

Comprehensive Annual Financial Report

Year Ended December 31, 2014

2014



City and County of Denver, Colorado

Comprehensive Annual Financial Report

Year Ended December 31, 2014

2014

City and County of Denver, Colorado



prepared by

DEPARTMENT OF FINANCE

Controller's Office - Accounting and Financial Reporting Division

Cary Kennedy, Chief Financial Officer

Beth Machann, CGFM, Controller

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Introduction



Department of Finance
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May 28, 2015

Citizens of the City and County of Denver,
Honorable Mayor,
Honorable Auditor,
Honorable Clerk and Recorder,
Honorable Members of City Council, and
Audit Committee



Cary Kennedy
Deputy Mayor and Chief Financial Officer

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, 2014.

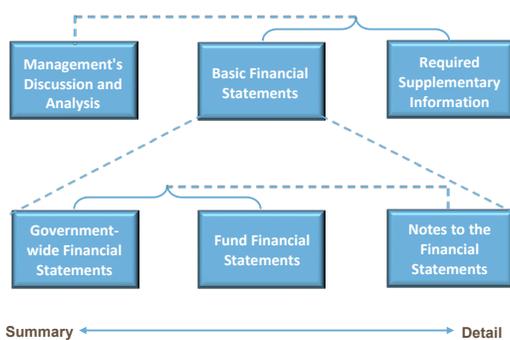
This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those 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, 2014, 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, 2014. 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.

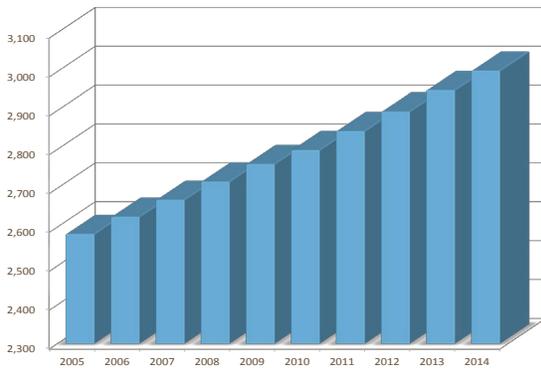
CITY PROFILE

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. In 2014, Denver had an estimated population of 663,862 for the core City and County. It is estimated that over 3 million people reside in the Denver metro area, which includes the suburban counties of Adams, Arapahoe, Boulder, Broomfield, Douglas and Jefferson.

Denver Metro Area's Suburban Population
(numbers in thousands)



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 of the metropolitan area generally mirrors that of the state. According to Colorado's Office of State Planning and Budgeting (OSPb), the economy momentum from 2014 will continue into 2015. Colorado job growth in 2014 crossed a broad range of sectors: Natural Resources & Mining (+13.1% y/y), Construction (+7.5% y/y), Leisure & Hospitality (+5.6% y/y), Health Care & Social Assistance

(+5.5% y/y), Manufacturing (+4.8% y/y), State Government (+2.2% y/y) and Local Government (+1.8% y/y). Colorado's growth has been driven by the economic expansion across the Front Range. This is a positive trend, and because of the economy's resiliency, the economy is expected to continue to grow. While low oil prices have contributed to the local economy, the impact of decreased investment and employment in the industry will be monitored and its impact on economic and employment growth will be taken into consideration. The state added 78,900 jobs in 2014, and as of January 2014 state unemployment was 4.2%, down from 6.6% in January 2013. Colorado's unemployment rate is below the national average of 5.6% for 2014, according to the OSPB.

CONSTRUCTION

The March 2014 OSPB Colorado Economic Perspective report states that nonresidential construction value strengthened in 2014 and is expected to modestly increase in 2015. The OSPB also projects 8.8% permit growth in 2015.

PERSONAL INCOME AND WAGES

The March 2014 OSPB Colorado Economic Perspective report shows that personal income growth increased 3.2% in 2014. According to the OSPB, personal income is forecast to increase modestly in 2015 in response to the lower unemployment rate.

CONSUMER SPENDING

Overall, consumer spending continues to increase according to the OSPB. Colorado retail trade sales are expected to increase 5% in 2015. Sales and use tax revenue, which makes up half of the City's General Fund revenue stream, increased by 12.7% in 2014. The City anticipates that core sales and use tax revenue will continue to grow approximately 5.6% in 2015.

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.

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 2014, an increasingly competitive employment market that increased vacancies and reduced spending on supplies and equipment all contributed to \$21 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 2014 was projected to be 22.0% of expenditures.

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, 2014, the City's general obligation bonded debt of \$867,646,000 subject to this restriction, was 35.8% of the \$2,426,732,000 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, 2014, 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

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 sunseting 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, 2013. 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 U.S. GAAP and applicable legal requirements. This was the thirty-fourth consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this 2014 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.

Furthermore, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City for its Popular Annual Financial Report (PAFR) for the fiscal year ending on December 31, 2013. The

Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal. This is the second year that the City has received this award. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning January 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another year.

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:

Now that the challenges of the recession are largely in the rearview mirror, I'm proud to report that Denver's economy is healthy and growing. In four short years, we have added 36,000 jobs and 2,200 new businesses in Denver, and our unemployment rate is down to 4 percent.

Sound financial management continues to position Denver as one of the strongest municipal economies in the nation. We have eliminated the budget deficit and again achieved a AAA credit rating.

Our plans for growing Denver's economy have been proactive and intentional – and because of our focused approach, this city of opportunity is open for business. From Union Station to the North Denver Cornerstone Collaborative, and from the South Platte River to Denver International Airport, we're investing in our neighborhoods and driving opportunity for residents and neighborhoods across the city.

We've improved customer service at the city so that residents can more efficiently and conveniently do business with us. We've eliminated the credit card convenience fee for a majority of our transactions and reduced wait times at the Department of Motor Vehicles, the Office of Excise and Licenses and the Department of Human Services, to name a few. We've also made it easier to adopt a pet from the animal shelter, register for an activity through Parks and Recreation, and to access city services via a mobile device or home computer using Pocketgov.com.

It's an especially exciting time to be in the Mile High City. Together, we are building a better Denver for everyone.

MAYOR'S CABINET AND CHIEF OF STAFF

Cary Kennedy

Deputy Mayor and Chief Financial Officer

Janice Sinden

Chief of Staff

Scott Martinez

City Attorney

Kim Day

Executive Director of Aviation

Doug Linkhart

Executive Director of Environmental Health

Stacie Loucks

Executive Director of Excise and Licenses

Adrienne Benavidez

Executive Director of General Services

Lauri Dannemiller

Executive Director of Parks and Recreation

Jose Cornejo

Executive Director of Public Works

Stephanie O'Malley

Executive Director of Safety

Penny May

Executive Director of Human Services

Brad Buchanan

Executive Director 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 Christopher Herndon
President
11th 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 Mary Beth Susman
5th District



Honorable Charlie Brown
6th District



Honorable Chris Nevitt
7th District



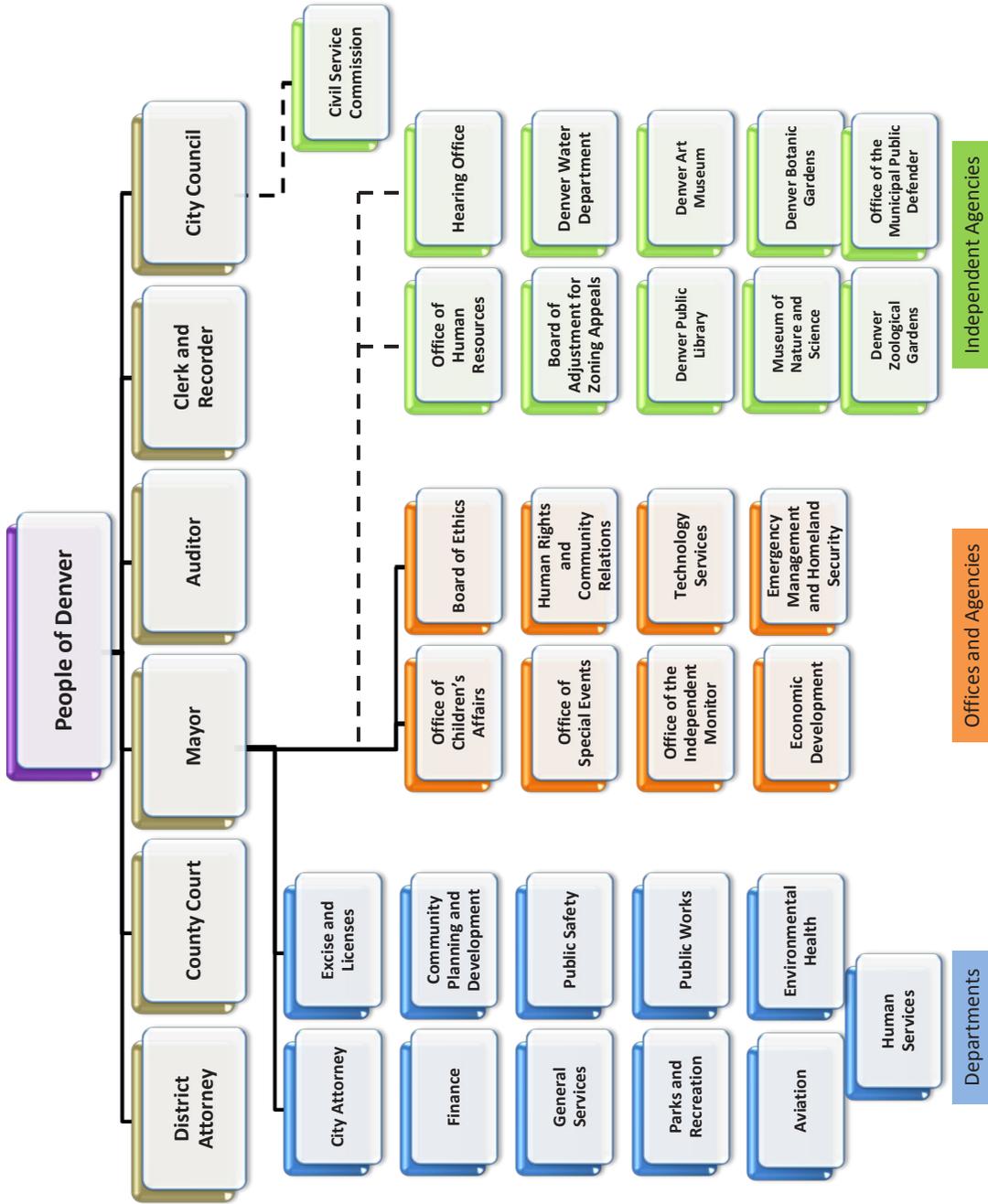
Honorable Albus Brooks
8th District



Honorable Judy Montero
President Pro-Tem
9th District

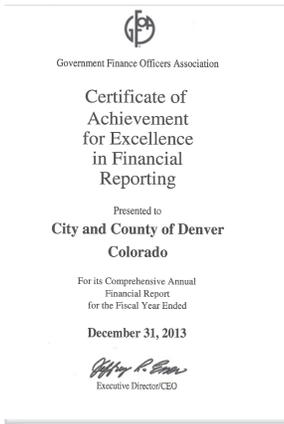


Honorable Jeanne Robb
10th District



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

OUTSTANDING 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, 2013.

The Certificate of Achievement is the highest form of recognition for excellence in state or local government financial reporting. The Certification of Achievement 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 a Certification of Achievement, 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 is valid for a period of one year only.

OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City and County of Denver for its Popular Annual Financial Report for the fiscal year ended December 31, 2013. The Award for Outstanding Achievement in popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding in Popular Annual Financial Reporting is valid for a period of one year only.

DISTINGUISHED BUDGET PRESENTATION AWARD

The GFOA presented a Distinguished Budget Presentation Award to the City and County of Denver for its annual budget for the fiscal year beginning January 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only.

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 fully 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



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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, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as 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, Denver Union Station Project Authority, and Denver Preschool Program, Inc., all of which are included as discretely presented component units, which represent 72.33 percent of total assets and 58.61 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2014, respectively. Those financial statements were audited by other auditors, whose reports 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, 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 Improvement District and the Fourteenth Street General Improvement District, both of which are included as blended component units, and the Denver Employee Retirement Plan, a fiduciary

Audit Committee
City and County of Denver

component unit, which represent 52.74 percent of total assets and 24.13 percent of total revenues of the aggregate remaining fund information as of and for the year ended December 31, 2014, respectively. Those financial statements were audited by other auditors, whose reports 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, the Fourteenth Street General Improvement District, and the Denver Employee Retirement Plan, 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, 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 the Gateway Village General Improvement District and the Fourteenth Street General Improvement District, blended component units, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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, 2014 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
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other postemployment benefits 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 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.

Other 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 accompanying combining and individual fund statements and schedules listed in the table of contents, are 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 2014 information has been subjected to the auditing procedures applied 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, the 2014 information is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2014, as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements as of and for the year ended December 31, 2013, which are not presented with the accompanying financial statements. In our report dated May 30, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. In our opinion, the general fund balance sheet as of December 31, 2013 and related statement of revenues, expenditures, and changes in fund balance for the year then ended supplementary information are fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2013, taken as a whole.

The introductory and statistical section 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 in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Audit Committee
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015 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 28, 2015

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, 2014. 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,403,595,000 (net position). Of this amount, \$984,311,000 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$316,916,000, or 10.3% over the prior year.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$854,206,000, an increase of \$80,501,000 from the prior year. Approximately 31.3% or \$267,764,000 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 \$267,764,000 which represents 25.1% of total General Fund expenditures, including transfers out.
- The City's total bonded debt decreased by \$216,923,000 during the year. Decreases occurred in the general obligation bonds and 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, liabilities, and deferred inflows/outflows of resources, with the difference 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, and asphalt plant operations. The internal service funds provide services which predominantly benefit governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities related to the enterprise funds in the government-wide financial statements.

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

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

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

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

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

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules and the implicit rate subsidy on other postemployment benefits.

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 \$3,403,595,000 at the close of the most recent fiscal year.

A portion of the City's net position, \$984,311,000 (28.9%), 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 \$1,227,466,000 (36.1%) 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 \$1,191,818,000 (35%) 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, 2014 and 2013:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,431,952	\$ 1,352,355	\$ 2,152,571	\$ 2,339,092	\$ 3,584,523	\$ 3,691,447
Capital assets	2,852,516	2,848,895	3,927,196	3,762,887	6,779,712	6,611,782
Total assets	4,284,468	4,201,250	6,079,767	6,101,979	10,364,235	10,303,229
Deferred outflows	49,134	36,765	217,751	229,667	266,885	266,432
Noncurrent liabilities	1,715,368	1,783,592	4,532,566	4,723,596	6,247,934	6,507,188
Other liabilities	186,631	176,783	441,354	447,994	627,985	624,777
Total liabilities	1,901,999	1,960,375	4,973,920	5,171,590	6,875,919	7,131,965
Deferred inflows	348,514	347,482	3,092	3,535	351,606	351,017
Net position						
Net investment in capital assets	1,420,817	1,366,632	(193,351)	(192,372)	1,227,466	1,174,260
Restricted	524,017	481,937	667,801	671,317	1,191,818	1,153,254
Unrestricted	138,255	81,589	846,056	677,576	984,311	759,165
Total net position	\$ 2,083,089	\$ 1,930,158	\$ 1,320,506	\$ 1,156,521	\$ 3,403,595	\$ 3,086,679

Table 2 reflects the City's changes in net position (dollars in thousands) for the years ended December 31, 2014 and 2013:

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 366,736	\$ 346,842	\$ 852,923	\$ 795,617	\$ 1,219,659	\$ 1,142,459
Operating grants and contributions	187,247	179,412	121,690	103,513	308,937	282,925
Capital grants and contributions	54,479	69,512	28,912	38,701	83,391	108,213
General revenues:						
Facilities development admissions tax	9,262	8,721	-	-	9,262	8,721
Lodgers tax	75,579	63,482	-	-	75,579	63,482
Motor vehicle ownership fee	23,944	21,000	-	-	23,944	21,000
Occupational privilege tax	46,438	44,515	-	-	46,438	44,515
Property tax	347,079	331,914	-	-	347,079	331,914
Sales and use tax	615,735	539,348	-	-	615,735	539,348
Specific ownership tax	213	193	-	-	213	193
Telephone tax	10,148	8,964	-	-	10,148	8,964
Investment income	14,928	2,525	45,205	24,357	60,133	26,882
Other revenues	25,511	35,368	2,225	948	27,736	36,316
Total revenues	1,777,299	1,651,796	1,050,955	963,136	2,828,254	2,614,932
Expenses						
General government	319,464	262,466	-	-	319,464	262,466
Public safety	592,270	563,658	-	-	592,270	563,658
Public works	193,207	164,837	-	-	193,207	164,837
Human services	114,727	114,624	-	-	114,727	114,624
Health	59,216	54,453	-	-	59,216	54,453
Parks and recreation	80,199	89,305	-	-	80,199	89,305
Cultural activities	128,799	123,248	-	-	128,799	123,248
Community development	39,598	35,142	-	-	39,598	35,142
Economic opportunity	21,091	21,218	-	-	21,091	21,218
Interest on long-term debt	66,306	70,030	-	-	66,306	70,030
Wastewater management	-	-	102,688	105,679	102,688	105,679
Denver airport system	-	-	773,345	801,786	773,345	801,786
Other enterprise funds	-	-	20,428	19,828	20,428	19,828
Total expenses	1,614,877	1,498,981	896,461	927,293	2,511,338	2,426,274
Change in net position before transfers	162,422	152,815	154,494	35,843	316,916	188,658
Transfers	575	275	(575)	(275)	-	-
Transfers of capital assets	(10,066)	-	10,066	-	-	-
Change in net position	152,931	153,090	163,985	35,568	316,916	188,658
Net position - January 1	1,930,158	1,777,068	1,156,521	1,120,953	3,086,679	2,898,021
Net position - December 31	\$ 2,083,089	\$ 1,930,158	\$ 1,320,506	\$ 1,156,521	\$ 3,403,595	\$ 3,086,679

