with annual requirements of approximately $3,055,000. Over the past 10 years annual net revenues available for debt service have averaged $50,265,000. In 2012, debt service paid and net revenue available for debt service was $3,054,000 and $52,195,000, respectively.

The City has pledged portions of future lodger's tax, food and beverage tax, and short term auto rental tax for debt service on $33,940,000 of Series 2009B Excise Tax Revenue Refunding Bonds issued in June 2009. The bonds were issued for the purpose of refunding bonds that financed the expansion of the Colorado Convention Center and are payable through 2014. The total principal and interest remaining to be paid on the bonds is $17,301,000, with annual requirements of approximately $8,650,000. Over the past 10 years annual net revenues available for debt service have averaged $30,503,000. In 2012, debt service paid and net revenue available for debt service was $8,644,000 and $37,932,000, respectively.

In January 2000, the City increased the tax rate on its lodger's tax and short term auto rental tax. The City has pledged the increase portion of those taxes for debt service on $149,190,000 of Series 2005A Excise Tax Revenue Refunding Bonds issued in August 2005, and $73,630,000 of Series 2009A Excise Tax Revenue Refunding Bonds issued in May 2009. The bonds were issued for the purpose of refunding bonds that financed the expansion of the Colorado Convention Center and are payable through 2023. The total principal and interest remaining to be paid on the bonds is $284,665,000, with annual combined debt service requirements ranging from $19,824,000 to $27,571,000. Over the past 10 years annual net revenues available for debt service have averaged $36,849,000. In 2012, debt service paid and net revenue available for debt service was $19,887,000 and $46,243,000, respectively. The revenue available figures include excess revenues pledged to the 2009B bonds that may be used for debt service on the 2005A and 2009A bonds if revenues from the increase are insufficient.

The City, through its Department of Aviation, has pledged future Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended and the 1990 Airport System Subordinate Bond Ordinance as supplemented and amended. The $3,897,420,000 of outstanding bonds were issued for the purpose of financing capital projects at the airport and for refinancing earlier bond issues and have maturities ranging from 2013 to 2043. The total principal and estimated interest remaining to be paid on the bonds is $5,735,940,000. Over the past 10 years annual net revenues available for debt service have averaged $398,873,000. In 2012, debt service paid and net revenue available for debt service was $277,498,000 and $446,570,000, respectively.

On October 17, 2012, the Airport System issued $315,780,000, $510,140,000 and $30,285,000 of Airport System Revenue Bonds, Series 2012A, B and C, respectively, in a fixed rate mode to finance a portion of the costs of the Airport's 2013-2018 Capital Program, current refund all of the remaining 1998A Bonds in the amount of $104,050,000, current refund of all of the remaining 1998B Bonds of $103,395,000, current refund a portion of the 2002E Bonds in an amount of $63,570,000, current refund a portion of the 2003A Bonds in the amount of $134,475,000, advance refund a portion of the 2003A Bonds in the amount of $27,490,000, advance refund all of the 2003B Bonds in the amount of $75,460,000, and refund all of the outstanding Subordinate Commercial Paper Note Series A in the amount of $56,000,000. The current refundings and advance refundings resulted in a defeasance of debt with a difference between the reacquisition price of $524,083,000 and the net carrying amount of the old debt of $488,142,000 and the recognition of a deferred loss on refunding in the amount of $35,941,364. The deferred loss on refunding is being amortized over the remaining life of the old debt. The present value economic gain resulting from the transaction is estimated to be $66,417,000.

On October 1, 2012, the Airport System terminated the Existing Letter of Credit for the Series 2009C Bonds and entered into an agreement with U.S. Bank pursuant to which U.S. Bank agrees to hold the 2009C Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through April 30, 2017.

On July 20, 2012, the Airport System defeased certain bonds as a part of the City's obligations under the Lease Amendment with United Airlines approved in June 2012 and to complete the baggage system defeasance.

On May 30, 2012, the Airport System drew $56,000,000 of commercial paper. The proceeds were used to reimburse approximately $19,500,000 of prior capital expenditures and $36,500,000 will be used to fund capital projects. There was no commercial paper outstanding at the beginning of the year or at December 31, 2012.

The City, through its Wastewater Management Division, has pledged future income from its storm drainage and sanitary sewerage facilities, net of operating expenses, for debt service on $50,425,000 of Series 2012 Wastewater Revenue Bonds issued on January 19, 2012. The Series 2012 bonds are fixed rate serial bonds with final maturity November 1, 2032, and interest rates ranging from 2.00% to 5.00%. The bonds were issued for the purpose of refunding the remaining $20,350,000 of Series 2002 Wastewater Revenue Bonds outstanding and to finance improvements to the storm drainage facilities. The refunding of the Series 2002 bonds resulted in a defeasance of debt with a difference between the reacquisition price of $21,386,000 and the net carrying amount of the old debt of $20,418,000; and the recognition of a deferred loss on refunding in the amount of $967,000. The deferred loss is being amortized over the remaining life of the old debt. The present value savings from the transaction is estimated to be $3,438,000, which represents the net present value of cash flow savings on the refunded bonds. Wastewater obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately 16.89% on the refunding. Over the past 10 years annual net revenues available for debt service have averaged $18,011,000. In 2012, debt service paid and net revenue available for debt service was $3,305,000 and $24,562,000, respectively.

The City, through its Golf Division, has pledged future income from its golf facilities, net of operating expenses, for debt service on $7,365,000 of Series 2005 Golf Enterprise Revenue Bonds issued in March 2006. The bonds were issued for the purpose of financing the construction of certain golf facilities of the City and are payable through 2020. The total principal and interest remaining to be paid on the bonds is $5,472,000, with annual requirements of approximately $684,000. Over the past 7 years annual net revenues available for debt service have averaged $1,673,000. In 2012, debt service paid and net revenue available for debt service was $686,000 and $2,022,000, respectively.

Included in the revenue bonds are certain bonds which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series is supported by an irrevocable letter of credit or standby bond purchase agreement that contains provisions for a take-out agreement that would convert the obligation to an installment loan with the provider of that agreement. If the take-out agreement were to be exercised, interest payments would be required that are expected to be higher than the interest amount on the bonds. **Table 26** (dollars in thousands) provides details of the irrevocable letters of credit and standby bond purchase agreements (SBPA) that were issued as collateral for the airport's demand bonds.

Table 26

Bonds		Par Amount Outstanding		Letter of Credit or SBPA Amount	Annual Commitment Fee	Letter of Credit or SBPA Expiration Date
Airport Series 1992F	$	21,200	$	22,441	0.163%	October 2, 2014
Airport Series 1992G		17,600		18,684	0.163%	October 2, 2014
Airport Series 2002C		32,200		32,698	0.163%	October 2, 2014
Airport Series 2007G1-G2		146,600		148,287	0.280%	November 13, 2014

As of December 31, 2012, no amounts were outstanding that have been drawn under any of the existing agreements.

For detailed information on individual bond issues see **Other Supplementary Schedules – Combined Schedule of Bonds Payable and Escrows**.

3. **Other Debt.** DURA component unit note payable and tax increment bonds, exclusive of deferred amount on refundings of ($4,259,000) and unamortized premium of $2,953,000 at December 31, 2012, are comprised of the following individual issues shown in **Table 27** (dollars in thousands).

Table 27

Purpose	Interest Rates		Amount
Series 2006B	Variable	$	5,285
Series 2007A	5.25%		3,235
Series 2008A-1	Variable		71,220
Series 2008A-2	Variable		95,610
Series 2010B-1[1]	2.00% - 8.07%		96,969
Note payable	2.00%		4,396
Total		$	**276,715**

[1]The Series 2010B-1 Bonds include $2,166 of Direct Pay Build America Bonds. As long as federal requirements imposed by the Internal Revenue Code on 1986 are met DURA will be eligible for cash subsidy payments from the United State Treasury equal to 35% of the interest payable on these bonds.

Debt service requirements to maturity for DURA's bond issues are shown in **Table 28** (dollars in thousands).

Table 28

Year	Principal	Interest
2013	$ 16,030	$ 4,989
2014	20,204	4,635
2015	14,895	4,147
2016	17,770	3,916
2017	18,425	3,665
2018 - 2022	93,700	12,532
2023 - 2026	91,295	3,350
Total	**$ 272,319**	**$ 37,234**

Debt service for DURA's note, payable to the City, is dependent on the availability of tax increment financing (TIF) revenue. Due to the uncertainty of this revenue the payments cannot be estimated. Payments will be made quarterly on the 10th of January, April, June and October, and will consist of the entirety of DURA's receipt of TIF revenues.

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

5. **Notes payable.** The Airport System entered into a Master Installment Purchase Agreements on March 15, 2004, with GE Capital Public Finance Inc. for $13,000,000, to finance various capital equipment purchases at rates and terms of 3.64% based on a 30/360 calculation for 2004. Payments are due quarterly to GE Capital Public Finance. The Airport System entered into Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for $23 million and an agreement with GE Capital Public Finance for $9,000,000. These transactions will finance capital equipment purchases at rates and terms of 4.34% and 4.16% based on a 30/360 calculation for 2007. The Airport System entered into a $15,300,000 Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, at a rate of 3.33% based on 30/360 calculation for 2008. The Airport System entered into a $20,500,000 Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.96% based on a 30/360 calculation for 2012.

   Wastewater Management entered into an intergovernmental agreement with the City and County of Denver Board of Water Commissioners whereby Wastewater Management has agreed to pay the Water Board a monthly supplemental service fee in an amount sufficient for the Water Board to recover costs it incurred in the development of a Customer Information System (CIS). The payment schedules relating to the loan requirements as of December 31, 2012 are shown in **Table 29** (dollars in thousands).

Table 29

	Denver International Airport		Wastewater Management	
Year	Principal	Interest	Principal	Interest
2013	$ 7,243	$ 805	$ 1,275	$ 110
2014	5,497	612	1,328	56
2015	5,676	433	-	-
2016	3,399	268	-	-
2017	2,067	196	-	-
2018 - 2021	8,684	366	-	-
Total	**$ 32,566**	**$ 2,680**	**$ 2,603**	**$ 166**

The City has a note payable with JP Morgan Chase Bank of New York in the amount of $13,804,000 as of December 31, 2012. This represents Housing and Urban Development (HUD) loans that are due regardless of amounts received from borrowers.

6. **Changes in Long-term Liabilities.** Long-term liability activity for the year ended December 31, 2012, is shown in **Tables 30** and **31** (dollars in thousands).

Table 30

Governmental Activities	January 1	Additions	Deletions	December 31	Due within one year
Legal liability	$ 3,551	$ 4,390	$ 1,338	$ 6,603	$ 438
Pollution remediation	279	224	47	456	105
Special incentive payments	824	-	824	-	-
Compensated absences:					
Classified service employees - 3,027	83,180	36,635	21,974	97,841	4,615
Career Service employees - 6,677	44,469	25,168	23,241	46,396	3,365
Net other postemployment benefit obligation	7,426	1,619	-	9,045	-
Claims payable	35,876	4,102	7,092	32,886	9,600
General obligation bonds[1]	946,218	805	45,835	901,188	47,755
GID general obligation bonds	5,645	-	355	5,290	370
Excise tax revenue bonds	249,140	-	18,490	230,650	19,325
Capitalized lease obligations	429,279	52,743	34,343	447,679	26,565
Unamortized premium	48,876	-	7,949	40,927	-
Deferred amount on refunding	(2,299)	-	(302)	(1,997)	-
Intergovernmental agreement	-	6,725	2,217	4,508	560
Other governmental funds - note payable	8,640	5,548	384	13,804	-
Total Governmental Activities	**$ 1,861,104**	**$ 137,959**	**$ 163,787**	**$ 1,835,276**	**$ 112,698**

[1]Additions to general obligation bonds represent mini-bond accretion of $805.

Table 31

	January 1 [3]	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management					
Revenue bonds	$ 20,350	$ 50,425	$ 22,220	$ 48,555	$ 2,540
Unamortized premium	53	5,695	313	5,435	-
Deferred amount on refunding	-	(967)	(85)	(882)	-
Capitalized lease obligations	-	8,500	-	8,500	534
Notes payable	3,826	-	1,223	2,603	1,275
Special incentive payments	36	-	36	-	-
Compensated absences	2,535	317	16	2,836	869
Other long-term liabilities	3,189	2,557	700	5,046	-
Total Wastewater Management	**29,989**	**66,527**	**24,423**	**72,093**	**5,218**
Denver Airport System:					
Revenue bonds	3,778,695	912,205	793,480	3,897,420	158,940
Unamortized premium	70,010	105,765	8,172	167,603	-
Deferred amount on refunding	(227,006)	(35,921)	22,571	(240,356)	-
Notes payable	20,640	20,500	8,574	32,566	7,243
Special incentive payments	123	-	123	-	-
Compensated absences	8,502	6,895	6,398	8,999	2,704
Total Denver Airport System	**3,650,964**	**1,009,444**	**839,318**	**3,866,232**	**168,887**
Nonmajor enterprise funds:					
Revenue bonds	4,900	-	450	4,450	470
Unamortized net premium	26	-	7	19	-
Capitalized lease obligations	430	1,307	468	1,269	449
Special incentive payments	6	-	6	-	-
Compensated absences	863	515	467	911	146
Total nonmajor enterprise funds	**6,225**	**1,822**	**1,398**	**6,649**	**1,065**
Total Business-type Activities	**$ 3,687,178**	**$ 1,077,793**	**$ 865,139**	**$ 3,944,974**	**$ 175,170**
Major Component Units:					
Revenue bonds[1]	$ 348,562	$ -	$ 3,861	$ 344,701	$ 4,335
Increment bonds and notes payable[2]	405,587	83,596	24,309	464,874	16,030
Compensated absences	120	102	92	130	-
Total Major Component Units	**$ 754,269**	**$ 83,698**	**$ 28,262**	**$ 809,705**	**$ 20,365**

[1]Includes unamortized premium of $6,616; and deferred loss on refunding of ($6,110).
[2]Includes deferred amount on refunding of ($4,259).
[3]Due to the implementation of GASB 61, previously reported January 1 balances have been reduced by $444,869 to account for the major component unit no longer included in the reporting entity.

The legal liability, compensated absences, net other post employment benefit (OPEB) obligation and other accrued liabilities in the governmental activities are generally liquidated by the General Fund. The other governmental funds include a note payable liquidated by the Community Development special revenue fund and a claims payable liquidated by the Workers' Compensation internal service fund. The amount available for long-term debt in the debt service funds and in the special revenue fund was $72,025,000.

7. **Swap Agreements.** Included in the City's governmental activities are three derivatives that are embedded in the City's certificated lease for the Webb Municipal Office Building. The intent of the three pay-fixed, receive-variable interest rate swaps is to protect against rising interest rates on the variable rate 2008A Certificates of Participation (COPs). In 2003, Civic Center Office Building, Inc., the lessor, entered into two swap agreements with JP Morgan, associated with the 2003C1 and 2003C2 COPs, and one swap agreement with Lehman Brothers that was associated with the 2003C3 COPs. In October 2008, due to the deteriorating credit rating of the insurer (AMBAC), the outstanding COPs were refunded by the Series 2008A1-A3 Refunding Certificates of Participation, terminating the three swaps. To maintain the interest rate hedge related to the lease payments, the derivative instruments with JP Morgan were amended and new swaps were entered into that were associated with the 2008A1 and 2008A2 COPs. The derivative instrument with Lehman Brothers was terminated and replaced with an agreement with Royal Bank of Canada (RBC). A new swap was initiated under the RBC agreement that was associated with the 2008A3 COPs. At the time of termination of the 2003 swaps, the JP Morgan swaps had negative fair values, and no termination payments were made. In addition to a termination payment made to Lehman Brothers by the City, an up-front payment of $475,000 was received from RBC at the initiation of the 2008 replacement swap. These events resulted in off-market components of the swaps that are being treated as implied loans for accounting purposes and are being amortized through investment revenues over the life of the new hedges.

As of December 31, 2012, all three swaps are effective cash flow hedges and the fair values and changes in fair values are reported in the government-wide Statement of Net Position as deferred outflows of governmental activities. The combined fair market value of the three swaps as of December 31, 2012 was ($49,867,000). The year-end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2012. The fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2012. When the present value of payments to be made by the City exceeds the present value of payments to be received, the swap has a negative value to the City. When the present value of payments to be received by the City exceeds that of payments to be made, the swap has a positive value to the City.

Table 32 provides the swap associated debt rates as of December 31, 2012.

Table 32

Swap	**2008A1**	**2008A2**	**2008A3**
Associated debt	**2008A1 COP**	**2008A2 COP**	**2008A3 COP**
Fixed payment to counterparty	3.400%	3.400%	3.130%
Variable payment from counterparty (68% LIBOR)	(0.144%)	(0.144%)	(0.144%)
Net swap interest rate	3.256%	3.256%	2.986%
Variable-rate certificate coupon payment	0.130%	0.130%	0.130%
Net swap and certificate rate	**3.386%**	**3.386%**	**3.116%**

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2012 lease payment requirements of the related variable rate COPs and the net swap payments, assuming current rates remain the same, for their terms, are summarized in **Table 33** (dollars in thousands).

Table 33

Year	Principal	Interest	Interest Rate Swaps Net	Total
2013	$ 6,165	$ 321	$ 5,552	$ 12,038
2014	7,000	315	7,662	14,977
2015	7,805	307	7,456	15,568
2016	8,190	297	7,204	15,691
2017	8,695	286	6,935	15,916
2018 - 2022	52,240	1,248	30,103	83,591
2023 - 2027	70,170	864	20,619	91,653
2028 - 2031	89,175	333	7,740	97,248
Total	**$ 249,440**	**$ 3,971**	**$ 93,271**	**$ 346,682**

Table 34 (dollars in thousands) provides the fair values and the 2012 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2012, and the accounting classifications of the changes in fair value for the year then ended.

Table 34

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Fair Values 12/31/12	Change in Fair Value		Accounting Classification
2008A1 Swap Agreements								
JP Morgan Chase Bank	7/17/03	$ 87,375	12/1/29	2008A1 COP	$ 16,760	$ (125)		Deferred outflow
							$ (273)	Investment revenue
2008A2 Swap Agreements								
JP Morgan Chase Bank	7/17/03	73,725	12/1/29	2008A2 COP	14,134	(107)		Deferred outflow
							(231)	Investment revenue
2008A3 Swap Agreements								
Royal Bank of Canada	10/1/08	88,340	12/1/31	2008A3 COP	18,973	(618)		Deferred outflow
							(17)	Investment revenue
Total		**$ 249,440**			**$ 49,867**	**$ (850)**	**$ (521)**	

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

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

- Credit risk - All of the governmental activity swaps rely on the performance of the respective swap counterparties. The City is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the lessor. The City measures the extent of the risk based on the credit ratings of each counterparty and the fair value of the swap agreement. As of December 31, 2012, there was no risk of loss to the City, as the swap agreements had negative fair values. The credit ratings of the counterparties as of December 31, 2012 are shown in **Table 35**.

Table 35

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
JP Morgan Chase Bank	A+	Aa3	A+
Royal Bank of Canada	AA-	Aa3	AA

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

- Interest rate risk – The City is exposed to interest rate risk on the swaps. In regards to the pay fixed, receive variable swaps, as the London Interbank Offered Rate (LIBOR) index rate decreases, the City's net payments on the swaps increase.

- Basis risk – The City pays interest at variable rates on the COPs associated with the swaps. Each of the swap agreements provide for the applicable counterparty to make variable rate payments based on the LIBOR index. To the extent that the variable rate paid on the certificates is different than the rate received from the counterparties based on LIBOR, there may be a net loss or benefit to the City.

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999 and 2009A swap agreements are pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport System's swap agreements are considered investment derivatives as defined by GASB 53. **Table 36** provides a profile of the terms of the Airport's swap agreements (all rates as of December 31, 2012).

Table 36

SWAP	1999, 2002 2009A	2005 2006B	2006A 2008A	1998	2008B
Associated Debt	**2002C, 2008B 2009C**	**2006A**	**2007F-G 2002C**	**2008C2-C3**	**2008C1 2002C**
Payment to counterparty	5.733%	3.792%	4.009%	4.740%	4.760%
Payment from counterparty	(0.029%)	(4.233%)	(0.147%)	(0.247%)	(0.317%)
Net swap interest rate	5.443%	-0.441%	3.862%	4.493%	4.443%
Associated bond interest rate	1.026%	4.950%	0.336%	0.900%	1.139%
Net swap and bond rate	**6.469%**	**4.510%**	**4.198%**	**5.393%**	**5.582%**

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2012, debt service requirements of the related variable rate debt and net swap payments for the Airport System's cash flow hedges (1998, 1999 and 2009A swap agreements), assuming current interest rates remain the same, for their terms, are reflected in **Table 37** (dollars in thousands).

Table 37

Year	Principal	Interest	Interest Rate Swaps Net	Total
2013	$ 4,700	$ 3,852	$ 19,901	$ 28,453
2014	4,800	3,796	19,901	28,497
2015	6,925	3,738	19,900	30,563
2016	7,500	3,672	19,900	31,072
2017	7,800	3,604	19,900	31,304
2018 - 2022	274,285	13,103	69,657	357,045
2023 - 2025	93,990	2,128	8,221	104,339
Total	**$ 400,000**	**$ 33,893**	**$ 177,380**	**$ 611,273**

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2012.

Table 38 (dollars in thousands) provides a summary of the Airport's interest rate swap transactions.

Table 38

Counterparty	Effective Date	Notional Amount	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value: Classification	Changes in Fair Value: Amount	Fair Values 12/31/12
Hedging Derivatives									
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/00	$ 100,000	11/15/25	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred outflow	$ 1,708	$ (31,343)
							Investment income	(2,161)	
Societe Generale, New York Branch	10/4/00	100,000	11/15/25	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred outflow	1,705	(30,970)
							Investment income	(2,129)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/01	100,000	11/1/22	[1]	5.6179%	SIFMA	Deferred outflow	2,991	(34,009)
							Investment income	(2,421)	
Merrill Lynch Capital Services, Inc.	10/4/01	50,000	11/1/22	[1]	5.5529%	SIFMA	Deferred outflow	1,493	(16,751)
							Investment income	(1,184)	
2009A Swap Agreements									
Loop Financial Products I, LLC	1/12/10	50,000	11/15/22	[1]	5.6229%	SIFMA	Deferred outflow	1,151	(17,024)
							Investment income	(868)	
Investment Derivatives									
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/02	100,000	11/1/22	[1]	SIFMA	76.33% LIBOR	Investment income	(1,418)	(1,034)
2005 Swap Agreements									
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	(38)	(11,912)
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A	3.6874%	70% LIBOR	Investment income	(50)	(12,065)
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	(76)	(23,825)
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	(38)	(11,912)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/07	178,150	11/15/25	2007F-G [2]	4.0085%	70% LIBOR [2]	Investment income	(1,086)	(38,604)
GKB Financial Services Corp.	11/15/07	59,383	11/15/25	2007F-G [2]	4.0085%	70% LIBOR [2]	Investment income	(362)	(12,868)
2006B Swap Agreements									
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(868)	12,564
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(868)	12,564
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A	SIFMA	4.0855%	Investment income	(1,736)	25,129
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(868)	12,564
2008A Swap Agreements									
Royal Bank of Canada	12/18/08	118,767	11/15/25	2007F-G [2]	4.0085%	70% LIBOR [2]	Investment income	(773)	(25,733)
2008B Swap Agreements									
Loop Financial Products I, LLC	1/8/09	100,000	11/15/25	2008C1 [2]	4.7600%	70% LIBOR + 0.10% [2]	Investment income	(354)	(32,406)
TOTAL									$ (237,635)

[1] Swaps are currently associated with Series 2009C bonds, Series 2008B and a portion of the 2002C bonds.

[2] A portion of the Series 2002C bonds are additionally associated with these swaps.

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

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, 2012. 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, 2012. 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, 2012, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a negative outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below). The ratings of the counterparties, or their credit support providers, as of December 31, 2012, are shown in **Table 39**.

Table 39

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A	A2	A+
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	A-	A3	A
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A-	Baa2	A
JP Morgan Chase Bank, N.A.	A+	Aa3	A+
Loop Financial Products I, LLC (Deutsche Bank, AG, New York Branch)	A+	A2	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	A-	Baa2	A
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A-	Baa1	A
Royal Bank of Canada	AA-	Aa3	AA
Societe Generale, New York Branch	A	A2	A+

As of December 31, 2012, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivative's fair value.

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

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

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

The Denver Urban Renewal Authority (DURA) has entered into interest rate swap agreements in order to lock in interest rate savings and protect against rising interest rates. The swaps are all pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparties based on the USD-SIFMA Municipal Swap Index. At December 31, 2012, fixed payments to the counterparties ranged from 3.06% to 5.26%. The interest rate swaps have the effect of creating a synthetic interest rate on the bonds within the same range of 3.06% to 5.26%. All of the activity related to the swaps is recorded in DURA's governmental activities.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2012, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, are summarized in **Table 40** (dollars in thousands).

Table 40

Year	Principal	Interest	Interest Rate Swaps, Net	Total
2013	$ 13,860	$ 324	$ 7,368	$ 21,552
2014	9,580	214	6,842	16,636
2015	8,945	201	6,449	15,595
2016	9,605	184	5,892	15,681
2017	10,895	169	5,405	16,469
2018 - 2022	56,760	592	18,944	76,296
2023 - 2025	62,470	165	5,252	67,887
Total	**$ 172,115**	**$ 1,849**	**$ 56,152**	**$ 230,116**

Table 41 (dollars in thousands) provides the fair value balances and notional amounts outstanding as of December 31, 2012, and the changes in fair value for the year then ended.

Table 41

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Payable Swap Rate	Change in Fair Value Classification	Change in Fair Value Amount	Fair Values 12/31/12
2006 Swap Agreements								
Royal Bank of Canada	10/25/06	$ 5,285	9/1/13	2006C	3.816%	Deferred Outflow	$ (703)	$ (144)
2008A-1 and 2008A-2 Swap Agreements								
Merrill Lynch Capital Services, Inc.	5/1/07	27,513	12/1/24	2008A-1	5.259%	Deferred Outflow	545	(7,484)
						Investment Revenue	(699)	-
Royal Bank of Canada	3/11/10	15,726	12/1/24	2008A-1	3.059%	Deferred Outflow	219	(1,945)
Bank of America, N.A.	5/1/07	15,726	12/1/24	2008A-1	5.259%	Deferred Outflow	312	(4,277)
						Investment Revenue	(383)	
Merrill Lynch	6/1/08	107,865	12/1/25	2008A-1 and 2008A-2	4.598%	Deferred Outflow	1,523	(27,672)
						Investment Revenue	(845)	
Total		**$ 172,115**						**$ (41,522)**

Under the various swap agreements, DURA is the fixed-rate payer at the rates listed in the "payable swap rate" column in **Table 41** and the counterparties are the floating rate payers.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method.

The following risks are generally associated with the swap agreements:

- Credit Risk – All of DURA's swap agreements rely upon the performance of the respective swap counterparties. DURA is exposed to the risk of these counterparties being unable to fulfill their financial obligations to DURA. DURA measures the extent of this risk based upon the credit ratings of each counterparty (or, with respect to a swap agreement for which the counterparty's payment obligations are guaranteed by another entity, the credit ratings of such guarantor) and the fair value of the swap agreement. The ratings of the counterparties, or their credit support providers, as of December 31, 2012, are shown in **Table 42**.

Table 42

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	**Moody's**	**Fitch**
Royal Bank of Canada	AA-	Aa3	AA
Merrill Lynch Capital Services, Inc.	A-	Baa2	A
Bank of America, N.A.	A	A3	A

As of December 31, 2012, there was no risk of loss to DURA since the fair values of the swap agreements are negative.

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

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

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

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

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

NOTE H – FUND BALANCES

In accordance with GASB Statement No. 54, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

The City has a target of maintaining a general fund balance reserve that is 15% of budgeted expenditures and should not go below 10% of budgeted expenditures, except in response to a severe crisis, economic or otherwise.

Fund balances by classification are detailed in **Table 43** (dollars in thousands).

Table 43

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Nonspendable	**$ 159**	**$ -**	**$ 5,729**	**$ 5,888**
Restricted:				
General government	-		10,397	10,397
Public safety	-	-	25,831	25,831
Public works	-	-	67,752	67,752
Human services	-	33,441	577	34,018
Health	-	-	687	687
Parks & recreation	-	-	19,356	19,356
Cultural activities	-	-	78,579	78,579
Community development	-	-	3,194	3,194
Assets held for resale	-	-	7,339	7,339
Loans receivable	480	-	75,972	76,452
Long-term debt	19,956	-	72,025	91,981
Emergency use - assets held for resale	11,436	-	-	11,436
Emergency use	24,694	-	10	24,704
Total Restricted	**56,566**	**33,441**	**361,719**	**451,726**
Committed:				
General government	5,897	-	1,540	7,437
Public safety	4,000	-	-	4,000
Public works	4,196	-	26,246	30,442
Human services	-	-	-	-
Health	139	-	-	139
Parks & recreation	698	-	-	698
Cultural activies	-	-	-	-
Community development	154	-	-	154
Economic opportunity	-	-	-	-
Total Committed	**15,084**	**-**	**27,786**	**42,870**
Assigned:				
General government	-	-	17,112	17,112
Public safety	-	-	1,384	1,384
Public works	-	-	343	343
Economic opportunity	-	-	-	-
Parks & recreation	-	-	612	612
Cultural activities	-	-	13,309	13,309
Total Assigned	**-**	**-**	**32,760**	**32,760**
Unassigned	**155,039**	**-**	**(38)**	**155,001**
Total Fund Balances	**$ 226,848**	**$ 33,441**	**$ 427,956**	**$ 688,245**

- **Nonspendable Fund Balances –** Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

  The City has $2,888,000 in prepaids and $3,000,000 in an endowment. The prepaids are in a nonspendable form and the endowment is in a permanent fund whose earnings are used for the maintenance of the residence known as Cableland.

- **Restricted Fund Balances –** Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

  General Government has $10,397,000 restricted of which $5,471,000 is restricted for future grant expenditures,$3,713,000 is restricted for technology projects and $1,213,000 is restricted for capital assets.

  Public Safety has $25,831,000 restricted for future capital projects of which $3,035,000 is in the non major capital funds and $22,796,000 is in special revenue funds within the special projects funds. The restrictions in the non major capital funds include $1,130,000 for capital assets for the Detention Center and Jail and $1,905,000 for County Jail maintenance. In the special revenue funds, $13,647,000 is restricted for 911 expenses and $9,149,000 is for grants.

  Public Works has a total of $67,752,000 restricted for future projects of which $51,977,000 is restricted in the various non major bond funds for infrastructure. This includes $11,794,000 for Center Avenue Storm Improvements, $9,611,000 for Peoria Street Grade Separations, $13,343,000 for Traffic Signal Upgrades and Hazard Eliminations, $6,000,000 for I-25 & Broadway Access Improvements, $1,647,000 for the Central Park Boulevard Interchange, $4,854,000 for the Bridge Rehabilitation, $2,100,000 for South Broadway reconstruction and $2,010,000 for various building projects. The Special Assessment funds also have $618,000 restricted for Public Works improvements.

  In addition to the $51,977,000 discussed above, Public Works has $15,775,000 restricted in various nonmajor funds for sign, pavement and facilities maintenance.

  Human Services has $34,018,000 restricted of which $33,441,000 is for grant expenditures. The remaining $577,000 is restricted in the non major capital project funds of $80,000 for Building improvements and $492,000 maintenance.

  Health has $687,000 restricted in the non major capital projects fund which includes $252,000 for the Denver Animal Shelter and the Lowry Childcare Center and $44,000 for maintenance. Additionally, $391,000 is restricted in the special revenue fund for grants.

  Parks and Recreation has $19,356,000 restricted of which $17,745,000 is in non major capital projects funds for various irrigation projects and maintenance. This includes $2,741,000 in the Winter Park fund for park maintenance, $2,972,000 restricted for park maintenance and $274,000 for trail and irrigation improvements in the Capital Improvements fund, $5,253,000 for infrastructure including playgrounds and $2,177,000 for maintenance in the Conservation Trust fund, $565,000 for capital assets and $3,763,000 for maintenance in the Bond Projects fund. In addition, Parks and Recreation has $867,000 for Cableland maintenance and $744,000 restricted in special revenue funds for grant expenses.

  Cultural Activities has $78,579,000 restricted of which $77,914,000 is restricted in the non major capital projects funds for the following: $8,472,000 for a new west Denver Library branch, $1,088,000 for a new Stapleton Library branch, $400,000 for various art projects and $1,658,000 for the Boettcher Concert Hall, Denver Performing Arts Center Studio, and the Colorado Convention Center. There is $8,505,000 restricted for maintenance and the remaining $57,126,000 is restricted for other Cultural Activities projects. Cultural Activities also has $665,000 restricted in special revenue funds for future grant expenditures.

  Community Development Activities has $3,194,000 restricted of which $99,000 is restricted in the bond projects fund for a Neighborhood House Alternative project and $3,095,000 is restricted in special revenue funds for grant expenditures.

The City is also holding $7,339,000 of foreclosed assets restricted in the Special Revenue Community Development fund to be used for future loans.

The City has $76,452,000 in restricted loans receivable that originated from grants of which $480,000 is in the general fund, $10,851,000 of restricted loans receivable is in the General Government special revenue fund and $65,121,000 is in the Community Development special revenue fund.

There is $91,981,000 restricted for long-term debt of which $19,956,000 is in the general fund, $211,000 in the Community Development special revenue funds, $1,753,000 in the Special Funds special revenue funds, $69,674,000 in the debt service funds and $387,000 in a General Improvement District. This is restricted cash for payment of principal and interest.

- **Committed Fund Balances –** Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council's formal action to establish committed funds, and to rescind committed funds, is through passage of an ordinance. General Government has $1,540,000 in committed fund balance for nonfederal grant expenses and Public Works has $25,021,000 committed for various street reconstruction and $1,225,000 for various building projects. The General Fund has $15,084,000 in committed fund balance which includes $2,121,000 for fleet replacement, $4,000,000 for crime prevention, $1,117,000 for business incentives, and $7,846,000 for various capital and community projects.

- **Assigned Fund Balances –** Assigned fund balances are intended for specific purposes but do not require an action by City Council. Although City Council can assign funds, this is generally performed by the Budget and Management Office. The City has $32,760,000 in assigned fund balance of which $17,112,000 is in the General Government special revenue funds, $1,384,000 is for Public Safety, $343,000 is for Public works, $612,000 is for Parks and Recreation and $13,309,000 is for Cultural Activities.

- **Unassigned Fund Balance –** Unassigned fund balance is the residual classification for the general fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. The Economic Opportunity special revenue fund has a negative $38,000 in unassigned fund balance. The general fund has $155,039,000 in unassigned fund balance.

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 mitigated 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 2012, the City Attorney estimates the amount of liability determined as probable (in accordance with GASB Statement No. 62, Paragraphs 96 - 113) and incurred but not reported claims and judgments at December 31, 2012, to be approximately $6,603,000, of which $438,000 has been recorded at the government-wide level of reporting as a current liability. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately $14,000,000 to $22,000,000 at December 31, 2012. Of this amount, $12,000,000 to $20,000,000 relates to ongoing litigation between the Airport System and the Regional Transportation District 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 44** (dollars in thousands).

Table 44

	2012	2011
Beginning balance - January 1	$ 3,551	$ 2,472
Current year claims and changes in estimates	4,390	3,101
Claims settled	(1,338)	(2,022)
Ending Balance - December 31	**$ 6,603**	**$ 3,551**

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 $350,000 per injury or $990,000 per occurrence.

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

Note B – Pollution Remediation

The City has four underground storage tanks that leaked and are under remediation. Funds spent on remediation are partially reimbursed up to 50 percent of the cost by the Colorado Petroleum Storage Tank Trust. As of December 31, 2012, the City accrued a current liability, measured at its expected amount, using the expected cash flow technique, of $360,000 in the Environmental Services fund for its share of remediation costs related to these underground storage tanks. The City determined the liability amount by estimating a reasonable range of potential outlays, with no amount within the range considered a better estimate than any other amount.

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

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

The EPA has named the City a Potentially Responsible Party (PRP) at OU2 as the current owner of part of the site where the former Grant-Omaha Smelter was located. Denver has entered into an Administrative Order on Consent to perform a remedial investigation and feasibility study and has paid $18,000 dollars of EPA's past costs. Whether this site is contaminated or whether it will require remediation cannot be determined until completion of the remedial investigation and feasibility study. The City's responsibility for some of the investigation and clean up costs is probable; however at this early stage in the process it is not possible to estimate the costs associated with this site, therefore no liability has been accrued. ASARCO, Inc. is another significant PRP at the site. ASARCO, Inc. filed bankruptcy and the City filed a contingent claim for environmental remediation costs and reached a settlement with ASARCO for $640,000, for which payment has been received.

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

In 2009, Wastewater purchased a 23-acre parcel of land at 1271 West Bayaud Avenue. In 2010, the General Fund reimbursed Wastewater $27,400,000 for 85% of the parcel including land, roadways, buildings, and building improvements. This land was formerly a General Chemical Company manufacturing site. The sellers negotiated a voluntary clean-up plan (VCUP) with the Colorado Department of Public Health and Environment and completed the VCUP prior to Denver's acquisition of the property. The seller remains contractually responsible for monitoring and obtaining a no-further-action determination on the City's behalf. The City has paid the seller $940,000 for a one-time groundwater injection treatment and for monitoring remedial progress. These costs have been capitalized with the land. The City will continue to pay the seller until 2013 for monitoring remedial progress and site closure activities with total anticipated costs ranging from $220,000 to $290,000 depending on the scope required. These costs are capitalized as payments are made.

Note C – Workers' Compensation

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

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

The Department of Labor and Employment of the State of Colorado establishes the amount of funding required each year for the City to maintain its self-insured permit. The requirement is calculated using the average amount of claims paid over the previous three years plus the outstanding liability for claims as of the end of the previous year. This requirement at December 31, 2012, for 2013, was $25,849,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2012 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, 2012 through December 31, 2012, 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 45** (dollars in thousands).

Table 45

	2012	2011
Beginning balance, undiscounted - January 1	$ 35,876	$ 35,710
Current year claims and changes in estimates	9,074	11,419
Claims paid	(7,092)	(7,626)
Ending balance undiscounted	**37,858**	**39,503**
Less discount	(4,972)	(3,627)
Ending Balance - December 31	**$ 32,886**	**$ 35,876**

Note D – Subsequent Events

1. **Deferred Compensation Plan.** On January 2, 2013, Massachusetts Mutual Life Insurance Company (MassMutual) acquired The Hartford's Retirement Plan business. MassMutual has been appointed by Hartford Life Insurance Company (HLIC) to provide all administrative services necessary to support the insurance contracts issued by HLIC and reinsured by MassMutual in connection with the transaction.

2. **Denver Urban Renewal Authority (DURA).** On March 28, 2013, DURA issued $171,265,000 of Stapleton Senior Tax Increment Revenue Bonds, Series 2013A-1 for the purpose of refunding the Series 2008A-1 and Series 2008A-2 and for making certain payments in connection with the termination of certain existing hedge and credit support facilities. The 2013A-1 bonds carry a fixed interest rate of 5% and mature on December 1, 2025. As part of this transaction the interest rate swaps associated with the bonds were terminated.

Note E – 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, 2012, the City's general obligation debt outstanding was $895,649,000 and the City's legal debt margin was $1,438,051,000.

2. **Prior Years' Defeased Bonds.** At various dates in prior years, the City and certain component units have placed proceeds from bond issues and cash contributions in irrevocable refunding escrow accounts. The amounts deposited in the irrevocable escrow accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, would provide amounts sufficient for payment of all principal and interest of the bond issues on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the defeased bond issues appears remote. Accordingly, the escrow accounts and outstanding defeased bonds are not included in the accompanying financial statements. Defeased bonds principal outstanding at December 31, 2012, for the City was $187,890,000.

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 46 (dollars in thousands) 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, 2012.

Table 46

Program	City EBT Authorizations	City Share of Authorizations	Expenditures by City Warrant	City EBT Authorized Plus Expenditures by City Warrant	Total Expenditures
ADP Pass Thru	$ -	$ -	$ 506	$ 506	$ 506
Adult Foster Care	23	1	-	23	1
Aid to Needy & Disabled	3,808	762	-	3,808	762
Child Care	10,537	2,347	1,541	12,078	3,888
Child Support Enforcement[1]	48	48	8,717	8,765	8,765
Child Support Grants	-	-	31	31	31
Child Welfare	25,270	5,021	26,908	52,178	31,929
Colorado Refugee Services					
Colorado Works	19,868	3,009	14,194	34,062	17,203
Core Services	5,267	727	2,030	7,296	2,757
County Administration	-	-	14,212	14,212	14,212
County Only Pass Thru	-	-	8,032	8,032	8,032
Federal Grants	-	-	6,652	6,652	6,652
Food Assistance Benefits	147,386	-	-	147,386	-
Food Assistance Fraud	-	-	410	410	410
Food Assistance Job Search	-	-	1,234	1,235	1,235
Home Care Allowance	2,353	118	-	2,353	118
Low Income Energy Assistance	3,968	-	521	4,489	521
Non-allocated Programs	184	179	2,315	2,499	2,493
Old Age Pension	23,119	-	445	23,564	445
TANF Collections - EBT	(195)	(39)	-	(195)	(39)
Titile XX Caseworker Training	-	-	5	5	5
Title IV-B Sub Part 2 - PSSF	-	-	559	559	559
Title IV-E Independent Living	-	-	291	291	291
Total	**$ 241,636**	**$ 12,173**	**$ 88,603**	**$ 330,239**	**$ 100,776** [2]

[1]The State pays Direct Settled items for EBT administration, IRS fees and Locator fees and then charges the counties for those costs. These are not true EBT payments, but are amounts settled via CFMS.

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

4. **Conduit Debt Obligations.** From time to time, the City issues industrial development 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, 2012, the aggregate principal amount payable for the bonds, excluding the Airport's Special Facility Revenue bonds, was approximately $109,100,000.

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, 2012, Airport Special Facility Revenue Bonds outstanding totaled $276,615,000. This amount is included in the aggregate principal amount in the previous paragraph.

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 2012.

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

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

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

   Effective October 1, 1997, the City renegotiated its contract with Waste Management of Colorado, Inc. (WMC), the current operator of DADS. As a result, the City assigned its responsibility for all closure and post-closure costs to WMC. To cover these costs, WMC has provided a performance bond of $3,000,000, provided a corporate guarantee from their parent company, Waste Management, Inc (WMI), and posted a financial assurance plan with the State of Colorado (including an insurance certificate of $19,065,000 as of April 2013). Due to this assignment of closure and post-closure costs to WMC, the City no longer recognizes the related closure and post-closure costs liability in its financial statements.

7. **Denver Urban Renewal Authority.** In connection with DURA's development of the Denver Dry Building, DURA has guaranteed certain loans made to the Denver Building Housing, Ltd. by the Bank of Denver with an outstanding balance of $2,703,000 at December 31, 2012. 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 $36,140,000. The amendment is also applicable to several component units, which have established emergency reserves of $662,000.

In November 2005, local voters approved Referred Measure 1B to allow the City to retain revenues collected, with the exception of property tax revenue, in excess of the limits established by the state amendment to the constitution for ten fiscal years beginning with fiscal year 2005 and thereafter retain and spend any excess revenues up to the amount of the revenue cap as defined. For 2012 Tabor revenues exceeded the established limits by $196,411,000.

In November 2012, Denver voters approved Referred Measure 2A to allow the City to retain all revenues collected beginning in 2013.

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 F – 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 $17,000 for 2012. Those who are age 50 and older may save an additional $5,500 per year. However, special provisions, applicable during the last three taxable years before a participant attains normal retirement age under the Plan, or any year thereafter prior to the participants' separation from service, may increase the annual maximum up to $34,000 for 2012.

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 G – Pension Plans

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

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

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

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

   The Denver Employees Retirement Plan (DERP) is a cost-sharing multiple-employer defined benefit plan established by the City to provide pension and postemployment health benefits for its employees. The DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets. As of January 1, 2012, 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 10.25% of covered payroll and employees make a pre-tax contribution of 6.25% 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, 2012, 2011, and 2010 were $47,176,000, $43,047,000, and $38,427,000, respectively, which equaled the required contributions each year.

DERP's annual pension cost for the current year and related contribution information (plan totals) is shown in **Tables 47**, **48**, and **49** (dollars in thousands).

Table 47

	DERP	DERP Health Benefits
Actuarially determined contribution rates (percentage of covered payroll):		
Employer	10.35%	0.88%
Plan members	6.31%	0.54%
Annual pension costs	$86,188	$7,350
Total contributions made	$80,420	$6,734
Actuarial valuation date	1/1/12	1/1/12
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	30 years	30 years
Asset valuation methods	Smoothed mkt.	Smoothed mkt.
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	3.0-6.3%	0%
Includes inflation at	3.00%	0%
Cost of living adjustment	None	None

Table 48

Three-year Trend Information

December 31, 2012 (dollars in thousands)

	Year	Annual Actuarial Required Contribution (ARC) [1]	Percentage of ARC Contributed
DERP	2010	$ 48,996	86.2%
	2011	52,000	87.9%
	2012	56,055	88.8%
DERP Health Benefits	2010	$ 4,291	68.2%
	2011	4,965	84.6%
	2012	5,153	82.3%

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

Table 49

Defined Benefit Pension Plans Schedule of Funding Progress

December 31, 2012 (dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Projected Unit Credit	Unfunded (Excess) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Excess) Actuarial Accrued Liability as a % of Covered Payroll
DERP						
January 1, 2010	$ 1,923,561	$ 2,176,243	$ 252,682	88.4%	$ 506,045	49.9%
January 1, 2011	1,942,871	2,284,756	341,885	85.0%	517,398	66.1%
January 1, 2012	1,946,844	2,386,530	439,686	81.6%	517,396	85.0%
DERP Health Benefits						
January 1, 2010	$ 90,415	$ 141,643	$ 51,228	63.8%	$ 506,045	10.1%
January 1, 2011	87,609	143,112	55,503	61.2%	517,398	10.7%
January 1, 2012	84,680	142,967	58,287	59.2%	517,396	11.3%

For FPPA, covered employees contribute at the rate of at least 8% of base salary. As of January 1, 2012, the actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 73% and 71%, respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2012, 2011, and 2010 were $24,715,000, $24,815,000, and $22,348,000 respectively.

The City also made contributions for the years ended December 31, 2012, 2011, and 2010 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of $15,445,000, $13,742,000, and $13,367,000, respectively. As of the January 1, 2012, actuarial report, under current law benefits, which assume no cost-of-living adjustments, the Plan is funded at 96.1%.

Note H – Other Postemployment Benefits – Implicit Rate Subsidy

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

1. **DERP Participants' Plan Description.** The City acts in a cost-sharing multiple-employer capacity by providing health insurance to eligible DERP retirees and their qualified dependents through the City's group insurance plans. As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare age. As of the December 31, 2012 actuarial valuation, there are 7,414 active employees under age 65 covered under the health insurance plans. In addition, there are 1,324 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the DERP report.

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

   Contributions made by the City toward the implicit rate subsidy for DERP participants were $5,360,000, $6,446,000, and $5,611,000, for the years ended December 31, 2012, 2011 and 2010, respectively, based on pay-as-you-go financing.

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

3. **FPPA Participants' Plan Description.** The City acts in a single-employer capacity by providing access to health insurance to eligible FPPA retirees and their qualified dependents through the respective groups' insurance plans. Based on City practice, fire fighter retirees and police officer retirees are allowed to participate in the health insurance programs offered to active employees. Fire fighters and police officers hired prior to April 8, 1978, are eligible for this coverage with a minimum of 25 years of service; however, police officers are also eligible when they begin collecting their pension benefit should they not obtain 25 years of service. For FPPA employees hired after April 7, 1978, they must have elected to begin collecting their pension and be a minimum of 55 years of age with 5 years of service or attained age 50 with 30 years of service. Coverage ceases when one reaches Medicare age. As of the December 31, 2012 actuarial valuation, there are 2,260 active employees under age 65 covered under the health insurance plans. In addition, there are 331 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the FPPA report.

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

5. **Annual Pension Cost and Net Pension Obligation for FPPA Participants Plan.** The City's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded Actuarial Accrued Liabilities (AAL) over a period of 30 years. **Table 50** (dollars in thousands) details the components of the City's annual OPEB cost for the year, the amount contributed, and changes in the City's net OPEB obligation.

Table 50

Employer's normal cost	$	1,699
Amortization of unfunded AAL		1,497
Interest on net OPEB obligation		297
Adjustment to ARC		(295)
Annual OPEB Cost		**3,198**
Employer contribution		1,579
Increase in net OPEB obligation		**1,619**
Net OPEB obligation - January 1		**7,426**
Net OPEB Obligation - December 31	**$**	**9,045**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation for the year ended December 31, 2012, and the two preceding years are detailed in **Table 51** (dollars in thousands).

Table 51

Fiscal Year Ended		**Annual OPEB Cost**		**Contributions**	**% of Annual Cost OPEB Contributions**		**Net OPEB Obligations**
December 31, 2010	$	2,932	$	1,437	49.0%	$	6,021
December 31, 2011		3,056		1,651	54.0%		7,426
December 31, 2012		3,198		1,579	49.4%		9,045

6. **Funded Status and Funding Progress for FPPA Participants Plan.** The funded status for the year ended December 31, 2012, is presented in **Table 52** (dollars in thousands).

Table 52

		OPEB
Acturial accured liability (AAL)	$	39,176
Acturial value of plan assets		-
Unfunded AAL (UAAL)	**$**	**39,176**
Funded ratio		0.00%
Covered payroll	$	195,864
UAAL as a % of covered payroll		20.0%

Actuarial valuations of an ongoing plan involve the estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

7. **Actuarial Methods and Assumptions.** Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan

members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of calculations. **Table 53** details the actuarial methods and assumptions used.

Table 53

	OPEB
Actuarial valuation date	12/31/12
Actuarial cost method	Entry age normal, Level % of pay
Amortization method	Level % of pay
Remaining amortization period	30 years, open basis
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare cost trend	Grading from 9% decreasing by .5% per year to 5% thereafter
General inflation	3% annually

* * *

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

Year Ended December 31, 2012 (dollars in thousands)

	General Fund			
	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 598,546	$ 600,289	$ 612,130	$ 11,841
Licenses and permits	21,763	23,029	33,906	10,877
Intergovernmental revenues	27,274	26,785	25,913	(872)
Charges for services	160,534	160,974	162,086	1,112
Investment and interest income	4,174	3,796	4,606	810
Fines and forfeitures	59,590	60,386	53,227	(7,159)
Contributions	-	-	-	-
Other revenue	6,052	6,085	7,414	1,329
Total Revenues	**877,933**	**881,344**	**899,282**	**17,938**
Budget Basis Expenditures				
General government	213,063	205,812	176,351	29,461
Public safety	463,438	473,777	469,119	4,658
Public works	94,607	94,607	92,480	2,127
Human services	-	-	-	-
Health	43,827	43,979	43,765	214
Parks and recreation	51,590	53,026	53,363	(337)
Cultural activities	34,485	34,799	34,736	63
Community development	15,793	15,794	15,687	107
Total Budget Basis Expenditures	**916,803**	**921,794**	**885,501**	**36,293**
Excess (deficiency) of revenues over budget basis expenditures	(38,870)	(40,450)	13,781	54,231
Other Financing Sources (Uses)				
Insurance recoveries	-	-	336	336
Capital leases	-	-	1,043	1,043
Transfers in	30,373	31,987	36,073	4,086
Transfers out	(40,727)	(40,886)	(38,695)	2,191
Total Other Financing Sources (Uses)	**(10,354)**	**(8,899)**	**(1,243)**	**7,656**
Excess of revenues and other financing sources over budget basis expenditures and other financing uses	**$ (49,224)**	**$ (49,349)**	12,538	**$ 61,887**
Fund balance - January 1			214,310	
Fund Balance - December 31			**$ 226,848**	

See notes to required supplementary information.

	Human Services Special Revenue Fund			
	Budget			Variance with
	Original	Final	Actual	Final Budget
	$ 51,713	$ 51,713	$ 51,192	$ (521)
	-	-	-	-
	88,201	89,433	84,868	(4,565)
	3,150	595	537	(58)
	-	-	-	-
	-	-	-	-
	-	-	614	614
	8,670	10,765	306	(10,459)
	151,734	**152,506**	**137,517**	**(14,989)**
	-	-	-	-
	-	-	-	-
	-	-	-	-
	141,104	149,404	127,913	21,491
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	141,104	**149,404**	**127,913**	**21,491**
	10,630	3,102	9,604	6,502
	-	-	7	7
	-	-	-	-
	-	-	1,075	1,075
	(75)	(75)	(75)	-
	(75)	**(75)**	**1,007**	**1,082**
	$ 10,555	**$ 3,027**	10,611	**$ 7,584**
			22,830	
			$ 33,441	

Notes to Required Supplementary Information Budgetary Comparison Schedule

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

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

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

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

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

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

Required Supplementary Information Other Postemployment Benefits - Implicit Rate Subsidy

December 31, 2012 (dollars in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability -Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
DERP						
December 31, 2010	$ -	$ 113,048	$ 113,048	0.0%	$ 409,058	27.6%
December 31, 2011	-	115,813	115,813	0.0%	425,420	27.2%
December 31, 2012	-	88,704	88,704	0.0%	446,182	19.9%
FPPA						
December 31, 2010	$ -	$ 35,882	$ 35,882	0.0%	$ 186,041	19.3%
December 31, 2011	-	37,501	37,501	0.0%	193,483	19.4%
December 31, 2012	-	39,176	39,176	0.0%	195,864	20.0%

Schedule of Employer Contributions

	Employer Contributions			
	DERP		FPPA	
Year Ended	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
December 31, 2010	$ 8,026	69.9%	$ 2,930	49.0%
December 31, 2011	8,280	77.9%	3,055	54.0%
December 31, 2012	6,261	85.6%	3,196	49.4%

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Governmental Funds

NonMajor Governmental Funds

Special Revenue Funds

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

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

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 Districts - 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.
- Bond Projects Capital Fund - to account for the proceeds from the issuance of long-term debt to be used for paying the cost of projects as set forth in bond issuing ordinances.
- 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 surplus seat tax used for capital improvements to entertainment and cultural facilities owned by the City that generate seat taxes.
- Special Assessments - to account for the financing of improvements and maintenance deemed to benefit properties against which special assessments are levied.