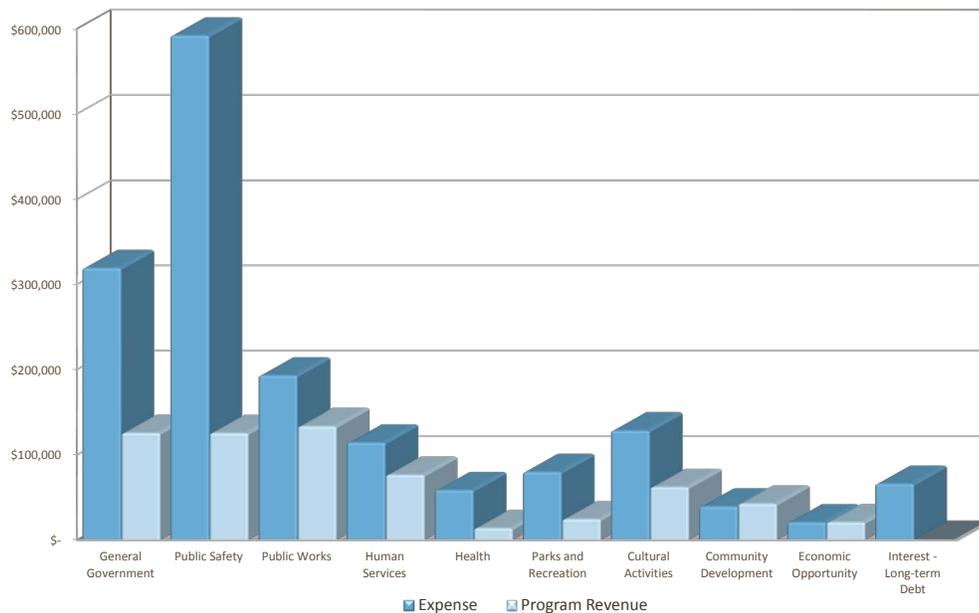
Governmental activities increased the City's net position by \$152,931,000 for the year ended December 31, 2014. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 85.3% of all tax revenues and 54.2% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled \$347,079,000 for an increase of \$15,165,000 (4.6%) while sales and use tax revenues of \$615,735,000 were up \$76,387,000 (14.2%) compared to 2013, reflecting a moderate growth in the 2014 economy.
- Investment income increased by \$12,403,000 (491.2%) due to the increase in interest rates nationally and an increase in the unrealized gains for the investment portfolio.
- Total expenses increased by \$115,896,000 (7.7%) primarily due to an increase in costs for goods and services.

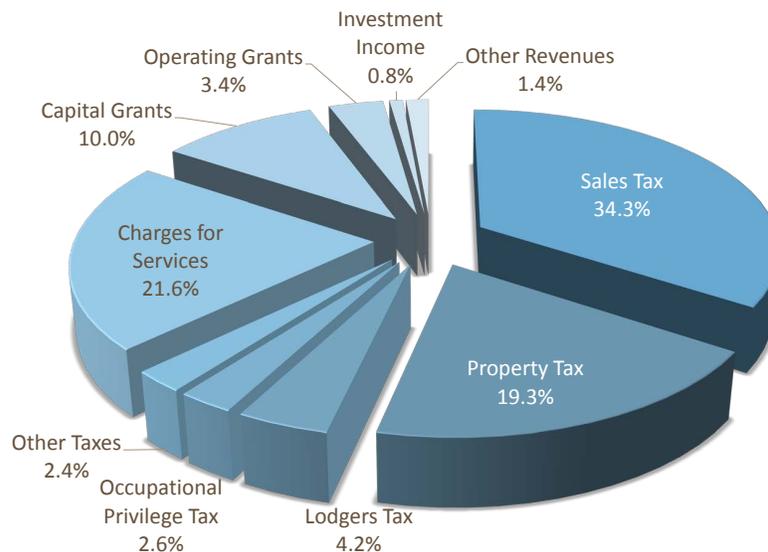
General government expenses in 2014 were \$319,464,000 (19.8%) of total expenses. Public safety expenses were \$592,270,000 (36.7%) of total expenses. Public works' expenses were \$193,207,000 (12%) of total expenses. Cultural activities were \$128,799,000 (8%) of total expenses. Human services' expenses were \$114,727,000 (7.1%) of total expenses. The remainder of the governmental activities expenses is comprised of health with \$59,216,000 (3.7%), parks and recreation with \$80,199,000 (5%), community development with \$39,598,000 (2.5%), economic opportunity with \$21,091,000 (1.2%), and interest on long-term debt of \$66,306,000 (4.0%).

Expenses and Program Revenues - Governmental Activities

dollars in thousands



Revenues by Source - Governmental Activities

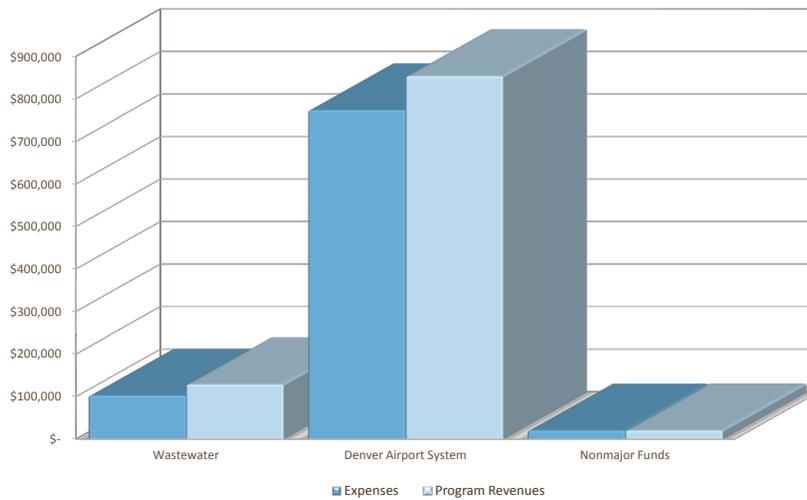


Business-type activities increased the City's net position by \$163,985,000. Key elements of this modest increase are as follows:

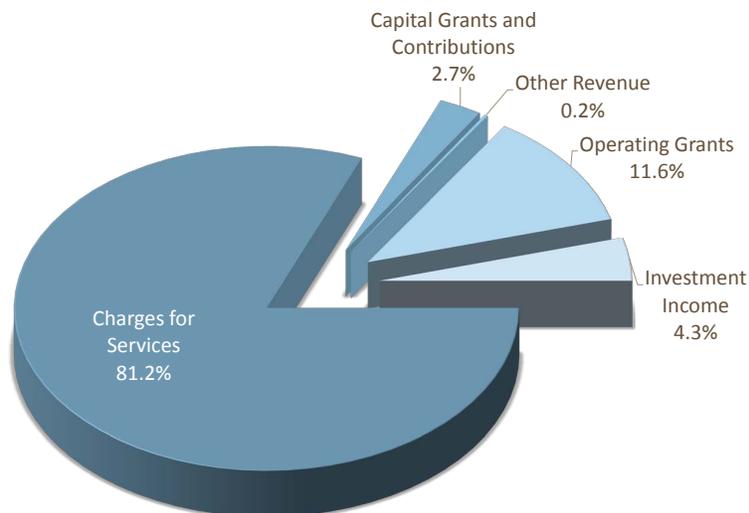
- Total revenues of \$1,050,955,000 were \$87,819,000 (9.1%) higher compared to prior year amounts. This was primarily due to the increased rates for landing fees, additional facility rent revenues, and increased parking and car rental revenues at the Denver Airport System and a rate increase for both sanitary and storm fees at Wastewater Management.
- Total expenses of \$896,461,000 decreased by \$30,832,000 (3.3%) when compared to the prior year. Wastewater Management expenses in 2014 totaled \$102,688,000 (11.5%) of total business-type activities. Denver Airport System expenses totaled \$773,345,000 (86.2%) of business-type activities. The remaining \$20,428,000 (2.3%) 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, 2014, the City's governmental funds reported combined ending fund balances of \$854,206,000 an increase of \$80,501,000 in comparison with the prior year. Approximately 31.3% or \$267,764,000 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, 2014, unassigned fund balance of the General Fund was \$267,764,000 while total fund balance was \$364,016,000. 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 25.1% of total General Fund expenditures, including transfers out, of \$1,066,880,000, while total fund balance represents 34.1% of the same amount.

The total fund balance of the City's General Fund increased by \$76,681,000 (26.7%) during the year ended December 31, 2014. This is a result of recovering revenues following the economic downturn and cost savings measures implemented to reduce overall expenditures.

Almost every revenue source increased slightly in 2014 due to a recovery of the economy. Total General Fund revenues including transfers in of \$1,124,522,000, increased by \$93,122,000 or 9%. Certain revenues in the General Fund that increased from 2013 to 2014 include:

- Sales and use taxes earned were higher by \$62,426,000. This increase is primarily attributable to the continuing expansion of the economy and retail marijuana sales tax collections related to the implementation of Amendment 64.
- Lodgers taxes were higher by \$3,460,000 largely as a result of an increased amount of conventions and conferences hosted within Denver.
- Motor Vehicle ownership revenue increased by \$2,944,000 as a result of an increase in vehicle registrations.
- Property taxes were higher by \$3,598,000 due to higher collections allowed by TABOR and increasing property values.
- Licenses and permits revenues increased by \$5,509,000 largely due to an increase in construction activity as well as a higher number of street occupancy permits issued over the previous year.
- Intergovernmental revenues were higher by \$3,978,000. Factors contributing to this increase include additional revenues received from Federal, State, and local sources.

Investment income increased by \$5,609,000 primarily due to unrealized gains being higher at year-end than the previous year.

The national and local economies continued to recover in 2014 following the recession of 2009. The City continued to monitor 2014 expenditures. Total General Fund expenditures, including transfers out, increased by \$95,662,000, or 9.8%. The primary drivers of this increase are personnel cost increases and transfers out.

The Human Services special revenue fund had a total fund balance of \$55,193,000. This amounts to a net increase in fund balance of \$14,802,000 during the current year. The underlying reasons for the change include increased cash and decreased liabilities at year-end when compared to 2013 due to increased property tax revenue resulting from an improving economy.

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 \$580,875,000 and for the Denver Airport System net position was \$699,412,000. Net position for all enterprise funds increased \$164,080,000. 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 2014, prepared in the summer of 2013, assumed moderate growth in the local and national economies. Sales and use tax revenue was originally projected to grow by 3.75% over the 2013 revised forecast and total General Fund revenue was projected to increase by 3.1% over 2013 revised figures. In the summer of 2014, the original General Fund revenue forecast, including transfers in, was revised upward by \$66,482,000 or 6.4% over original projections. Major factors contributing to this upward adjustment include:

- The sales and use tax estimate was revised upward by \$41,622,600 or 8.3% due largely to the economy expanding more rapidly than originally anticipated.
- Lodgers' tax, occupational privilege tax and motor vehicle ownership tax were revised upward by a combined \$7,993,400 or 9.7% based on strong mid-year actual collections.
- Retail marijuana shareback revenue from the State was incorporated into the revised 2014 budget, reflecting an additional \$1,919,600 in projected revenue.
- Licenses and permitting revenue projections were revised upward by \$4,887,400 or 15.4%. This increase was largely driven by an upward adjustment to the revenue projection for street occupancy permits.
- Transfer revenue was revised upward by \$9,435,200 or 26.1% to account for additional Convention Center excise tax revenue and Convention Center Hotel special revenue fund 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.

In 2014, actual General Fund revenues, including transfers in, were approximately \$14,580,000 or 1.3% higher than the revised budget for 2014. General Fund budget basis expenditures were approximately \$43,611,000 less than the revised 2014 budget. This is due to achieving expected unspent appropriations, due in large part to compensation savings.

CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of December 31, 2014, were \$6,779,712 (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, 2014 and 2013 are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land and construction in progress	\$ 339,501	\$ 380,878	\$ 1,010,412	\$ 765,747	\$ 1,349,913	\$ 1,146,625
Buildings and Improvements	2,359,329	2,299,029	5,178,909	5,100,647	7,538,238	7,399,676
Equipment and other	329,002	320,602	792,298	789,536	1,121,300	1,110,138
Collections	46,661	53,741	-	-	46,661	53,741
Infrastructure	1,506,179	1,417,729	-	-	1,506,179	1,417,729
Less accumulated depreciation	(1,728,156)	(1,623,084)	(3,054,423)	(2,893,043)	(4,782,579)	(4,516,127)
Total	\$ 2,852,516	\$ 2,848,895	\$ 3,927,196	\$ 3,762,887	\$ 6,779,712	\$ 6,611,782

Major capital asset activity for the year ended December 31, 2014 included the following:

- Governmental Activities – The New Fire Station at Lowry and Botanic Gardens projects were placed in service in 2014 as part of the Better Denver Bond projects.
- Business-type Activities – Additions to the Wastewater Collection system of \$16,823,000 occurred in 2014 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, 2014, the City had total bonded indebtedness of \$5,389,731,000 (excluding GID Bond of \$4,535,000). Of this amount, \$867,646,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt, \$4,522,085,000 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, 2014.

As of December 31, 2014, the City's general obligation debt is rated AAA by Standard & Poor's rating agency, Fitch Ratings, and Moody's Investors Service.

On December 12, 2014, the Airport system closed on the restructuring of debt to extend the maturity of the Series 2002C, 2007G1-G-2, 2008B, 2008C1-C3 and 2009C bonds. These transactions, in conjunction with the simultaneous closing of the Series 2014A bonds (closed on October 24th, 2014), which refunded a \$114,325,000 portion of the Series 2007F1-F4 bonds, will defer annual principle maturing with a goal of providing an estimated amount of debt service relief to the airlines of \$25,000,000 per year between 2015 and 2025.

Outstanding bonded debt at December 31, 2014, and 2013, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 867,646	\$ 903,939	\$ -	\$ -	\$ 867,646	\$ 903,939
Revenue bonds	191,150	211,325	4,330,935	4,491,390	4,522,085	4,702,715
Total	\$ 1,058,796	\$ 1,115,264	\$ 4,330,935	\$ 4,491,390	\$ 5,389,731	\$ 5,606,654

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 2015 budget assumes moderate growth in the local economy. The 2015 General Fund original revenues, including transfers in, are projected to be \$1,163,571,000, which is an increase of 3.5% from actual 2014 revenues. It is anticipated that 2015 revenues will be revised upward to reflect better than expected performance in 2014 and the early part of 2015. Measures have been taken to have expenditures be in line with anticipated revenues.