Permanent Fund

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

Governmental Individual Fund Schedules and Statements

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

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Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2012 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	$ 10,999	$ -	$ -	$ -	$ 10,999
Cash and cash equivalents	57,196	65,953	227,556	825	351,530
Receivables (net of allowances for uncollectibles of $74,308):					
Taxes	37,455	83,471	55,200	-	176,126
Notes	75,973	-	-	-	75,973
Accounts	41,100	-	673	-	41,773
Accrued interest	160	260	1,001	42	1,463
Interfund receivable	1,280	-	1	-	1,281
Due from other governments	17,947	-	8,294	-	26,241
Prepaid items and other assets	21	-	2,708	-	2,729
Restricted assets:					
Cash and cash equivalents	1,971	394	52	3,000	5,417
Assets held for disposition	7,739	-	-	-	7,739
Total Assets	**$ 251,841**	**$ 150,078**	**$ 295,485**	**$ 3,867**	**$ 701,271**
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ 17,852	$ -	$ 25,030	$ -	$ 42,882
Accrued liabilities	1,384	-	2	-	1,386
Due to taxing units	109	7	-	-	116
Interfund payable	1,501	-	77	-	1,578
Deferred revenue	72,834	80,010	69,078	-	221,922
Advances	5,357	-	-	-	5,357
Compensated absences	74	-	-	-	74
Total Liabilities	**99,111**	**80,017**	**94,187**	**-**	**273,315**
Fund Balances:					
Nonspendable	21	-	2,708	3,000	5,729
Restricted	118,447	70,061	172,344	867	361,719
Committed	1,540	-	26,246	-	27,786
Assigned	32,760	-	-	-	32,760
Unassigned	(38)	-	-	-	(38)
Total Fund Balances	**152,730**	**70,061**	**201,298**	**3,867**	**427,956**
Total Liabilities and Fund Balances	**$ 251,841**	**$ 150,078**	**$ 295,485**	**$ 3,867**	**$ 701,271**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ 3,055	$ 5,931	$ -	$ 8,986
Lodgers	16,451	25,607	-	-	42,058
Occupational privilege	-	-	54	-	54
Property	28,529	76,256	51,886	-	156,671
Sales and use	12,975	28,956	1,212	-	43,143
Specific ownership	191	-	-	-	191
Telephone	7,255	-	-	-	7,255
Special assessments	-	-	1,422	-	1,422
Licenses and permits	1,487	-	-	-	1,487
Intergovernmental revenues	91,485	-	46,976	-	138,461
Charges for services	56,646	-	422	-	57,068
Investment and interest income	2,592	919	2,339	282	6,132
Fines and forfeitures	2,737	-	-	-	2,737
Contributions	5,081	-	820	-	5,901
Other revenue	35,274	5,959	2,077	-	43,310
Total Revenues	**260,703**	**140,752**	**113,139**	**282**	**514,876**
Expenditures					
Current:					
General government	62,465	-	5,354	-	67,819
Public safety	74,988	-	1,368	-	76,356
Public works	92	-	117,106	-	117,198
Health	8,410	-	673	-	9,083
Parks and recreation	2,043	-	6,530	-	8,573
Cultural activities	48,130	-	5,118	-	53,248
Community development	24,818	-	-	-	24,818
Economic opportunity	21,277	-	-	-	21,277
Debt service:					
Principal retirement	11,132	64,680	4,572	-	80,384
Interest	12,052	59,818	1,109	-	72,979
Capital outlay	-	-	93,934	-	93,934
Total Expenditures	**265,407**	**124,498**	**235,764**	**-**	**625,669**
Excess (deficiency) of revenues over (under) expenditures	(4,704)	16,254	(122,625)	282	(110,793)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	5	-	5
Capital leases	1,158	-	50,542	-	51,700
Intergovernmental agreement	-	-	6,725		6,725
Payments to escrow	-	-	(13,729)	-	(13,729)
Insurance recoveries	897	-	-	-	897
Transfers in	24,980	-	25,351	-	50,331
Transfers out	(14,785)	(26,722)	(8,365)	(360)	(50,232)
Total Other Financing Sources (Uses)	**12,250**	**(26,722)**	**60,529**	**(360)**	**45,697**
Net change in fund balances	7,546	(10,468)	(62,096)	(78)	(65,096)
Fund balances - January 1	145,184	80,529	263,394	3,945	493,052
Fund Balances - December 31	**$ 152,730**	**$ 70,061**	**$ 201,298**	**$ 3,867**	**$ 427,956**

Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2012 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	$ 3,226	$ 736	$ -
Cash and cash equivalents	19,460	3,485	-
Receivables (net of allowances for uncollectibles of $73,457)			
Taxes	2,424	34,825	-
Notes	10,852	-	-
Accounts	947	3,340	-
Accrued interest	59	5	-
Interfund receivable	49	37	-
Due from other governments	3,460	6,584	1,617
Prepaid items and other assets	-		-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assets held for disposition	-	-	-
Total Assets	**$ 40,477**	**$ 49,012**	**$ 1,617**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 4,250	$ 1,670	$ 631
Accrued liabilities	34	340	13
Due to taxing units	-	106	-
Interfund payable	29	204	126
Deferred revenue	1,116	37,335	456
Advances	-	208	-
Compensated absences	74	-	-
Total Liabilities	**5,503**	**39,863**	**1,226**
Fund Balances:			
Nonspendable	-	-	-
Restricted	16,322	9,149	391
Committed	1,540	-	-
Assigned	17,112	-	-
Unassigned	-	-	-
Total Fund Balances	**34,974**	**9,149**	**391**
Total Liabilities and Fund Balances	**$ 40,477**	**$ 49,012**	**$ 1,617**

Culture and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement Districts	Total
$ 7,034	$ -	$ 3	$ -	$ -	$ 10,999
16,166	2,332	-	15,366	387	57,196
-	-	-	-	206	37,455
-	65,121	-	-	-	75,973
2,512	-	-	34,296	5	41,100
5	7	-	84	-	160
2	-	1,192	-	-	1,280
26	5,091	1,169	-	-	17,947
21	-	-	-	-	21
-	211	-	1,753	7	1,971
-	7,739	-	-	-	7,739
$ 25,766	**$ 80,501**	**$ 2,364**	**$ 51,499**	**$ 605**	**$ 251,841**
$ 4,822	$ 4,076	$ 1,069	$ 1,291	$ 43	$ 17,852
259	126	443	169	-	1,384
-	-	-	-	3	109
58	150	890	44	-	1,501
163	383	-	33,175	206	72,834
5,149	-	-	-	-	5,357
-	-	-	-	-	74
10,451	**4,735**	**2,402**	**34,679**	**252**	**99,111**
21	-	-	-	-	21
1,401	75,766	-	15,408	10	118,447
-	-	-	-	-	1,540
13,893	-	-	1,412	343	32,760
-	-	(38)	-	-	(38)
15,315	**75,766**	**(38)**	**16,820**	**353**	**152,730**
$ 25,766	**$ 80,501**	**$ 2,364**	**$ 51,499**	**$ 605**	**$ 251,841**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	$ 16,451	$ -	$ -
Property	3,616	24,715	-
Sales and use	12,975	-	-
Specific ownership	-	-	-
Telephone	-	-	-
Licenses and permits	1,487	-	-
Intergovernmental revenues	17,564	30,213	8,103
Charges for services	2,576	10,135	1
Investment and interest income	402	14	-
Fines and forfeitures	-	2,737	-
Contributions	1,915	34	269
Other revenue	8,769	688	-
Total Revenues	**65,755**	**68,536**	**8,373**
Expenditures			
Current:			
General government	59,935	885	-
Public safety	115	66,101	-
Public works	92	-	-
Health	-	-	8,410
Parks and recreation	-	-	-
Cultural activities	-	-	-
Community development	-	-	-
Economic opportunity	-	-	-
Debt service:			
Principal retirement	-	410	-
Interest	-	75	-
Total Expenditures	**60,142**	**67,471**	**8,410**
Excess (deficiency) of revenues over (under) expenditures	5,613	1,065	(37)
Other Financing Sources (Uses)			
Capital leases	-	-	-
Insurance recoveries	874	-	-
Transfers in	899	207	-
Transfers out	(4,000)	(500)	-
Total Other Financing Sources (Uses)	**(2,227)**	**(293)**	**-**
Net change in fund balances	3,386	772	(37)
Fund balances - January 1	31,588	8,377	428
Fund Balances - December 31	**$ 34,974**	**$ 9,149**	**$ 391**

Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement District	Total
$ -	$ -	$ -	$ -	$ -	$ 16,451
-	-	-	-	198	28,529
-	-	-	-	-	12,975
-	-	-	-	191	191
-	-	-	7,255	-	7,255
-	-	-	-	-	1,487
728	26,161	8,716	-	-	91,485
29,662	1,492	12,378	402	-	56,646
12	1,251	-	909	4	2,592
-	-	-	-	-	2,737
2,245	612	-	6	-	5,081
20,346	957	124	4,368	22	35,274
52,993	**30,473**	**21,218**	**12,940**	**415**	**260,703**
67	168	-	1,158	252	62,465
-	-	-	8,772	-	74,988
-	-	-	-	-	92
-	-	-	-	-	8,410
2,022	-	-	21	-	2,043
48,130	-	-	-	-	48,130
-	24,818	-	-	-	24,818
-	-	21,277	-	-	21,277
-	-	-	10,722	-	11,132
-	-	-	11,977	-	12,052
50,219	**24,986**	**21,277**	**32,650**	**252**	**265,407**
2,774	5,487	(59)	(19,710)	163	(4,704)
-	-	-	1,158	-	1,158
23	-	-	-	-	897
3,160	-	-	20,714	-	24,980
(6,915)	-	-	(3,370)	-	(14,785)
(3,732)	**-**	**-**	**18,502**	**-**	**12,250**
(958)	5,487	(59)	(1,208)	163	7,546
16,273	70,279	21	18,028	190	145,184
$ 15,315	**$ 75,766**	**$ (38)**	**$ 16,820**	**$ 353**	**$ 152,730**

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2012 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Assets					
Cash and cash equivalents	$ 32,880	$ 17,960	$ 15,113	$ -	$ 65,953
Receivables (net of allowances for uncollectibles of $572):					
Taxes	41,696	37,785	3,661	329	83,471
Accrued interest	-	216	44	-	260
Restricted assets:					
Cash and cash equivalents	-	-	-	394	394
Total Assets	**$ 74,576**	**$ 55,961**	**$ 18,818**	**$ 723**	**$ 150,078**
Liabilities and Fund Balances					
Liabilities:					
Due to taxing units	$ -	$ -	$ -	$ 7	$ 7
Deferred revenue	41,799	37,882	-	329	80,010
Total Liabilities Balance	**41,799**	**37,882**	**-**	**336**	**80,017**
Fund Balances:					
Restricted	32,777	18,079	18,818	387	70,061
Total Fund Balances	**32,777**	**18,079**	**18,818**	**387**	**70,061**
Total Liabilities and Fund Balances	**$ 74,576**	**$ 55,961**	**$ 18,818**	**$ 723**	**$ 150,078**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ 3,055	$ -	$ 3,055
Lodgers	-	-	25,607	-	25,607
Property	39,669	35,917	-	670	76,256
Sales and use	-	-	28,956	-	28,956
Investment and interest income	-	610	308	1	919
Other revenue	-	5,959	-	-	5,959
Total Revenues	**39,669**	**42,486**	**57,926**	**671**	**140,752**
Expenditures					
Principal retirement	45,835	-	18,490	355	64,680
Interest	-	46,377	13,096	345	59,818
Total Expenditures	**45,835**	**46,377**	**31,586**	**700**	**124,498**
Excess of revenues over expenditures	(6,166)	(3,891)	26,340	(29)	16,254
Other Financing Sources (Uses)					
Transfers out	-	-	(26,722)	-	(26,722)
Total Other Financing Sources (Uses)	**-**	**-**	**(26,722)**	**-**	**(26,722)**
Net change in fund balances	(6,166)	(3,891)	(382)	(29)	(10,468)
Fund balances - January 1	38,943	21,970	19,200	416	80,529
Fund Balances - December 31	**$ 32,777**	**$ 18,079**	**$ 18,818**	**$ 387**	**$ 70,061**

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2012 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	$ 3,083	$ 79,744	$ 8,142
Receivables (net of allowances for uncollectibles of $279):			
Taxes	-	53,313	-
Accounts	-	673	-
Accrued interest	5	420	88
Interfund receivable	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total Assets	**$ 3,088**	**$ 134,150**	**$ 8,230**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 347	$ 8,807	$ 798
Accrued liabilities	-	1	-
Interfund payable	-	73	2
Deferred revenue	-	53,450	-
Total Liabilities	**347**	**62,331**	**800**
Fund Balances:			
Nonspendable	-	-	-
Restricted	2,741	45,573	7,430
Committed	-	26,246	-
Total Fund Balances	**2,741**	**71,819**	**7,430**
Total Liabilities and Fund Balances	**$ 3,088**	**$ 134,150**	**$ 8,230**

	Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
	$ 91,403	$ 39,531	$ 5,038	$ 615	$ 227,556
	-	167	529	1,191	55,200
	-	-	-	-	673
	389	82	14	3	1,001
	1	-	-	-	1
	180	8,114	-	-	8,294
	-	2,708	-	-	2,708
	-	52	-	-	52
	$ 91,973	**$ 50,654**	**$ 5,581**	**$ 1,809**	**$ 295,485**
	$ 10,029	$ 4,288	$ 761	$ -	$ 25,030
	1	-	-	-	2
	2	-	-	-	77
	-	14,437	-	1,191	69,078
	10,032	**18,725**	**761**	**1,191**	**94,187**
	-	2,708	-	-	2,708
	81,941	29,221	4,820	618	172,344
	-	-	-	-	26,246
	81,941	**31,929**	**4,820**	**618**	**201,298**
	$ 91,973	**$ 50,654**	**$ 5,581**	**$ 1,809**	**$ 295,485**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Revenues			
Taxes:			
Facilities development admission	$ -	$ -	$ -
Occupational privilege	-	54	-
Property	-	51,886	-
Sales and use	-	-	-
Specific ownership	-	-	-
Special assessments	-	-	-
Intergovernmental revenues	-	8,296	5,942
Charges for services	-	3	-
Investment and interest income	25	1,767	293
Contributions	-	-	-
Other revenue	-	10	-
Total Revenues	**25**	**62,016**	**6,235**
Expenditures			
Current:			
General government	-	4,693	-
Public safety	-	1,339	-
Public works	-	42,637	-
Health	-	673	-
Parks and recreation	879	2,009	2,841
Cultural activities	-	984	-
Debt service:			
Principal retirement	-	4,572	-
Interest	-	1,088	-
Capital outlay	944	17,029	1,977
Total Expenditures	**1,823**	**75,024**	**4,818**
Excess (deficiency) of revenues over (under) expenditures	(1,798)	(13,008)	1,417
Other Financing Sources (Uses)			
Sale of capital assets	-	5	-
Capital leases	-	987	-
Intergovernmental agreement	-	6,725	-
Payments to escrow	-	-	-
Transfers in	2,011	16,683	-
Transfers out	-	(5,464)	(642)
Total Other Financing Sources (Uses)	**2,011**	**18,936**	**(642)**
Net change in fund balances	213	5,928	775
Fund balances - January 1	2,528	65,891	6,655
Fund Balances - December 31	**$ 2,741**	**$ 71,819**	**$ 7,430**

Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
$ -	$ -	$ 5,931	$ -	$ 5,931
-	-	-	-	54
-	-	-	-	51,886
-	1,212	-	-	1,212
-	-	-	-	-
-	364	-	1,058	1,422
181	32,557	-	-	46,976
-	406	-	13	422
-	223	31	-	2,339
-	820	-	-	820
-	2,067	-	-	2,077
181	**37,649**	**5,962**	**1,071**	**113,139**
220	441	-	-	5,354
-	29	-	-	1,368
24,326	49,322	2	819	117,106
-	-	-	-	673
-	437	364	-	6,530
565	1,553	2,016	-	5,118
-	-	-	-	4,572
-	21	-	-	1,109
50,032	21,796	2,156	-	93,934
75,143	**73,599**	**4,538**	**819**	**235,764**
(74,962)	(35,950)	1,424	252	(122,625)
-	-	-	-	5
-	49,555	-	-	50,542
-	-	-	-	6,725
-	(13,729)	-	-	(13,729)
-	6,657	-	-	25,351
-	(316)	(1,943)	-	(8,365)
-	**42,167**	**(1,943)**	**-**	**60,529**
(74,962)	6,217	(519)	252	(62,096)
156,903	25,712	5,339	366	263,394
$ 81,941	**$ 31,929**	**$ 4,820**	**$ 618**	**$ 201,298**

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2012 (dollars in thousands)

	2012 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government			
Mayor's Office	$ 1,479	$ 1,445	$ 34
Civic Events	846	844	2
Education/Advocacy Initiatives	795	751	44
Workforce Development	205	205	-
Employee Assistance	403	397	6
City Council	4,235	3,984	251
Board of Ethics	108	110	(2)
Office of Human Resources	9,959	8,787	1,172
Career Service Authority Hearing Office	435	398	37
City Attorney	22,144	20,783	1,361
Clerk and Recorder	8,849	7,558	1,291
Board of Adjustment	258	243	15
Human Rights and Community Partnerships	948	938	10
General Services	45,973	44,350	1,623
Auditor	5,970	4,882	1,088
Department of Finance	49,966	36,729	13,237
Adams Mark Tax Increment	1,506	1,447	59
Annual Rental Payments	4,185	1,928	2,257
Payments to Elderly and Disabled	1,275	-	1,275
Excise and Licenses	1,458	1,437	21
Technology Services	40,396	35,651	4,745
Office of Economic Development	4,419	3,484	935
Total General Government	**$ 205,812**	**$ 176,351**	**$ 29,461**
Public Safety			
911 Call Center	$ 5,512	$ 5,266	$ 246
Civil Service Commission	1,537	1,271	266
County Court	20,990	20,752	238
District Attorney	18,742	18,080	662
Emergency Management	594	485	109
Fire	117,315	115,363	1,952
Independent Monitor	627	592	35
Police	195,986	194,693	1,293
Safe City Initiative	1,459	1,420	39
Mayor's Youth Program	25	25	-
Safety Administration	7,290	7,260	30
Undersheriff	103,700	103,912	(212)
Total Public Safety	**$ 473,777**	**$ 469,119**	**$ 4,658**

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2012 (dollars in thousands)

	2012 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Public Works	$ 94,607	$92,480	$2,127
Total Public Works	**$ 94,607**	**$ 92,480**	**$ 2,127**
Health			
Environmental Health	$ 9,969	$ 9,756	$ 213
City Payments to Health Authority	2,190	2,190	-
Clinic	117	116	1
Denver C.A.R.E.S.	3,629	3,629	-
Poison Center	97	97	-
Medically Indigent	27,977	27,977	-
Total Health	**$ 43,979**	**$ 43,765**	**$ 214**
Parks and Recreation	$ 53,026	$ 53,363	$ (337)
Total Parks and Recreation	**$ 53,026**	**$ 53,363**	**$ (337)**
Cultural Activities			
Arts and Venues	$ 2,381	$ 2,382	$ (1)
Denver Public Library	32,418	32,354	64
Total Cultural Activities	**$ 34,799**	**$ 34,736**	**$ 63**
Community Development	$ 15,794	$ 15,687	$ 107
Total Community Development	**$ 15,794**	**$ 15,687**	**$ 107**
Total	**$ 921,794**	**$ 885,501**	**$ 36,293**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	2012 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Grants - Currently Active			
13001 Federal	$ 1,916	$ 1,916	$ -
13007 Community Service	1,098	1,098	-
13009 Emergency Shelter	444	444	-
13012 Emergency Shelter Plus Care	2,768	2,768	-
13017 Child Care	3,319	3,059	260
13019 Homeless Vets Reintegration and Training	279	279	-
13217 Human Services Federal Stimilus	273	273	-
13601 Human Services Privately Funded	122	122	-
State/County Welfare			
13005 Child Welfare	36,386	31,950	4,436
13008 County Public Welfare	82,480	66,640	15,840
13301 Parental Fees Incentive	8	8	-
13302 Aid to the Blind	1	-	1
13303 Aid to the Needy Disabled	1,000	521	479
13304 Board for Developmentally Disabled	10,329	10,329	-
13305 General Assistance	1,496	1,394	102
13306 Local Funded Community Service	6,169	5,954	215
13501 Human Services State Funded	726	726	-
City and Other Projects			
13502 Integrated Care Management Incentive	249	249	-
13701 Americorps Donations	79	74	5
13704 Homeless Services Donations	86	(40)	126
13706 DHS Volunteer Services	42	43	(1)
13802 Family Crisis Project	37	9	28
13806 Youth Transitional Housing	65	65	-
13808 Energy Assistance	32	32	-
Total	**$ 149,404**	**$ 127,913** [1]	**$ 21,491**

[1]Includes grantor expenditures of $12,350 reported in the Economic Opportunity Special Revenue Fund.

Comparative Balance Sheets - General Fund

December 31, 2012 and 2011 (dollars in thousands)

	Totals December 31, 2012	Totals December 31, 2011
Assets		
Cash on hand	$ 70	$ 101
Cash and cash equivalents	146,392	120,191
Receivables (net of allowances for uncollectibles of $36,145 and $38,590)		
Taxes	163,031	134,806
Notes	480	641
Accounts	21,140	20,187
Accrued interest	1,030	1,135
Interfund receivable	9,204	15,537
Due from other governments	-	150
Prepaid items and other assets	159	330
Restricted assets:		
Cash and cash equivalents	45,283	42,528
Assets held for disposition	11,436	11,436
Total Assets	**$ 398,225**	**$ 347,042**
Liabilities and Fund Balances		
Liabilities:		
Vouchers payable	$ 16,719	$ 16,362
Accrued liabilities	30,200	26,622
Due to taxing units	111	65
Interfund payable	3,199	1,964
Deferred revenue	121,104	87,701
Advances	18	18
Compensated absences	26	-
Total Liabilities	**171,377**	**132,732**
Fund Balance:		
Nonspendable	159	330
Restricted	56,566	54,049
Committed	15,084	12,039
Unassigned	155,039	147,892
Total Fund Balance	**226,848**	**214,310**
Total Liabilities and Fund Balance	**$ 398,225**	**$ 347,042**

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

For the Years Ended December 31, 2012 and 2011 (dollars in thousands)

	Totals Year ended December 31, 2012	2011
Revenues		
Taxes:		
Lodgers	$ 15,898	$ 15,203
Motor Vehicle ownership	19,784	17,140
Occupational privilege	43,173	40,959
Property	79,199	73,331
Sales and use	451,352	441,187
Telephone	2,724	2,759
Licenses and permits	33,906	29,714
Intergovernmental revenues	25,913	26,274
Charges for services	162,086	153,861
Investment and interest income	4,606	8,096
Fines and forfeitures	53,227	55,090
Contributions	-	516
Other revenue	7,414	8,648
Total Revenues	**899,282**	**872,778**
Expenditures		
Current:		
General government	174,272	168,801
Public safety	469,039	444,721
Public works	90,007	84,263
Health	43,765	43,109
Parks and recreation	53,188	48,100
Cultural activities	34,736	33,152
Community development	15,687	14,608
Economic opportunity	205	353
Principal retirement	3,434	3,182
Interest	1,168	1,263
Total Expenditures	**885,501**	**841,552**
Excess of revenues over expenditures	13,781	31,226
Other Financing Sources (Uses)		
Capital leases	1,043	287
Insurance recoveries	336	176
Transfers in	36,073	31,578
Transfers out	(38,695)	(29,864)
Total Other Financing Sources (Uses)	**(1,243)**	**2,177**
Net change in fund balance	12,538	33,403
Fund balances - January 1	214,310	180,907
Fund Balance - December 31	**$ 226,848**	**$ 214,310**

Proprietary Funds

Proprietary Funds

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

Enterprise Funds

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

Internal Service Funds

- Central Services - to account for providing paper and printing goods and services to departments of the City and other users on a cost reimbursement basis. Central Services was closed in 2012.
- 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 Position - Nonmajor Enterprise Funds

December 31, 2012 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 21,475	$ 3,482	$ 24,957
Receivables:			
Accounts	2,058	1	2,059
Accrued interest	84	16	100
Inventories	-	176	176
Interfund receivable	28	-	28
Restricted assets:			
Cash and cash equivalents	2,837	-	2,837
Accrued interest receivable	19	-	19
Total Current Assets	**26,501**	**3,675**	**30,176**
Capital assets:			
Land and construction in progress	3,168	1,131	4,299
Buildings and improvements	672	12,764	13,436
Improvements other than buildings	131	15,899	16,030
Machinery and equipment	165	5,952	6,117
Accumulated depreciation	(945)	(17,227)	(18,172)
Net capital assets	3,191	18,519	21,710
Bond issue costs and other assets	-	69	69
Total Noncurrent Assets	**3,191**	**18,588**	**21,779**
Total Assets	**29,692**	**22,263**	**51,955**
Liabilities			
Current liabilities:			
Vouchers payable	544	206	750
Revenue bonds payable	-	470	470
Accrued liabilities	540	185	725
Unearned revenue	-	290	290
Interfund payable	787	12	799
Capital lease obligations	-	436	436
Compensated absences	63	84	147
Total Current Liabilities	**1,934**	**1,683**	**3,617**
Noncurrent liabilities:			
Revenue bonds payable, net	-	3,999	3,999
Capital lease obligations	-	833	833
Compensated absences	341	423	764
Total Noncurrent Liabilities	**341**	**5,255**	**5,596**
Total Liabilities	**2,275**	**6,938**	**9,213**
Net Position			
Net investment in capital assets	3,191	12,851	16,042
Restricted for capital projects	2,856	-	2,856
Unrestricted	21,370	2,474	23,844
Total Net Position	**$ 27,417**	**$ 15,325**	**$ 42,742**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	$ 8,176	$ 9,718	$ 17,894
Other revenue	533	44	577
Total Operating Revenues	**8,709**	**9,762**	**18,471**
Operating Expenses			
Personnel services	2,867	4,234	7,101
Contractual services	2,480	348	2,828
Supplies and materials	74	816	890
Depreciation	5	929	934
Other operating expenses	1,598	2,368	3,966
Total Operating Expenses	**7,024**	**8,695**	**15,719**
Operating income	1,685	1,067	2,752
Nonoperating Revenues (Expenses)			
Investment and interest income	219	34	253
Interest expense	-	(243)	(243)
Total Nonoperating Revenues (Expenses)	**219**	**(209)**	**10**
Income before transfers	1,904	858	2,762
Transfers out	(250)	-	(250)
Change in Net Position	1,654	858	2,512
Net position - January 1	25,763	14,467	40,230
Net Position - December 31	**$ 27,417**	**$ 15,325**	**$ 42,742**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2012 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 7,842	$ 9,796	$ 17,638
Payments to suppliers	(4,709)	(3,884)	(8,593)
Payments to employees	(2,958)	(4,221)	(7,179)
Other receipts	533	44	577
Net Cash Provided by Operating Activities	**708**	**1,735**	**2,443**
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			
Proceeds from capital debt	-	1,307	1,307
Principal payments	-	(918)	(918)
Interest paid on capital debt	-	(250)	(250)
Acquisition of capital assets	-	(1,347)	(1,347)
Net Cash Used by Capital and Related Financing Activities	**-**	**(1,208)**	**(1,208)**
Cash Flows from Investing Activities			
Interest received	223	33	256
Net increase in cash and cash equivalents	681	560	1,241
Cash and cash equivalents - January 1	23,631	2,922	26,553
Cash and Cash Equivalents - December 31	**$ 24,312**	**$ 3,482**	**$ 27,794**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 1,685	$ 1,067	$ 2,752
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	5	929	934
Accounts receivable	(333)	37	(296)
Inventories	-	(27)	(27)
Prepaid expenses	(1)	14	13
Vouchers payable	(167)	73	(94)
Unearned revenue	-	27	27
Accrued liabilities	(91)	13	(78)
Interfund payable	(390)	(398)	(788)
Net Cash Provided by Operating Activities	**$ 708**	**$ 1,735**	**$ 2,443**
Noncash Activities			
Amortization of bond premium	$ -	$ 7	$ 7

Combining Statement of Net Position - Internal Service Funds

December 31, 2012 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Assets					
Current Assets:					
Cash and cash equivalents	$ -	$ 4,506	$ 3,745	$ 42,885	$ 51,136
Receivables:					
Accounts (net of allowances of $2,337)	-	56	-	1,024	1,080
Accrued interest	-	-	-	219	219
Inventories	-	2,610	69	-	2,679
Interfund receivable	-	1,655	71	-	1,726
Total Current Assets	**-**	**8,827**	**3,885**	**44,128**	**56,840**
Capital Assets:					
Land	-	5,653	-	-	5,653
Buildings and improvements	-	14,513	3,560	-	18,073
Improvements other than buildings	-	15	67	-	82
Machinery and equipment	-	5,472	1,542	-	7,014
Accumulated depreciation	-	(5,363)	(4,439)	-	(9,802)
Net capital assets	-	20,290	730	-	21,020
Total Assets	**-**	**29,117**	**4,615**	**44,128**	**77,860**
Liabilities					
Current Liabilities:					
Vouchers payable	-	636	49	639	1,324
Accrued liabilities	-	342	22	41	405
Unearned revenue	-	-	-	748	748
Interfund payable	-	7	5	-	12
Capital lease obligations	-	729	-	-	729
Compensated absences	-	587	10	21	618
Total Current Liabilities	**-**	**2,301**	**86**	**1,449**	**3,836**
Noncurrent Liabilities:					
Capital lease obligations	-	18,118	-	-	18,118
Compensated absences	-	504	55	132	691
Claims reserve	-	-	-	32,886	32,886
Total noncurrent liabilities	-	18,622	55	33,018	51,695
Total Liabilities	**-**	**20,923**	**141**	**34,467**	**55,531**
Net Position					
Net investment in capital assets	-	1,443	730	-	2,173
Unrestricted	-	6,751	3,744	9,661	20,156
Total Net Position	**$ -**	**$ 8,194**	**$ 4,474**	**$ 9,661**	**$ 22,329**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Operating Revenues					
Charges for services	$ -	$ 23,258	$ 8,060	$ 11,995	$ 43,313
Other revenue	-	9	1	1,137	1,147
Change in claims reserve	-	-	-	2,990	2,990
Total Operating Revenues	**-**	**23,267**	**8,061**	**16,122**	**47,450**
Operating Expenses					
Personnel services	-	7,558	619	1,114	9,291
Contractual services	-	241	25	317	583
Supplies and materials	62	14,408	6,355	443	21,268
Depreciation	-	674	442	-	1,116
Claims payments	-	-	-	7,092	7,092
Other operating expenses	-	329	459	1,088	1,876
Total Operating Expenses	**62**	**23,210**	**7,900**	**10,054**	**41,226**
Operating income (loss)	(62)	57	161	6,068	6,224
Nonoperating Revenues (Expenses)					
Investment and interest income	-	-	-	1,101	1,101
Disposition of assets	(523)	-	-	-	(523)
Interest expense	-	(632)	-	-	(632)
Net Nonoperating Revenues (Expenses)	**(523)**	**(632)**	**-**	**1,101**	**(54)**
Income (loss) before transfers	(585)	(575)	161	7,169	6,170
Transfers in	1,165	633	-	-	**1,798**
Change in net position	580	58	161	7,169	7,968
Net position (deficit) - January 1	(580)	8,136	4,313	2,492	14,361
Net Position (Deficit) -December 31	**$ -**	**$ 8,194**	**$ 4,474**	**$ 9,661**	**$ 22,329**

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2012 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities					
Receipts from customers	$ 217	$ 23,450	$ 8,053	$ 12,146	$ 43,866
Payments to suppliers	(1,366)	(14,950)	(6,746)	(2,011)	(25,073)
Payments to employees	(16)	(7,559)	(624)	(1,080)	(9,279)
Other receipts	-	9	1	1,137	1,147
Claims paid	-	-	-	(7,092)	(7,092)
Net Cash Provided (Used) by Operating Activities	**(1,165)**	**950**	**684**	**3,100**	**3,569**
Cash Flows From Noncapital Financing Activities					
Transfers in	1,165	633	-	-	1,798
Net Cash Provided By Noncapital Financing Activities	1,165	633	-	-	1,798
Cash Flows from Capital and Related Financing Activities					
Principal payments	-	(698)	-	-	(698)
Interest payments	-	(632)	-	-	(632)
Acquisition of capital assets	-	(355)	(38)	-	(393)
Net Cash Used by Capital and Related Financing Activities	**-**	**(1,685)**	**(38)**	**-**	**(1,723)**
Cash Flows From Investing Activities					
Interest received	-	-	-	1,182	1,182
Net increase (decrease) in cash and cash equivalents	-	(102)	646	4,282	4,826
Cash and cash equivalents - January 1	-	4,608	3,099	38,603	46,310
Cash and Cash Equivalents - December 31	**$ -**	**$ 4,506**	**$ 3,745**	**$ 42,885**	**$ 51,136**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ (62)	$ 57	$ 161	$ 6,068	$ 6,224
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	-	674	442	-	1,116
Accounts receivable	32	53	-	30	115
Interfund receivable	185	139	(7)	-	317
Inventories	52	(102)	107	-	57
Vouchers payable	(519)	166	(9)	(116)	(478)
Accrued liabilities	(16)	(1)	(5)	155	133
Interfund payable	(837)	(36)	(5)	(47)	(925)
Claims reserve	-	-	-	(2,990)	(2,990)
Net Cash Provided (Used) by Operating Activities	**$ (1,165)**	**$ 950**	**$ 684**	**$ 3,100**	**$ 3,569**

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 Position - Pension, Health, and Other Employee Benefit Trust Funds

December 31, 2012 (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	$ 31,580	$ 1,295	$ -	$ 32,875
Securities lending collateral	178,420	7,316	-	185,736
Receivables:				
Accounts	494	20	-	514
Accrued interest	1,353	55	-	1,408
Investments:				
U.S. Government obligations	134,884	2,950	-	137,834
Domestic stocks and bonds	635,211	28,628	-	663,839
International stocks	467,215	19,159	-	486,374
Mutual funds	-	-	66,441	66,441
Real estate	146,894	6,024	474,223	627,141
Other	363,032	14,886	11,417	389,335
Total Investments	1,747,236	71,647	552,081	2,370,964
Total Current Assets	**1,959,083**	**80,333**	**552,081**	**2,591,497**
Capital assets, net of accumulated depreciation	5,575	229	-	5,804
Total Assets	**1,964,658**	**80,562**	**552,081**	**2,597,301**
Liabilities				
Vouchers payable	4,606	189	-	4,795
Securities lending obligations	178,419	7,316	-	185,735
Total Liabilities	**183,025**	**7,505**	**-**	**190,530**
Net Position Held in Trust for Pension and Other Employee Benefit Trust Funds	**$ 1,781,633**	**-**	**$ 552,081**	
Net Position Held in Trust for OPEB Benefits		**$ 73,057**		
Net Position Held in Trust for Benefits				**$ 2,406,771**

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

For the Year Ended December 31, 2012 (dollars in thousands)

	Pension Benefits Trust Fund Denver Employees Retirement Plan	Health Benefits Trust Fund Denver Employees Retirement Plan	Other Employee Benefit Trust Fund Deferred Compensation Plan	Total
Additions				
Contributions:				
City and County of Denver	$ 43,471	$ 3,705	$ -	$ 47,176
Denver Health and Hospital Authority	6,286	536	-	6,822
Plan members	30,663	2,493	28,147	61,303
Total Contributions	**80,420**	**6,734**	**28,147**	**115,301**
Investment earnings:				
Net depreciation in fair value of investments	180,523	7,577	-	188,100
Interest and dividends	34,590	1,446	46,831	82,867
Total Investment Earnings	**215,113**	**9,023**	**46,831**	**270,967**
Less investment expense	(10,162)	(423)	-	(10,585)
Net Investment Earnings	**204,951**	**8,600**	**46,831**	**260,382**
Securities lending earnings	559	23	-	582
Securities lending expenses:				
Borrower rebates	588	25	-	613
Agent fees	(288)	(12)	-	(300)
Net Earnings from Securities Lending	**859**	**36**	**-**	**895**
Total Net Investment Earnings	**205,810**	**8,636**	**46,831**	**261,277**
Total Additions	**286,230**	**15,370**	**74,978**	**376,578**
Deductions				
Benefits	149,471	12,446	30,592	192,509
Refunds of contributions	948	40	-	988
Administrative expenses	3,335	140	107	3,582
Total Deductions	**153,754**	**12,626**	**30,699**	**197,079**
Change in net position	132,476	2,744	44,279	179,499
Net Position - January 1	1,649,157	70,313	507,802	2,227,272
Net Position - December 31	**$ 1,781,633**	**$ 73,057**	**$ 552,081**	**$ 2,406,771**

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended December 31, 2012 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Employee Salary Redirect Plan				
Assets				
Cash and cash equivalents	$ 79	$ 5,542	$ 5,621	$ -
Accrued interest	1	-	1	-
Accounts receivable	-	108	-	108
Total Assets	**$ 80**	**$ 5,650**	**$ 5,622**	**$ 108**
Liabilities				
Other accrued liabilities	80	5,063	5,035	108
Total Liabilities	**$ 80**	**$ 5,063**	**$ 5,035**	**$ 108**
Agency				
Assets				
Cash on hand	$ 4,648	$ 76	$ 1,411	$ 3,313
Cash and cash equivalents	21,777	466,340	457,860	30,257
Receivables (net of allowances for uncollectibles of $3,801):				
Taxes	568,438	695,463	606,756	657,145
Accounts	19	255	12	262
Total Assets	**$ 594,882**	**$ 1,162,134**	**$ 1,066,039**	**$ 690,977**
Liabilities				
Vouchers payable	$ 173	$ 280,858	$ 281,031	$ -
Other accrued liabilities	8,288	464,289	457,907	14,670
Due to taxing units	586,421	717,352	627,466	676,307
Total Liabilities	**$ 594,882**	**$ 1,462,499**	**$ 1,366,404**	**$ 690,977**
Total - All Agency Funds				
Assets				
Cash on hand	$ 4,648	$ 76	$ 1,411	$ 3,313
Cash and cash equivalents	21,856	471,882	463,481	30,257
Receivables (net of allowances for uncollectibles of $3,801):				
Taxes	568,438	695,463	606,756	657,145
Accounts	19	363	12	370
Accrued interest	1	-	1	-
Total Assets	**$ 594,962**	**$ 1,167,784**	**$ 1,071,661**	**$ 691,085**
Liabilities				
Vouchers payable	$ 173	$ 280,858	$ 281,031	$ -
Other accrued liabilities	8,368	469,352	462,942	14,778
Due to taxing units	586,421	717,352	627,466	676,307
Total Liabilities	**$ 594,962**	**$ 1,467,562**	**$ 1,371,439**	**$ 691,085**

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Component Units

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Combining Statement of Net Position - Nonmajor Component Units

December 31, 2012 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID
Assets			
Cash and cash equivalents	$ 44	$ 1,495	$ 320
Receivables:			
Taxes	-	2,728	359
Accounts	-	20	-
Other	-	196	-
Prepaid items and other assets	-	17	-
Restricted Assets:			
Cash and cash equivalents	-	2,342	-
Capital Assets:			
Land and construction in progress	-	-	-
Buildings and improvements	-	17,014	227
Machinery and equipment	-	244	-
Accumulated depreciation	-	(1,075)	(61)
Net Capital Assets	**-**	**16,183**	**166**
Total Assets	**44**	**22,981**	**845**
Liabilities			
Vouchers payable	-	39	37
Accrued liabilities	-	139	-
Deferred revenue	-	2,728	359
Due to other governments	-	2	-
Noncurrent liabilities:			
Due within one year	-	354	-
Due in more than one year	-	16,965	-
Total Liabilities	**-**	**20,227**	**396**
Net Position			
Net investment in capital assets	-	1,137	166
Restricted for:			
Emergency use	-	63	12
Debt service	-	1,459	-
Unrestricted (deficit)	44	95	271
Total Net Position (Deficit)	**$ 44**	**$ 2,754**	**$ 449**

Denver Preschool Program, Inc.	Downtown Denver BID	Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Total
$ 7,009	$ 1,391	$ -	$ 11	$ 96	$ 10,366
-	4,948	1,592	-	-	9,627
-	404	-	-	-	424
-	-	-	-	-	196
29	79	-	-	-	125
-	-	-	-	3	2,345
-	-	-	-	-	-
-	-	-	-	324	17,565
49	1,167	-	19	-	1,479
(32)	(587)	-	(19)	-	(1,774)
17	**580**	**-**	**-**	**324**	**17,270**
7,055	**7,402**	**1,592**	**11**	**423**	**40,353**
2,045	444	-	2	-	2,567
5,051	-	-	10	-	5,200
-	4,976	-	-	-	8,063
-	-	1,592	-	-	1,594
-	-	-	-	-	354
-	-	-	-	-	16,965
7,096	**5,420**	**1,592**	**12**	**-**	**34,743**
-	580	-	-	-	1,883
-	167	-	-	420	662
-	-	-	-	-	1,459
(41)	1,235	-	(1)	3	1,606
$ (41)	**$ 1,982**	**$ -**	**$ (1)**	**$ 423**	**$ 5,610**

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2012 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID
Expenses	$ 8	$ 4,027	$ 394
Program Revenues			
Charges for services	-	228	-
Operating grants and contributions	-	-	-
Total Program Revenues	**-**	**228**	**-**
Net expenses	(8)	(3,799)	(394)
General Revenues			
Taxes:			
Property	14	2,720	360
Sales and use	-	-	-
Specific ownership	-	183	25
Investment and interest income	-	7	-
Other revenues	-	-	34
Total General Revenues	**14**	**2,910**	**419**
Change in net position	6	(889)	25
Net position (deficit) - January 1	38	3,643	424
Net Position (Deficit) - December 31	**$ 44**	**$ 2,754**	**$ 449**

[1]Due to the implementation of GASB 61, previously reported net position (deficit) is reduced by $256,258 to account for the nonmajor component units no longer included in the reporting entity.

Denver Preschool Program, Inc.	Downtown Denver BID	Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Total
$ 11,328	$ 5,909	$ -	$ 16	$ 85	$ 21,767
-	-	-	-	-	228
34	304	-	-	150	488
34	**304**	**-**	**-**	**150**	**716**
(11,294)	(5,605)	-	(16)	65	(21,051)
-	4,833	-	23	91	8,041
12,359	-	-	-	-	12,359
-	-	-	-	-	208
2	-	-	-	-	9
5	927	-	-	243	1,209
12,366	**5,760**	**-**	**23**	**334**	**21,826**
1,072	155	-	7	399	775
(1,113)	1,827	-	(8)	24	4,835 [1]
$ (41)	**$ 1,982**	**$ -**	**$ (1)**	**$ 423**	**$ 5,610**

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Other Supplementary Schedules

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Combined Schedule of Bonds Payable and Escrows

December 31, 2012 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate [5]	Amount Outstanding	1st Optional Call Date
Denver Airport System					
1991D Airport System Revenue	$ 600,001	2013	7.75%	$ 5,950	Not callable
1992F-G Airport System Revenue[1]	135,000	2025	0.24%	38,800	1/2/2013
1997E Airport System Revenue	415,705	2013	6.00%	7,414	Not callable
Escrow - LOI	n/a	2013-2025	6.125-7.75%	54,880	5/15/2013
2002C Airport System Revenue[1]	49,000	2024	0.23%	32,200	1/2/2013
2005A Airport System Revenue	227,740	2013-2025	4.00-5.00%	216,375	11/15/2015
2006A Airport System Revenue	279,585	2015-2025	4.00-5.00%	268,360	11/15/2016
2006B Airport System Revenue	170,005	2013-2015	5.00%	42,195	Not callable
Escrow - ABS	n/a	2013-2021	5.00-7.75%	30,631	11/15/2013
2007A Airport System Revenue	188,350	2023-2030	5.00%	188,350	11/15/2017
2007B Airport System Revenue	24,250	2032	5.00%	24,250	11/15/2017
2007C Airport System Revenue	34,635	2016-2033	5.00%	34,635	11/15/2017
2007D Airport System Revenue	147,815	2016-2023	5.25-5.50%	147,815	11/15/2017
2007D2 Airport System Revenue	31,950	2014-2015	5.00%	29,200	Not callable
2007E Airport System Revenue	47,400	2032	5.00%	47,400	11/15/2017
2007F1-F4 Airport System Revenue[2]	208,025	2025	0.43-0.44%	205,425	1/2/2013
2007G1-G2 Airport System Revenue[3]	148,500	2025	0.11%	146,600	1/3/2013
2008A1 Airport System Revenue	221,215	2013-2017	5.00-5.50%	115,140	Not callable
2008B Airport System Revenue[1]	81,800	2025	1.27%	74,500	1/2/2013
2008C1-C3 Airport System Revenue[1]	292,600	2025	0.956-1.271%	292,600	1/2/2013
2009A Airport System Revenue	170,190	2013-2036	5.00-5.25%	167,565	11/15/2019
2009B Airport System Revenue	65,290	2039	6.41%	65,290	1/2/2013
2009C Airport System Revenue[1]	104,655	2022	0.10%	104,655	1/2/2013
2010A Airport System Revenue	171,360	2032	4.00-5.00%	171,360	11/15/2020
2011A Airport System Revenue	349,730	2013-2023	3.00-5.75%	335,150	11/15/2021
2011B Airport System Revenue	198,370	2012-2024	2.50-5.00%	179,165	11/15/2021
2011C Airport System Revenue	15,310	2013-2016	3.00-5.00%	15,310	Not callable
2012A Airport System Revenue	315,780	2013-2043	3.00-5.00%	315,780	11/15/2022
2012B Airport System Revenue	510,140	2013-2043	3.00-5.00%	510,140	11/15/2022
2012C Airport System Revenue	30,285	2013-2026	3.59%	30,285	1/2/2013
Total Denver Airport System				**3,897,420**	
Deferred amount on refundings				(240,355)	
Unamortized premium net of discount				167,602	
Net Denver Airport System				**3,824,667**	
Wastewater Management					
2012 Wastewater Revenue Bonds	50,425	2013-2032	2.00-5.00%	48,555	n/a
Deferred amount on refundings				(882)	
Unamortized premium				5,435	
Total Wastewater Management				**53,108**	
Golf Enterprise					
2005 Golf Enterprise Revenue Bonds	7,365	2012-2020	4.375-5.50%	4,450	9/1/2016
Unamortized premium				19	
Total Golf Enterprise				**4,469**	

continued

Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2012 (dollars in thousands)

	Amount Issued	Maturity	Interest [5] Rate	Amount Outstanding	1st Optional Call Date
General Obligation					
1999A Various Purposes (mini-bonds)	3,134	2014	4.75%	3,133 [4]	not callable
2002 Art Museum Bonds	52,500	2013-2017	4.25-5.00%	21,520	8/1/2013
2003A Auditorium Theatre/Zoo Bonds	35,000	2012-2018	3.40-4.00%	4,670	8/1/2013
2003B Medical Facilities Bonds	148,000	2013-2018	4.00-5.00%	68,370	8/1/2013
2005 Justice System Facilities/Zoo Bonds	77,000	2013-2025	5.00%	54,450	8/1/2015
2006 Justice System Facilities Bonds	125,000	2013-2025	5.00%	103,950	8/1/2016
2007 Justice System Facilities (mini-bonds)	8,861	2022	4.75%	8,861 [4]	not callable
2008 Justice System Facilities	174,135	2013-2025	3.25-5.50%	142,180	not callable
2009A Better Denver/Zoo Bonds	104,500	2013-2025	4.00-5.25%	82,965	8/1/2019
2009B Better Denver Bonds	14,415	2013-2015	2.75-4.00%	7,535	not callable
2010A Better Denver Bonds	37,910	2013-2016	2.00-5.00%	29,945	not callable
2010B Better Denver Bonds	312,055	2017-2030	3.78-5.65%	312,055	8/1/2022
2010D Better Denver Bonds	44,650	2013-2025	3.00-5.00%	39,560	8/1/2020
2011A Better Denver Bonds	16,455	2019-2025	2.75-5.00%	16,455	8/1/2021
Total Primary Government				**895,649**	
Deferred amount on refunding				(172)	
Unamortized premium				30,666	
Net Primary Government				**926,143**	
2009 Gateway Village GID	2,215	2016	3.76%	1,405	1/1/2013
14th Street GID	4,000	2034	7.00%	3,885	12/1/2020
Total General Obligation				**931,433**	
Excise Tax Revenues Bonds					
2003 Excise Tax Refunding	28,245	2013-2015	3.875-5.25%	8,330	5/1/2013
2005 Excise Tax Refunding	149,190	2013-2020	5.00-5.25%	132,365	not callable
2009A Excise Tax Refunding	73,630	2021-2023	6.00%	73,630	9/1/2019
2009B Excise Tax Refunding	33,940	2013-2014	3.00-5.00%	16,325	not callable
Total Excise Tax Revenues Bonds				**230,650**	
Deferred amount on refunding				(1,825)	
Unamortized premium				10,261	
Net Excise Tax Revenue Bonds				**239,086**	
Total General Long-Term Debt				**1,170,519**	
Total Bonds Payable				**$ 5,052,763**	

[1]Variable rate issue - weekly interest rate reset

[2]Auction rate securities - 7 day auction

[3]Variable rate issue - daily interest rate reset

[4]Amounts do not include $ 2,826 and $2,713 of compound interest on the Series 1999A and 2007 mini-bonds, respectively.

[5]Variable rate issues reflect rate in effect as of December 31, 2013.

Financial Planning 02/01

The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County:	Denver
	YEAR ENDING : Dec-12	
This Information From The Records Of City and County of Denver:	Prepared By: Lindsay Anderson	
	Phone: (720) 913-5528	

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	$ 118,001,713
3. Other local imposts (from page 2)	$ -
4. Miscellaneous local receipts (from page 2)	$ -
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)	$ 118,001,713
B. Private Contributions	$ -
C. Receipts from State government (from page 2)	$ 16,293,750
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 134,295,463

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	$ 60,483,816
2. Maintenance:	$ 19,426,838
3. Road and street services:	
a. Traffic control operations	$ 13,597,351
b. Snow and ice removal	$ 6,488,811
c. Other	$ 13,823,116
d. Total (a. through c.)	$ 33,909,278
4. General administration & miscellaneous	$ 4,246,367
5. Highway law enforcement and safety	$ 16,229,164
6. Total (1 through 5)	$ 134,295,463
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)	$ 134,295,463

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
	$ 134,295,462.93	$ 134,295,462.93		$ -

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.

FORM FHWA-536 (Rev.01-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy):
City and County of Denver	Dec-11

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	$ -	a. Interest on investments	$ -
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.)	$ -	i. Total (a. through h.)	$ -
	(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	$ 16,293,749.93	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)	$ 16,293,749.93	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		245,327	$ 245,327.00
b. Engineering Costs		1,771,461	$ 1,771,460.60
c. Construction:			
(1.) New Facilities		0	$ -
(2). Capacity Improvements		7,820,715	$ 7,820,715.00
(3). System Preservation		45,432,502	$ 45,432,502.00
(4). System Enhancement & Operation		5,213,810	$ 5,213,810.00
(5). Total Construction (1)+(2)+(3)+(4)	0	58,467,028	$ 58,467,028.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	60,483,816	$ 60,483,815.60
			(Carry forward to page 1)

Notes and Comments:

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

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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 overall financial health.

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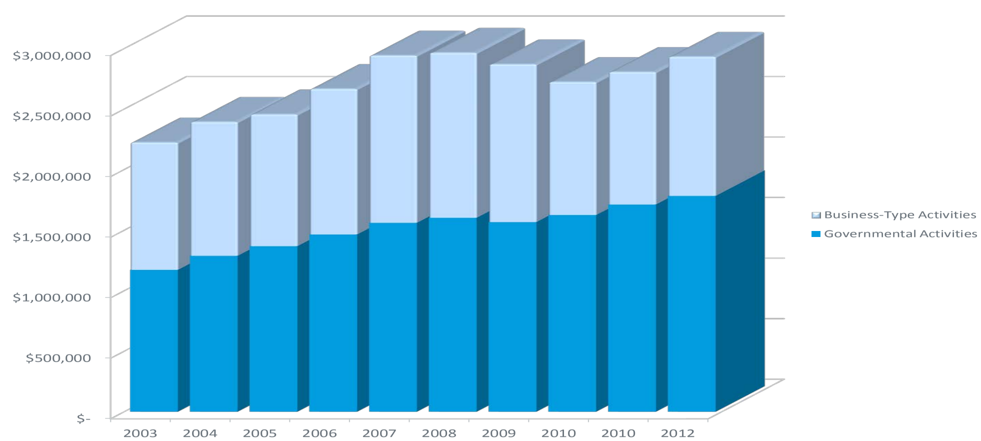
Net Position by Component

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net invested in capital assets	$ 744,167	$ 869,239	$ 958,776	$ 922,261	$ 1,170,496	$ 1,238,768	$ 1,188,810	$ 1,211,215	$ 1,247,292	$ 1,315,237
Restricted	85,203	173,850	212,958	168,361	274,159	340,270	257,699	551,602	552,799	457,614
Unrestricted	343,468	245,817	197,074	374,913	115,047	22,243	119,307	(138,547)	(88,897)	9,411
Total governmental activities net position	**$ 1,172,838**	**$ 1,288,906**	**$ 1,368,808**	**$ 1,465,535**	**$ 1,559,702**	**$ 1,601,281**	**$ 1,565,816**	**$ 1,624,270**	**$ 1,711,194**	**$ 1,782,262**
Business-type activities										
Net invested in capital assets	$ 92,613	$ 149,591	$ 84,598	$ 171,814	$ 317,488	$ 262,385	$ 212,129	$ 114,343	$ 91,524	$ (13,036)
Restricted	459,196	496,591	572,175	546,394	678,687	681,263	661,383	669,517	627,377	656,174
Unrestricted	499,679	459,387	431,008	483,427	387,282	421,159	431,497	316,116	377,121	507,873
Total business-type activities net position	**$ 1,051,488**	**$ 1,105,569**	**$ 1,087,781**	**$ 1,201,635**	**$ 1,383,457**	**$ 1,364,807**	**$ 1,305,009**	**$ 1,099,976**	**$ 1,096,022**	**$ 1,151,011**
Primary government										
Net invested in capital assets	$ 836,780	$ 1,018,830	$ 1,043,374	$ 1,094,075	$ 1,487,984	$ 1,501,153	$ 1,400,939	$ 1,325,558	$ 1,338,816	$ 1,302,201
Restricted	544,399	670,441	785,133	714,755	952,846	1,021,533	919,082	853,977	1,180,176	1,113,788
Unrestricted	843,147	705,204	628,082	858,340	502,329	443,402	550,804	544,711	288,224	517,284
Total primary government net position	**$ 2,224,326**	**$ 2,394,475**	**$ 2,456,589**	**$ 2,667,170**	**$ 2,943,159**	**$ 2,966,088**	**$ 2,870,825**	**$ 2,724,246**	**$ 2,807,216**	**$ 2,933,273**