It is anticipated that fund balance will increase during 2015 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

Statement of Net Position

December 31, 2014 (dollars in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash on hand	\$ 10,481	\$ -	\$ 10,481	\$ -
Cash and cash equivalents	736,812	56,494	793,306	26,687
Investments	-	872,792	872,792	-
Receivables (net of allowances):				
Taxes	428,618	-	428,618	96,384
Notes	70,990	-	70,990	-
Accounts	25,479	56,280	81,759	4,094
Accrued interest	4,380	8,664	13,044	200
Other	-	-	-	13,751
Due from other governments	26,120	-	26,120	-
Internal balances	2,293	(2,293)	-	-
Inventories	2,737	14,948	17,685	-
Prepaid items and other assets	468	2,247	2,715	1,351
Restricted assets:				
Cash and cash equivalents	57,088	43,276	100,364	135,964
Investments	-	1,008,297	1,008,297	72,426
Accounts receivable	-	8,810	8,810	-
Accrued interest receivable	-	2,319	2,319	-
Other receivables	-	10,416	10,416	-
Prepaid items	-	5,960	5,960	-
Long-term receivables (net of allowances)	53,057	10,876	63,933	154,246
Denver Water CIS (net of amortization)	-	2,756	2,756	-
Prepaid expense	-	4,072	4,072	-
Prepaid bond insurance and other assets	735	-	735	6,439
Interest rate swaps	-	46,657	46,657	-
Assets held for disposition	12,694	-	12,694	-
Capital assets:				
Land and construction in progress	339,501	1,010,412	1,349,913	23,550
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	2,513,015	2,916,784	5,429,799	215,286
Total Assets	4,284,468	6,079,767	10,364,235	750,378
Deferred outflow of resources				
Accumulated decrease in fair value of hedging derivatives	34,773	26,753	61,526	-
Deferred amount on refunding	14,361	190,998	205,359	27,679
Liabilities				
Vouchers payable	65,478	34,020	99,498	6,971
Accrued liabilities	61,765	58,645	120,410	43,725
Unearned revenue	13,053	43,486	56,539	19
Interest rate swaps	39,787	216,833	256,620	-
Advances	6,204	-	6,204	4,324
Due to taxing unit	344	-	344	-
Due to other governments	-	3,433	3,433	6,472
Liabilities payable from restricted assets	-	84,937	84,937	-
Noncurrent liabilities:				
Due within one year	113,388	161,932	275,320	36,481
Due in more than one year	1,601,980	4,370,634	5,972,614	954,146
Total Liabilities	1,901,999	4,973,920	6,875,919	1,052,138
Deferred inflow of resources				
Deferred amount on refunding	-	3,092	3,092	-
Property taxes	348,514	-	348,514	80,163
Net Position				
Net investment in capital assets	1,420,817	(193,351)	1,227,466	(113,829)
Restricted for:				
Capital projects and grants	372,847	25,483	398,330	86,914
Emergency use	42,160	-	42,160	270
Debt service	92,461	642,318	734,779	61,930
Donor and other restrictions:				
Expendable	11,246	-	11,246	4,514
Nonexpendable	3,000	-	3,000	-
Other purposes	2,303	-	2,303	-
Unrestricted (deficit)	138,255	846,056	984,311	(394,043)
Total Net Position (Deficit)	\$ 2,083,089	\$ 1,320,506	\$ 3,403,595	\$ (354,244)

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2014 (dollars in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 319,464	\$ 97,289	\$ 23,694	\$ 3,946
Public safety	592,270	86,010	26,861	-
Public works	193,207	71,653	20,654	35,699
Human services	114,727	715	76,207	-
Health	59,216	2,094	12,415	-
Parks and recreation	80,199	9,812	546	14,462
Cultural activities	128,799	60,298	1,650	200
Community development	39,598	25,741	17,064	172
Economic opportunity	21,091	13,124	8,156	-
Interest on long-term debt	66,306	-	-	-
Total Governmental Activities	1,614,877	366,736	187,247	54,479
Business-type Activities:				
Wastewater management	102,688	120,806	-	8,379
Denver airport system	773,345	711,490	121,690	20,533
Environmental services	8,174	9,746	-	-
Golf course	12,254	10,881	-	-
Total Business-type Activities	896,461	852,923	121,690	28,912
Total Primary Government	\$ 2,511,338	\$ 1,219,659	\$ 308,937	\$ 83,391
Component Units	\$ 273,704	\$ 91,546	\$ 5,217	\$ -

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

Capital asset transfers

Total General Revenues and Transfers

Change in net position

Net position (deficit) - January 1

Net Position (Deficit) - December 31

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (194,535)	\$ -	\$ (194,535)	
(479,399)	-	(479,399)	
(65,201)	-	(65,201)	
(37,805)	-	(37,805)	
(44,707)	-	(44,707)	
(55,379)	-	(55,379)	
(66,651)	-	(66,651)	
3,379	-	3,379	
189	-	189	
(66,306)	-	(66,306)	
(1,006,415)	-	(1,006,415)	
-	26,497	26,497	
-	80,368	80,368	
-	1,572	1,572	
-	(1,373)	(1,373)	
-	107,064	107,064	
(1,006,415)	107,064	(899,351)	
			\$ (176,941)
9,262	-	9,262	-
75,579	-	75,579	2,218
23,944	-	23,944	-
46,438	-	46,438	-
347,079	-	347,079	73,581
615,735	-	615,735	28,224
213	-	213	222
10,148	-	10,148	-
14,928	45,205	60,133	9,496
25,511	2,225	27,736	27,120
575	(575)	-	-
(10,066)	10,066	-	-
1,159,346	56,921	1,216,267	140,861
152,931	163,985	316,916	(36,080)
1,930,158	1,156,521	3,086,679	(318,164)
\$ 2,083,089	\$ 1,320,506	\$ 3,403,595	\$ (354,244)

Balance Sheet - Governmental Funds

December 31, 2014 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Assets				
Cash on hand	\$ 140	\$ 213	\$ 10,128	\$ 10,481
Cash and cash equivalents	270,048	49,454	372,131	691,633
Receivables (net of allowances of \$137,262)				
Taxes	180,913	58,041	189,664	428,618
Notes	2,785	-	68,205	70,990
Accounts	19,541	11,328	46,708	77,577
Accrued interest	1,876	-	2,131	4,007
Interfund receivable	9,077	7	1,394	10,478
Due from other governments	-	3,140	22,980	26,120
Prepaid items and other assets	425	-	43	468
Restricted assets:				
Cash and cash equivalents	51,218	-	5,870	57,088
Assets held for disposition	11,436	-	1,258	12,694
Total Assets	\$ 547,459	\$ 122,183	\$ 720,512	\$ 1,390,154
Liabilities and Fund Balances				
Liabilities:				
Vouchers payable	\$ 19,921	\$ 2,915	\$ 41,142	\$ 63,978
Accrued liabilities	35,582	2,873	1,690	40,145
Due to taxing units	266	-	78	344
Interfund payable	3,548	2,212	1,854	7,614
Unearned revenue	656	338	12,059	13,053
Advances	-	201	8,003	8,204
Compensated absences	-	-	49	49
Total Liabilities	59,973	8,539	64,875	133,387
Deferred Inflows of Resources:				
Unavailable revenues - property tax	109,534	58,451	181,519	349,504
Unavailable revenues - long-term receivables	13,936	-	39,121	53,057
Total Deferred Inflows of Resources	123,470	58,451	220,640	402,561
Fund Balances:				
Nonspendable	425	-	3,038	3,463
Restricted	65,439	55,193	399,917	520,549
Committed	30,388	-	3,966	34,354
Assigned	-	-	28,076	28,076
Unassigned	267,764	-	-	267,764
Total Fund Balances	364,016	55,193	434,997	854,206
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 547,459	\$ 122,183	\$ 720,512	\$ 1,390,154

See accompanying notes to basic financial statements.

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

December 31, 2014 (dollars in thousands)

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

Total fund balance-governmental funds.	\$ 854,206
Capital assets used in governmental activities, excluding internal service funds of \$22,108 are not financial resources, and therefore, are not reported in the funds.	2,830,408
Accrued interest payable not included in the funds.	(21,106)
Deferred inflow of resources related to property taxes and long-term receivables are not available to pay for current-period expenditures, and therefore, are not recorded in the funds.	54,047
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Accumulated decrease in fair value of hedging derivatives	34,773
Loss on refunding	14,361
Interest rate swap liability.	(39,787)
Prepaid bond insurance, net of accumulated amortization.	735
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.	20,904
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 \$49,916).	(1,665,452)
Net position of governmental activities	<u>\$ 2,083,089</u>

See accompanying notes to basic financial statements.

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

For the Year Ended December 31, 2014 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Facilities development admission	\$ -	\$ -	\$ 9,262	\$ 9,262
Lodgers	21,062	-	54,517	75,579
Motor vehicle ownership fee	23,944	-	-	23,944
Occupational privilege	46,438	-	-	46,438
Property	112,120	57,728	177,231	347,079
Sales and use	555,428	-	52,879	608,307
Specific ownership	-	-	213	213
Telephone	2,680	-	7,468	10,148
Special assessments	-	-	1,913	1,913
Licenses and permits	48,425	-	1,538	49,963
Intergovernmental revenues	31,647	75,370	111,189	218,206
Charges for services	169,047	715	67,315	237,077
Investment and interest income	7,499	-	6,914	14,413
Fines and forfeitures	51,954	-	2,518	54,472
Contributions	-	777	4,801	5,578
Other revenue	8,233	295	46,132	54,660
Total Revenues	1,078,477	134,885	543,890	1,757,252
Expenditures				
Current:				
General government	211,460	-	93,019	304,479
Public safety	500,627	-	74,185	574,812
Public works	129,111	-	92,702	221,813
Health	48,957	-	10,512	59,469
Human services	-	113,799	-	113,799
Parks and recreation	57,476	-	12,825	70,301
Cultural activities	41,064	-	66,074	107,138
Community development	18,152	-	21,317	39,469
Economic opportunity	527	-	20,558	21,085
Debt service:				
Principal retirement	6,434	3,848	85,603	95,885
Interest	1,072	943	67,412	69,427
Bond issuance costs	-	-	500	500
Capital outlay	-	-	32,697	32,697
Total Expenditures	1,014,880	118,590	577,404	1,710,874
Excess (deficiency) of revenues over (under) expenditures	63,597	16,295	(33,514)	46,378
Other Financing Sources (Uses)				
Sale of capital assets	99	-	1,685	1,784
Issuance of capital leases	18,763	-	1,142	19,905
Issuance of bonds	-	-	12,000	12,000
Insurance recoveries	177	7	316	500
Transfers in	46,045	75	66,550	112,670
Transfers out	(52,000)	(1,575)	(59,161)	(112,736)
Total Other Financing Sources (Uses)	13,084	(1,493)	22,532	34,123
Net change in fund balances	76,681	14,802	(10,982)	80,501
Fund balances - January 1	287,335	40,391	445,979	773,705
Fund Balances - December 31	\$ 364,016	\$ 55,193	\$ 434,997	\$ 854,206

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, 2014 (dollars in thousands)

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

Net change in fund balances - total governmental funds	\$ 80,501
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	122,282
Depreciation expense (excluding internal service)	(139,382)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	24,307
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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:	
General obligation bonds issued	(12,796)
Capital lease obligations	(19,905)
Principal retirement on bonds	71,987
Premium, discounts, and deferred gain (loss) on refunding	7,249
Capital lease principal payments	26,072
Principal payments on note payable	400
Principal payments on intergovernmental agreement	560
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)	(2,838)
Accrued interest payable	(14)
Legal liability	(2,572)
Pollution remediation	409
Net OPEB obligation	(2,435)
Amortization of imputed debt-swap	515
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.	(1,409)
Change in net position of governmental activities	\$ 152,931

See accompanying notes to basic financial statements.

Statement of Net Position - Proprietary Funds

December 31, 2014 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,270	\$ 33,358
Investments	7,578	77,417
Receivables (net of allowance for uncollectibles of \$371):		
Accounts	13,804	40,386
Accrued interest	398	8,149
Inventories	-	14,781
Interfund receivable	230	32
Prepaid items and other assets	715	1,532
Restricted assets:		
Cash and cash equivalents	-	40,996
Investments	1,679	95,142
Accounts receivable	-	8,386
Accrued interest receivable	-	2,307
Other receivables	-	10,416
Prepaid items	-	5,960
Total Current Assets	26,674	338,862
Noncurrent assets:		
Investments - restricted	12,468	899,008
Investments - unrestricted	56,274	731,523
Capital assets:		
Land and construction in progress	24,557	981,462
Buildings and improvements	16,736	2,072,964
Improvements other than buildings	782,020	2,278,187
Machinery and equipment	15,558	771,108
Accumulated depreciation	(271,163)	(2,763,392)
Net capital assets	567,708	3,340,329
Long-term receivables (net of allowances)	-	10,876
CIS net	2,756	-
Prepaid expense and other	1	4,071
Interest rate swaps	-	46,657
Total Noncurrent Assets	639,207	5,032,464
Total Assets	665,881	5,371,326
Deferred Outflow		
Accumulated decrease in fair value of hedging derivatives	-	26,753
Deferred amount on refunding	653	190,345

See accompanying notes to basic financial statements.

				Governmental	
				Activities	
Other		Total		Internal	
Enterprise		Enterprise		Service	
Funds		Funds		Funds	
\$	20,866	\$	56,494	\$	45,179
	-		84,995		-
	2,090		56,280		959
	117		8,664		373
	167		14,948		2,737
	2		264		3,802
	-		2,247		-
	2,280		43,276		-
	-		96,821		-
	424		8,810		-
	12		2,319		-
	-		10,416		-
	-		5,960		-
	25,958		391,494		53,050
	-		911,476		-
	-		787,797		-
	4,393		1,010,412		5,653
	13,463		2,103,163		20,616
	15,539		3,075,746		-
	5,632		792,298		11,933
	(19,868)		(3,054,423)		(16,094)
	19,159		3,927,196		22,108
	4,150		15,026		-
	-		2,756		-
	-		4,072		-
	-		46,657		-
	23,309		5,694,980		22,108
	49,267		6,086,474		75,158
	-		26,753		-
	-		190,998		-

continued

Statement of Net Position - Proprietary Funds, continued

December 31, 2014 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	\$ 219	\$ 33,121
Revenue bonds payable	2,715	-
Accrued liabilities	1,265	53,958
Unearned revenue	17,666	25,472
Interfund payable	1,314	4,824
Advances	-	-
Capital lease obligations	562	-
Compensated absences	844	2,608
Claims reserve	-	-
Construction payable	2,931	-
Due to other governments	3,433	-
Current liabilities (payable from restricted assets):		
Vouchers payable	-	20,110
Retainages payable	-	30,839
Notes payable	-	5,640
Accrued interest and other liabilities	-	25,882
Other accrued liabilities	-	7,752
Revenue bonds payable	-	148,140
Total Current Liabilities	30,949	358,346
Noncurrent liabilities:		
Interest rate swaps	-	216,833
Notes payable	-	15,347
Revenue bonds payable, net	45,596	4,289,099
Capital lease obligations	6,857	-
Compensated absences	2,257	6,295
Claims reserve	-	-
Total Noncurrent Liabilities	54,710	4,527,574
Total Liabilities	85,659	4,885,920
Deferred Inflows of Resources		
Deferred amount on refundings	-	3,092
Net Position		
Net investment in capital assets	523,194	(730,285)
Restricted for:		
Capital projects	-	23,121
Debt service	-	642,318
Unrestricted	57,681	764,258
Total Net Position	\$ 580,875	\$ 699,412

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.

				Governmental Activities	
Other Enterprise Funds		Total Enterprise Funds		Internal Service Funds	
\$	680	\$	34,020	\$	1,500
	515		3,230		-
	490		55,713		465
	348		43,486		-
	423		6,561		369
	-		-		2,150
	604		1,166		796
	304		3,756		460
	-		-		9,130
	-		2,931		-
	-		3,433		-
	354		20,464		-
	-		30,839		-
	-		5,640		-
	-		25,882		-
	-		7,752		-
	-		148,140		-
	3,718		393,013		14,870
	-		216,833		-
	-		15,347		-
	2,978		4,337,673		-
	1,322		8,179		16,562
	884		9,436		627
	-		-		22,341
	5,184		4,587,468		39,530
	8,902		4,980,481		54,400
	-		3,092		-
	13,740		(193,351)		2,600
	2,362		25,483		-
	-		642,318		-
	24,263		846,202		18,158
\$	40,365		1,320,652	\$	20,758
			(146)		
		\$	1,320,506		

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Operating Revenues		
Charges for services	\$ 120,806	\$ 711,490
Other revenue	-	-
Total Operating Revenues	120,806	711,490
Operating Expenses		
Personnel services	21,176	134,699
Contractual services	18,022	194,712
Supplies and materials	1,659	84,151
Depreciation and amortization	16,745	183,560
District water treatment charges	44,200	-
Claims payments	-	-
Other operating expenses	-	-
Change in claims reserve	-	-
Total Operating Expenses	101,802	597,122
Operating income (loss)	19,004	114,368
Nonoperating Revenues (Expenses)		
Investment and interest income	895	44,030
Passenger facility charges	-	103,959
Customer facility fee	-	17,215
Intergovernmental revenue	700	-
Disposition of assets	81	-
Grants	-	516
Interest expense	(843)	(176,177)
Other revenue	-	1,444
Net Nonoperating Revenues (Expenses)	833	(9,013)
Income (loss) before capital grants, contributions, and transfers	19,837	105,355
Capital grants and contributions	8,379	20,533
Transfers in	10,066	-
Transfers out	(25)	-
Change in net position	38,257	125,888
Net position - January 1	542,618	573,524
Net Position - December 31	\$ 580,875	\$ 699,412
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.