Primary Government Net Position



Changes in Net Position

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	$ 185,756	$ 187,616	$ 210,158	$ 214,976	$ 262,209	$ 257,780	$ 243,518	$ 249,106	$ 244,430	$ 247,659
Public safety	363,706	365,856	428,094	435,094	475,728	536,382	506,887	526,007	531,109	570,111
Public works	99,233	92,968	104,375	103,687	79,496	134,698	159,657	144,211	149,160	195,168
Human services	107,614	100,488	98,766	112,754	132,535	139,895	128,946	119,530	114,252	111,067
Health	194,221	46,132	50,222	47,776	45,345	52,332	52,961	53,499	52,286	53,755
Parks and recreation	63,166	61,025	58,866	64,003	63,778	105,232	100,253	67,709	57,702	80,480
Cultural activities	82,313	73,912	66,188	86,490	89,967	62,499	63,646	100,190	127,606	110,885
Community development	67,185	38,013	36,864	31,964	47,098	39,945	40,480	47,501	46,571	40,262
Economic opportunity	22,803	19,417	18,723	20,362	26,280	31,647	31,803	25,905	23,036	21,481
Interest on long-term debt	44,843	54,572	52,498	55,772	54,592	76,073	62,670	70,453	77,263	74,901
Total governmental activities	**1,230,840**	**1,039,999**	**1,124,754**	**1,172,878**	**1,277,028**	**1,436,483**	**1,390,821**	**1,404,111**	**1,423,415**	**1,505,769**
Business-type activities:										
Wastewater management	65,473	70,260	57,829	66,488	76,298	75,122	80,865	84,752	97,773	99,179
Denver airport system	588,437	588,126	686,315	617,250	679,022	780,501	787,914	830,243	783,249	763,249
Environmental services	9,480	9,315	11,864	5,076	12,319	6,336	5,904	6,087	6,757	7,001
Golf course	7,462	6,856	7,535	8,279	6,570	8,252	7,884	7,935	8,757	8,943
Total business-type activities	**670,852**	**674,557**	**763,543**	**697,093**	**774,209**	**870,211**	**882,567**	**929,017**	**896,536**	**878,372**
Total Primary Government Expenses	**$ 1,901,692**	**$ 1,714,556**	**$ 1,888,297**	**$ 1,869,971**	**$ 2,051,237**	**$ 2,306,694**	**$ 2,273,388**	**$ 2,333,128**	**$ 2,319,951**	**$ 2,384,141**
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 47,395	$ 58,075	$ 66,067	$ 71,106	$ 51,541	$ 76,106	$ 82,719	$ 79,636	$ 78,018	$ 75,761
Public safety	52,897	52,738	56,666	62,015	64,802	67,396	71,786	76,695	87,212	90,528
Public works	39,010	38,094	35,163	41,541	39,439	50,812	49,240	53,643	55,831	60,227
Community development	18,413	17,660	19,246	20,357	23,202	19,288	11,639	13,630	15,298	23,466
Other activities	27,546	25,177	25,992	36,088	38,044	47,862	67,138	49,841	69,337	74,844
Operating grants and contributions:										
General government	16,116	15,862	14,731	18,210	18,578	19,356	17,613	20,277	20,673	33,960
Public safety	18,547	24,311	31,990	25,487	29,266	69,663	24,713	29,792	28,817	30,634
Public works	21,444	22,023	20,833	29,432	32,333	29,902	23,633	23,067	19,256	62,269
Human services	71,070	64,459	63,135	76,593	82,879	82,004	80,428	72,644	77,417	73,133
Community development	35,518	36,991	18,138	15,859	26,151	19,282	19,419	16,562	29,258	26,617
Other activities	24,826	21,122	18,430	22,429	22,373	27,653	26,641	47,884	20,192	26,706
Capital grants and contributions:										
Public works	5,597	12,485	37,517	42,078	9,207	8,822	14,624	23,422	25,333	30,777
Other activities	8,216	25,303	14,008	15,828	16,809	7,997	6,701	14,334	15,491	2,780
Total governmental activities program revenues	**386,595**	**414,300**	**421,916**	**477,023**	**454,624**	**526,143**	**496,294**	**521,427**	**542,133**	**611,702**

continued

Changes in Net Position - continued

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services:										
Wastewater management	65,827	67,091	70,220	73,684	75,750	76,590	75,512	75,363	89,744	106,167
Denver airport system	502,019	539,969	578,731	594,886	627,666	649,933	663,355	703,997	705,979	730,145
Other activities	11,923	13,290	14,512	14,609	16,773	15,936	15,448	16,765	17,026	18,471
Operating grants and contributions:										
Denver airport system	-	-	-	-	-	-	-	-	400	675
Capital grants and contributions:										
Wastewater enterprises	15,205	13,509	10,727	7,202	9,906	7,690	15,018	13,984	11,652	6,890
Denver airport system	40,542	62,205	31,547	29,188	2,426	14,392	38,621	30,600	34,702	22,996
Total business-type activities program revenues	**635,516**	**696,064**	**705,737**	**719,569**	**732,521**	**764,541**	**807,954**	**840,709**	**859,503**	**885,344**
Total Primary Government Program Revenues	**$ 1,022,111**	**$ 1,110,364**	**$ 1,127,653**	**$ 1,196,592**	**$ 1,187,145**	**$ 1,290,684**	**$ 1,304,248**	**$ 1,362,136**	**$ 1,401,636**	**$ 1,497,046**
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property	$ 148,213	$ 179,497	$ 212,778	$ 217,119	$ 227,188	$ 274,809	$ 259,963	$ 295,381	$ 288,106	$ 287,062
Sales and use	385,361	381,891	412,288	420,693	455,436	468,137	421,838	447,071	481,023	494,495
Other	117,304	117,162	110,918	121,539	151,387	136,211	118,165	124,855	132,259	140,123
Investment and interest income	12,473	14,449	16,612	26,287	39,990	34,340	11,826	21,730	24,196	11,259
Other revenue	28,888	48,428	30,026	35,442	40,309	38,157	48,201	59,419	42,378	31,921
Special item loss on revised capital lease	(27,985)	-	-	-	-	-	-	-	-	-
Transfers	756	340	118	(28,498)	2,261	265	(931)	275	244	275
Total governmental activities	**665,010**	**741,767**	**782,740**	**792,582**	**916,571**	**951,919**	**859,062**	**948,731**	**968,206**	**965,135**
Business-type activities:										
Investment and interest income	27,626	24,982	39,760	62,814	87,885	90,279	15,828	50,424	33,323	48,275
Other revenue	19,670	7,932	376	66	33	6	56	102	-	17
Transfers	(756)	(340)	(118)	28,498	(2,261)	(265)	931	(275)	(244)	(275)
Total business-type activities	**46,540**	**32,574**	**40,018**	**91,378**	**85,657**	**90,020**	**16,815**	**50,251**	**33,079**	**48,017**
Total General Revenues and Other Changes in Net Position	**$ 711,550**	**$ 774,341**	**$ 822,758**	**$ 883,960**	**$ 1,002,228**	**$ 1,041,939**	**$ 875,877**	**$ 998,982**	**$ 1,001,285**	**$ 1,013,152**
Changes in Net Position										
Governmental activities	$ (179,235)	$ 116,068	$ 79,902	$ 96,727	$ 94,167	$ 41,579	$ (35,465)	$ 66,047	$ 86,924	$ 71,068
Business activities	11,204	54,081	(17,788)	113,854	43,969	(18,650)	(59,798)	(38,057)	(3,954)	54,989
Total Primary Government	**$ (168,031)**	**$ 170,149**	**$ 62,114**	**$ 210,581**	**$ 138,136**	**$ 22,929**	**$ (95,263)**	**$ 27,990**	**$ 82,970**	**$ 126,057**

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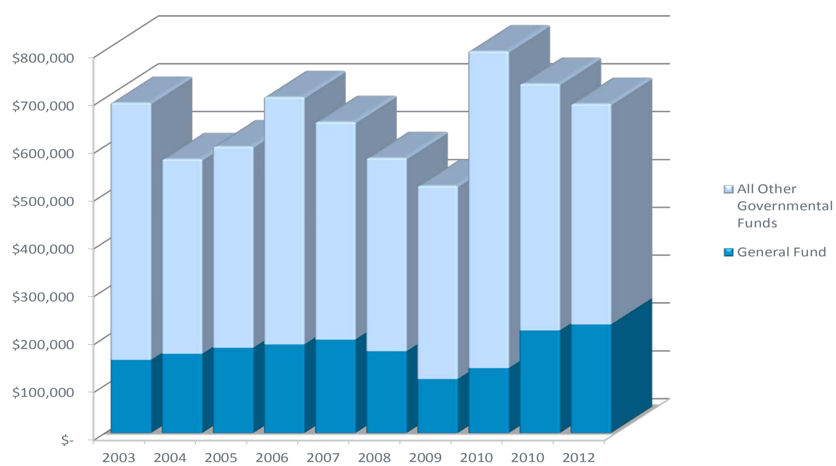
Fund Balances of Governmental Funds

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 64,450	$ 58,838	$ 57,938	$ 56,842	$ 40,817	$ 21,887	$ 20,230	$ 20,475		
Unreserved	88,857	107,123	120,632	128,814	154,774	149,562	92,990	115,586		
Nonspendable									$ 330	$ 159
Restricted									54,049	56,566
Committed									12,039	15,084
Assigned									-	-
Unassigned									147,892	155,039
Total General Fund	**$ 153,307**	**$ 165,961**	**$ 178,570**	**$ 185,656**	**$ 195,591**	**$ 171,449**	**$ 113,220**	**$ 136,061**	**$ 214,310**	**$ 226,848**
All other governmental funds										
Reserved	$ 395,899	$ 256,762	$ 242,792	$ 278,996	$ 338,498	$ 183,353	$ 193,214	$ 198,463		
Unreserved:										
Special revenue funds	68,058	87,541	64,599	61,626	96,139	97,139	92,739	93,112		
Capital projects funds	70,016	59,542	110,099	172,918	16,871	258,295	114,590	367,142		
Permanent funds	3,147	3,359	3,412	3,285	3,387	3,936	3,527	3,605		
Nonspendable									$ 3,030	$ 5,729
Restricted									479,270	395,160
Committed									2,616	27,786
Assigned									30,966	32,760
Unassigned									-	(38)
Total all other governmental funds	**$ 537,120**	**$ 407,204**	**$ 420,902**	**$ 516,825**	**$ 454,895**	**$ 542,723**	**$ 404,070**	**$ 662,322**	**$ 515,882**	**$ 461,397**

Fund Balances of Governmental Funds



Note: Reporting of fund balances was changed in 2011 due to the implementation of GASB 54.

Changes in Fund Balances of Governmental Funds

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	$ 148,213	$ 179,497	$ 212,778	$ 217,119	$ 227,188	$ 274,809	$ 259,963	$ 295,381	$ 288,106	$ 287,062
Sales and use taxes	385,361	381,891	417,079	420,693	455,436	468,137	421,838	447,071	481,023	494,495
Other taxes	116,308	116,507	123,326	121,539	150,017	136,211	118,165	124,855	132,259	140,123
Special assessments	996	655	1,467	1,359	1,370	1,394	1,342	1,397	1,429	1,422
Licenses and permits	21,401	23,667	26,173	27,438	29,383	29,364	24,555	29,907	31,094	35,393
Intergovernmental revenues	177,461	192,256	170,760	188,010	211,351	247,386	208,031	213,568	227,776	236,892
Charges for services	128,264	130,888	121,920	160,030	156,564	189,494	190,940	196,642	200,728	219,691
Investment and interest income	12,473	14,449	16,612	26,287	39,990	34,340	11,826	21,225	23,680	10,738
Fines and forfeitures	33,559	33,512	32,844	36,856	37,013	41,473	44,863	47,628	58,075	55,964
Contributions	7,009	18,951	13,698	15,871	8,668	9,022	5,741	5,961	8,661	6,515
Other revenue	52,247	37,520	26,729	38,246	40,376	40,167	50,664	53,840	64,905	51,030
Total revenues	**1,083,292**	**1,129,793**	**1,163,386**	**1,253,448**	**1,357,356**	**1,471,797**	**1,337,928**	**1,437,475**	**1,517,736**	**1,539,325**
Expenditures										
General government	183,328	166,375	170,543	203,266	236,694	255,008	249,526	243,697	239,138	242,091
Public safety	352,755	364,355	427,634	437,632	470,978	534,984	488,380	499,293	514,421	545,395
Public works	74,641	67,957	69,247	74,339	96,313	125,668	168,048	149,812	155,204	207,205
Health	46,138	45,767	46,533	47,739	48,694	52,191	52,734	53,035	52,415	52,848
Human services	105,784	98,234	98,041	112,112	129,451	139,013	128,592	119,083	114,004	110,784
Parks and recreation	51,707	48,840	50,224	52,297	59,791	100,928	100,182	58,212	63,895	61,761
Cultural activities	52,560	54,226	66,901	81,307	72,974	40,826	71,143	77,547	80,599	87,984
Community development	54,955	44,273	41,062	34,069	53,877	37,808	41,251	50,240	49,882	40,505
Economic opportunity	22,551	19,130	17,702	20,512	26,122	31,486	31,885	25,860	22,939	21,482
Principal retirement	84,540	66,784	88,669	79,837	81,685	70,807	65,590	70,387	81,269	87,393
Interest	38,884	56,037	52,227	56,525	53,387	82,598	61,351	60,773	79,425	75,351
Bond issue costs	-	297	205	1	421	833	3,272	3,041	289	-
Capital outlay	497,190	211,182	102,394	88,695	95,821	210,430	192,232	142,706	155,267	93,934
Total Expenditures	**1,565,033**	**1,243,457**	**1,231,382**	**1,288,331**	**1,426,208**	**1,682,580**	**1,654,186**	**1,553,686**	**1,608,747**	**1,626,733**
Deficiency of revenues under expenditures	(481,741)	(113,664)	(67,996)	(34,883)	(68,852)	(210,783)	(316,258)	(116,211)	(91,011)	(87,408)

continued

Changes in Fund Balances of Governmental Funds, continued

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

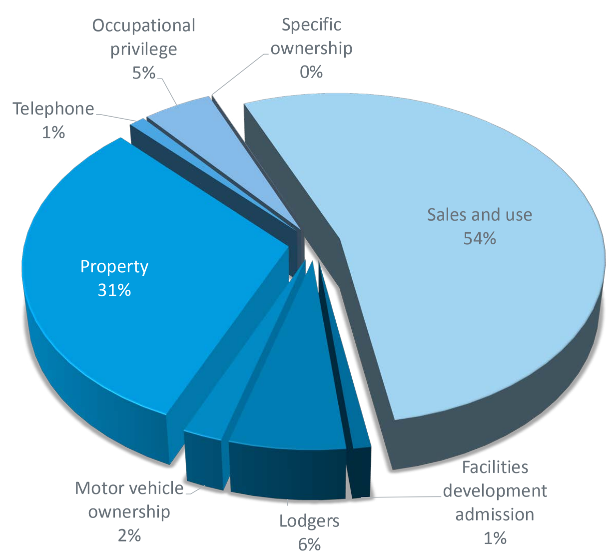
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Sale of capital assets	1,033	1,038	5,057	8	5,724	2,526	146	8,490	617	5
GID general obligation bonds issued	-	-	-	-	-	-	-	4,000	-	-
General obligation bonds issued	183,000	-	77,000	125,000	8,861	174,135	121,130	394,615	16,455	
Excise tax revenue bonds issued	28,245	-	149,190	-	-	-	107,570	-	-	-
Capital leases	55,160	3,808	62,342	-	-	20,780	13,972	40,174	4,590	52,743
Capital leases restructured	-	-	-	-	-	260,000	1,307	-	-	-
Refunding of capital lease	-	-	(55,985)	-	-	-	-	-	-	-
Intergovernmental agreement	-	-	-	-	-	-	-	-	-	6,725
Payment to escrow	-	-	-	-	-	(250,290)	(178,024)	(129,779)	-	(13,729)
Payment to refunding escrow	-	(2,287)	(165,529)	-	-	-	-	-	-	-
Commercial paper issued	-	-	-	-	-	38,000	37,000	70,000	-	-
Bond premium (discount)	20,297	-	21,296	10,408	-	17,407	16,123	8,856	1,006	-
Proceeds from sale of registered coupons	-	-	-	-	-	11,610	-	-	-	-
Proceeds from certificates of participation	63,330	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	397	99	11	86	1,083	673	484	1,240
Developer advance	-	92	-	43	-	-	-	-	-	-
Repayment of developer advance	-	-	-	(375)	-	-	-	-	-	-
GID bonds issued	-	2,411	-	-	-	-	-	-	-	-
Transfers in	111,527	81,200	92,325	79,514	85,346	111,590	114,285	101,174	73,294	87,479
Transfers out	(124,171)	(89,860)	(91,790)	(76,805)	(83,085)	(111,375)	(115,216)	(100,899)	(73,626)	(89,002)
Total other financing sources (uses)	**338,421**	**(3,598)**	**94,303**	**137,892**	**16,857**	**274,469**	**119,376**	**397,304**	**22,820**	**45,461**
Net change in fund balances	**$ (143,320)**	**$ (117,262)**	**$ 26,307**	**$ 103,009**	**$ (51,995)**	**$ 63,686**	**$ (196,882)**	**$ 281,093**	**$ (68,191)**	**$ (41,947)**
Debt service as a percentage of noncapital expenditures	6.3%	9.7%	12.2%	12.1%	11.1%	10.7%	10.9%	10.6%	11.7%	11.2%

Governmental Activities Tax Revenues by Source

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

Taxes	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Facilities development admission	$ 8,181	$ 7,637	$ 9,174	$ 9,761	$ 10,092	$ 10,016	$ 7,082	$ 7,160	$ 8,325	$ 8,986
Lodgers	27,333	28,036	32,725	43,258	49,651	53,773	43,982	49,136	55,620	57,956
Motor vehicle ownership fee	15,476	16,655	16,815	15,884	16,963	19,514	17,907	17,004	17,140	19,784
Occupational privilege	41,191	40,138	41,500	41,502	42,751	43,040	39,551	41,818	41,141	43,227
Property	148,410	179,826	212,778	217,119	227,188	274,809	259,963	295,381	288,106	287,062
Sales and use	385,361	381,891	412,288	420,693	455,436	468,137	421,838	447,071	481,023	494,495
Specific ownership	58	59	62	60	64	54	47	84	162	191
Taxicab operators	31	35	-	-	-	-	-	-	-	-
Telephone	9,075	7,422	9,175	11,074	9,918	9,814	9,596	9,653	9,871	9,979
Total primary government taxes	**$ 635,116**	**$ 661,699**	**$ 734,517**	**$ 759,351**	**$ 812,063**	**$ 879,157**	**$ 799,966**	**$ 867,307**	**$ 901,388**	**$ 921,680**

2012 Tax Revenues by Source

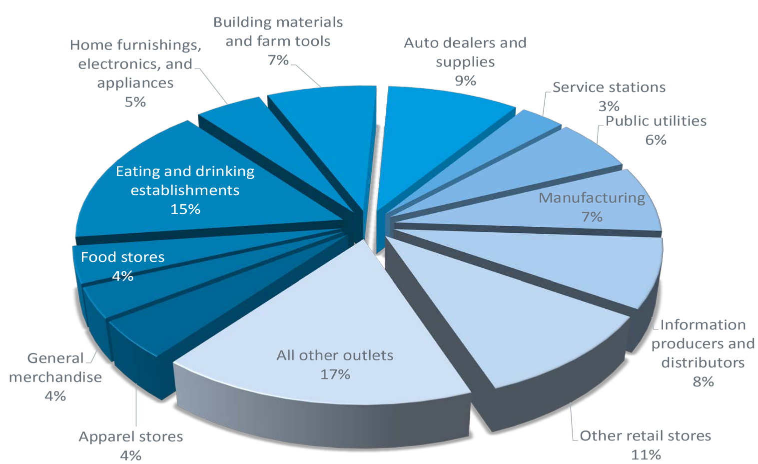


Sales Tax by Category

Last Ten Calendar Years (dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel stores	$ 10,676	$ 14,380	$ 15,207	$ 15,179	$ 16,474	$ 17,691	$ 16,241	$ 18,356	$ 20,237	$ 21,796
General merchandise	18,077	16,583	16,356	16,892	16,209	16,953	14,699	16,921	16,825	17,161
Food stores	9,441	15,420	15,845	16,729	16,210	17,961	17,795	18,790	19,467	20,269
Eating and drinking establishments	62,948	53,763	56,824	60,252	60,097	67,878	64,798	68,520	75,531	77,886
Home furnishings, electronics and appliances	71,162	17,727	20,255	21,268	21,543	22,461	19,105	20,413	21,827	22,584
Building materials and farm tools	42,225	35,058	39,322	39,353	35,826	37,741	31,258	30,962	33,700	36,837
Auto dealers and supplies	71,332	40,394	38,860	38,093	38,350	39,584	33,927	35,853	41,544	44,371
Service stations	-	14,597	13,390	13,702	11,942	10,719	14,792	20,345	16,798	15,100
Public utilities	-	21,928	24,598	25,068	24,503	30,145	26,118	28,783	30,333	28,164
Manufacturing	-	31,124	33,720	35,808	34,033	34,947	29,666	31,526	35,073	36,415
Information producers and distributors	-	34,329	37,376	39,768	36,164	41,431	36,154	37,531	40,445	38,576
Other retail stores	99,500	28,409	27,543	25,506	44,383	40,913	29,743	34,631	47,463	51,512
All other outlets	-	58,179	77,783	73,075	99,702	89,713	87,542	84,440	81,780	83,824
Total	**$ 385,361**	**$ 381,891**	**$ 417,079**	**$ 420,693**	**$ 455,436**	**$ 468,137**	**$ 421,838**	**$ 447,071**	**$ 481,023**	**$ 494,495**
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%

2012 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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vacant property	$ 157,090	$ 141,131	$ 185,080	$ 172,889	$ 198,284	$ 210,633	$ 231,563	$ 218,132	$ 194,051	$ 193,826
Residential property	3,583,839	3,669,393	3,840,654	3,933,051	4,394,658	4,510,588	4,545,672	4,598,108	4,325,747	4,345,018
Commercial property	3,107,218	3,134,198	3,304,533	3,340,741	4,372,532	4,383,397	5,452,125	5,426,538	4,655,265	4,567,479
Industrial property	121,464	116,022	122,717	120,660	130,130	125,108	144,380	142,372	147,433	120,329
Agricultural property	77	40	288	49	113	56	44	44	120	55
Oil and gas property	898	761	929	1,043	1,279	3,286	4,020	63	-	-
Personal property	726,988	728,422	728,843	715,287	779,600	792,393	813,037	739,224	726,354	722,513
State assessed property	734,170	743,202	760,124	750,830	784,031	837,783	821,502	835,603	888,485	808,218
Total taxable assessed value	**$ 8,431,744**	**$ 8,533,169**	**$ 8,943,168**	**$ 9,034,550**	**$ 10,660,627**	**$ 10,863,244**	**$ 12,012,343**	**$ 11,960,084**	**$ 10,937,455**	**$ 10,757,438**
Total direct tax rate	64.162	64.402	66.202	66.948	66.897	66.783	65.139	66.591	71.307	84.071
Estimated actual taxable value	**$ 61,738,950**	**$ 62,867,794**	**$ 65,842,159**	**$ 66,999,158**	**$ 76,813,114**	**$ 78,563,808**	**$ 82,844,303**	**$ 83,151,295**	**$ 77,142,543**	**$ 76,697,449**
Assessed value as a percentage of estimated actual value	13.7%	13.6%	13.6%	13.5%	13.9%	13.8%	14.5%	14.4%	14.2%	14.0%

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, 2009, and 2011). 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.)

In November 2012, Denver voters removed the Taxpayer Bill of Rights (TABOR) limits on property tax, and as a result the 2012 mill levy (for taxes to be collected in 2013) will not be subject to TABOR limits.

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

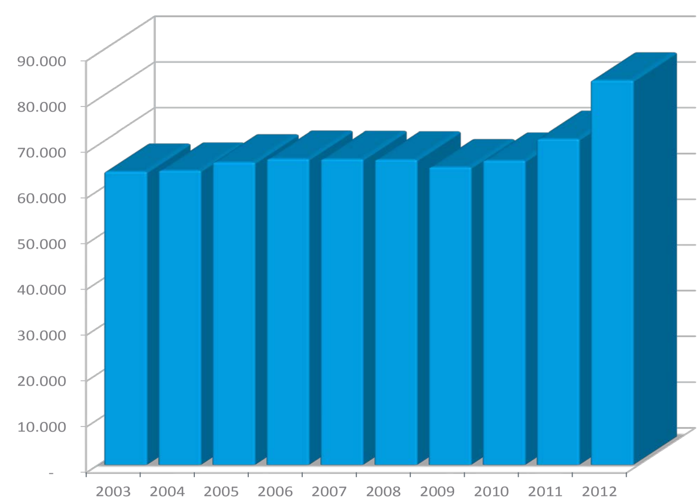
Source: Abstract of Assessment documents

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (mill levy - total general taxes)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Direct Rates										
General fund	8.857	8.965	8.854	9.323	6.306	6.389	5.867	8.455	9.805	13.362
Bond principal	6.260	6.260	6.248	6.933	4.750	4.470	4.470	4.470	3.980	4.170
Bond interest	2.200	2.200	2.185	1.500	3.683	3.110	3.110	3.110	3.600	3.780
Social services	3.839	3.886	3.838	3.992	3.630	3.698	3.394	3.556	4.101	4.520
Developmentally disabled	1.000	1.000	1.000	1.012	1.013	1.011	1.013	1.019	1.030	1.033
Fire pension	1.423	1.440	1.422	1.480	1.345	1.371	1.258	1.317	1.519	1.587
Police pension	1.699	1.720	1.698	1.767	1.607	1.636	1.502	1.572	1.812	1.893
Capital improvement	-	-	-	-	2.285	2.350	2.170	-	-	-
Capital maintenance	-	-	-	-	2.500	2.500	2.524	2.544	2.572	2.581
Total County Direct Rates	**25.278**	**25.471**	**25.245**	**26.007**	**27.119**	**26.535**	**25.308**	**26.043**	**28.419**	**32.926**
School District #1										
General fund	32.687	32.728	34.761	34.734	33.611	33.464	32.912	33.172	34.307	39.575
Bond redemption	5.599	5.599	5.599	5.599	5.599	6.193	6.350	6.800	7.958	10.913
Total School District #1	**38.286**	**38.327**	**40.360**	**40.333**	**39.210**	**39.657**	**39.262**	**39.972**	**42.265**	**50.488**
Urban Drainage & Flood Control District	0.598	0.604	0.597	0.608	0.568	0.591	0.569	0.576	0.623	0.657
Total General Taxes	**64.162**	**64.402**	**66.202**	**66.948**	**66.897**	**66.783**	**65.139**	**66.591**	**71.307**	**84.071**

Mill Levy - Total General Taxes



Note: The mill levy shown for total general taxes does not include special district mill levies.

In November 2012, Denver voters removed the Taxpayer Bill of Rights (TABOR) limits on property tax, and as a result the 2012 mill levy (for taxes to be collected in 2013) will not be subject to TABOR limits.

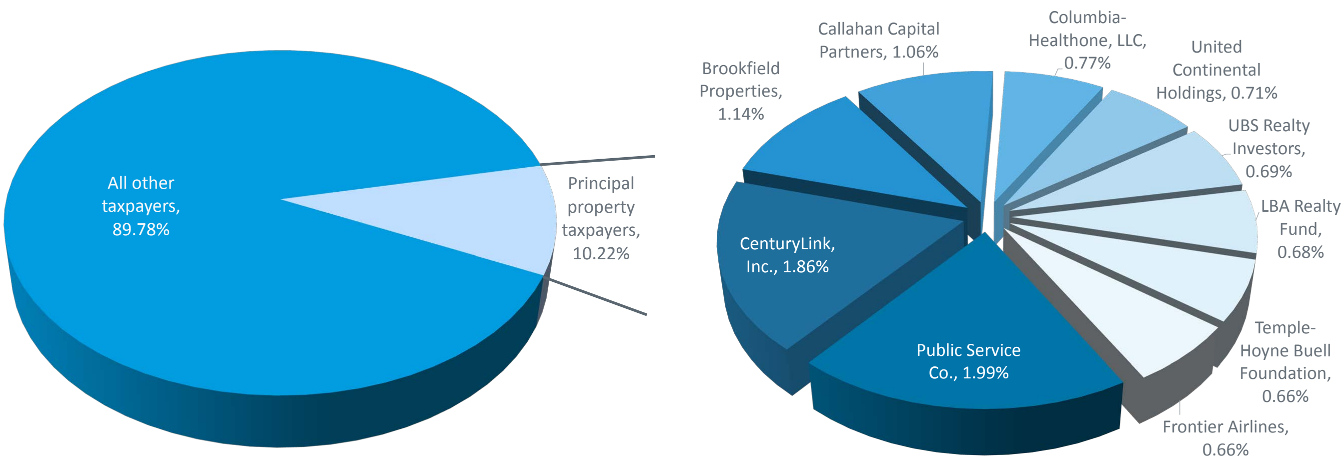
Source: Abstract of Assessment documents

Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service Co.	$ 214,175	1	1.99%	$ 162,408	2	1.93%
CenturyLink, Inc.[1]	199,811	2	1.86%	233,301	1	2.77%
Brookfield Properties	122,683	3	1.14%			
Callahan Capital Partners	113,832	4	1.06%			
Columbia-Healthone, LLC	82,905	5	0.77%	58,645	8	0.70%
United Continental Holdings	76,442	6	0.71%	114,570	3	1.36%
UBS Realty Investors	74,116	7	0.69%			
LBA Realty Fund	73,573	8	0.68%			
Temple-Hoyne Buell Foundation	71,503	9	0.66%	54,831	9	0.65%
Frontier Airlines	71,028	10	0.66%			
Equity Office Properties				105,774	4	1.25%
Crescent Real Estate Equities				79,430	5	0.94%
Republic Plaza Properties				77,002	6	0.91%
AT&T				73,253	7	0.87%
Ascent Arena Co., LLC				45,604	10	0.54%
Totals	**$ 1,100,068**		**10.22%**	**$ 1,004,818**		**11.92%**

2012 Principal Property Taxpayers



[1] CenturyLink, Inc. merged with Qwest Corp. in April 2011.

Source: Denver County Assessor

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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]
2003	72,151	$ 529	$ 70,800	98.86%	$ (137)	$ 71,192	98.67%	$ 125
2004	73,536	462	72,317	98.97%	(11)	72,768	98.96%	160
2005	75,646	561	74,192	98.82%	(236)	74,517	98.51%	
2006	79,818	571	78,698	99.31%	(212)	79,057	99.05%	
2007	63,216	437	62,213	99.10%	(221)	62,429	98.76%	
2008	65,079	510	63,315	98.07%	411	64,236	98.70%	
2009	66,126	441	64,579	98.33%	(607)	64,413	97.41%	
2010	68,934	473	67,649	98.82%	(192)	67,930	98.54%	
2011	73,181	494	71,281	98.08%	-	71,775	98.08%	
2012	106,177	358	n/a	0.34%	n/a	-	-	

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]
2003	50,995	$ 374	$ 50,040	98.86%	$ (97)	$ 50,317	98.67%	$ 89
2004	51,348	323	50,494	98.97%	(5)	50,812	98.96%	112
2005	53,381	396	52,355	98.82%	(167)	52,584	98.51%	
2006	59,356	425	58,523	99.31%	(158)	58,790	99.05%	
2007	47,618	329	46,862	99.10%	(167)	47,024	98.75%	
2008	45,532	357	44,298	98.07%	287	44,942	98.70%	
2009	50,381	336	49,202	98.33%	(463)	49,075	97.41%	
2010	49,908	343	48,978	98.82%	(139)	49,182	98.55%	
2011	40,599	274	39,546	98.08%	-	39,820	98.08%	
2012	41,730	141	n/a	0.34%	n/a	-	-	

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]
2003	17,922	$ 131	$ 17,586	98.86%	$ (34)	$ 17,683	98.67%	$ 31
2004	18,046	113	17,746	98.96%	(2)	17,857	98.95%	39
2005	18,668	138	18,310	98.82%	(59)	18,389	98.51%	
2006	12,842	92	12,662	99.31%	(34)	12,720	99.05%	
2007	36,921	255	36,336	99.11%	(129)	36,462	98.76%	
2008	31,679	248	30,820	98.07%	200	31,268	98.70%	
2009	35,052	234	34,232	98.33%	(322)	34,144	97.41%	
2010	34,724	238	34,077	98.82%	(97)	34,218	98.54%	
2011	36,723	248	35,770	98.08%	-	36,018	98.08%	
2012	37,827	128	n/a	0.34%	n/a	-	-	

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]
2003	39,420	$ 289	$ 38,681	98.86%	$ (74)	$ 38,896	98.67%	$ 69
2004	40,077	252	39,411	98.97%	(4)	39,659	98.96%	87
2005	41,334	306	40,541	98.82%	(130)	40,717	98.51%	
2006	42,841	265	42,281	99.31%	(14)	42,423	99.02%	
2007	46,545	322	45,806	99.10%	(163)	45,965	98.75%	
2008	47,966	376	46,666	98.07%	303	47,345	98.71%	
2009	49,671	331	48,508	98.32%	(455)	48,384	97.41%	
2010	51,081	351	50,128	98.82%	(142)	50,337	98.54%	
2011	52,340	354	50,981	98.08%	-	51,335	98.08%	
2012	56,335	187	n/a	0.33%	n/a	-	-	

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]
2003	-	$ -	$ -	-	$ -	$ -	-	$ -
2004	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	
2006	-	-	-	-	-	-	-	
2007	47,969	332	47,207	99.10%	(168)	47,371	98.75%	
2008	49,402	386	48,065	98.07%	312	48,763	98.71%	
2009	52,905	353	51,668	98.33%	(487)	51,534	97.41%	
2010	53,872	370	52,868	98.82%	(150)	53,088	98.54%	
2011	53,075	359	51,697	98.08%	-	52,056	98.08%	
2012	53,369	180	n/a	0.34%	n/a	-	-	

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]
2003	180,488	$ 1,323	$ 177,107	98.86%	$ (342)	$ 178,088	98.67%	$ 314
2004	183,007	1,150	179,968	98.97%	(22)	181,096	98.96%	398
2005	189,029	1,401	185,398	98.82%	(592)	186,207	98.51%	
2006	194,857	1,353	192,164	99.31%	(418)	192,990	99.04%	
2007	242,269	1,675	238,424	99.10%	(848)	239,251	98.75%	
2008	239,658	1,877	233,164	98.07%	1,513	236,554	98.70%	
2009	254,135	1,695	248,189	98.33%	(2,334)	247,550	97.41%	
2010	258,519	1,775	253,700	98.82%	(720)	254,755	98.54%	
2011	255,918	1,729	249,275	98.08%	-	251,004	98.08%	
2012	295,438	994	n/a	0.34%	-	-	-	

[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 and 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, except per capita amount)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
General obligation bonds	$ 424,524	$ 378,977	$ 404,667	$ 472,309	$ 422,924	$ 551,679	$ 616,209	$ 969,229	$ 941,484	$ 895,649
Commercial paper notes	-	-	-	-	-	38,000	22,000	-	-	-
Special assessment bonds	460	290	260	-	-	-	-	-	-	-
Excise tax revenue bonds	343,840	335,205	320,585	313,920	304,105	290,930	278,450	266,640	249,140	230,650
Certificates of participation	217,970	208,610	-	-	-	-	-	-	-	-
Capital leases	256,034	257,399	445,429	430,477	416,914	435,306	436,546	444,591	429,279	447,679
Unamortized premium	21,557	19,901	39,116	40,415	35,646	46,672	55,827	56,644	48,876	40,927
Deferred amount on refunding	-	-	3,062	2,852	2,642	2,432	(2,903)	(2,601)	(2,299)	(1,997)
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	14,656	11,777	8,640	13,804
Business-Type Activities										
Revenue bonds	4,158,358	4,115,355	4,010,932	3,903,190	4,230,760	4,130,135	4,164,880	4,002,585	3,803,945	3,950,425
Unamortized (discount)/premium	(13,880)	(12,792)	9,660	39,317	58,554	63,637	59,312	61,066	70,089	173,057
Deferred amount on refunding	(252,165)	(244,015)	(275,305)	(301,054)	(303,121)	(295,180)	(274,565)	(253,473)	(227,006)	(240,356)
Capital leases	5,105	3,114	1,062	-	-	-	617	487	430	9,769
Notes payable	60,000	76,213	56,763	88,985	61,671	63,648	94,961	36,428	24,466	35,169
Total primary government	**$ 5,256,113**	**$ 5,166,073**	**$ 5,040,059**	**$ 5,011,702**	**$ 5,244,868**	**$ 5,342,561**	**$ 5,465,990**	**$ 5,593,373**	**$ 5,347,044**	**$ 5,554,776**
Percentage of personal income	21.68%	20.22%	18.93%	17.34%	16.95%	17.07%	17.35%	18.30%	15.81%	n/a
Per capita	$ 9,263	$ 9,023	$ 8,694	$ 8,604	$ 8,859	$ 8,924	$ 8,956	$ 9,320	$ 8,625	$ 8,758

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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General obligation bonds	$ 424,524	$ 378,977	$ 404,667	$ 472,309	$ 422,924	$ 551,679	$ 616,209	$ 969,229	$ 941,484	$ 895,649
Less amounts available in debt service fund	(18,450)	(23,485)	(23,683)	(19,288)	(19,930)	(21,751)	(26,436)	(34,280)	(38,943)	(32,777)
Total	**$ 406,074**	**$ 355,492**	**$ 380,984**	**$ 453,021**	**$ 402,994**	**$ 529,928**	**$ 589,773**	**$ 934,949**	**$ 902,541**	**$ 862,872**
Percentage of estimated actual taxable value of property	0.66%	0.57%	0.58%	0.68%	0.53%	0.67%	0.71%	1.12%	1.17%	1.13%
Per capita	$ 716	$ 621	$ 657	$ 778	$ 681	$ 885	$ 966	$ 1,558	$ 1,519	$ 1,412

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

Direct and Overlapping Governmental Activities Debt

December 31, 2012 (dollars in thousands)

	Debt Outstanding	Percentage Applicable	City and County of Denver Share of Debt
Direct Debt			
General Obligation bonds	$ 895,649		
General Improvement District bonds	5,290		
Capital leases	447,679		
Housing and Urban Development notes	13,804		
Less amount reserved for long-term debt	32,777		
Total Net Direct Debt	**1,329,645**		
Overlapping Debt			
Regional Transportation District	2,323,712	33.1% [2]	$ 769,149
Metro Wastewater Reclamation District	640,505	43.6% [3]	279,260
School District #1	2,233,382	100.0%	2,233,382
Total Overlapping Debt	**5,197,599**		**3,281,791**
Total Net Direct and Overlapping Debt	**$ 6,527,244**		**$ 4,611,436**

[1] Does not include $30,667 unamortized premium or ($172) deferred amount on refunding applicable to 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

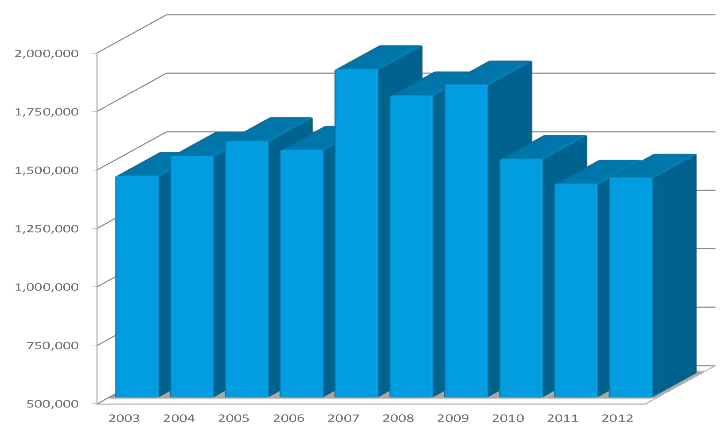
Last Ten Fiscal Years (dollars in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2012

Total Estimated Actual Valuation	**$ 76,697,449**
Maximum general obligation debt, limited to 3% of total valuation	$ 2,300,923
Outstanding bonds chargeable to limit	895,649
Less amount reserved for long-term debt	32,777
Net chargeable to bond limit	**862,872**
Legal Debt Margin – December 31	**$ 1,438,051**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 1,852,139	$ 1,886,034	$ 1,975,265	$ 2,009,975	$ 2,304,393	$ 2,356,914	$ 2,485,329	$ 2,494,539	$ 2,314,276	$2,300,923
Total net debt application to limit	406,074	355,492	380,984	453,021	402,994	567,928	649,694	976,103	902,541	862,872
Legal debt margin	**$ 1,446,065**	**$ 1,530,542**	**$ 1,594,281**	**$ 1,556,954**	**$ 1,901,399**	**$ 1,788,986**	**$ 1,835,635**	**$ 1,518,436**	**$ 1,411,735**	**$ 1,438,051**
Total net debt applicable to the limit as a percentage of debt limit	**21.92%**	**18.85%**	**19.29%**	**22.54%**	**17.49%**	**24.10%**	**26.14%**	**39.13%**	**39.00%**	**37.50%**

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 Ten Fiscal Years (dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Pledged lodger's tax revenues	$ 8,359	$ 8,626	$ 10,068	$ 12,074	$ 13,857	$ 15,006	$ 12,279	$ 13,703	$ 15,553	$ 16,173
Pledged food and beverage tax revenues	7,840	8,201	8,537	9,326	10,396	10,720	10,141	11,116	12,243	12,840
Pledged short-term auto rental tax revenues	5,776	6,103	6,673	7,116	7,957	7,721	6,874	7,707	8,058	8,595
Other sources	730	243	441	677	1,026	849	415	402	287	324
Total pledged excise tax base	**$ 22,705**	**$ 23,173**	**$ 25,719**	**$ 29,193**	**$ 33,236**	**$ 34,296**	**$ 29,709**	**$ 32,928**	**$ 36,141**	**$ 37,932**
Debt service (2009B Bonds)	7,382	7,376	7,376	7,380	7,383	7,380	7,341	4,198	8,648	8,644
Pledged excise tax base remaining after payment of 2009B Bonds debt service	**$ 15,323**	**$ 15,797**	**$ 18,343**	**$ 21,813**	**$ 25,853**	**$ 26,916**	**$ 22,368**	**$ 28,730**	**$ 27,493**	**$ 29,288**
Pledged short-term auto rental increase	5,066	5,353	5,552	6,227	6,962	6,756	6,015	6,745	7,051	7,521
Pledged lodgers' tax increase	4,874	5,032	5,875	7,043	8,083	8,754	7,162	7,993	9,072	9,434
Available for Series 2005A and 2009A Bonds debt service	**$ 25,263**	**$ 26,182**	**$ 29,770**	**$ 35,083**	**$ 40,898**	**$ 42,426**	**$ 35,545**	**$ 43,468**	**$ 43,616**	**$ 46,243**
Debt service (2005A and 2009A Bonds)	$ 11,923	$ 12,630	$ 14,120	$ 11,507	$ 13,165	$ 16,365	$ 17,394	$ 19,828	$ 19,913	$ 19,887
Coverage	2.12	2.07	2.11	3.05	3.11	2.59	2.04	2.19	2.19	2.33
Required coverage	1.25	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 2009B 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 2005A and 2009A 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 Colorado Convention Center and its expansion.

Wastewater Management Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net pledged revenues	$ 26,540	$ 22,800	$ 24,144	$ 22,873	$ 14,993	$ 16,013	$ 9,260	$ 8,722	$ 10,202	$ 24,562
Combined average debt service requirements[1]	$ 2,451	$ 2,446	$ 2,441	$ 2,449	$ 2,450	$ 2,387	$ 2,471	$ 2,484	$ 2,484	$ 3,223
Debt service coverage ratio	10.83	9.32	9.89	9.34	6.12	6.71	3.75	3.51	4.11	7.62
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

[1] Numbers through 2011 apply to Series 2002 bonds that were refunded in January 2012 by Series 2012 bonds.

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 Ten Fiscal Years (dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net pledged revenues	n/a	n/a	n/a	$ 628	$ 2,590	$ 1,114	$ 1,775	$ 2,034	$ 1,551	$ 2,022
Rate maintenance account	n/a	n/a	n/a	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240
Available fund balance	n/a	n/a	n/a	$ 10,432	$ 12,507	$ 12,883	$ 13,362	$ 14,238	$ 14,468	$ 15,329
Annual debt service requirement	n/a	n/a	n/a	$ 684	$ 687	$ 682	$ 682	$ 686	$ 685	$ 686
Service coverage ratio	n/a	n/a	n/a	1.27	4.12	1.99	2.95	3.31	2.61	$ 3.30
Required coverage	n/a	n/a	n/a	n/a	1.35	1.35	1.35	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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Pledged occupational privilege tax (OPT) revenues	$ 40,867	$ 40,118	$ 41,500	$ 41,503	$ 42,751	$ 43,041	$ 39,551	$ 41,819	$ 41,141	$ 43,227
Pledged facilities development admission (FDA) tax revenues	5,734	5,206	6,652	7,316	7,410	7,065	7,082	7,160	8,325	8,986
Payments in lieu of FDA taxes[1]	2,700	2,700	2,700	2,700	2,700	2,700	-	-	-	-
Other revenues[2]	-	-	-	-	-	-	-	-	-	-
Total pledged revenues	**$ 49,301**	**$ 48,024**	**$ 50,852**	**$ 51,519**	**$ 52,861**	**$ 52,806**	**$ 46,633**	**$ 48,979**	**$ 49,466**	**$ 52,213**
Debt service	$ 6,036	$ 3,058	$ 3,054	$ 3,055	$ 3,054	$ 3,056	$ 3,054	$ 2,558	$ 2,858	$ 3,054
Coverage	8.17	15.70	16.65	16.86	17.31	17.28	15.27	19.15	17.31	17.10
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 payments were 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 tax 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 is $9.75 per month per employee working in Denver.

Denver International Airport Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2003	2004	2005	2006 [1]	2007	2008	2009	2010	2011	2012
Gross Revenues	$ 527,567	$ 543,044	$ 571,102	$ 592,110	$ 616,106	$ 635,607	$ 631,592	$ 668,885	$ 702,157	$ 713,279
Operation and maintenance expenses	201,573	220,254	238,142	256,191	282,746	305,382	309,270	302,881	312,278	318,394
Net revenues	**325,994**	**322,790**	**332,960**	**335,919**	**333,360**	**330,225**	**322,322**	**366,004**	**389,879**	**394,885**
Other available funds	50,807	54,849	55,173	50,791	53,251	53,575	49,288	57,449	57,528	51,685
Total amount available for debt service	**$ 376,801**	**$ 377,639**	**$ 388,133**	**$ 386,710**	**$ 386,611**	**$ 383,800**	**$ 371,610**	**$ 423,453**	**$ 447,407**	**$ 446,570**
Debt service requirements per general and supplemental bond ordinances	$ 230,547	$ 243,495	$ 241,622	$ 220,001	$ 229,923	$ 240,028	$ 237,905	$ 253,244	$ 235,356	$ 247,563
Debt service coverage	1.63	1.55	1.61	1.76	1.68	1.60	1.56	1.67	1.90	1.80
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.

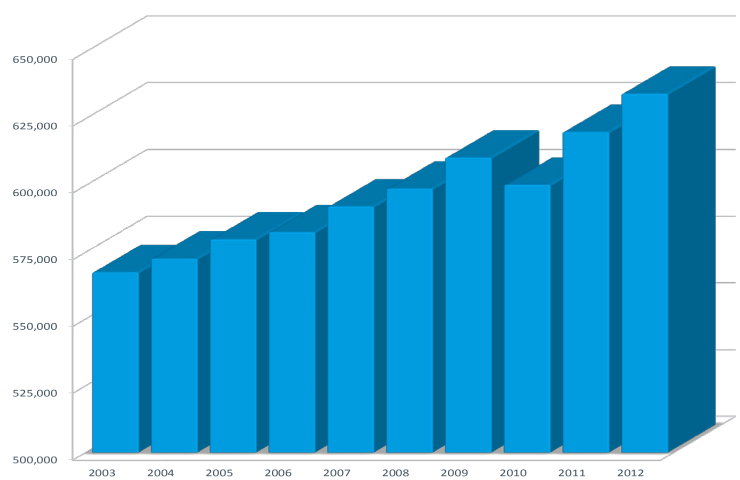
Source: Denver International Airport Financial Statements

Demographic and Economic Statistics

Last Ten Calendar Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population	567,431	572,526	579,744	582,474	592,052	598,707	610,345	600,158	619,968	634,265
Personal income (expressed in millions)	$ 24,239	$ 25,551	$ 26,622	$ 28,902	$ 30,949	$ 31,308	$ 31,512	$ 30,515	$ 33,811	n/a
Per capita personal income	$ 42,717	$ 44,629	$ 45,920	$ 50,193	$ 53,908	$ 52,788	$ 51,630	$ 50,845	$ 54,537	n/a
School enrollment	72,489	72,901	73,018	73,399	73,873	75,269	78,352	79,423	81,870	84,424
Unemployment rate	6.80%	7.30%	6.60%	6.00%	5.20%	4.30%	5.50%	9.70%	9.10%	8.50%

City and County of Denver Population



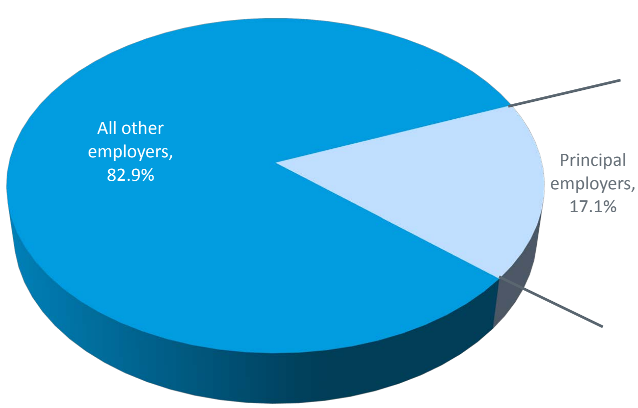
Source: Colorado Department of Labor
Denver Public Schools
U.S. Department of Commerce

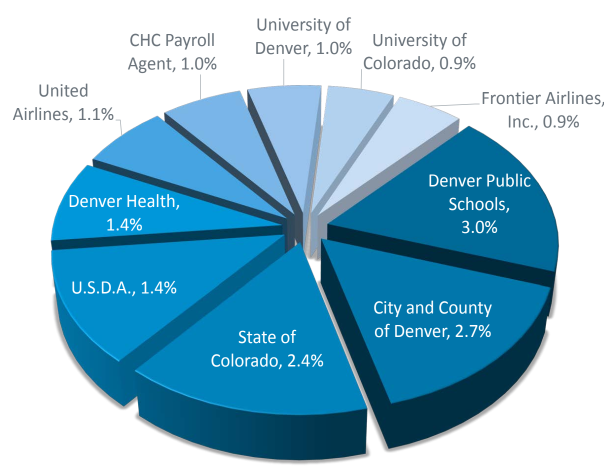
Principal Employers

Current Year and Nine Years Ago

	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	11,332	1	3.1%	10,272	1	2.8%
City and County of Denver	9,704	2	2.7%	9,871	2	2.7%
State of Colorado Central Payroll	9,606	3	2.6%	8,886	3	2.4%
U.S.D.A. National Finance Center	7,593	4	2.1%	4,634	6	1.3%
Denver Health & Hospital Authority	5,314	5	1.5%	3,138	9	0.9%
United Airlines, Inc.	4,209	6	1.2%	6,378	5	1.7%
CHC Payroll Agent, Inc. (HCA Health One)	4,180	7	1.1%	3,408	8	0.9%
University of Denver	3,713	8	1.0%	2,845	10	0.8%
University of Colorado	3,314	9	0.9%	6,865	4	1.9%
Accounting Service Center (U. S. Postal Service)	3,262	10	0.9%	3,993	7	1.1%
Total	**62,227**		**17.1%**	**60,290**		**16.5%**

2012 Principal Employers





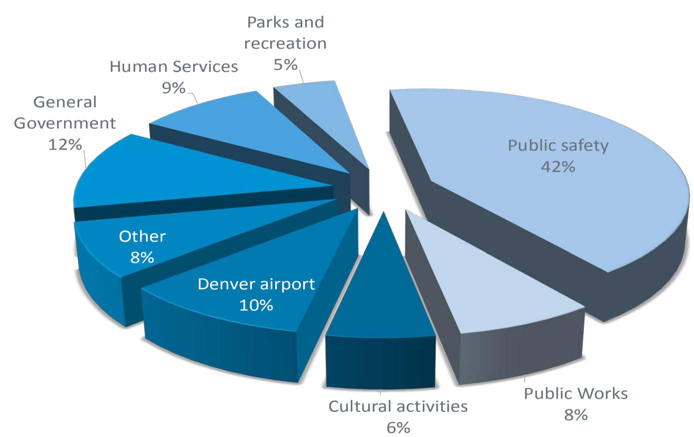
Source: Based on 2012 and 2003 Occupational Privilege Tax Remitters.

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	1,132	1,174	1,216	1,319	1,309	1,329	1,194	1,212	1,155	1,179
Public safety	4,057	4,070	4,128	4,209	4,303	4,327	4,211	4,167	4,109	4,095
Public Works	801	810	779	778	804	822	795	784	751	736
Human Services	1,017	887	897	990	1,060	1,050	890	892	894	890
Health	121	122	126	115	120	126	114	122	109	111
Parks and recreation	594	576	547	544	548	542	446	449	431	431
Cultural activities	546	539	552	545	575	563	512	520	517	570
Community development	255	235	229	229	225	215	191	190	185	179
Economic opportunity	126	134	165	151	226	249	211	212	198	183
Wastewater management	262	261	251	247	255	271	258	246	234	251
Denver airport system	896	910	924	948	990	1,030	1,001	972	983	1,001
Environmental services	21	19	20	20	26	26	30	31	38	43
Golf course	43	41	44	40	44	48	42	39	36	35
Total	**9,871**	**9,778**	**9,878**	**10,135**	**10,485**	**10,598**	**9,895**	**9,836**	**9,640**	**9,704**

2012 Full-Time City Employees by Function



Source: Denver Controller's Office

Operating Indicators by Function

Last Eight Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012
Police								
Physical arrests	67,095	73,668	75,312	70,883	68,803	56,497	51,390	54,545
Traffic violations	111,307	117,855	119,336	132,659	114,879	144,370	126,849	118,644
Fire								
Emergency responses	83,165	80,418	91,838	85,098	81,326	80,463	89,211	101,530
Fires extinguished	596	530	690	684	609	995	2,071	2,248
Inspections	22,370	23,134	23,946	31,819	31,360	29,969	39,955	30,226
Sheriff								
Average daily population	2,337	2,475	2,412	2,273	2,164	2,082	2,111	2,144
Number of jails	2	2	2	2	2	2	2	2
Public works								
Parking tickets issued	577,478	578,547	585,290	618,556	622,811	652,094	644,712	646,150
Recyclables collected (tons)	17,673	21,760	26,550	28,067	29,092	31,116	31,042	31,600
Refuse collected (tons)	248,596	234,059	231,956	219,675	221,797	216,382	213,411	213,411
Other public works								
Alleys paved (square yards)	288,268	117,611	66,042	167,400	154,824	77,662	57,475	41,545
Potholes repaired (tons of asphalt)	2,855	3,943	4,273	4,346	4,249	3,819	4,237	4,364
Street resurfacing (square yards)	754,619	624,609	1,354,905	1,808,286	1,473,894	2,015,914	2,181,463	2,013,962
Human services								
Family Medicaid Application for Denver clients	11,783	13,247	13,747	14,513	14,461	9,045	9,049	7,061
New child welfare case involvements	1,995	2,169	2,501	2,656	1,589	1,240	1,187	1,305
Community development								
Permits issued	60,568	52,958	52,184	45,999	41,474	41,000	51,549	55,463
Economic opportunity								
Low income affordable housing units created	652	261	30	45	182	250	452	503
Percent of job seekers entering employment	59.60%	59.70%	61.84%	68.40%	56.90%	57.00%	50.54%	51.15%
Library								
Total volumes borrowed	8,428,033	9,244,353	9,517,573	9,776,905	9,681,013	9,292,314	8,915,628	9,552,145
Volumes in collection	2,483,487	2,455,965	2,436,793	2,398,677	2,165,258	2,265,420	2,288,437	2,227,910
Denver airport system								
Passenger air traffic	43,388,000	47,000,000	49,800,000	51,245,000	50,168,000	50,240,000	52,800,000	53,156,278
Excise and Licenses								
Number of business license transactions	15,902	15,311	18,355	17,895	16,776	17,100	17,360	16,248

[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 Finance
Department of Human Services
Denver Department of Public Works
Denver Department of Safety
Denver Office of Economic Development
Denver Public Library