			Governmental Activities
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	\$ 19,755	\$ 852,051	\$ 39,317
	872	872	1,999
	20,627	852,923	41,316
	9,334	165,209	9,713
	3,321	216,055	1,493
	3,160	88,970	21,097
	1,128	201,433	1,134
	-	44,200	-
	-	-	8,963
	3,284	3,284	1,658
	-	-	674
	20,227	719,151	44,732
	400	133,772	(3,416)
	280	45,205	2,105
	-	103,959	-
	-	17,215	-
	-	700	-
	-	81	-
	-	516	-
	(195)	(177,215)	(589)
	-	1,444	-
	85	(8,095)	1,516
	485	125,677	(1,900)
	-	28,912	85
	-	10,066	641
	(550)	(575)	-
	(65)	164,080	(1,174)
	40,430	1,156,572	21,932
	\$ 40,365	\$ 1,320,652	\$ 20,758
		\$ 164,080	
		(95)	
		\$ 163,985	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2014 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	\$ 120,772	\$ 729,186
Payments to suppliers	(64,225)	(274,681)
Payments to employees	(20,743)	(133,530)
Other receipts	-	-
Interfund activity	(8,736)	(17,361)
Claims paid	-	-
Net Cash Provided (Used) by Operating Activities	27,068	303,614
Cash Flows From Noncapital Financing Activities		
Operating grants received	-	424
Transfers in	-	-
Transfers out	(25)	-
Net Cash Provided (Used) By Noncapital Financing Activities	(25)	424
Cash Flows From Capital and Related Financing Activities		
Bond issue costs	-	(353)
Proceeds from financing arrangements	-	-
Principal payments	(3,138)	(163,861)
Interest payments	(1,960)	(221,175)
Passenger facility charges	-	104,611
Car rental customer facility charges	-	17,215
Payments on capital assets acquired through construction payables	(3,114)	(74,954)
Acquisition and construction of capital assets	(18,323)	(225,875)
Reimbursement from City for capital asset costs and proceeds from sale of assets	82	864
Contributions and advances	1,633	13,593
Intergovernmental revenues	700	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,120)	(549,935)
Cash Flows From Investing Activities		
Purchases of investments	(123,972)	(2,220,346)
Proceeds from sale of investments	115,078	2,313,260
Sale of assets held for disposition; payments to maintain assets held	-	(530)
Insurance proceeds from remediation of asset held for disposition	-	1,805
Interest received	818	28,290
Net Cash Provided by Investing Activities	(8,076)	122,479
Net increase (decrease) in cash and cash equivalents	(5,153)	(123,418)
Cash and cash equivalents - January 1	7,423	197,771
Cash and Cash Equivalents - December 31	\$ 2,270	\$ 74,353

See accompanying notes to basic financial statements.

				Governmental Activities	
Other Enterprise Funds		Total Enterprise Funds		Internal Service Funds	
\$	19,304	\$	869,262	\$	36,799
	(10,261)		(349,167)		(23,923)
	(9,170)		(163,443)		(9,766)
	872		872		1,999
	-		(26,097)		-
	-		-		(8,963)
	745		331,427		(3,854)
	-		424		-
	-		-		641
	(550)		(575)		-
	(550)		(151)		641
	-		(353)		-
	1,318		1,318		-
	(1,145)		(168,144)		(760)
	(195)		(223,330)		(589)
	-		104,611		-
	-		17,215		-
	-		(78,068)		-
	744		(243,454)		(3,828)
	-		946		-
	-		15,226		-
	-		700		-
	722		(573,333)		(5,177)
	-		(2,344,318)		-
	-		2,428,338		-
	-		(530)		-
	-		1,805		-
	265		29,373		2,045
	265		114,668		2,045
	1,182		(127,389)		(6,345)
	21,964		227,158		51,524
\$	23,146	\$	99,769	\$	45,179

continued

Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2014 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 19,004	\$ 114,368
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	16,745	183,560
Miscellaneous revenue	-	1,754
Accounts receivable, net of allowance	(975)	842
Interfund receivable	261	-
Long-term receivable	-	-
Inventories	-	(5,285)
Prepaid items and other assets	245	(1,025)
Vouchers payable	(328)	(4,790)
Unearned revenue	680	3,446
Accrued and other liabilities	(8,469)	10,274
Interfund payable	(95)	470
Advances	-	-
Deferred inflows of resources	-	-
Claims reserved	-	-
Net Cash Provided (Used) by Operating Activities	\$ 27,068	\$ 303,614

Noncash Activities

The Airport System issued no bonds in 2014, and they restructured debt to extend the maturity of prior bonds series in 2014.

Assets acquired through capital contributions	\$ 16,812	\$ -
Unrealized gain on investments	-	14,829
Unrealized gain on derivatives	-	6,197
Capital assets acquired through accounts payable	2,931	50,702
Amortization of bond premiums and deferred losses and gains on bond refundings	191	5,666
Refunding bond proceeds delivered directly to an irrevocable trust	-	116,000
Credit facility and reimbursement agreements proceeds delivered directly to an irrevocable trust	-	172,502
Assets acquired through capital leases	-	-

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 400	\$ 133,772	\$ (3,416)
1,128	201,433	1,134
-	1,754	-
(374)	(507)	514
-	261	(1,908)
(150)	(150)	-
1	(5,284)	281
-	(780)	-
(847)	(5,965)	(356)
71	4,197	-
166	1,971	(53)
350	725	250
-	-	150
-	-	(1,124)
-	-	674
\$ 745	\$ 331,427	\$ (3,854)
\$ -	\$ 16,812	\$ 85
-	14,829	-
-	6,197	-
-	53,633	-
5	5,862	-
-	116,000	-
-	172,502	-
438	438	-

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2014 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	\$ -	\$ 269	\$ 1,880
Cash and cash equivalents	43,678	591	20,310
Securities lending collateral	261,154	-	-
Receivables (net of allowance for uncollectibles of \$5,051):			
Taxes	-	-	683,581
Accounts	1,788	-	6,599
Accrued interest	1,635	-	-
Investments, at fair value:			
U.S. Government obligations	159,629	-	-
Domestic stocks and bonds	768,243	-	-
International stocks	523,451	-	-
Mutual funds	354,821	-	-
Real estate	161,859	-	-
Other	710,883	-	-
Total Investments	2,678,886	-	-
Capital assets, net of accumulated depreciation	4,992	-	-
Total Assets	2,992,133	860	\$ 712,370
Liabilities			
Vouchers payable	2,668	297	11,012
Securities lending obligation	262,445	-	-
Other accrued liabilities	-	-	487
Due to taxing units	-	269	700,871
Total Liabilities	265,113	566	\$ 712,370
Net Position			
Net position held in trust for pension benefits	2,055,273	-	-
Net position held in trust for OPEB benefits	77,856	-	-
Net position held in trust for deferred compensation benefits	593,891	-	-
Net position held in trust for other purposes	-	294	-
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 2,727,020	\$ 294	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2014 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	\$ 57,337	\$ -
Denver Health and Hospital Authority	6,937	-
Plan members	73,243	-
Total Contributions	137,517	-
Investment earnings:		
Net appreciation in fair value of investments	73,633	-
Interest and dividends	80,825	-
Total Investment Earnings	154,458	-
Less investment expense	(14,902)	-
Net Investment Earnings	139,556	-
Securities lending earnings	560	-
Securities lending expenses:		
Borrower rebates	375	-
Agent fees	(234)	-
Net Earnings from Securities Lending	701	-
Total Net Investment Earnings	140,257	-
Total Additions	277,774	-
Deductions		
Benefits	229,155	-
Refunds of contributions	1,566	-
Administrative expenses	4,187	-
Other deductions	-	2
Total Deductions	234,908	2
Change in net position	42,866	(2)
Net position - January 1	2,684,154	296
Net Position -December 31	\$ 2,727,020	\$ 294

See accompanying notes to basic financial statements.

Statement of Net Position - Component Units

December 31, 2014 (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	\$ 2,729	\$ 3,921	\$ 7,228	\$ 12,809	\$ 26,687
Receivables (net of allowances):					
Taxes	2,876	4,830	73,606	15,072	96,384
Accounts	-	-	3,647	447	4,094
Accrued interest	-	-	200		200
Other	-	8,898	4,853		13,751
Prepaid items and other assets	1,238	-	53	60	1,351
Restricted Assets:					
Cash and cash equivalents	-	26,188	107,720	2,056	135,964
Investments	72,426	-	-		72,426
Long-term receivables	-	154,246	-		154,246
Other assets	6,439	-	-		6,439
Capital Assets:					
Land and construction in progress	23,550	-	-		23,550
Buildings and improvements	237,359	-	-	20,140	257,499
Machinery and equipment	37,801	-	86	1,843	39,730
Accumulated depreciation	(77,804)	-	(35)	(4,104)	(81,943)
Net Capital Assets	220,906	-	51	17,879	238,836
Total Assets	306,614	198,083	197,358	48,323	750,378
Deferred outflow of resources					
Deferred amount on refunding	5,293	-	22,386		27,679
Total Deferred outflow of resources	5,293	-	22,386	-	27,679
Liabilities					
Vouchers payable	4,520	-	-	2,451	6,971
Accrued liabilities	9,079	8,000	20,592	6,054	43,725
Unearned revenue	-	-	-	19	19
Advances	1,140	2,149	1,035		4,324
Due to other governments	-	-	75	6,397	6,472
Noncurrent liabilities:					
Due within one year	5,485	11,382	19,230	384	36,481
Due in more than one year	335,223	315,664	287,046	16,213	954,146
Total Liabilities	355,447	337,195	327,978	31,518	1,052,138
Deferred inflow of resources					
Property taxes	-	4,316	67,173	8,674	80,163
Net Position					
Net investment in capital assets	(115,981)	-	51	2,101	(113,829)
Restricted for:					
Capital projects	37,558	-	49,356		86,914
Emergency use	-	-	-	270	270
Debt service	41,623	-	19,140	1,167	61,930
Donor and other restrictions:					
Expendable	-	-	4,514		4,514
Unrestricted (deficit)	(6,740)	(143,428)	(248,468)	4,593	(394,043)
Total Net Position (Deficit)	\$ (43,540)	\$ (143,428)	\$ (175,407)	\$ 8,131	\$ (354,244)

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2014 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Other Component Units	Total
Expenses	\$ 99,832	\$ 47,345	\$ 101,761	\$ 24,766	\$ 273,704
Program Revenues					
Charges for services	91,265	-	-	281	91,546
Operating grants and contributions	-	2,198	2,240	779	5,217
Total Program Revenues	91,265	2,198	2,240	1,060	96,763
Net expenses	(8,567)	(45,147)	(99,521)	(23,706)	(176,941)
General Revenues					
Taxes:					
Lodgers	-	-	2,218	-	2,218
Property	-	2,424	62,592	8,565	73,581
Sales and use	-	514	27,710	-	28,224
Specific ownership	-	-	-	222	222
Investment and interest income	45	9,281	159	11	9,496
Other revenues	9,500	-	2,350	15,270	27,120
Net General Revenues	9,545	12,219	95,029	24,068	140,861
Change in net position	978	(32,928)	(4,492)	362	(36,080)
Net position (deficit) - January 1	(44,518)	(110,500)	(170,915)	7,769	(318,164)
Net Position (Deficit) - December 31	\$ (43,540)	\$ (143,428)	\$ (175,407)	\$ 8,131	\$ (354,244)

See accompanying notes to basic financial statements.

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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 capital improvement and maintenance 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, West Colfax, Federal Boulevard, Bluebird, Fax-Mayfair, and Santa Fe 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 through the approval of the BID's operating budgets. The 9th Avenue, Fax-Mayfair and Santa Fe BID's had no financial activity in 2014 or net position to report as of December 31, 2014.

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 \$9,500,000 in 2014, 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 fifteen one-hundredths of one percent (0.15%) that was voter-approved through December 2026. 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 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:

Bluebird BID 8005 South Chester Street, Suite 150 Centennial, Colorado 80112	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
Federal BID 2931 West 25th Avenue Denver, Colorado 80211	

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 position of the DERP is held for the sole benefit of the participants and is 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 \$58,540,000 for providing various health related services to the City and its residents during 2014. In addition, the Authority made payments in the amount of \$2,012,000 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 had no general obligation bonds outstanding as of December 31, 2014, and no longer has authority to issue general obligation bonds.

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 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, 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. This fund is financed primarily by sales tax, property tax, and charges for services.
- The Human Services special revenue fund is used to account for proceeds of restricted revenue to be used for public assistance and welfare activities. This fund is financed primarily by intergovernmental revenue and property taxes.

The City reports the following major proprietary funds:

- The Wastewater Management fund accounts for the City's storm and sewer operations. This fund is financed primarily by sanitary sewer and storm drainage charges.

- The Denver Airport System fund accounts for the operation of the City's airport system which includes Denver International Airport. This fund is financed primarily by facility rentals, parking revenues, and landing fees.

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.
- 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. If no other restrictions exist, the order of spending of resources will be committed, assigned, and lastly unassigned.

NOTE D – ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, 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, its agencies and sponsored corporations, prime commercial paper, prime bankers' acceptances, certificates of deposit issued by eligible banks and savings and loan associations, local government investment pools, repurchase agreements, forward purchase agreements, securities lending agreements, highly rated municipal securities, high grade corporate bonds, asset-backed securities, supranational debt obligations, federal agency

collateralized mortgage obligations (CMO), federal agency mortgage pass through securities (MBS), money market funds that purchase only the types of securities specified herein, 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 deferred inflows of resources 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 2014 fiscal year was approved when Resolution 1070, Series of 2014, 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 unearned. 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, infrastructure, and intangible 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
Intangibles	5 years

Library books are depreciated over a 4-year life using the composite method. The Western History artwork collection is not capitalized because these assets are held for public exhibition rather than financial gain and the value cannot be determined. 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 the 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 and deferred refunding gains (losses), are 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. 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, other than prepaid insurance, 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 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. Unearned Revenues. Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the statement of net position/balance sheet and revenue is recognized.

13. Deferred Outflows of Resources and Deferred Inflows of Resources. A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred outflows of resources of the City consist of the accumulated decrease in fair value of hedging derivatives and the deferred amount on refunding.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Property tax receivables are reported as deferred inflow of resources when levied in the fund statements.

Deferred inflows of resources are comprised of property tax and long-term receivables that are unavailable in the fund statements. A deferred amount on refunding is also included in deferred inflows of resources relating to the Denver Airport System. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- 14. 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, 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.
- 15. 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.
- 16. Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2014, the encumbrances reflected in **Table 1** (dollars in thousands) were reappropriated against the 2015 budget for remaining prior year encumbrances.

Table 1**Governmental Activities:**

General Fund	\$	30,388
Human Services Fund		5,958
Other Governmental Funds		103,754
Total Governmental Activities	\$	140,100

Business-type Activities:

Wastewater Management	\$	14,700
Denver Airport System		125,606
Other Enterprise Funds		1,794
Total Business-type Activities	\$	142,100

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 67. In 2014, the City's pension plans implemented the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, which establishes financial reporting requirements related to separately issued financial statements for governmental pension plans and impacts the financial statement presentation for the fiduciary fund and the related disclosures. While this change will affect the accounting measures, they do not have an effect on the actuarial methods and assumptions used to determine the contributions needed to fund the plan. The Denver Employees Retirement Plan (DERP) is a cost-sharing multiple-employer defined benefit pension plan that was established by the City to provide pension and postemployment health benefits to City employees. DERP is considered a fiduciary component unit of the City.

Governmental Accounting Standards Board Statement No. 70. In 2014, the City implemented the provisions of GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which establishes accounting and financial reporting requirements for governments that extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The City has no agreements that meet the requirements of GASB Statement No. 70 and there was no impact on the net position of the City as a result of the implementation.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NOTE A – DEFICIT FUND EQUITY

At December 31, 2014, the Denver Convention Center Hotel Authority (DCCHA), the Denver Union Station Project Authority (DUSPA), and the Denver Urban Renewal Authority (DURA) component units had deficit net position in the amounts of \$43,540,000, \$143,428,000, and \$175,407,000, respectively.

The DCCHA component unit will use revenue from its hotel facility to fund its deficit net position. DUSPA 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 2**.

Table 2

Excess Expenditures Over Authorizations

For the Year Ended December 31, 2014 (dollars in thousands)

	Authorization	Budget Basis Expenditures	Excess over Authorization
Workforce Development	\$ 1,154	\$ 1,158	\$ 4
Adams Mark Tax Increment	1,979	2,218	239

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

- 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 102.0% 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, 2014, the bank balance and carrying amounts of accounts managed by the Manager of Finance (the Manager) were \$61,519,000 and \$67,112,000, respectively (which includes \$35,000,000 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, 2014, 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, 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, market sector, 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, 2014, the City's investment balances were as shown in **Table 3**.

Table 3

City Investment Balances

December 31, 2014 (dollars in thousands)

	Fair Value
Repurchase agreements	\$ 1,100
Money market funds	1,956
Local government investment pool	40,415
Commercial paper	3,999
Common stock	1,063,743
Mutual funds	358,681
State and local government securities	3,230
Municipal bonds	57,197
U.S. Treasury securities	756,728
U.S. agency securities	1,402,907
Corporate bonds	585,337
Structured products ¹	152,493
Multinational fixed income ²	107,019
Annuity contracts	221,994
Real estate	161,858
Other	506,175
Total Investments	\$ 5,424,832

¹Includes asset backed securities, collateralized mortgage obligations, and mortgage back securities.

²Includes supranational and U.S. agency for international development securities. Supranationals are U.S. dollar denominated bonds of international organizations such as the World Bank and International Monetary Fund.