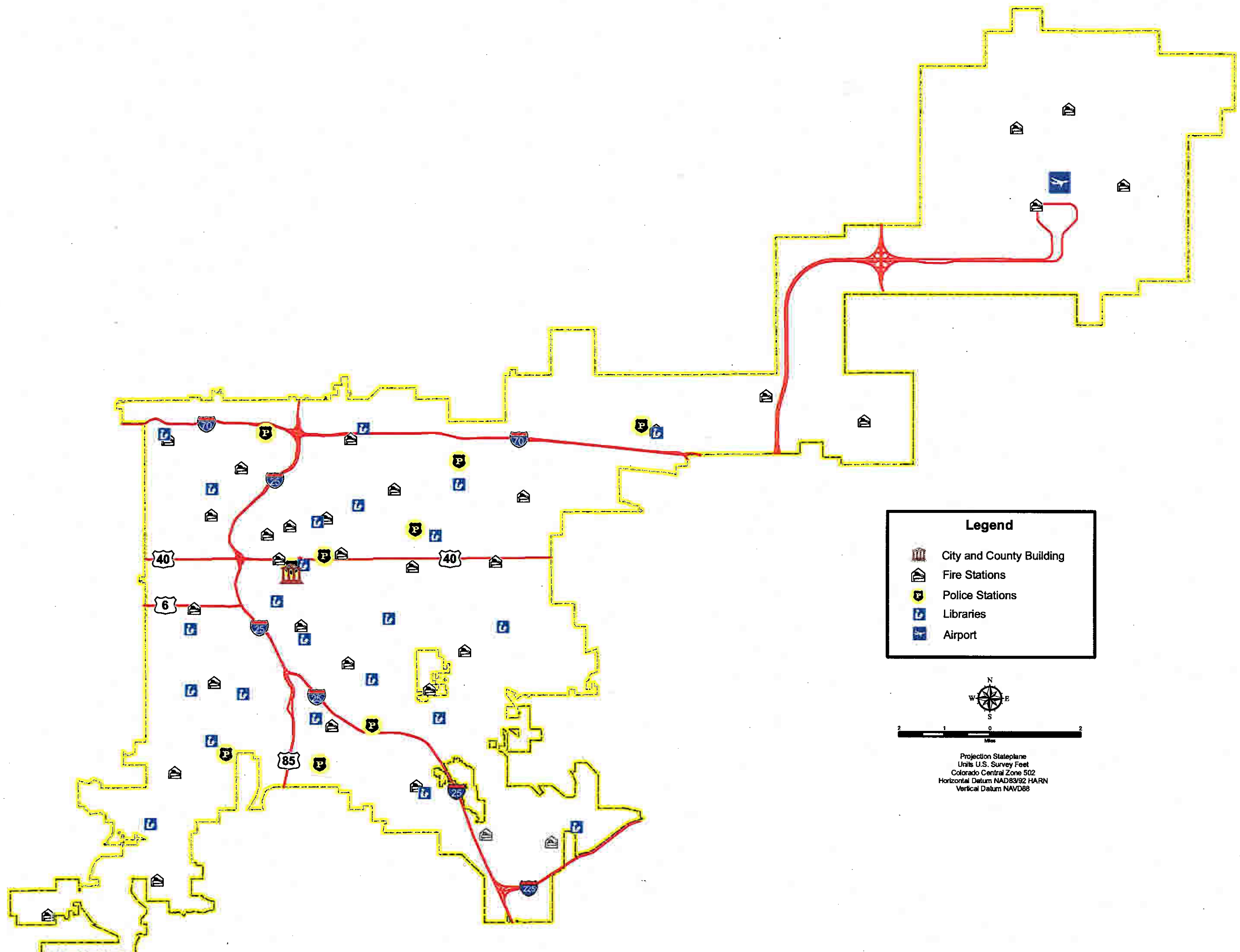
Capital Asset Statistics

Last Eight Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012
Fire								
Number of engines/trucks	39/23	39/23	39/23	39/23	39/23	39/23	40/22	41/22
Number of stations	33	33	33	33	33	34	34	34
Police								
Number of patrol marked/unmarked vehicles	307/83	314/78	313/101	313/101	311/101	269/98	325/115	329/111
Number of stations	6	6	6	6	6	6	6	6
Public works								
Bridges (major/minor)	283/175	287/175	288/177	290/179	292/181	293/181	294/181	294/181
Alleys								
paved	-	4,216	4,340	4,573	4,758	4,834	4,934	5,116
unpaved	923	915	791	563	375	297	192	148
Streets (centerline miles)	1798	1,868	1,949	2,005	2,005	2,005	2,005	2,005
Traffic signals	1251	1,249	1,255	1,259	1,257	1,249	1,267	1,263
Parks and recreation								
Acreage owned	19,819	19,819	19,889	20,036	20,038	20,095	20,097	20,106
Golf courses	7	7	7	8	8	8	8	8
Mountain acreage	14141	14,141	14,141	14,141	14,141	14,141	14,141	14,141
Number of parks (includes mountain parks)	305	305	307	312	312	317	318	319
Parkways (miles)	60	60	60	60	60	60	60	60
Athletic fields/lighted	303/27	303/27	303/27	303/27	303/33	309/33	315/47	318/47
Recreation centers	30	30	30	30	30	31	31	31
Swimming pools	28	28	28	28	28	28	29	29
Tennis courts/lighted	149/88	149/88	149/88	155/88	155/88	155/88	155/88	152/88
Cultural activities								
Concert venues	7	7	7	7	7	7	7	7
Public libraries	23	23	23	23	23	23	24	24
Wastewater								
Sanitary sewers (miles)	1461	1,461	1,461	1,461	1,464	1,464	1,483	1,525
Storm sewers (miles)	694	694	694	694	742	742	782	793
Denver airport system								
Acreage	33,800	33,800	33,800	33,800	33,800	33,800	33,800	33,800
Number of runways	6	6	6	6	6	6	6	6
Seating Capacities								
Boettcher Concert Hall	2,634	2,679	2,679	2,679	2,679	2,709	2,709	2,709
Colorado Convention Center	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Denver Auditorium Theatre	2,065	2,245	2,245	2,245	2,245	2,245	2,245	2,245
Denver Coliseum	10,500	11,500	11,500	11,500	11,500	10,474	10,474	10,474
Ellie Caulkins Opera House	2,247	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Red Rocks Amphitheater	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450
Temple Hoyne Buell Theatre	2,882	2,844	2,844	2,844	2,844	2,846	2,846	2,846

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



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Source: Denver Geographic Information Systems

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DENVER
THE MILE HIGH CITY

Department of Finance

Controller's Office

201 West Colfax Avenue, Department 1109
Denver, Colorado 80202

www.denvergov.org/finance

City and County of Denver

Single Audit Reports

Year Ended December 31, 2012

City and County of Denver

Year Ended December 31, 2012

Contents

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Agriculture				
Child Nutrition Cluster				
Summer Food Service Program for Children	Colorado Department of Education	None Provided	10.559	$ 134,790
Subtotal Child Nutrition Cluster				134,790
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services	None Provided	10.561	8,858,682
Subtotal SNAP Cluster				8,858,682
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants			10.580	97,636
Cooperative Forestry Assistance	Colorado State Forest Service	5366040-005	10.664	80,889
Rural Development, Forestry, and Communities	Colorado State Forest Service	None Provided	10.672	72,246
Total Department of Agriculture				**9,244,243**
Department of Commerce				
Economic Adjustment Assistance			11.307	1,631
ARRA - Broadband Technology Opportunities Program (BTOP)	Colorado Department of Education	BTOP-010	11.557	129,855
Total Department of Commerce				**131,486**
Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant (CDBG)/Entitlement Grants			14.218	14,359,001
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)(Recovery Act Funded)			14.253	206,743
Subtotal CDBG - Entitlement Grants Cluster				14,565,744
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Colorado Department of Local Affairs	HONSP09310	14.228	171,057
Subtotal CDBG - State-Administered CDBG Cluster				171,057
Emergency Solutions Grant Program			14.231	444,240
Shelter Plus Care			14.238	2,768,179
HOME Investment Partnerships Program			14.239	2,101,312
Housing Opportunities for Persons with AIDS			14.241	1,728,484
Community Development Block Grants/Brownfields Economic Development Initiative			14.246	934,463
Community Development Block Grants - Section 108 Loan Guarantees Program (HUD Section 108)			14.248	5,548,000

City and County of Denver
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Housing and Urban Development (continued)				
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)			14.256	6,685,903
ARRA - Homelessness Prevention and Rapid Re-Housing Program			14.257	243,351
Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants			14.704	934,683
Lead-Based Paint Hazard Control in Privately-Owned Housing			14.900	532,041
Total Department of Housing and Urban Development				**36,657,457**
Department of Justice				
Property Confiscation			16.UNKNOWN	514,986
Community-Based Violence Prevention Program			16.123	643,095
Juvenile Accountability Block Grants	Colorado Division of Criminal Justice	29-JB-S-02-351	16.523	12,400
Enhanced Training and Services to End Violence and Abuse of Women Later in Life			16.528	86,390
Juvenile Justice and Delinquency Prevention_Allocation to States	Colorado Division of Criminal Justice	29-JD-07-117 & 10-JD-07-115	16.540	79,966
Missing Children's Assistance			16.543	190,998
Missing Children's Assistance	Colorado State Patrol	2009-MC-CX-K011	16.543	11,150
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	356,553
Crime Victim Assistance	Colorado Division of Criminal Justice	11-VA-2-14	16.575	58,066
Crime Victim Compensation	Colorado Division of Criminal Justice	10-VC-2 & 11-VC-2	16.576	1,158,000
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs			16.580	111,014
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs	Colorado Division of Criminal Justice	12-DG-01-7-1	16.580	5,629
Crime Victim Assistance/Discretionary Grants	Colorado Regional Community Policing Institute	HT-10-01	16.582	10,574
Drug Court Discretionary Grant Program			16.585	93,380
Violence Against Women Formula Grant	Colorado Information Sharing Consortium	10-VW-2-6 & 10-VW-2-32 & 11-VW-2-9	16.588	301,129
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			16.590	334,894
State Criminal Alien Assistance Program			16.606	500,000
Bulletproof Vest Partnership Program			16.607	7,541
Project Safe Neighborhoods	Colorado Division of Criminal Justice	11-CP-03-1-1 2012	16.609	9,430
Public Safety Partnership and Community Policing Grants			16.710	269,797
Public Safety Partnership and Community Policing Grants	Colorado Association of Chief's of Police	None Provided	16.710	24,000

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Justice (continued)				
Juvenile Mentoring Program	Colorado Department of Justice	2010-DC-BX-0002	16.726	13,501
Enforcing Underage Drinking Laws Program	Colorado Liquor Enforcement Division	TAA 11/27520	16.727	15,288
Reduction and Prevention of Children's Exposure to Violence	Colorado Department of Justice	2010-JW-FX-K012	16.730	16,500
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program			16.738	420,225
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Division of Criminal Justice	11-DJ-07-42-2 & 12-DJ-12-29-07 & 11-DJ-03-2-2 & 11-DJ-03-2-2 & 29-DJ-04-50-1 & 11-DJ-03-52-4	16.738	339,815
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	Colorado Division of Criminal Justice	29-RJ-03-10-3 &29-RI-03-19-3	16.803	54,557
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government			16.804	1,323,716
Subtotal JAG Program Cluster				2,138,313
DNA Backlog Reduction Program			16.741	228,923
DNA Backlog Reduction Program	Colorado Department of Law, Colorado Attorney General's Office	2009-DN-BX-K242 & 2011-DY-BX-K005	16.741	135,763
Paul Coverdell Forensic Sciences Improvement Grant Program			16.742	117,123
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Division of Criminal Justice	10-DN-01-2-1 & 11-DN-01-6-1	16.742	22,223
Criminal and Juvenile Justice and Mental Health Collaboration Program			16.745	843
Congressionally Recommended Awards			16.753	5,720
Second Chance Act Prisoner Reentry Initiative			16.812	96,868
Total Department of Justice				**7,570,057**
Department of Labor				
Unemployment Insurance	Colorado Department of Labor and Employment	CMS 12065	17.225	224,105
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.207	1,783,033
Disabled Veterans' Outreach Program (DVOP)	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.801	24,645
Local Veterans' Employment Representative Program	Colorado Department of Labor and Employment	CMS 38154	17.804	5,000
Subtotal Employment Services Cluster				1,812,678
Homeless Veterans Reintegration Project			17.805	279,128
Homeless Veterans Reintegration Project	Colorado Department of Labor and Employment	CMS 12065	17.805	19,366

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Labor (continued)				
WIA Cluster				
WIA Adult Program	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.258	2,046,864
WIA Youth Activities	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.259	2,183,702
ARRA WIA Dislocated Workers	Colorado Department of Labor and Employment	CMS 12065	17.260	249,864
WIA Dislocated Workers	Colorado Department of Labor and Employment	CMS 12065	17.260	60,514
Workforce Investment Act (WIA) National Emergency Grants	Colorado Department of Labor and Employment	CMS 38154	17.277	27,471
WIA Dislocated Workers Formula Grants	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.278	940,431
Subtotal WIA Cluster				5,508,846
Trade Adjustment Assistance	Colorado Department of Labor and Employment	CMS 12065 & CMS 38154	17.245	54,494
Incentive Grants - WIA Section 503	Colorado Department of Labor and Employment	CMS 12065	17.267	3,000
H-1B Job Training Grants	Colorado Department of Labor and Employment	CMS 12065	17.268	204,061
Reintegration of Ex-Offenders			17.270	55,203
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	Board of County Commissioners of the County of Arapahoe and Labor's Community Agency	None Provided	17.275	16,063
Total Department of Labor				**8,176,944**
Department of Transportation				
Airport Improvement Program			20.106	22,939,978
Highway Planning and Construction Cluster				
Highway Planning and Construction	Colorado Department of Transportation	20024, 16220, 16749, 16178, 17205, 15759, 16070, 16265, 16294, 16652, 16395, 16070, 16342, 17334, 17098, 16536, 16653, 16652, 16787, 17045, 16587, 16946, 16947, 18196, 17363, 17954, 18071, 17659, 17903, 18078, 18536, 18529, 18436, 18453, 18436, 18857, 18857, 19120, 18873, 18700	20.205	18,930,707
Subtotal Highway Planning and Construction Cluster				18,930,707
Highway Safety Cluster				
State and Community Highway Safety	Colorado Department of Transportation	PO 211014206 & PO 211015413 & PO 211016551 & PO 271001565 & 13-01-11-10	20.600	320,647
Alcohol Impaired Driving Countermeasures Incentive Grants	Colorado Department of Transportation	PO 211014226 & 13-01-11-19	20.601	109,856
Subtotal Highway Safety Cluster				430,503
Alternatives Analysis	Regional Transportation District	None Provided	20.522	311,196
Total Department of Transportation				**42,612,384**

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
National Foundation on the Arts and the Humanities				
Promotion of the Arts_Grants to Organizations and Individuals			45.024	10,000
National Leadership Grants			45.312	149,261
Laura Bush 21st Century Librarian Program			45.313	194,773
Total National Foundation on the Arts and the Humanities				**354,034**
Veterans Health Administration, Department of Veterans Affairs				
VA Homeless Providers Grant and Per Diem Program			64.024	293,979
Total Veterans Health Administration, Department of Veterans Affairs				**293,979**
Environmental Protection Agency				
Climate Showcase Communities Grant Program			66.041	198,266
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements			66.802	8,614
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements			66.814	224,084
Environmental Education Grants			66.951	25,304
Total Environmental Protection Agency				**456,268**
Office of Energy Efficiency and Renewable Energy, Department of Energy				
ARRA - State Energy Program	Governor's Energy Office & Colorado Department of Labor and Employment	C900772 & CMS 12065	81.041	66,966
Conservation Research and Development			81.086	91,743
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			81.117	43,301
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis			81.122	29,026
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)			81.128	1,879,728
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	Boulder County & Governor's Energy Office	None Provided & CMS31485	81.128	3,431,050
Total Office of Energy Efficiency and Renewable Energy, Department of Energy				**5,541,814**
Department of Education				
Rehabilitation Services_Service Projects			84.128	3,295
Total Department of Education				**3,295**

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Health and Human Services				
Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	PO FJAEPR1231099	93.069	44,562
Affordable Care Act (ACA) Personal Responsibility Education Program	Colorado Department of Human Services	11IHA31431	93.092	122,734
Protection and Advocacy for Individuals with Mental Illness	Colorado Department of Public Health and Environment	PO OEFAA HSV12000010	93.138	4,680
Substance Abuse and Mental Health Services_Projects of Regional and National Significance			93.243	215,991
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Colorado Department of Justice & Denver Juvenile Drug Court	5H79SP014018-04 & 1H79T1023428	93.243	80,863
National Center for Research Resources	Colorado Foundations for Public Health and the Environment	UL1RR025780	93.389	2,511
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	Denver Health and Hospital Authority	1U58DP003493-01	93.531	68,731
Promoting Safe and Stable Families	Colorado Department of Human Services	None Provided	93.556	411,135
TANF Cluster				
Temporary Assistance For Needy Families (TANF) State Programs	Colorado Department of Human Services	None Provided	93.558	32,091,407
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	Colorado Department of Human Services	None Provided	93.714	642,744
Subtotal TANF Cluster				32,734,151
Child Support Enforcement	Colorado Department of Human Services	None Provided	93.563	7,834,418
Refugee and Entrant Assistance-State Administered Programs	Lutheran Family Services	None Provided	93.566	155,072
Low-Income Home Energy Assistance	Colorado Department of Human Services	None Provided	93.568	4,489,177
CSBG Cluster				
Community Services Block Grant	Colorado Department of Local Affairs	L11CSBG13	93.569	1,097,879
Subtotal CSBG Cluster				1,097,879
Child Care and Development Cluster				
Child Care and Development Block Grant	Colorado Department of Human Services	None Provided	93.575	677,261
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Colorado Department of Human Services	None Provided	93.596	6,481,187
Subtotal Child Care and Development Cluster				7,158,448
Head Start Cluster				
Head Start			93.600	8,556,510
Subtotal Head Start Cluster				8,556,510
Child Support Enforcement Demonstrations and Special Projects			93.601	9,349
Voting Access for Individuals with Disabilities_Grants to States	Colorado Secretary of State	None Provided	93.617	12,900

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

Cluster/Program	Federal Agency/ Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Health and Human Services (continued)				
Stephanie Tubbs Jones Child Welfare Services Program	Colorado Department of Human Services	None Provided	93.645	599,136
Social Services Research and Demonstration	Colorado Department of Human Services	None Provided	93.647	11,410
Adoption Opportunities			93.652	510,070
Foster Care-Title IV-E	Colorado Department of Human Services	None Provided	93.658	7,781,754
Adoption Assistance	Colorado Department of Human Services	None Provided	93.659	3,732,604
Social Services Block Grant	Colorado Department of Human Services	None Provided	93.667	3,978,834
Chafee Foster Care Independence Program	Colorado Department of Human Services	None Provided	93.674	291,309
ARRA Strengthening Communities Fund	Colorado Nonprofit Association	None Provided	93.711	85
Medicaid Cluster:				
Medical Assistance Program	Colorado Department of Human Services	None Provided	93.778	4,941,498
Subtotal Medicaid Cluster				4,941,498
HIV Emergency Relief Project Grants			93.914	7,150,598
Preventive Health and Health Services Block Grant	Colorado Department of Public Health and Environment	PO OE FAA ADM12000020	93.991	21,000
Total Department of Health and Human Services				**92,017,409**
Corporation for National & Community Services				
Americorps	Colorado Governor's Commission on Community Service	29-JR-03-10-2 & 12AFHCO0010	94.006	290,486
Total Corporation for National & Community Services				**290,486**
Executive Office of the President				
High Intensity Drug Trafficking Areas Program			95.001	999,199
Total Executive Office of the President				**999,199**
Department of Homeland Security				
Homeland Security Preparedness Technical Assistance Program			97.007	242,991
Emergency Food and Shelter Program Cluster:				
Emergency Management Performance Grants	Colorado Department of Local Affairs, Division of Emergency Management	12EM1L17 & 12EM1PE17A.	97.042	173,979
Assistance to Firefighters Grant			97.044	1,362,750
Interoperable Emergency Communications	Arapahoe County	None Provided	97.055	15,645
Homeland Security Grant Program (Homeland Security)	State of Colorado, Governor's Office of Homeland Security	98HS78717 & 9UASI10DEN & 10UASI11DEN & 11UASI12DEN	97.067	5,708,204
	Arapahoe County	None Provided		
Buffer Zone Protection Program (BZPP)	State of Colorado, Governor's Office of Homeland Security	8BZPP12DPD	97.078	7,509
Transportation Security Administration			97.UNKNOWN	768,161
Total Department of Homeland Security				**8,279,239**
Total Federal Expenditures				**$ 212,628,294**

(n) noncash federal award

See accompanying 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, 2012

(1) General

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 1 in the City's basic financial statements for the year ended December 31, 2012.

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 or reports to federal agencies. 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 non-federal entities.

The City's basic financial statements include the operations of the Denver Union Station Project Authority (DUSPA), a discretely presented component unit, which received $94,839,254 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2012.

(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:

SNAP Cluster	10.561
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
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
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714
Medicaid Cluster	93.778

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

(3) Human Service 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 $241,636,115, of which $182,328,575 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 of Colorado (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.

City and County of Denver

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2012

(5) Revolving Loan Funds – Not Subject to Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the programs listed below. However, these programs either are not part of a federal loan or loan guarantee program or have no continuing compliance requirements other than continued loan payments, therefore, the outstanding loan balances have not been included in the accompanying schedule of expenditures of federal awards and major program determination:

		Amount
Neighborhood Development Loans:		
14.218 - Community Development Block Grants/Entitlement Grants	$	8,873,323
Economic Development Loans:		
14.Unknown		2,836,397
11.307 - Economic Adjustment Assistance		322,872
14.218 - Community Development Block Grants/Entitlement Grants		29,243,247
14.253 - ARRA - Community Development Block Grants/Entitlement Grants Entitlement Grants (CDBG-R)		1,907,597
Total Economic Development Loans		34,310,113
Section 108 Loans:		
14.246 - Community Development Block Grants/Brownfields Economic Development Initiative		15,382,181
14.248 - Community Development Block Grants_ Section 108 Loan Guarantees		1,091,989
Total Section 108 Loans		16,474,170
Housing Development Loans:		
14.Unknown		26,331,646
14.218 - Community Development Block Grants (CDBG)/Entitlement Grants		6,437,467
14.239 - HOME Investment Partnerships Program		44,055,258
14.241 - Housing Opportunities for Persons with AIDS		3,252,870
14.256 - ARRA - Neighborhood Stabilization Program		11,856,910
Total Housing Development Loans		91,934,151
Total Office of Economic Development Loans		151,591,757
Less Allowances:		
Delinquent Loans		(13,382,946)
Forgivable Loans		(61,755,729)
Note Receivable, Net	$	76,453,082

(6) Revolving Loan Funds – Subject to Further Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the 14.248 Community Development Block Grant_Section 108 Loan Guarantees program which are subject to continuing compliance requirements until project completion and acceptance. The outstanding balances at December 31, 2012 were $5,999,921. Of this amount $5,548,000 is included in the accompanying schedule of expenditures of federal awards.

(7) Payments to 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 Grant (CDBG)/Entitlement Grants	14.218	$ 4,143,506
Emergency Shelter Grants Program	14.231	245,728
Shelter Plus Care	14.238	2,520,720
HOME Investment Partnerships Program	14.239	1,376,461
Housing Opportunities for Persons with AIDS	14.241	1,689,569
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	197,779
WIA Youth Activities	17.259	978,834
Reintegration of Ex-Offenders	12.270	21,461
Community Services Block Grant	93.569	402,011
Head Start	93.600	7,154,834
HIV Emergency Relief Project Grants	93.914	6,540,067
		$ 25,270,970

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Independent Auditor's 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, 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, 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, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2013, which contained an "Emphasis of a Matter" paragraph regarding a change in accounting principle and a reference to the reports of other auditors. Other auditors audited the financial statements of the Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Colfax Business Improvement District, Denver Union Station Project Authority, and Denver Preschool Program, Inc., presented as discretely presented component units, and Gateway Village General Improvement District and Denver 14th Street General Improvement District, included as blended component units, as described in our report on the City and County of Denver's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Colfax Business Improvement District, and Denver Preschool Program, Inc. component units included in the financial statements of the aggregate discretely presented component units and Gateway Village General Improvement District and Denver 14th Street General Improvement District, blended component units included in the financial statements as aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

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.*

Other Matters

We noted certain other matters that we reported to the City's management in a separate letter dated May 30, 2013.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
May 30, 2013

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards

Audit Committee
City and County of Denver
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City and County of Denver (the City) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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.

The City's basic financial statements include the operations of the Denver Union Station Project Authority (DUSPA), a discretely presented component unit, which received $94,839,254 in federal awards, which is not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2012.

Management's Responsibility

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

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 on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements.

Basis for Qualified Opinion on Medicaid Cluster and Temporary Assistance for Needy Families (TANF) Cluster

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 the requirements applicable to these programs.

CFDA #	Program	Compliance Requirement	Type of Opinion	Finding Number
93.558	Temporary Assistance for Needy Families (TANF) Cluster	Eligibility, Special Tests and Provisions and Reporting	Qualified	2012-01 and 2012-02
93.778	Medicaid Cluster (Medicaid; Title XIX)	Eligibility and Reporting	Qualified	2012-07 and 2012-08

Qualified Opinion on Medicaid Cluster and Temporary Assistance for Needy Families (TANF) Cluster

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

Other Matter

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 2012-03, 2012-04, 2012-05 and 2012-06. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-07 and 2012-08 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the findings and questioned costs as item 2012-03, 2012-04, 2012-05 and 2012-06 to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Audit Committee
City and County of Denver

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 30, 2013, which contained an unmodified opinion on the financial statements that collectively comprise the basic financial statements. Other auditors audited the financial statements of the Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Denver Union Station Project Authority, and Denver Preschool Program, Inc., presented as discretely presented component units, and Gateway Village General Improvement District and Denver 14th Street General Improvement District, included as blended component units, as described in our report on the City and County of Denver's financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matter

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

BKD, LLP

Denver, Colorado
July 18, 2013

City and County of Denver

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. Internal control over financial reporting:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major programs:

Significant deficiency(ies)?	☒ Yes	☐ None reported
Material weakness(es)?	☒ Yes	☐ No

5. Types of auditor's report issued on compliance for major programs:
   ☒ Unmodified ☒ Qualified ☐ Adverse ☐ Disclaimed

Unqualified for all major programs except for Medicaid Cluster and Temporary Assistance for Needy Families (TANF) Cluster, which are qualified.

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ☒ Yes ☐ No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218, 14.253	CDBG - Entitlement Grants Cluster, including ARRA
14.239	HOME Investment Partnerships Program
14.248	Community Development Block Grants_Section 108 Loan Guarantees
14.256	ARRA - Neighborhood Stabilization Program
81.128	ARRA - Energy Efficiency and Conservation Block Grant (EECBG)
93.558, 93.714	Temporary Assistance for Needy Families (TANF) Cluster, including ARRA
93.563	Child Support Enforcement, including ARRA
93.575, 93.596	Child Care and Development Fund Cluster
93.658	Foster Care Title IV-E, including ARRA
93.659	Adoption Assistance, including ARRA
93.667	Social Services Block Grant
93.778	Medicaid Cluster
97.067	Homeland Security Grant Program

8. Dollar threshold used to distinguish between Type A and Type B: $3,000,000.

9. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

City and County of Denver

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2012

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable	

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

2012-01 **Finding:** Eligibility and Special Tests and Provisions - Income Eligibility and Verification System

CFDA No. 93.558, 93.714 - Temporary Assistance for Needy Families (TANF) Cluster

Pass-through Colorado Department of Human Services

Criteria: DDHS is required to investigate and verify information on applications, redeterminations, and monthly status reports (MSR) as part of determining eligibility. DDHS is required to support benefits with an application. DDHS is also required to process applications, redeterminations and MSR's for benefits timely and ensure that benefits are only issued for periods of eligibility. In addition, DDHS is required to use the Income Eligibility and Verification System (IEVS) to determine eligibility in accordance with the State Plan. IEVS is a system which coordinates data exchanges with other federally assisted benefit programs and is used to identify discrepancies in information presented in an application. Information obtained in the data matching must be considered in determining eligibility and the amount of TANF benefits provided and DDHS must document the disposition of the IEVS data within 45 days of receipt of information.

Condition: We noted the following issues:

1. Two instance in which a client was determined not to be eligible for a previously paid benefit, and a claim was not issued to recover the payment ($2,344).
2. Eleven instances in which monthly status reports were not received and benefits were not subsequently terminated ($19,637).

3. Three instances in which documentation of the initial case interview could not be provided ($4,878).

4. One instance in which the Individual Responsibility Contract (IRC) was not generated timely ($0).
5. Seven instances in which IEVS hits were not cleared and would have affected the eligibility determination ($6,602).

Questioned Costs: $31,823

Context: We tested 60 individuals who received TANF assistance for the year ended December 31, 2012 and noted the issues described above. The tested population covered benefits issued of $134,352. The total population included benefits issued of approximately $19.0 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 provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period or incorrect amount.