The DERP pension trust fund had securities lending collateral of \$357,708,000 at December 31, 2014; see **Note III-A-5** for additional discussion related to this balance.

At December 31, 2014, the investment balances of the discretely presented component units were as shown in **Table 4**.

Table 4**Component Units Investment Balances**

December 31, 2014 (dollars in thousands)

	Fair Value
Money market funds	\$ 114,286
Local government investment pool	879
Total Investments	\$ 115,165

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2014, is shown in **Table 5**.

Table 5**Reconciliation of Cash and Investments**

December 31, 2014 (dollars in thousands)

	Primary Government	Component Units	Total
Governmental and Business-type Activities			
Cash on hand	\$ 10,481	\$ -	\$ 10,481
Cash and cash equivalents	793,306	26,687	819,993
Investments	872,792	-	872,792
Restricted cash and cash equivalents	100,364	135,964	236,328
Restricted investments	1,008,297	72,426	1,080,723
Total Governmental and Business-type Activities	2,785,240	235,077	3,020,317
Fiduciary			
Cash on hand	2,149	-	2,149
Cash and cash equivalents	64,579	-	64,579
Investments	2,678,886	-	2,678,886
Total Fiduciary	2,745,614	-	2,745,614
Total	5,530,854	235,077	5,765,931
Less deposit balance	(106,022) ¹	(119,912)	(225,934)
Total Investments	\$ 5,424,832	\$ 115,165	\$ 5,539,997

¹The carrying amount of the City's deposits of \$67,112, plus pension deposits of \$ 43,679, less uncashed warrants of \$17,874, plus other cash amounts of \$13,105, equal \$106,022.

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. Corporate debt obligations have a maximum maturity of five years. U.S. Treasury, agency, and supranational, municipal, and asset-backed securities can have a maximum maturity of ten years. Agency mortgage-backed securities have a maximum maturity of 31 years with an average life limitation of 20 years. Agency collateralized mortgage obligations have a maximum maturity of 31 years with an average life limitation of 10 years. To further mitigate interest rate risk, the investment policy limits investments in asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations to a combined maximum of 20.0% of the City's overall investments. The City also minimizes interest rate risk by maintaining a concentration of its portfolio invested in short-term and extremely liquid investments. 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, 2014, the City's investment balances and maturities for those investments subject to interest rate risk (excluding the DERP) is shown in **Table 6** (dollars in thousands):

Table 6

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	Greater than 10
Commercial paper	\$ 3,999	\$ 3,999	\$ -	\$ -	\$ -
Municipal bonds	57,197	46,217	-	-	10,980
U.S. Treasury securities	661,575	64,571	484,871	112,133	-
U.S. agency securities	1,338,430	130,887	1,003,475	198,955	5,113
Corporate bonds	440,858	34,833	406,025	-	-
Multinational fixed income	107,019	31,376	54,914	18,605	2,124
Structured products	69,022	-	52,888	16,134	-
Total	\$ 2,678,100	\$ 311,883	\$ 2,002,173	\$ 345,827	\$ 18,217

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, 2014, the City owned agency callable securities with a fair value of \$43,087,000.

The DERP manages interest rate risk through the constraints on duration specified in each manager's investment guidelines included in the Plan's Investment Policy. At December 31, 2014, the DERP pension trust fund investment balances and maturities for those investments subject to interest rate risk are shown in **Table 7** (dollars in thousands).

Table 7

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Treasury securities	\$ 95,153	\$ 2,494	\$ 58,840	\$ 20,058	\$ 13,761
U.S. agency securities	64,477	4	48,335	11,013	5,125
Structured products	34,445	39	14,606	13,369	6,431
Corporate bonds	144,479	1,422	92,300	43,465	7,292
Non- U.S. Government bonds	49,027	(46)	16,335	10,034	22,704
Total	\$ 387,581	\$ 3,913	\$ 230,416	\$ 97,939	\$ 55,313

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. Moody's, Standard & Poor's, and Fitch Ratings are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that 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 Aaa by Moody's, both with stable outlooks as of December 31, 2014. Standard and Poor's rate securities of the U.S. Government AA+ also with a stable outlook. Of the City's investments at December 31, 2014, commercial paper, municipal bonds, corporate debt obligations, structured products, and local government investment pools were subject to credit quality risk.

The City's Investment Policy requires that commercial paper be rated by at least two NRSRO with a minimum short term rating of A-1, P-1, or F-1 at the time of purchase. The Investment Policy requires that the municipal bonds have a minimum underlying issuer rating from at least two of the three rating agencies of A+ or its equivalent. The Investment Policy requires that corporate debt obligations have a minimum underlying issuer rating from at least two of the NRSRO or A- or its equivalent. The Investment Policy requires that asset-backed securities have a minimum underlying issuer rating from at least two of the NRSRO of AA- or its equivalent. The Investment Policy requires that mortgage-backed securities and collateralized mortgage obligations that had ratings of at least Aaa by Moody's, AAA by Fitch and AA+ by Standard & Poor's. The Investment Policy also requires local government investment pools to be in compliance with Title 24 Part 7 of Article 24 of the Colorado Revised Statutes.

As of December 31, 2014, the City owned commercial paper with a fair value of \$3,999,000 that had two ratings of at least A-1 or its equivalent. The City owned \$57,197,000 of municipal bonds that had ratings of at least A1 by Moody's or AA- by Standard & Poors or Fitch. The City owned \$ 440,858,000 of corporate debt obligations that had NRSRO ratings of at least A3 or its equivalent. The City owned \$52,387,000 of asset-backed securities that had ratings of at least Aa3 by Moody's or AA- by Standard & Poor's or Fitch. The City owned \$16,635,000 of agency mortgage-backed securities and collateralized mortgage obligations that had ratings of at least Aaa by Moody's, AAA by Fitch and AA+ by Standard & Poor's. The City also had \$40,415,000 invested in local government investment pools with a rating of AAAM by Standard & Poor's.

The DERP manages credit risk through the constraints on investments specified in each manager's investment guidelines included in the Plan's Investment Policy. Securities implicitly governed by the U.S. Government are included.

Information on the credit ratings associated with the DERP investments in debt securities at December 31, 2014, is shown in **Table 8** (dollars in thousands).

Table 8

S&P	Moody's	Asset Backed	Corporate Bonds	Non- U.S. Government Bonds	Mortgage Bonds	Implicit U.S. Government Bonds	Total
AAA	Aaa	\$ 389	\$ 22,197	\$ -	\$ 23,445	\$ -	\$ 46,031
AAA	NR	-	-	-	1,167	-	1,167
AA+ to AA-	Aa3 to A1	24	1,774	-	1,424	64,279	67,501
A+ to A-	A1 to Baa2	64	9,018	-	3,813	-	12,895
BBB+ to BBB-	A3 to Baa3	66	13,859	-	3,887	-	17,812
BB+ to BB-	Ba3 to B1	-	20,618	-	10	-	20,628
B+ to B-	B1 to Caa1	-	16,029	-	-	-	16,029
CCC+ to CCC	B3 to Caa2	96	2,597	-	-	-	2,693
NR	Aaa to Baa2	-	-	46,940	60	-	47,000
NR	NR	-	58,387	2,087	-	-	60,474
Total		\$ 639	\$ 144,479	\$ 49,027	\$ 33,806	\$ 64,279	\$ 292,230
U.S. Government							95,153
Explicit U.S. Government Agencies							198
Total							\$ 387,581

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, 2014, were subject to custodial credit risk.

In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102.0% 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 102.0% in compliance with HUD's investment requirements. The total repurchase agreements at December 31, 2014, were \$1,100,000.

DERP has no formal policy for custodial credit risk. At December 31, 2014, 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 5.0% of the portfolio may be invested in commercial paper, municipal securities, corporate debt obligations, certificates of deposit, asset-backed securities, or mortgage-backed securities issued by any one obligor. The City's Investment Policy states that a maximum of 10.0% of the portfolio may be invested in an individual supranational obligor, local government investment pool, money market mutual fund, or collateralized mortgage obligation. The City's Investment Policy also limits investments in U.S. agency securities to 25.0% of total investments. The City's Investment Policy limits concentrations even further with a combined maximum of 50.0% of the portfolio that can be invested in corporate debt obligations, commercial paper, and certificates of deposit as well as a combined maximum of 20.0% of the portfolio that can be invested in structured products. As of December 31, 2014, all investments were in compliance with this policy. More than 5.0% of the City's investments in U.S. agency securities are in individual issuers: Federal Home Loan Bank (16.5%), Federal Home Loan Mortgage Corporation (9.8%), and Federal National Mortgage Association (9.9%).

The DERP Investment Policy mandates that no managed account may invest more than 5.0% of managed assets in the securities of a single issuer. As of December 31, 2014, 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 18.5% to 30.0% of total investments to be invested in

international equities and 1.5% to 3.5% of total investments to be invested in international fixed income. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2014, is reflected in **Table 9** (dollars in thousands).

Table 9

Foreign Currency	Equities	Fixed Income	Total
Australian Dollar	\$ 17,838	\$ -	\$ 17,838
Brazilian Real	18,220	4,989	23,209
British Pound Sterling	74,125	-	74,125
Canadian Dollar	11,572	-	11,572
Chilean Peso	1,330	54	1,384
Chinese Yuan	26,495	531	27,026
Columbian Peso	709	3,671	4,380
Czech Koruna	1,347	-	1,347
Danish Krone	4,681	-	4,681
Egyptian Pound	266	-	266
Euro	104,636	-	104,636
Hong Kong Dollar	18,247	-	18,247
Hungarian Forint	1,294	2,561	3,855
Indian Rupee	16,060	319	16,379
Indonesian Rupiah	3,315	4,231	7,546
Japanese Yen	67,285	-	67,285
Malaysian Ringgit	5,549	5,220	10,769
Mexican Peso	7,676	4,929	12,605
New Israeli Shekel	2,987	-	2,987
New Zealand Dollar	927	-	927
Norwegian Krone	3,593	-	3,593
Philippine Peso	745	241	986
Polish Zloty	2,287	4,893	7,180
Russian Ruble	9,046	2,139	11,185
Singapore Dollar	7,520	-	7,520
South African Rand	12,569	4,741	17,310
South Korean Won	32,358	-	32,358
Swedish Krona	9,421	-	9,421
Swiss Franc	26,348	-	26,348
Taiwan Dollar	21,145	-	21,145
Thai Baht	7,499	3,301	10,800
Turkish Lira	4,255	4,762	9,017
Other	209	2,444	2,653
Total Foreign Deposits and Investments	\$ 521,554	\$ 49,026	\$ 570,580

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2014, 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, 2014, DURA's investment balances and maturities are shown in **Table 10** (dollars in thousands).

Table 10

Investment Type	Investment Maturities in Years	
	Fair Value	Less than 1
Money market funds	\$ 41,860	\$ 41,860
Local government investment pool	694	694
Total	\$ 42,554	\$ 42,554

5. **Securities Lending.** Although the City is authorized to enter into securities lending programs with certain qualified dealers, it had no security lending transactions in 2014. Under this program investment securities owned by the City 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 for these transactions is limited to permissible investments included in the City's Investment Policy with maturities not exceeding one year from the date of settlement. The initial market value of the collateral for each investment position maintained with a dealer shall be 102.0% 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 102.0% level must be cured no later than the following business day. The City had no securities on loan as of December 31, 2014.

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 102.0% of the fair value of securities lent. Loans of international securities are initially collateralized at 105.0% 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. The duration of securities lending loans generally matches the maturation of the investments made with cash collateral. At December 31, 2014, the fair value of underlying securities lent was \$344,388,000. The fair value of associated collateral was \$357,708,000; of this amount, \$261,154,000 represents the fair value of cash collateral and \$96,554,000 is the fair value of non-cash collateral. The DERP pension trust fund does not have the ability to pledge or sell non-cash collateral unless the borrower defaults, therefore it is not reported on the financial statements.

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 11** represents the accounts receivables and allowances for doubtful accounts at December 31, 2014.

Table 11

Accounts Receivables and Allowances Summary

December 31, 2014 (dollars in thousands)

Receivable	Governmental Activities					Total	Business-type Activities				Fiduciary Funds
	General	Human Services	Governmental Funds	Other Internal Service Funds	Internal Service Funds		Wastewater Management	Denver Airport System	Nonmajor Business-type	Total	
Property taxes	\$ 109,751	\$ 58,527	\$ 181,046	\$ -	\$ -	\$ 349,324	\$ -	\$ -	\$ -	\$ -	\$ 679,523
Other taxes	71,959	-	9,863	-	-	81,822	-	-	-	-	9,109
Notes	-	-	3,859	-	-	3,859	-	-	-	-	-
Accounts	5,605	11,328	7,626	959	-	25,518	14,020	59,343	2,514	75,877	1,809
Long-term accounts	58,386	-	41,930	-	-	100,316	-	10,876	4,150	15,026	-
Accrued interest	1,876	-	2,131	373	-	4,380	398	10,456	129	10,983	1,635
Loans	10,550	-	144,017	-	-	154,567	-	-	-	-	-
Gross Receivable	258,127	69,855	390,472	1,332	-	719,786	14,418	80,675	6,793	101,886	692,076
Allowances	(53,012)	(486)	(83,764)	-	-	(137,262)	(216)	(155)	-	(371)	(5,051)
Net Receivable	\$ 205,115	\$ 69,369	\$ 306,708	\$ 1,332	\$ -	\$ 582,524	\$ 14,202	\$ 80,520	\$ 6,793	\$ 101,515	\$ 687,025

2. **Notes Receivable.** The special revenue funds', General Fund, related organizations, and component unit notes receivable balance at December 31, 2014, is shown in **Table 12** (dollars in thousands).

Table 12

	Percent of Total	
	December 31	Related Notes Receivable
Neighborhood Development Loans	\$ 15,377	n/a
Economic Development Loans	39,667	n/a
Housing Development Loans	103,382	n/a
Total Office of Economic Development	158,426	
Less allowances for delinquent loans	(9,094)	n/a
Less allowances for forgivable loans	(78,342)	n/a
Notes Receivable, Net	\$ 70,990	
Denver Health and Hospital Park Hill Health Clinic	\$ 1,200	0.76%
Denver Housing Authority	7,263	4.58%
Total Related Organizations Notes Receivable	\$ 8,463 ¹	
Denver Urban Renewal Authority	\$ 8,191 ¹	5.17%

¹Amounts included in the notes receivable balance above.

Allowance for uncollectibles for notes receivable of \$87,436,000 is included in the accounts receivable allowance of \$137,262,000 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 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 \$47,259,000. The DURA component unit recorded an allowance of \$4,007,000.
- 4. Operating Leases.** The Denver Airport System leases portions of its Denver International Airport buildings and improvements to 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 \$93,232,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2014. Minimum future rentals due from concessions under operating leases are shown in **Table 13** (dollars in thousands).

Table 13

Year	
2015	\$ 82,155
2016	23,729
2017	19,685
2018	15,048
2019	14,611
2020 - 2024	36,290
2025	1,065
Total	\$ 192,583

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 14 and 15 (dollars in thousands) reflect the City's interfund balances as of December 31, 2013.

1. Interfund Payables/Receivables.

Table 14

Receivable Fund	Payable Fund							Total
	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Denver Airport System	Nonmajor Business-type	Internal Service	
General Fund	\$ -	\$ 902	\$ 1,769	\$ 1,108	\$ 4,738	\$ 411	\$ 149	\$ 9,077
Human Services	6	-	1	-	-	-	-	7
Nonmajor Governmental	10	1,308	4	-	72	-	-	1,394
Wastewater Management	-	-	7	-	11	-	212	230
Denver Airport System	-	-	-	32	-	-	-	32
Internal Service	3,532	2	71	174	3	12	8	3,802
Nonmajor Business-type	-	-	2	-	-	-	-	2
Total	\$ 3,548	\$ 2,212	\$ 1,854	\$ 1,314	\$ 4,824	\$ 423	\$ 369	\$ 14,544

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

2. Transfers.

Table 15

Transfers In	Transfers Out					Total
	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Nonmajor Business-type	
General Fund	\$ -	\$ 1,500	\$ 44,245	\$ -	\$ 300	\$ 46,045
Human Services	75	-	-	-	-	75
Nonmajor Governmental	51,925	75	14,275	25	250	66,550
Internal Service	-	-	641	-	-	641
Total	\$ 52,000	\$ 1,575	\$ 59,161	\$ 25	\$ 550	\$ 113,311

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, 2014, are shown in **Tables 16** and **17**.

1. Governmental Activities.

Table 16

Governmental Activities

For the Year Ended December 31, 2014 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	\$ 296,357	\$ 3,681	\$ (7,098)	\$ -	\$ 292,940
Construction in progress	84,521	34,734	-	(72,694)	46,561
Total capital assets not being depreciated	380,878	38,415	(7,098)	(72,694)	339,501
Capital assets being depreciated:					
Buildings and improvements	2,299,029	39,346	(34,786)	55,740	2,359,329
Equipment and other	320,602	40,613	(32,213)	-	329,002
Collections	53,741	5,434	(12,615)	101	46,661
Intangibles	12,871	-	(60)	792	13,603
Infrastructure	1,404,858	81,848	(10,191)	16,061	1,492,576
Total capital assets being depreciated	4,091,101	167,241	(89,865)	72,694	4,241,171
Less accumulated depreciation for:					
Buildings and improvements	(660,749)	(73,222)	11,779	-	(722,192)
Equipment and other	(263,492)	(28,868)	25,885	-	(266,475)
Collections	(34,833)	(5,865)	12,615	-	(28,083)
Intangibles	(3,260)	(2,285)	-	-	(5,545)
Infrastructure	(660,750)	(45,236)	125	-	(705,861)
Total accumulated depreciation	(1,623,084)	(155,476)	50,404	-	(1,728,156)
Total capital assets being depreciated, net	2,468,017	11,765	(39,461)	72,694	2,513,015
Governmental Activities Capital Assets, net	\$ 2,848,895	\$ 50,180	\$ (46,559)	\$ -	\$ 2,852,516

2. Business-type Activities.

Table 17

Business-type Activities

For the Year Ended December 31, 2014 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	\$ 322,358	\$ 894	\$ -	\$ 10	\$ 323,262
Construction in progress	443,389	353,239	(9,300)	(100,178)	687,150
Total capital assets not being depreciated	765,747	354,133	(9,300)	(100,168)	1,010,412
Capital assets being depreciated:					
Buildings and improvements	2,039,410	-	-	63,753	2,103,163
Improvements other than buildings	3,061,237	16,823	(29,900)	27,586	3,075,746
Machinery and equipment	789,536	5,230	(11,297)	8,829	792,298
Total capital assets being depreciated	5,890,183	22,053	(41,197)	100,168	5,971,207
Less accumulated depreciation for:					
Buildings and improvements	(1,010,759)	(61,272)	-	-	(1,072,031)
Improvements other than buildings	(1,243,248)	(82,503)	29,337	-	(1,296,414)
Machinery and equipment	(639,036)	(57,046)	10,104	-	(685,978)
Total accumulated depreciation	(2,893,043)	(200,821)	39,441	-	(3,054,423)
Total capital assets being depreciated, net	2,997,140	(178,768)	(1,756)	100,168	2,916,784
Business-type Activities Capital Assets, net	\$ 3,762,887	\$ 175,365	\$ (11,056)	\$ -	\$ 3,927,196

Note: Interest costs of \$44,620 were capitalized during 2014.

3. Discretely Presented Component Units. Capital Asset activity for the Denver Convention Center Hotel Authority, Denver Union Station Project Authority, and Denver Urban Renewal Authority component units is shown in Table 18.

Table 18

Discretely Presented Component Units

For the Year Ended December 31, 2014 (dollars in thousands)

	January 1	Additions and Transfers	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	\$ 23,421	\$ -	\$ -	\$ 23,421
Construction in progress	17,023	2,941	(19,835)	129
Total capital assets not being depreciated	40,444	2,941	(19,835)	23,550
Capital assets being depreciated:				
Buildings and improvements	235,511	4,239	(2,391)	237,359
Machinery and equipment	39,176	3,808	(5,097)	37,887
Total capital assets being depreciated	274,687	8,047	(7,488)	275,246
Less accumulated depreciation for:				
Buildings and improvements	(46,375)	(8,137)	1,819	(52,693)
Machinery and equipment	(28,070)	(2,141)	5,065	(25,146)
Total accumulated depreciation	(74,445)	(10,278)	6,884	(77,839)
Total capital assets being depreciated, net	200,242	(2,231)	(604)	197,407
Discretely Presented Component Units Capital Assets, net	\$ 240,686	\$ 710	\$ (20,439)	\$ 220,957

¹Excludes net capital assets of \$17,879 of Other Component Units.

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

Table 19

General government	\$ 25,425
Public safety	12,290
Public works, including depreciation of infrastructure	53,892
Human services	1,052
Health	475
Parks and recreation	15,036
Cultural activities	31,158
Community development	54
Capital assets held by internal service funds	16,094
Total	\$ 155,476

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, 2014, as shown in **Table 20** (dollars in thousands).

Table 20**Governmental Activities:**

Winter Park Capital	\$ 315
Capital Improvements	30,987
Conservation Trust	2,484
Bond Projects	19,135
Other Capital Projects	18,678
Entertainment and Culture	603
Total Governmental Activities	\$ 72,202

Business-type Activities:

Wastewater Management	\$ 14,700
Denver Airport System	125,606
Total Business-type Activities	\$ 140,306

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, and the public parking unit within the Cultural Center parking

garage. The capital leases also include certain computer software and network equipment, and public works, safety, and parks and recreation equipment.

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 2014, the DMNS collected and remitted \$577,000 to the City to be applied to the lease payments. The Zoo collected and remitted \$642,000. DBG collected and deposited \$1,200,000 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, 2014, are shown in **Table 21** (dollars in thousands).

Table 21

	Governmental Activities	Business-type Activities
Buildings	\$ 290,109	\$ -
Equipment	37,147	1,307
Land	16,667	-
Less accumulated depreciation	(110,124)	(589)
Net Book Value	\$ 233,799	\$ 718

Table 22 (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, 2014.

Table 22

Year	Governmental Activities	Business-type Activities
2015	\$ 28,694	\$ 1,396
2016	33,675	1,397
2017	34,161	1,124
2018	31,149	1,163
2019	31,888	838
2020 - 2024	121,077	4,704
2025 - 2029	107,504	-
2030 - 2033	62,410	-
Total minimum lease payments	450,558	10,622
Less amounts representing interest	(44,068)	(1,277)
Present Value of Minimum Lease Payments	\$ 406,490	\$ 9,345

- 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, 2014, were approximately \$4,490,000, for governmental activities and \$1,267,000 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, 2014, the Denver Airport System has accrued a receivable of \$7,672,000 for such amounts due to the airlines.

For the years ended December 31, 2001 through 2005, 75.0% 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 50.0%, capped at \$40,000,000. The net revenues credited to the airlines for the year ended December 31, 2014 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 \$27,000, at December 31, 2014, are \$867,646,000. Interest rates vary from 2.00% to 5.65% with a net interest cost of 1.53% to 6.77%.

In August 2014, the City took orders for \$12,000,000 of Series 2014A General Obligation Mini-Bonds that were delivered to over 850 bond purchasers in October 2014. The bonds were available for purchase by Colorado residents in 2 maturities: \$500 at 4.386% interest maturing to \$750 on December 15, 2023, and \$500 at 4.891% interest maturing to \$1,000 on December 15, 2028. Proceeds of the bonds are being used to complete the final phases of the Better Denver Bond Projects that were authorized by Denver voters in 2007. With the issuance of the mini-bonds, the entire authorization of \$549,730,000 has been issued and no bond authorizations remain outstanding.

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, 2014, there are bonds outstanding in the amount of \$815,000 for the Gateway GID and \$3,720,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 23** (dollars in thousands).

Table 23

Year	Governmental Activities			
	General Government		General Improvement District	
	Principal ¹	Interest ²	Principal	Interest
2015	\$ 51,970	\$ 39,045	\$ 405	\$ 291
2016	54,270	36,759	595	273
2017	56,825	34,143	105	248
2018	59,930	31,675	110	240
2019	47,930	29,081	120	232
2020 - 2024	259,086	128,572	730	1,024
2025 - 2029	278,810	66,991	1,030	730
2030 - 2034	58,825	3,278	1,440	316
Total	\$ 867,646	\$ 369,544	\$ 4,535	\$ 3,354

¹ Does not include \$3,852 and \$191 of compound interest on the Series 2007 and 2014A mini-bonds respectively, unamortized premium of \$27,090 or deferred amount on refunding of (\$13,007).

² Excludes Build America Bonds interest subsidy. The City is eligible to receive \$78 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 2014, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of \$164,488,000, for the primary government, at December 31, 2014, are shown in **Table 24** (dollars in thousands).

Table 24

Purpose	Net Interest Cost	Interest Rates	Amount
Excise tax refunding	2.93% to 5.42%	5.00% to 6.00%	\$ 191,150
Wastewater Management	2.41%	3.00% to 5.00%	43,425
Golf Enterprise	4.80%	4.60% to 5.00%	3,485
Denver Airport System	1.42% to 6.76%	0.303% to 6.414%	4,284,025
Total primary government			4,522,085
DCCHA component unit		4.125% to 5.25%	334,960
Total			\$ 4,857,045

Revenue bonds' debt service requirements to maturity are shown in **Tables 25** and **26** (dollars in thousands).

Table 25

	Governmental Activities				Business-type Activities			
	General Government		Golf Enterprise		Wastewater Management		Denver Airport System	
	Principal ¹	Interest	Principal ²	Interest	Principal ³	Interest	Principal ⁴	Interest
2015	\$ 19,785	\$ 10,433	\$ 515	\$ 169	\$ 2,715	\$ 1,614	\$ 148,140	\$ 179,717
2016	18,120	9,451	540	145	2,850	1,478	164,045	173,061
2017	18,965	8,500	565	120	2,995	1,336	169,520	165,175
2018	19,810	7,552	590	92	3,105	1,216	180,130	157,177
2019	20,750	6,512	620	62	3,225	1,092	198,180	149,531
2020 - 2024	93,720	14,429	655	31	13,635	3,527	1,213,885	630,188
2025 - 2029	-	-	-	-	8,895	1,730	1,003,460	390,199
2030 - 2034	-	-	-	-	6,005	372	682,570	213,635
2035 - 2039	-	-	-	-	-	-	317,880	100,089
2040 - 2044	-	-	-	-	-	-	206,215	24,661
Total	\$ 191,150	\$ 56,877	\$ 3,485	\$ 619	\$ 43,425	\$ 12,365	\$ 4,284,025	\$ 2,183,433

¹ Does not include unamortized premium of \$6,379.

² Does not include unamortized premium of \$8.

³ Does not include unamortized premium of \$4,887.

⁴ Does not include unamortized premium of \$153,214.

Table 26

Year	Component Unit	
	DCCHA	
	Principal ¹	Interest
2015	\$ 5,485	\$ 16,586
2016	6,110	16,298
2017	6,710	16,032
2018	7,380	15,706
2019	8,045	15,392
2020 - 2024	55,285	69,739
2025 - 2029	81,150	53,596
2030 - 2034	114,395	30,237
2035 - 2036	50,400	2,507
Total	\$ 334,960	\$ 236,093

¹ Does not include unamortized premium of \$5,748.

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, which mature in November 2015, is \$3,054,000. Over the past 10 years annual net revenues available for debt service have averaged \$51,427,000. In 2014, debt service paid and net revenue available for debt service was \$3,054,000 and \$55,700,000, 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 paid on the bonds in 2014 was \$8,655,000. The bonds matured in September 2014.

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 \$244,974,000, with annual combined debt service requirements ranging from \$27,165,000 to \$27,544,000. Over the past 10 years annual net revenues available for debt service have averaged \$42,872,000. In 2014, debt service paid and net revenue available for debt service was \$19,824,000 and \$60,749,000, respectively. The revenue available figures include excess revenues that were pledged to the 2009B bonds, and 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 \$4,284,025,000 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 2014 to 2043. The total

principal and estimated interest remaining to be paid on the bonds is \$6,467,458,000. Over the past 10 years annual net revenues available for debt service have averaged \$420,844,000. In 2014, debt service paid and net revenue available for debt service was \$378,200,000 and \$510,622,000, respectively.

On December 12, 2014, the Airport System closed on the restructuring of debt to extend the maturity of the Series 2002C, 2007G1-G2, 2008B, 2008C1-C3 and 2009C Bonds. These transactions, in conjunction with the simultaneous October 24, 2014 closing of the Series 2014A Bonds and Series 1992F-G Bonds (discussed below), completed the debt restructuring component by deferring annual principal maturing with a goal of providing an estimated amount of debt service relief of \$25 million per year between 2015 and 2025.

The proceeds of the 2014A Bonds were used to refund and advance refund a portion of the 2007F1-F4 Bonds. The difference between the reacquisition price of \$114,868,386 and the net carrying amount of the old debt of \$114,325,000 resulted in the recognition of a deferred loss on refunding in the amount of \$543,386. The deferred loss on refunding is being amortized over the remaining life of the old debt. Debt service savings and economic gains resulting from the refunding transactions are not meaningful because all debt was variable rate debt.

Included in the Airport's System's revenue bonds are \$34,900,000 of Series 1992F-G; \$28,200,000 of Series 2002C, \$65,000,000 of Series 2008B, \$92,600,000 of Series 2008C1, \$200,000,000 of Series 2008C2-C3, \$104,655,000 of Series 2009C, and \$135,600,000 of Series 2007G1-G2 which bear interest at flexible, daily, or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a daily, weekly or monthly mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest.

On November 1, 2014, the Airport System entered into a liquidity facility and reimbursement agreement with BMO Harris Investment Corp., who purchased the Series 2007 G1-G2 bonds, at a floating rate indexed to 1-month LIBOR. On October 24, 2014 and September 25, 2014, the Airport System entered into a liquidity facility and reimbursement agreement with Banc of America Preferred Funding Corporation, who purchased the Series 1992 F-G, and Series 2002C bonds, respectively, at a floating rate indexed to 1-month LIBOR. On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C bonds at a floating rate indexed to 1-month LIBOR. On July 29, 2011 and August 8, 2011, the Airport System entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 bonds, respectively, at a floating rate indexed to 1-month LIBOR.

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 in January 2012. 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 total principal and interest remaining to be paid on the bonds is \$55,790,000, with annual requirements ranging from \$2,123,000 to \$4,329,000. Over the past 10 years annual net revenues available for debt service have averaged \$19,542,000. In 2014, debt service paid and net revenue available for debt service was \$4,334,000 and \$36,635,000, 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 \$4,104,000, with annual requirements of approximately \$684,000. Over the past 9 years annual net revenues available for debt service have averaged \$1,574,000. In 2014, debt service paid and net revenue available for debt service was \$686,000 and \$1,264,000, respectively.

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 unamortized premium of \$24,511,000 at December 31, 2014, are comprised of the following individual issues shown in **Table 27** (dollars in thousands).

Table 27

Purpose	Interest Rates	Amount
Series 2007	5.25% ¹	\$ 2,215
Series 2010B-1	2.00%-5.00%	81,340
Series 2013A-1	5.00%	150,270
Series 2013D-2	3.93%	6,987
Series 2014D-2	4.19% ²	36,000
Note payable	2.00%	4,953
Total		\$ 281,765

¹Fixed rate through 2016, then converts to variable

²Variable rate at 12/31/2014

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

Table 28

Year	Principal	Interest
2015	\$ 19,230	\$ 12,875
2016	22,333	11,989
2017	24,719	11,192
2018	26,720	10,144
2019	25,275	8,850
2020 - 2022	113,170	28,316
2025	45,365	2,222
Total	\$ 276,812	\$ 85,588

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. The payment schedules relating to the loan requirements as of December 31, 2014, are shown in **Table 29** (dollars in thousands).

Table 29

Year	Denver International Airport	
	Principal	Interest
2015	\$ 5,640	\$ 469
2016	4,086	292
2017	2,057	206
2018	2,097	165
2019	2,139	124
2020 - 2022	4,968	122
Total	\$ 20,987	\$ 1,378

The City has a note payable with JP Morgan Chase Bank of New York in the amount of \$7,456,000 as of December 31, 2014. 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, 2014, 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	\$ 3,841	\$ 9,272	\$ 6,700	\$ 6,413	\$ 878
Pollution remediation	409	-	409	-	-
Compensated absences:					
Classified service employees - 3,119	92,837	22,790	21,188	94,439	3,811
Career Service employees - 5,717	46,309	27,149	26,010	47,448	4,607
Net other postemployment benefit obligation	10,712	2,436	-	13,148	-
Claims payable	30,797	9,637	8,963	31,471	9,130
General obligation bonds ¹	910,319	12,796	51,427	871,688	51,970
GID general obligation bonds	4,920	-	385	4,535	405
Excise tax revenue bonds	211,325	-	20,175	191,150	19,785
Capitalized lease obligations	413,417	19,905	26,832	406,490	22,212
Unamortized premium	47,108	-	9,160	37,948	-
Intergovernmental agreement	3,742	-	560	3,182	590
Other governmental funds - note payable	7,856	-	400	7,456	-
Total Governmental Activities	\$ 1,783,592	\$ 103,985	\$ 172,209	\$ 1,715,368	\$ 113,388

¹Additions to general obligation bonds represent mini-bond accretion of \$796. Deletions include total mini-bond accretion on matured 1999A mini-bonds of \$3,134. Ending balance includes compound interest from the 2007 and 2014A mini-bonds of \$4,043.