Cause: Controls over eligibility and IEVS discrepancy resolution were not sufficiently operating during the year. Additionally, during 2012 DDHS continued to develop its processes and procedures relating to the new workflow management system and is still in the process of converting all files to an electronic format. It was noted that scanned documents were not always saved in the proper location or some information provided was not scanned at all.

Reference Number	Finding

Recommendation: We recommend that DDHS continue to refine the workflow management system and oversight to help improve the timely processing of applications and redeterminations as well as to ensure disposition of IEVS discrepancies are occurring timely. In addition, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In order for the review process to be an effective control, management should continue to develop the case review tool in the workflow management system and the reviews should occur on a timely basis compared to case processing, such as prior to finalizing a case in CBMS. Furthermore, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of resolving IEVS discrepancies and documenting the disposition in CBMS.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. During 2012, Denver FAAD divisions were in the process of implementing scanning of the Monthly Status Reports (MSR) at all offices. However, this occurred at different intervals, which may have led to lost or misplaced MSRs. Effective July 1, 2013, the State Department of Human Services Colorado Works Program will be eliminating the MSR. The MSR will be replaced by a six (6) month recertification process for all TANF/CW clients. All FAAD Staff will attend a mandatory State training in the summer of 2013 on the new recertification process. Training was provided to all FAAD Staff in the 1st quarter of 2013 on Claims, IEVS and case comments. Case comments and the use of the case comment templates and IEVS will be monitored during monthly case reviews. OED TANF is currently working to build a scheduler for Compass in the WMS system, implementation set for September 2013. Currently DHS and OED are set to participate in a Rapid Improvement Event (RIE) in 2013 to work on the intake process and handoff of the customer to OED at case approval. FAAD foresees with the elimination of approximately 3,800 MSRs monthly there will be more time to process IEVS and Claims, and will be working with the State and other counties to develop a best practices.

Person responsible for implementing: Heather Hewitt, Deputy Director, Elizabeth Foster, Family Section Manager, Pam Flowers, Montbello Office Manager, Sundanz Washington, East Office Manager, Patrice Hawkins Castro, Customer Service Manager.

Implementation date: April 1, 2013 and ongoing.

Reference Number	Finding

2012-02 **Finding:** Reporting

CFDA No. 93.558, 93.714 - Temporary Assistance for Needy Families (TANF) 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 reporting of information to the State for the processing of benefits.

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

1. One instance in which income information listed on the redetermination/application was not entered into CBMS.
2. Eleven instances in which monthly status reports were received and entered into CBMS but the documents could not be located.
3. Three instances in which documentation of the initial case interview could not be provided.

Questioned Costs: Questioned costs related to the above issues were included at finding 2012-02.

Context: We tested 60 case files for the year ended December 31, 2012 and noted the issues above.

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 appropriate controls in place regarding input of information into CBMS, benefits could be provided to ineligible applicants, denied to eligible participants, 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. Additionally, during 2012 DDHS continued to develop its processes and procedures relating to the workflow management system and recently converted all files to an electronic format resulting in documentation that could not be located. In addition, case workers are not always utilizing case comments appropriately. Furthermore, controls over reporting were not sufficiently operating during the year.

Reference Number	Finding
	Recommendation: We recommend that DDHS continue to develop the workflow management system to improve the processing of applications and redeterminations. Additionally, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In conjunction with this system, management has also implemented a case comment template which requires all information relating to the case be input at the time of application and redetermination. This is in addition to noting any changes made throughout the year in case comments to improve processing and accuracy of data. Management should ensure the case comment template is consistently utilized by technicians and emphasize its importance to ensuring that the information in CBMS is accurate.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. In February and March 2013 all FAAD Staff were required to attend mandatory case comment training. Refresher training will be provided to staff to remind them to document the type of interview, as well as that all changes reported must be entered into CBMS. In May 2013, Staff will be given updated refresher training on income provided by the State. During 2012, the Denver FAAD division was in the process of implementing scanning of the Monthly Status Reports (MSR) at all offices. However, this occurred at different intervals, which may have led to lost or misplaced MSRs. Effective July 1, 2013, the State Department of Human Services Colorado Works Program will be eliminating the MSR. The MSR will be replaced by a six (6) month recertification process for all TANF/CW clients. All FAAD Staff will attend mandatory State training in the summer of 2013 on the new recertification process.

Person responsible for implementing: Heather Hewitt, Deputy Director, Elizabeth Foster, Family Section Manager, Pam Flowers, Montbello Office Manager, Sundanz Washington, East Office Manager, Patrice Hawkins Castro, Customer Service Manager.

Implementation date: April 1, 2013.

Reference Number	Finding
2012-03	**Finding:** Activities Allowed, Allowable Costs, and Reporting

CFDA No. 93.575 & 93.576 - Child Care and Development Fund Cluster

Pass-through Colorado Department of Human Services

Criteria or specific requirement: Expenditures should be supported by underlying documentation such as child care authorizations and swipe card activity. In addition, providers should be paid based on a contractually agreed-upon rate as defined by their licensed provider fiscal agreement. Furthermore, provider rate should be accurately reflected in the Child Care Automated Tracking System (CHATS) and agree to the licensed provider fiscal agreement, for accurate reporting of information to the State for the processing of benefits.

Condition: We noted the following issues:

1. One instance in which the rate paid to the provider was less than the rate in the Licensed Provider Fiscal Agreement ($37).
2. One day in which providers were paid for both an automatic absence and attendance swipe for each child on March 9th. Ten instances were noted within our initial testing, which we then expanded to identify the duplicate payments throughout the entire population, which totaled $28,987.

Questioned Costs: $28,987

Context: We tested 40 case files of individuals receiving $45,980 in child care assistance for the year ended December 31, 2012, and noted the issues above. Assistance payments issued during the year totaled approximately $9,950,000.

Effect: A provider payment was made at a rate less than required under the provider fiscal agreement. In addition, some providers received duplicate payments which have not yet been recovered.

Cause: In the first situation, payments are generated through the automatic payment system, which is based off of swipe card detail and not reviewed unless a manual payment is requested. A manual payment request was received in this case and the DDHS' employees failed to ensure that the provider rate had been updated to agree to the latest fiscal agreement rate. In the second situation, there was a glitch in the CHATS system, which caused the State to issue duplicate payments. The State provided a listing to DDHS detailing all participants for which a recovery should be generated. DDHS hadn't yet initiated recoveries for the identified participants.

Recommendation: We recommend DDHS implement a review process of payments to ensure all payments made to providers are agreed to the contractually agreed-upon rates. When rates change, all current rates should be made available to reviewers. While the automatic payment of absences has been mitigated with the change in policy, we recommend that a plan be implemented immediately to recover the duplicate payments made on March 9, 2012. Furthermore, policies and procedures should be implemented to ensure recoveries are initiated timely when discovered.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. A State-wide CHATS system problem resulted in no payments for services on March 9, 2012 for these cases. This caused automatic absence payments for Denver providers. The State made correcting payments for the March 9, 2012 system errors in April 2012 that resulted in duplicated payments being made for absences the CHATS system had already paid an absence for. The State was unable to correct the duplicate payments as they agreed to prior. On June 16, 2012, the State advised Counties that duplicate payments would not be corrected. The State has provided a list of these cases; and DDHS is in the process of analyzing the duplicate payments. The process to enter the recoveries for the March 9, 2012 duplicate payments was completed by April 30, 2013. Recovery training has been completed for CCAP eligibility, BOCC and Fraud Control and Recovery staff as of March 2013. DHS is developing a policy for the CCAP program on Recovery, Intentional Program Violation (IPV) and Fraud, this policy is in the process of being written and will be submitted for review and approval no later than August 31, 2013. BOCC recently complete another rate change and all fiscal rates were audited for accuracy. The BOCC continues to process monthly internal audits that include rate review to ensure accuracy of data entry into CHATS.

Person(s) responsible for implementing: Monie Salgado, CCAP Eligibility Supervisor and Kenneth Ruterbories, Accounting Supervisor.

Implementation date: April 1, 2013 and ongoing.

Reference Number	Finding
2012-04	**Finding:** Activities Allowed, Allowable Costs, Eligibility, Period of Availability and Reporting

CFDA No. 93.575 & 93.576 - Child Care and Development Fund Cluster

Pass-through Colorado Department of Human Services

Criteria or specific requirement: Expenditures should be made to an eligible child and supported by underlying documentation such as TANF referral form, application/redetermination, swipe card activity and licensed provider fiscal agreement. The expenditure should be paid in accordance with the timeframe established by the child care authorization form. Furthermore, information obtained from the clients should be accurately input into the Child Care Automated Tracking System (CHATS) and agree to supporting documentation included in the case file, for accurate reporting of information to the State for the processing of benefits.

Condition: We noted instances in which payments were made for child care services during unauthorized or ineligible periods.

Questioned Costs: $551

Context: We noted this issue in 6 out of 40 case files tested for the year ended December 31, 2012. Assistance payments tested totaled $45,980 and total payments issued by DDHS during the year totaled approximately $9,950,000.

Effect: The inaccuracy of input of authorization dates in CHATS resulted in automatic payments to providers that exceeded the payments that should have been allowed due to the automatic absence policy that was in place at the time.

Cause: Data entry input errors into CHATS by DDHS personnel caused payments to be made during unauthorized periods. Payments are primarily generated through the automatic payment system which is based off of swipe card detail, with the exception of automatic absence and holiday payments as required by the licensed provider fiscal agreements. For the period January 1, 2012 through May 1, 2012, DDHS' policy was to pay three automatic absences per month, which resulted in the automatic payment errors when the system inputs were incorrect. DDHS amended its policy to discontinue the payment of automatic absences effective May 1, 2012.

Recommendation: In addition to the change in policy, we recommend DDHS implement additional review procedures to include accuracy of input of authorization dates into CHATS. In conjunction with additional review, we recommend training be provided for all levels of staff on the CHATS system and Child Care State Plan Requirements.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. Child Care Assistance Program (CCAP) and the Business Office of Child Care (BOCC) agree with this finding. Beginning May 1, 2012, DDHS changed our policy and fiscal structure to include absence payments into the county payment rates. This has eliminated the possibility of any reoccurrences of this type of incorrect payment for absences based on authorization start dates in the future. CCAP program supervisors will continue to monitor the accuracy of authorizations as part of their monthly file reviews.

Person(s) responsible for implementing: Monie Salgado, CCAP Eligibility Supervisor and Kenneth Ruterbories, Accounting Supervisor.

Implementation date: May 1, 2012.

Reference Number	Finding
2012-05	**Finding:** Eligibility

CFDA No. 93.575 & 93.576 - Child Care and Development Fund Cluster

Pass-through Colorado Department of Human Services

Criteria or specific requirement: In accordance with the State Plan, Section 3.913 D, approval or denial of low-income applications should be completed within 15 calendar days of receipt of the last piece of information. Per State Plan, Section 3.921A, low-income based child care participants are required to go through the redetermination process every year. Redeterminations are to be worked within one month of the last day of the re-determination month. In addition, the County has five business days to process any referrals from Colorado Works per State Plan, Section 3.913 JJ.

Condition: We noted the following issues:

1. Sixteen instances in which TANF Child Care Referrals were processed outside the allowed five business days. The delay for completion ranged from 1 day to 32 days late.
2. Three instances in which Low Income Application or Redetermination were processed outside the allowed fifteen days for Low Income or thirty days for Redeterminations. The delay for completion in our testing ranged from 1 to 39 days late.

Questioned Costs: None

Context: We tested 40 case files of individuals receiving child care assistance for the year ended December 31, 2012 and noted the issues above.

Effect: TANF Referrals and Low Income Applications/Redeterminations participants may lose or experience a gap in benefits as a result of their case not being processed timely.

Cause: DDHS brought the eligibility determination back in house in the fall of 2009 and only recently received clarification regarding the time requirements for processing referrals, applications and redeterminations. DDHS also does not have a tracking mechanism in place to monitor that referrals, applications and redeterminations are worked timely.

Recommendation: We recommend DDHS continue to refine the eligibility intake procedures and oversight, including a tracking mechanism, similar to the Work Management System (WMS) to help improve the timely processing of applications, redeterminations, and referrals.

Reference Number	Finding
	Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. In September 2012, DHS CCAP eligibility and Workforce Development performed a Rapid Improvement Event (RIE). During this RIE, processes and timeframes were clarified for CCAP staff and the Workforce Development staff and an automated mechanism was put into place to manage timely processing of TANF CCAP referrals. DDHS has also developed an automated tracking mechanism for receipt and completion of Low Income CCAP redeterminations mailing.

Person(s) responsible for implementing: Monie Salgado, CCAP Eligibility Supervisor and Kenneth Ruterbories, Accounting Supervisor.

Implementation date: TANF Referral Tracking, September 2012. Low Income Redetermination Tracking, February 2013.

Reference Number	Finding
2012-06	**Finding:** Eligibility - 90 Day Reviews

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

Pass-through Colorado Department of Human Services

Criteria or specific requirement: In accordance with the State plan, as part of providing services to eligible children in the Foster Care System, a Family Services Plan should be completed to assure that the child's needs for safety, permanency and well-being are met. The Family Service plans are to be created within 60 calendar days of opening an assessment in the automated case management system (TRAILS) (State Staff Manual Volume 7.301.2 Family Services Plan Requirements). In addition, a continuing reassessment and documentation of the Family Services Plan is required to be performed at least every 90 calendar days (State Staff Manual Volume 7.301.3 Family Services Plan Review and Updates).

Condition: We noted the following issues:

1. Five instances in which a 90-day review did not occur within the 90-day time frame. The delay for completion in our testing ranged from 2 days late to 17 days late.
2. One instance in which a new Family Service Plan was not created for a returning individual and thus, no 90-day review was triggered in the system.

Questioned Costs: None.

Context: We tested 25 case files of individuals receiving foster care assistance for the year ended December 31, 2012 and noted the issues above.

Cause: The TRAILS system is supposed to provide alerts to caseworkers and supervisors for both the 60-day Family Services Plan and 90-day reviews, however the system alerts are not working properly. In regards to item 1 above, DDHS has implemented an ancillary Work Management System (WMS) that is interfaced with TRAILS to help supervisors track due dates for 90-day reviews assigned to them. We determined that not all of the supervisors are utilizing the WMS tool or completing the reviews in the required timeframe. In regards to item 2 above, the case was closed and re-opened and the caseworker failed to create a new Family Services Plan and the 90-day review tracking will not start until this plan is created. In addition, we noted that the WMS system is not currently set up to track due dates for new cases.

Effect: Supervisor reviews are ineffective if not performed timely and may result in untimely adjustments to services provided to the child and family receiving assistance from this program. In addition, if Family Service Plans are not created, there is no baseline for evaluating progress and continuing eligibility of individuals in the program.

Recommendation: We recommend that DDHS provide training to the supervisors to emphasize the importance of completing the 90-day reviews within the required timeframe and to emphasize the use of the WMS system to track deadlines. Furthermore, the program managers should utilize WMS to monitor outstanding 90-day reviews more closely to ensure completion in a timely manner. We also recommend policies and procedures be implemented to ensure a new Family Services Plan is created every time a case is opened to prevent caseworkers from utilizing old or outdated family services plans. In addition, the WMS business rule should be modified to monitor 60-days from the case opening to help management ensure Family Service Plans are created within the required time.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. The Department of Human Services is responsible for completing the Family Service plan within 60 days of the initial assessment, and also responsible for reviewing each foster care cases every 90 days thereafter.

To ensure compliance, the Child Welfare Division Trails Administrator will provide updated training for Supervisors and their respective teams by April 30, 2013. This training will include information related to family service planning, 90-day time frames, and compliance alerts. Supervisors will continue to use the Work Management System, which provides alerts that a 90 day review is needed. The Supervisors will further develop their knowledge and use of WMS, and incorporate both Trails and WMS to monitor and complete the 90 day reviews in accordance with Volume VII rules.

The supervisory planning team is developing a plan to ensure that each supervisor has mastered the WMS data system and using the “tickler” feature to identify reviews that are required ahead of the due date. The Section Program Administrator will be reviewing this as a standing supervision item monthly with each Supervisor.

Person(s) responsible for implementing: Alllen Pollack, Division Director, Jude Liguori-Oliver, Section Administrator, and Diedra Grayson, Trails Administrator and Trainer.

Implementation date: February 25, 2013.

Reference Number	Finding
2012-07	**Finding:** Eligibility

CFDA No. 93.778 Medicaid Cluster (Medicaid; Title XIX)

Pass-through Colorado Department of Human Services

Criteria: DDHS is required to investigate and verify information on applications and redeterminations as part of determining eligibility. DDHS is also required to process applications and redeterminations for benefits timely and ensure that benefits are only issued for periods of eligibility. DDHS is allowed to follow its internal policies for processing redeterminations as long as it meets federal guidelines, which requires the County to review the case for medical program eligibility prior to the case closing. DDHS's internal policies require that redeterminations be completed within 30 days.

Condition: We noted the following issues:

1. Two instances in which the redetermination was not processed timely. Processing time for these instances ranged from 55 days to 107 days.
2. Three instances in which the supporting documentation and case file to support the eligibility determination in CBMS could not be located and therefore, no conclusion could be made to support proper determination of individual eligibility.
3. One instance in which client was incorrectly excluded from the household, resulting in an underpayment of benefits.
4. One instance in which a case was reopened by the County, however no support can be provided that establishes reinstatement and therefore, no conclusion could be made to support proper determination of individual eligibility.
5. One instance in which RRR was not time and date stamped, thus it could not be determined that it was processed in the proper timeframe.

Questioned Costs: Unknown

Context: We tested 60 individuals who received Medicaid assistance for the year ended December 31, 2012 and noted the issues above. Benefits issued on behalf of the County for the year were approximately $4.9 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 provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period. Additionally, without timely processing of redeterminations, individuals may lose Medicaid program eligibility due to their case closing unnecessarily.

Cause: Controls over eligibility were not sufficient during the period subjected to testing. Additionally, during 2012 DDHS continued to develop its processes and procedures relating to the new workflow management system and is still in the process of converting all files to an electronic format. It was noted that scanned documents were not saved in the proper location or information provided was not scanned at all.

Reference Number	Finding

Recommendation: We recommend that DDHS continue to refine the workflow management system and oversight to help improve the timely processing of applications and redeterminations. In addition, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In order for the review process to be an effective control, management should continue to develop the case review tool in the workflow management system and the reviews should occur on a timely basis compared to case processing, such as prior to finalizing a case in CBMS.

Views of responsible officials and planned corrective actions:
Response: We agree with the finding. Denver Human Services is currently implementing the philosophy of LEAN, a tool used to reduce waste and duplication of work process. The Workflow Management System (WMS) will continue to be utilized as a tracking tool and will be re-engineered to meet the changed identified through the LEAN process. Health Care Policy and Finance, in preparation for the Affordable Care Act, is making changes to the States automated computer system. The online PEAK application system will interface directly with other State and Federal systems to verify information. Client's will make applications with real time approvals, recertifications, and upload changes directly into the system directly therefore eliminating delays in processing. FAAD and PIAD will continue to partner to develop case review tools in WMS as State programs change.

Person(s) responsible for implementing: Heather Hewitt, Deputy Director, Elizabeth Foster, Family Section Manager, Geri Bettis, Adult Section Manager, Pam Flowers, Montbello Office Manager, Sundanz Washington, East Office Manager, Patrice Hawkins Castro, Customer Service Manager

Implementation date **:** June 30, 2013.

Reference Number	Finding
2012-08	**Finding:** Reporting

CFDA No. 93.778 Medicaid Cluster (Medicaid; Title XIX)

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 reporting of information to the State for the processing of benefits.

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

1. Two instances in which information provided to DDHS was added to the incorrect case file.
2. Three instances in which information listed in CBMS did not match the information listed on the redetermination/application.
3. Nine instances in which case comments listed in CBMS were either inaccurate or missing based on the case file documentation.

Questioned Costs: Unknown

Context: We tested 60 case files for eligibility for the year ended December 31, 2012 and noted the issues above.

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 appropriate controls in place regarding input of information into CBMS, benefits could be provided to ineligible applicants, denied to eligible participants, 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. Additionally, during 2012 DDHS continued to develop its processes and procedures relating to the workflow management system and recently converted all files to an electronic format resulting in documentation that could not be located. In addition, case workers are not always utilizing case comments appropriately. Furthermore, controls over reporting are not sufficiently operating during the year.

Recommendation: We recommend that DDHS continue to develop the workflow management system to improve the processing of applications and redeterminations. Additionally, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In conjunction with this system, management has also implemented a case comment template which requires all information relating to the case be input at the time of application and redetermination. This is in addition to noting any changes made throughout the year in case comments to improve processing and accuracy of data. Management should ensure the case comment template is consistently utilized by technicians and emphasize its importance to ensuring that the information in CBMS is accurate.

Reference Number	Finding

Views of responsible officials and planned corrective actions:
Response: We agree with the finding. Denver Human Services is currently implementing the philosophy of LEAN, a tool used to reduce waste and duplication of work process. The Workflow Management System (WMS) will continue to be utilized as a tracking tool and will be re-engineered to meet the changed identified through the LEAN process. Health Care Policy and Finance in preparation for the Affordable Care Act is making changes to the States automated computer system. The online PEAK application system will interface directly with other State and Federal systems to verify information. Client's will make applications with real time approvals, recertification's, and upload changes directly into the system directly therefore eliminating delays in processing. FAAD and PIAD will continue to partner to develop case review tools in WMS as State programs change. Training was provided to all of FAAD staff in the first quarter of 2013 on case comment and utilization of the case comment tool. Case comments and the use of the case comment templates will be monitored during monthly case reviews.

Person(s) responsible for implementing: Heather Hewitt, Deputy Director, Elizabeth Foster, Family Section Manager, Geri Bettis, Adult Section Manager, Pam Flowers, Montbello Office Manager, Sundanz Washington, East Office Manager, Patrice Hawkins Castro, Customer Service Manager

Implementation date: June 30, 2013 and ongoing.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-01	*Accounting for Capital Assets* - The City has made significant improvements in the accounting of capital assets during the current year through a concerted effort to improve this process. However, some opportunities for improvements still exist. We recommend that the City continue this improvement process, and continue to work with the agencies through increased training and communication. Furthermore, the methodology surrounding the resurfacing or replacing of streets should be modified to be consistent with US GAAP and critical spreadsheets should be reviewed for clerical errors.	Implemented.
11-02	*Waste Water Management Enterprise Fund - Donated Capital Assets* - We recommend that data relevant to the cost of permitted public improvements be submitted to accounting at the time a permit is issued, including a copy of the permit application and engineer's estimate. In addition, we recommend that on a semi-annual basis the accounting division obtain a certified listing of all permitted public improvements, including those accepted and in process, from the engineering division.	Implemented.
11-03	CDBG - Entitlement Grants Cluster *Reporting* - We recommend that a detailed review of reports be performed by someone other than the preparer prior to reports being submitted. The detailed review should include agreeing amounts and other information reported to supporting records and documentation of this review and should be maintained with the supporting documents used to prepare the report.	Implemented.
11-04	HOME Investment Partnerships Program *Reporting* - We recommend that staff follow updates to Office of Management and Budget (OMB) Circulars as well as ensure grant agreements are reviewed each year for any changes in requirements. Additionally, we recommend submitting required reports immediately in order to be in compliance with reporting guidelines.	Implemented.
11-05	ARRA Energy Efficiency and Conservation Block Grant Program (EECBG) *Reporting* - We recommend that a detailed review of reports be performed by someone other than the preparer prior to reports being submitted. The detailed review should include agreeing amounts and other information reported to supporting records and documentation of this review and should be maintained with the supporting documents used to prepare the report. Additionally, we recommend a coordinated effort be implemented involving all individuals contributing information to the reporting process, including a detailed time line schedule to help ensure reporting is timely.	Implemented.

City and County of Denver
Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-06	Various Agencies *Allowable Costs and Activities* - We recommend that DDHS improve the process of capturing all entries required for State reporting. Additionally, the monthly reconciliation performed by DDHS should be expanded to include a reconciliation of IBTs as well as all other potentially reportable items in order to identify discrepancies that could result in either the over or under reporting of expenditures in CFMS.	Implemented.
11-07	Temporary Assistance for Needy Families (TANF) Cluster *Eligibility and Special Tests and Provisions - Income Eligibility and Verification System* - We recommend that DDHS continue to refine the workflow management system and oversight to help improve the timely processing of applications and redeterminations as well as to ensure disposition of IEVS discrepancies are occurring timely. In addition, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In order for the review process to be an effective control, management should continue to develop the case review tool in the workflow management system and reviews should occur on a timely basis compared to case processing, such as prior to finalizing a case in CBMS. Furthermore, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of resolving IEVS discrepancies and documenting the disposition in CBMS.	Not implemented. See current year finding at 2012-01.
11-08	Temporary Assistance for Needy Families (TANF) Cluster *Reporting* - We recommend that DDHS continue to develop the workflow management system implemented to help improve processing of applications and redeterminations. Additionally, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In conjunction with this system, management has also implemented a case comment template which requires all information relating to the case be input at the time of application and redetermination, in addition to any changes made throughout the year, to improve processing and accuracy of data. Management should ensure the case comment template is consistently utilized by technicians and emphasize its importance to ensuring that information is being input into CBMS accurately.	Not implemented. See current year finding at 2012-02.
11-09	Temporary Assistance for Needy Families (TANF) Cluster *Special Tests and Provisions - Failure to Comply with Work Verification Plan* - 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 receipt of the selection. Furthermore, DDHS should utilize, in addition to its Quality Assurance Audit Log database, its workflow management system to assign due dates for reviews in order to increase accountability of supervisors to perform reviews timely.	Finding is no longer valid. The State of Colorado suspended work verification reviews for all counties during 2012.

City and County of Denver

Schedule of Prior Audit Findings (Continued)

Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-10	Child Support Enforcement and ARRA - Child Support Enforcement *Allowable Costs and Activities* - Because these separation payments usually result in an unusually large payment, we recommend that DDHS enhance the review process to ensure there are no anomalies within the CEDS uploads for each pay period and that all coding appears reasonable. Additionally, City payroll should provide notification as to the time period for which any separation payments are made to assist DDHS in identifying and correcting the account coding. Furthermore, we recommend that DDHS incorporate the Budget Review report or other analytical tools into their monthly review of IBT's to help identify separation payments included within the IBT total.	Implemented.
11-11	Foster Care *Procurement, Suspension and Debarment* - We recommend that the Contracting Services Unit of DDHS update its current policies and procedures to ensure that the "Excluded Parties List" be reviewed prior to awarding a provider contract, purchase order or contract extension, and on an annual basis thereafter. Performance of such reviews should be documented by including supporting documentation in the contract file as well as electronically in the provider system. In addition, contracts should be reviewed to ensure that all required clauses are contained within the contract.	Implemented.
11-12	Medicaid Cluster *Eligibility* - We recommend that DDHS continue to refine the workflow management system and oversight to help improve the timely processing of applications and redeterminations. In addition, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In order for the review process to be an effective control, management should continue to develop the case review tool in the workflow management system and the reviews should occur on a timely basis compared to case processing, such as prior to finalizing a case CBMS.	Not implemented. See current year finding at 2012-07.
11-13	Medicaid Cluster *Reporting* - We recommend that DDHS continue to develop the workflow management system implemented to help improve processing of applications and redeterminations. Additionally, DDHS should evaluate its process and procedures over electronic scanning and receipt of information to ensure the data received from clients is maintained as support. In conjunction with this system, management has also implemented a case comment template which requires all information relating to the case be input at the time of application and redetermination, in addition to any changes made throughout the year, to improve processing and accuracy of data. Management should ensure the case comment template is consistently utilized by technicians and emphasize its importance to ensuring that information is being input into CBMS accurately. In order for the review process to be an effective control, management should continue to develop the case review tool in the workflow management system and the reviews should occur on a timely basis compared to case processing, such as prior to finalizing a case CBMS.	Not implemented. See current year finding at 2012-08.

City and County of Denver
Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-14	Homeland Security *Allowable Costs* - We recommend that the position in question be reassigned to a more appropriate lower-ranking officer or civilian to ensure that personnel costs are reasonable.	Implemented.