Table 31

	January 1	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management					
Revenue bonds	\$ 46,015	\$ -	\$ 2,590	\$ 43,425	\$ 2,715
Unamortized premium	5,161	-	274	4,887	-
Capitalized lease obligations	7,966	-	547	7,419	562
Notes payable	-	-	-	-	-
Compensated absences	2,805	1,466	1,171	3,100	844
Other long-term liabilities	7,009	2,475	9,484	-	-
Total Wastewater Management	68,956	3,941	14,066	58,831	4,121
Denver Airport System:					
Revenue bonds	4,441,395	116,000	273,370	4,284,025	148,140
Unamortized premium	172,681	-	19,468	153,213	-
Notes payable	25,804	-	4,817	20,987	5,640
Compensated absences	8,914	4,916	4,927	8,903	2,608
Total Denver Airport System	4,648,794	120,916	302,582	4,467,128	156,388
Nonmajor enterprise funds:					
Revenue bonds	3,980	-	495	3,485	515
Unamortized net premium	13	-	5	8	-
Capitalized lease obligations	819	1,757	650	1,926	604
Compensated absences	1,033	488	333	1,188	304
Total nonmajor enterprise funds	5,845	2,245	1,483	6,607	1,423
Total Business-type Activities	\$ 4,723,595	\$ 127,102	\$ 318,131	\$ 4,532,566	\$ 161,932
Major Component Units:					
Revenue bonds ¹	\$ 346,039	\$ -	\$ 5,331	\$ 340,708	\$ 5,485
Increment bonds and notes payable ²	559,538	69,389	22,052	606,875	22,899
Compensated absences	130	116	90	156	-
Total Major Component Units	\$ 905,707	\$ 69,505	\$ 27,473	\$ 947,739	\$ 28,384

¹Includes unamortized premium of \$5,748.

²Includes unamortized premium of \$24,511.

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 \$72,530,000.

- 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, 2014, 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, 2014 was (\$39,787,000). The year-end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2014. 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, 2014. 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, 2014.

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)	(0.110%)	(0.110%)	(0.110%)
Net swap interest rate	3.290%	3.290%	3.020%
Variable-rate certificate coupon payment	0.030%	0.030%	0.030%
Net swap and certificate rate	3.320%	3.320%	3.050%

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2014, 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
2015	\$ 7,805	\$ 71	\$ 6,923	\$ 14,799
2016	8,190	69	7,281	15,540
2017	8,695	66	7,010	15,771
2018	9,235	64	6,762	16,061
2019	9,805	60	6,406	16,271
2020 - 2024	58,885	256	26,922	86,063
2025 - 2029	77,905	156	16,190	94,251
2030 - 2032	55,755	28	2,822	58,605
Total	\$ 236,275	\$ 770	\$ 80,316	\$ 317,361

Table 34 (dollars in thousands) provides the fair values and the 2014 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2014, 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 12/31/14	Change in Fair Value	Classification
2008A1 Swap Agreements							
JP Morgan Chase Bank	7/17/03	\$ 80,470	12/1/29	2008A1 COP	\$ (12,492)	\$ 3,149	Deferred outflow Investment revenue
						\$ (269)	
2008A2 Swap Agreements							
JP Morgan Chase Bank	7/17/03	67,865	12/1/29	2008A2 COP	(10,534)	2,654	Deferred outflow Investment revenue
						(227)	
2008A3 Swap Agreements							
Royal Bank of Canada	10/1/08	87,940	12/1/31	2008A3 COP	(16,761)	8,277	Deferred outflow Investment revenue
						(19)	
Total		\$ 236,275			\$ (39,787)	\$ 14,080	\$ (515)

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, 2014, 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, 2014 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, 2014).

Table 36

SWAP	1999, 2002	2005	2006A	1998	2008B
	2009A	2006B	2008A		
Associated Debt	2002C, 2008B	2006A, 2007D	2002C, 2007F-G	2008C2-C3	2008C1
	2009C	2007D	2014A		
Payment to counterparty	5.633%	3.692%	4.009%	4.740%	4.760%
Payment from counterparty	(0.161%)	(4.205%)	(0.120%)	(0.220%)	(0.279%)
Net swap interest rate	5.472%	-0.513%	3.889%	4.520%	4.481%
Associated bond interest rate	1.003%	4.960%	0.675%	0.744%	1.135%
Net swap and bond rate	6.475%	4.447%	4.564%	5.264%	5.616%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2014, 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
2015	\$ 3,300	\$ 3,494	\$ 20,084	\$ 26,878
2016	3,300	3,455	20,084	26,839
2017	5,200	3,416	20,084	28,700
2018	8,300	3,366	20,085	31,751
2019	42,880	3,274	18,279	64,433
2020 - 2024	190,640	10,678	38,520	239,838
2025 - 2029	109,430	4,112	1,669	115,211
2029 - 2031	36,950	495	-	37,445
Total	\$ 400,000	\$ 32,290	\$ 138,805	\$ 571,095

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2014.

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		Fair Values 12/31/14	
							Classification	Amount		
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	\$ 4,160	\$ (23,495)	
							Investment income	(2,271)		
Societe Generale, New York Branch	10/4/00	100,000	11/15/25	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred outflow	4,157	(23,201)	
							Investment income	(2,238)		
1999 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/01	100,000	11/1/22	¹	5.6179%	SIFMA	Deferred outflow	2,407	(24,616)	
							Investment income	(2,537)		
Merrill Lynch Capital Services, Inc.	10/4/01	50,000	11/1/22	¹	5.5529%	SIFMA	Deferred outflow	1,203	(12,118)	
							Investment income	(1,240)		
2009A Swap Agreements										
Loop Financial Products I, LLC	1/12/10	50,000	11/15/22	¹	5.6229%	SIFMA	Deferred outflow	860	(12,323)	
							Investment income	(926)		
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	(414)	(129)
2005 Swap Agreements										
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	1,308	(8,659)	
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A/2007D	3.6874%	70% LIBOR	Investment income	1,295	(8,778)	
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	2,616	(17,317)	
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	1,308	(8,659)	
2006A Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/07	177,550	11/15/25	2007F-G/2014A ²	4.0085%	70% LIBOR	Investment income	1,244	(26,456)	
GKB Financial Services Corp.	11/15/07	59,183	11/15/25	2007F-G/2014A ²	4.0085%	70% LIBOR	Investment income	415	(8,818)	
2006B Swap Agreements										
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A/2007D	SIFMA	4.0855%	Investment income	(1,685)	9,331	
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A/2007D	SIFMA	4.0855%	Investment income	(1,685)	9,331	
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A/2007D	SIFMA	4.0855%	Investment income	(3,370)	18,663	
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A/2007D	SIFMA	4.0855%	Investment income	(1,685)	9,331	
2008A Swap Agreements										
Royal Bank of Canada	12/18/08	118,367	11/15/25	2007F-G2014A ²	4.0085%	70% LIBOR	Investment income	831	(17,635)	
2008B Swap Agreements										
Loop Financial Products I, LLC	1/8/09	100,000	11/15/25	2008C1 ²	4.7600%	70% LIBOR + 0.10%	Investment income	2,837	(24,629)	
TOTAL									\$ (170,177)	

¹ Swaps are currently associated with Series 2009C bonds, Series 2008B, and a portion of the Series 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, 2014. 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, 2014. 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, 2014, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below). The ratings of the counterparties, or their credit support providers, as of December 31, 2014, 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-	Baa1	A
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	NR	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.)	NR	Baa2	A
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A-	Baa2	A
Royal Bank of Canada	AA-	Aa3	AA
Societe Generale, New York Branch	A	A2	A

NR - no rating available.

As of December 31, 2014, 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** on preceding page). 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.
- 8. Synthetic Guaranteed Investment Contracts.** An option in the City’s deferred compensation plan includes a custom stable value fund that includes synthetic guaranteed investment contracts (SGICs). The contracts provide a stable rate of return to the participants. The value of the underlying investments is \$237,194,000 and the wrapper value is \$27,066 as of December 31, 2014.

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 applicable 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 15.0% of budgeted expenditures and should not go below 10.0% of budgeted expenditures, except in response to a severe crisis, economic or otherwise.

Fund balances by classification are detailed in **Table 40** (dollars in thousands).

Table 40

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Nonspendable	\$ 425	\$ -	\$ 3,043	\$ 3,468
Restricted:				
General government	-	-	11,601	11,601
Public safety - administration	-	-	13,817	13,817
Public safety - fire	-	-	446	446
Public safety - police	577	-	2,349	2,926
Public safety - sheriff	-	-	9,352	9,352
Public works	-	-	79,311	79,311
Human services	-	55,193	6,049	61,242
Health	-	-	1,390	1,390
Parks & recreation	-	-	58,973	58,973
Cultural activities	-	-	68,045	68,045
Community development	-	-	6,497	6,497
Economic opportunity	-	-	80	80
Assets held for resale	-	-	1,258	1,258
Loans receivable	2,785	-	68,205	70,990
Long-term debt	19,931	-	72,530	92,461
Emergency use - assets held for resale	11,436	-	-	11,436
Emergency use	30,710	-	14	30,724
Total Restricted	65,439	55,193	399,917	520,549
Committed:				
General government	13,089	-	1,448	14,537
Public safety - admin	1,974	-	774	2,748
Public safety - fire	659	-	-	659
Public safety - police	1,263	-	-	1,263
Public safety - sheriff	1,667	-	-	1,667
Public works	9,798	-	-	9,798
Health	253	-	-	253
Parks & recreation	1,044	-	1,503	2,547
Community development	513	-	-	513
Economic opportunity	128	-	-	128
Total Committed	30,388	-	3,725	34,113
Assigned:				
General government	-	-	11,535	11,535
Public safety - police	-	-	656	656
Public works	-	-	548	548
Parks & recreation	-	-	11,929	11,929
Cultural activities	-	-	3,644	3,644
Total Assigned	-	-	28,312	28,312
Unassigned	267,764	-	-	267,764
Total Fund Balances	\$ 364,016	\$ 55,193	\$ 434,997	\$ 854,206

- **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 \$468,000 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 \$11,601,000 restricted of which \$6,038,000 is restricted for future grant expenditures, \$4,735,000 is restricted for technology projects and \$828,000 is restricted for capital assets.

Public Safety – Administration has \$13,817,000 restricted for future capital projects of which \$2,087,000 is in the nonmajor capital funds and \$11,730,000 is in special revenue funds within the special projects funds. The restrictions in the nonmajor capital funds include \$11,246,000 for 911 expenses and \$484,000 for various assets and maintenance. Public Safety – Fire has \$446,000 restricted of which \$434,000 is in the capital projects fund to finish the Alameda Fire Station and \$12,000 is in the special revenue fund. Public Safety – Police has \$2,926,000 restricted which includes \$577,000 in the General Fund for confidential police funds, \$1,054,000 in special revenue funds, and \$1,295,000 in nonmajor capital project funds for various assets and maintenance. Public Safety – Sheriff has \$9,352,000 restricted which includes \$7,856,000 for County Jail maintenance, \$629,000 for courthouse improvements, and \$310,000 for chiller installations and \$557,000 for various maintenance projects.

Public Works has a total of \$79,311,000 restricted for future projects of which \$71,229,000 is restricted in the various nonmajor bond funds for infrastructure. This includes \$25,800,000 for Brighton Boulevard Improvements, \$4,669,000 for Traffic Signal Upgrades and Hazard Eliminations, \$4,535,000 for the 38th & Blake Bridge, \$1,325,000 for the 38th Avenue Underpass, \$3,830,000 for I-25 & Broadway Access Improvements, \$3,467,000 for the Interstate 70 Planning, \$3,216,000 for the Peoria Street Project, \$3,058,000 for the Mississippi & Broadway Intersection, \$1,951,000 for Bridge Maintenance, and \$18,268,000 for various building and street projects. The Special Assessment funds also have \$1,110,000 restricted for Public Works improvements.

In addition to the \$71,229,000 discussed above, Public Works has \$8,082,000 restricted in various nonmajor funds for sign, pavement, and bridge and facilities maintenance.

Human Services has \$61,242,000 restricted of which \$55,193,000 is for grant expenditures. The remaining \$4,915,000 is restricted in the nonmajor capital project funds for the Denver Rescue Mission facility at 22nd & Lawrence and \$1,134,000 for maintenance.

Health has \$1,390,000 restricted in the nonmajor capital projects fund which includes \$356,000 for various neighborhood facilities, \$21,000 for the Denver Animal Shelter, and \$575,000 for maintenance. Additionally, \$438,000 is restricted in the special revenue fund for grants.

Parks and Recreation has \$58,973,000 restricted of which \$57,673,000 is in nonmajor capital projects funds for various projects and maintenance. This includes \$4,859,000 in the Winter Park fund for park maintenance, \$111,000 for assets, \$29,577,000 for the Central Denver Recreation Center, \$3,550,000 for River North Park, \$3,554,000 for infrastructure including playgrounds and irrigation, \$15,050,000 for maintenance, and \$972,000 for Denver Botanic Gardens. In addition, Parks and Recreation has \$828,000 for Cableland maintenance and \$472,000 restricted in special revenue funds for grant expenses.

Cultural Activities has \$68,045,000 restricted of which \$66,529,000 is restricted in the nonmajor capital project funds for the following: \$2,852,000 for a new west Denver Library branch, \$13,246,000 for the Boettcher Concert Hall, Denver Performing Arts Center Studio, the Colorado Convention Center, and the attached garage, \$5,845,000 for the McNichols building improvements, \$3,000,000 for the Denver Art Museum building improvements, and \$6,875,000 for the National Western Center improvements. Furthermore, \$6,337,000 is restricted for Red Rocks Amphitheatre Improvements, \$2,486,000 for the Champa Street Bridge, and \$2,000,000 for the Levitt & Ruby Park Pavillion. There is \$8,993,000 restricted for maintenance and \$14,895,000 restricted for various capital assets. Cultural Activities also has \$1,516,000 restricted in special revenue funds for future grant expenditures.

Community Development Activities has \$6,497,000 restricted of which \$118,000 is restricted in the bond projects fund for a Neighborhood House Alternative project and \$6,379,000 is restricted in special revenue funds for grant expenditures.

Economic Opportunity has \$80,000 restricted in the special revenues funds for future grant expenditures.

The City is also holding \$1,258,000 of foreclosed assets restricted in the Special Revenue Community Development fund to be used for future loans.

The City has \$70,990,000 in restricted loans receivable that originated from grants of which \$2,785,000 is in the General Fund, \$12,439,000 of restricted loans receivable is in the General Government special revenue fund and \$55,766,000 is in the Community Development special revenue fund.

There is \$92,461,000 restricted for long-term debt of which \$19,931,000 is in the General Fund, \$1,100,000 in the Community Development special revenue funds, \$1,756,000 in the Special Funds special revenue funds, \$69,315,000 in the debt service funds and \$359,000 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 \$1,448,000 in committed fund balance for nonfederal grant expenses and Public Safety has \$774,000 in committed fund balance for grant expenses. Parks has \$1,503,000 in committed fund balance for Parks maintenance. The General Fund has \$30,388,000 in committed fund balance which includes \$4,438,000 for fleet replacement, \$5,563,000 for crime prevention, \$1,235,000 for business incentives, and \$19,152,000 for various capital and community projects.

- **Assigned Fund Balances** – Assigned fund balances are constrained for specific purposes by City Council as authorized by the City's charter. The City has \$28,312,000 in assigned fund balance of which \$11,535,000 is in the General Government special revenue funds, \$656,000 is for Public Safety – Police, \$548,000 is for Public Works, \$11,929,000 is for Parks and Recreation and \$3,644,000 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 General Fund has \$267,764,000 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 2014, 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, 2014, to be approximately \$6,413,000. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately \$3,800,000 at December 31, 2014.

Changes in the long-term legal liability during the past two years are shown in **Table 41** (dollars in thousands).

Table 41

	2014	2013
Beginning balance - January 1	\$ 3,841	\$ 6,603
Current year claims and changes in estimates	9,272	2,272
Changes in estimates	-	(3,703)
Claims settled	(6,700)	(1,331)
Ending Balance - December 31	\$ 6,413	\$ 3,841

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 \$478,000 per injury or \$990,000 per occurrence.

See **Note IV-E-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, 2014, the City accrued a current liability, measured at its expected amount, using the expected cash flow technique, of \$82,000 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.

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, 2014, for 2015, was \$33,686,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2014 to satisfy this requirement. These funds may only be used for payment of workers' compensation benefits and administrative costs.

The City has purchased reinsurance coverage in order to reduce its risk. For the period from January 1, 2014 through December 31, 2014, 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 42** (dollars in thousands).

Table 42

	2014	2013
Beginning balance, undiscounted - January 1	\$ 30,797	\$ 32,886
Current year claims and changes in estimates	17,018	10,648
Claims paid	(8,963)	(5,997)
Ending balance undiscounted	38,852	37,537
Less discount	(7,381)	(6,740)
Ending Balance - December 31	\$ 31,471	\$ 30,797

NOTE D – SUBSEQUENT EVENTS

- Fleet Maintenance Fund.** On January 1, 2015, the City closed the Fleet Maintenance Internal Service Fund. All associated account balances were transferred to the General Fund.

NOTE E – CONTINGENCIES

- 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, 2014, the City's general obligation debt outstanding was \$867,646,000 and the City's legal debt margin was \$1,624,000,000.
- 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, 2014, for the City was \$193,410,000.

- 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 43 (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, 2014.

Table 43

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	\$ -	\$ -	\$ 432	\$ 432	\$ 432	
Adult Foster Care	12	1	-	1	12	
Adult Protective Services	-	-	2,473	2,473	2,473	
Aid to Needy & Disabled	3,827	765	-	765	3,827	
Aid to the Blind	(2)	-	-	-	(2)	
Casey Family Program-Reduce Barriers	-	-	4	4	4	
Child Care	13,070	1,308	1,299	2,607	14,369	
Child Support Enforcement ¹	60	33	11,819	11,852	11,879	
Child Welfare Discretionary Grant	-	-	118	118	118	
Child Welfare Grants - IV-E Waiver	-	-	568	568	568	
Child Welfare	19,476	3,779	31,499	35,278	50,975	
Child Welfare HOT	-	-	6	6	6	
Colorado Works	21,768	2,981	12,947	15,928	34,715	
Core Services	4,552	580	3,232	3,812	7,784	
County Administration	-	-	18,095	18,095	18,095	
County Only Pass Thru	-	-	5,065	5,065	5,065	
Federal Grants	-	-	6,731	6,731	6,731	
Food Assistance Benefits	140,732	-	-	-	140,732	
Food Assistance Fraud	-	-	363	363	363	
Food Assistance Job Search	-	-	1,507	1,507	1,507	
Home Care Allowance	932	47	-	47	932	
Low Income Energy Assistance	4,633	-	531	531	5,164	
Non-allocated Programs	181	178	124	302	305	
Old Age Pension	27,150	-	330	330	27,480	
SSI-Home Care Allowance	1,106	55	-	55	1,106	
TANF Collections-EBT	(390)	(78)	-	(78)	(390)	
Title XX Caseworker Training	-	-	14	14	14	
Title IV-B Sub Part 2 - PSSF	-	-	554	554	554	
Title IV-E Independent Living	-	-	194	194	194	
Total	\$ 237,107	\$ 9,649	\$ 97,905	\$ 107,554	\$ 335,012	

¹The 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.

²Does 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, 2014, the aggregate principal amount payable for the bonds, excluding the Airport's Special Facility Revenue bonds, was approximately \$79,713,000.

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, 2014, Airport Special Facility Revenue Bonds outstanding totaled \$270,025,000.

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

There is no noise penalty due for 2014.

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

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

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

Effective October 1, 1997, the City renegotiated its contract with Waste Management of Colorado, Inc. (WMC), the current operator of DADS. As a result, the City assigned its responsibility for all closure and post-closure costs to WMC. To cover these costs, WMC has provided a performance bond of \$3,000,000, provided a corporate guarantee from their parent company, Waste Management, Inc (WMI), and posted a financial assurance plan with the State of Colorado (including an insurance certificate of \$17,902,000 as of April 2015). 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 \$2,610,000 at December 31, 2014. 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 10.0% 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 \$42,160,000. The amendment is also applicable to several component units, which have established emergency reserves of \$270,000.

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 2014, Tabor revenues exceeded the established limits by \$202,503,000.

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 a third-party administrator 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 a retirement trust investment fund offered by the Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF). 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 \$17,500 for 2014. 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 \$35,000 for 2014. Total contributions by employees were \$30,997,000 for 2014.
- 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, 2014, the date of the last actuarial valuation, the plan was under-funded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the Plan. The Board monitors the Plan continually to ensure an appropriate level of funding.

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

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

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

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

- 2. Pension Plans' Funding Policy and Annual Pension Cost.** For DERP, the City contributes 11.2% of covered payroll and employees make a pre-tax contribution of 7.3% 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, 2014, 2013, and 2012 were \$57,128,000, \$53,424,000, and \$47,176,000, 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 44, 45,** and **46** (dollars in thousands).

Table 44

	DERP	DERP Health Benefits
Actuarially determined contribution rates (percentage of covered payroll):		
Employer	10.39%	0.75%
Plan members	6.77%	0.49%
Annual pension costs	\$92,689	\$6,689
Total contributions made	\$99,462	\$7,058
Actuarial valuation date	1/1/14	1/1/14
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll, closed basis	Level percent of payroll, closed 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	3.25% to 7.25%	0%
Includes inflation at	2.75%	0%
Cost of living adjustment	None	None

Table 45**Three-year Trend Information**

December 31, 2013 (dollars in thousands)

	Year	Annual Actuarial Required Contribution (ARC) ¹	Percentage of ARC Contributed ²
DERP	2012	\$ 56,055	88.8%
	2013	55,398	101.9%
	2014	55,872	102.2%
DERP Health Benefits	2012	\$ 5,153	82.3%
	2013	4,722	87.6%
	2014	4,094	105.8%

¹Employers made contributions based on the legally required rates.

²Beginning January 1, 2013, the amortization method changed from level dollar 30-year open to level percent of pay 30-year closed.

Table 46**Defined Benefit Pension Plans Schedule of Funding Progress**

December 31, 2014 (dollars in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Projected Unit Credit	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
DERP	January 1, 2012	\$ 1,946,844	\$ 2,386,530	\$ 439,686	81.6%	\$ 517,398	85.0%
	January 1, 2013	1,980,204	2,593,190	612,986	76.4%	531,559	115.3%
	January 1, 2014	2,062,323	2,699,000	636,677	76.4%	540,229	117.9%
DERP Health Benefits	January 1, 2012	\$ 84,680	\$ 142,967	\$ 58,287	59.2%	\$ 517,396	11.3%
	January 1, 2013	82,993	148,886	65,893	55.7%	531,559	12.4%
	January 1, 2014	82,737	149,782	67,045	55.2%	540,229	12.4%

For FPPA, covered employees contribute at the rate of at least 8.0% of base salary. As of January 1, 2013, the actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 73.3% and 90.8%, respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2014, 2013, and 2012 were \$30,206,000, \$30,206,000, and \$24,715,000, respectively.

The City also made contributions for the years ended December 31, 2014, 2013, and 2012 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of \$14,229,000, \$14,650,000, and \$15,445,000, respectively. As of the January 1, 2013, actuarial report, under current law benefits, which assume no cost-of-living adjustments, the Plan is funded at 100.9%.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT RATE SUBSIDY

In addition to the pension benefits described in **Note IV-G**, 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, 2014 actuarial valuation, there are 7,464 active employees under age 65 covered under the health insurance plans. In addition, there are 1,210 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 100.0% 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 \$5,240,000, \$5,485,000, and \$5,360,000, for the years ended December 31, 2014, 2013, and 2012, 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, 2014 actuarial valuation, there

are 2,393 active employees under age 65 covered under the health insurance plans. In addition, there are 230 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 100.0% 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 47** (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 47

Employer's normal cost	\$ 2,403
Amortization of unfunded AAL	1,830
Interest on net OPEB obligation	428
Adjustment to ARC	(425)
Annual OPEB Cost	4,236
Employer contribution	1,800
Increase in net OPEB obligation	2,436
Net OPEB obligation - January 1	10,712
Net OPEB Obligation - December 31	\$ 13,148

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, 2014, and the two preceding years are detailed in **Table 48** (dollars in thousands).

Table 48

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual Cost OPEB Contributions	Net OPEB Obligations
December 31, 2012	\$ 3,198	\$ 1,579	49.4%	\$ 9,045
December 31, 2013	3,320	1,665	50.2%	10,712
December 31, 2014	4,236	1,800	42.5%	13,148

- 6. Funded Status and Funding Progress for FPPA Participants Plan.** The funded status for the year ended December 31, 2014, is presented in **Table 49** (dollars in thousands).

Table 49

	OPEB
Actuarial accrued liability (AAL)	\$ 47,906
Actuarial value of plan assets	(47,906)
Unfunded AAL (UAAL)	\$ 47,906
Funded ratio	0.00%
Covered payroll	\$ 201,756
UAAL as a % of covered payroll	23.7%

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 50** details the actuarial methods and assumptions used.

Table 50

	OPEB
Actuarial valuation date	12/31/14
Actuarial cost method	Entry age normal
Amortization method	Level % of pay
Remaining amortization period	30 years, open
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare cost trend	Grading from 8.5% decreasing by .5% per year to 5% thereafter
General inflation	3% annually
Projected salary increases	4%

* * *

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

Year Ended December 31, 2014 (dollars in thousands)

	General Fund			Variance with Final Budget
	Budget Original	Final	Actual	
Revenues				
Taxes	\$ 700,999	\$ 750,445	\$ 761,672	\$ 11,227
Licenses and permits	31,759	36,646	48,425	11,779
Intergovernmental revenues	27,316	30,433	31,647	1,214
Charges for services	38,882	38,483	169,047	130,564
Investment and interest income	3,840	4,479	7,499	3,020
Fines and forfeitures	59,171	57,135	51,954	(5,181)
Contributions	-	-	-	-
Other revenue	145,386	146,779	8,233	(138,546)
Total Revenues	1,007,353	1,064,400	1,078,477	14,077
Budget Basis Expenditures				
General government	247,783	237,793	213,408	24,385
Public safety	504,883	509,252	500,950	8,302
Public works	142,980	143,200	134,632	8,568
Human services	-	-	-	-
Health	48,645	49,109	48,957	152
Parks and recreation	59,067	58,300	57,717	583
Cultural activities	41,604	41,736	41,064	672
Community development	18,171	19,101	18,152	949
Total Budget Basis Expenditures	1,063,133	1,058,491	1,014,880	43,611
Excess (deficiency) of revenues over budget basis expenditures	(55,780)	5,909	63,597	57,688
Other Financing Sources (Uses)				
Sale of capital assets	-	-	99	99
Issuance of capital leases	-	-	18,763	18,763
Insurance recoveries	-	-	177	177
Transfers in	36,107	45,542	46,045	503
Transfers out	(40,727)	(40,886)	(52,000)	(11,114)
Total Other Financing Sources (Uses)	(4,620)	4,656	13,084	8,428
Excess (deficiency) of revenues and other financing sources over budget basis expenditures and other financing uses	\$ (60,400)	\$ 10,565	76,681	\$ 66,116
Fund balances - January 1			287,335	
Fund Balance - December 31			\$ 364,016	

See accompanying notes to required supplementary information.

Human Services Special Revenue Fund					
Budget		Actual	Variance with Final Budget		
Original	Final				
\$ 59,646	\$ 57,969	\$ 57,728	\$ (241)		
-	-	-	-		
87,012	86,120	87,791	1,671		
584	376	715	339		
-	-	-	-		
-	-	-	-		
-	-	777	777		
14,274	11,961	295	(11,666)		
161,516	156,426	147,306	(9,120)		
-	-	-	-		
-	-	-	-		
-	-	-	-		
156,885	169,162	131,011	38,151		
-	-	-	-		
-	-	-	-		
-	-	-	-		
156,885	169,162	131,011	38,151		
4,631	(12,736)	16,295	29,031		
-	-	-	-		
-	-	-	-		
-	-	7	7		
75	75	75	-		
(1,575)	(1,575)	(1,575)	-		
(1,500)	(1,500)	(1,493)	7		
\$ 3,131	\$ (14,236)	14,802	\$ 29,038		
		40,391			
		\$ 55,193			

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, 2014 (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, 2012	\$ -	\$ 88,704	\$ 88,704	0.0%	\$ 446,182	19.9%
December 31, 2013	-	88,879	88,879	0.0%	464,029	19.2%
December 31, 2014	-	73,738	73,738	0.0%	487,408	15.1%
FPPA						
December 31, 2012	\$ -	\$ 39,176	\$ 39,176	0.0%	\$ 195,864	20.0%
December 31, 2013	-	40,931	40,931	0.0%	203,699	20.1%
December 31, 2014	-	47,906	47,906	0.0%	201,756	23.7%

Schedule of Employer Contributions

Year Ended	Employer Contributions			
	DERP		FPPA	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
December 31, 2010	\$ 6,261	85.6%	\$ 3,198	49.4%
December 31, 2012	6,421	85.4%	3,333	50.0%
December 31, 2014	4,987	105.0%	4,234	42.2%

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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, 2014 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	\$ 10,128	\$ -	\$ -	\$ -	\$ 10,128
Cash and cash equivalents	64,658	65,107	241,562	804	372,131
Receivables (net of allowances for uncollectibles of \$83,764):					
Taxes	40,012	93,046	56,606	-	189,664
Notes	68,205	-	-	-	68,205
Accounts	39,270	-	7,438	-	46,708
Accrued interest	276	451	1,380	24	2,131
Interfund receivable	1,391	-	3	-	1,394
Due from other governments	12,824	-	10,156	-	22,980
Prepaid items and other assets	43	-	-	-	43
Restricted assets:					
Cash and cash equivalents	2,870	-	-	3,000	5,870
Assets held for disposition	1,258	-	-	-	1,258
Total Assets	\$ 240,935	\$ 158,604	\$ 317,145	\$ 3,828	\$ 720,512
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Vouchers payable	\$ 18,535	\$ -	\$ 22,607	\$ -	\$ 41,142
Accrued liabilities	1,666	-	24	-	1,690
Due to taxing units	78	-	-	-	78
Interfund payable	1,752	-	102	-	1,854
Unearned revenue	2,775	-	9,284	-	12,059
Advances	8,003	-	-	-	8,003
Compensated absences	49	-	-	-	49
Total Liabilities	32,858	-	32,017	-	64,875
Deferred Inflows of Resources:					
Unavailable revenues - property tax	37,342	88,930	55,247	-	181,519
Unavailable revenues - long-term receivables	31,693	-	7,428	-	39,121
Total Deferred Inflows of Resources	69,035	88,930	62,675	-	220,640
Fund Balances:					
Nonspendable	38	-	-	3,000	3,038
Restricted	108,465	69,674	220,950	828	399,917
Committed	2,463	-	1,503	-	3,966
Assigned	28,076	-	-	-	28,076
Total Fund Balances	139,042	69,674	222,453	3,828	434,997
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 240,935	\$ 158,604	\$ 317,145	\$ 3,828	\$ 720,512

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	\$ -	\$ 3,054	\$ 6,208	\$ -	\$ 9,262
Lodgers	21,122	33,395	-	-	54,517
Property	34,612	87,981	54,638	-	177,231
Sales and use	16,975	35,628	276	-	52,879
Specific ownership	213	-	-	-	213
Telephone	7,468	-	-	-	7,468
Special assessments	-	-	1,913	-	1,913
Licenses and permits	1,538	-	-	-	1,538
Intergovernmental revenues	68,729	-	42,460	-	111,189
Charges for services	67,170	-	145	-	67,315
Investment and interest income	2,126	64	4,289	435	6,914
Fines and forfeitures	2,518	-	-	-	2,518
Contributions	4,601	-	200	-	4,801
Other revenue	40,603	5,414	115	-	46,132
Total Revenues	267,675	165,536	110,244	435	543,890
Expenditures					
Current:					
General government	68,735	-	24,284	-	93,019
Public safety	74,180	-	5	-	74,185
Public works	1,491	-	91,211	-	92,702
Health	9,362	-	1,150	-	10,512
Parks and recreation	2,255	-	10,570	-	12,825
Cultural activities	57,290	-	8,784	-	66,074
Community development	20,903	-	414	-	21,317
Economic opportunity	20,558	-	-	-	20,558
Debt service:					
Principal retirement	13,571	68,853	3,179	-	85,603
Interest	11,287	54,456	1,669	-	67,412
Bond issuance costs	-	-	500	-	500
Capital outlay	-	-	32,697	-	32,697
Total Expenditures	279,632	123,309	174,463	-	577,404
Excess (deficiency) of revenues over (under) expenditures	(11,957)	42,227	(64,219)	435	(33,514)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	1,685	-	1,685
Issuance of capital leases	-	-	1,142	-	1,142
Issuance of bonds	-	-	12,000	-	12,000
Insurance recoveries	316	-	-	-	316
Transfers in	26,799	-	39,751	-	66,550
Transfers out	(16,872)	(36,761)	(5,338)	(190)	(59,161)
Total Other Financing Sources (Uses)	10,243	(36,761)	49,240	(190)	22,532
Net change in fund balances	(1,714)	5,466	(14,979)	245	(10,982)
Fund balances - January 1	140,756	64,208	237,432	3,583	445,979
Fund Balances - December 31	\$ 139,042	\$ 69,674	\$ 222,453	\$ 3,828	\$ 434,997

Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2014 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	\$ 2,333	\$ 617	\$ -
Cash and cash equivalents	20,051	10,590	-
Receivables (net of allowances for uncollectibles of \$78,660)			
Taxes	3,630	36,159	-
Notes	12,439	-	-
Accounts	786	1,401	-
Accrued interest	75	7	-
Interfund receivable	62	-	3
Due from other governments	2,408	1,978	2,419
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assets held for disposition	-	-	-
Total Assets	\$ 41,784	\$ 50,752	\$ 2,422
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	\$ 6,764	\$ 1,615	\$ 475
Accrued liabilities	51	323	31
Due to taxing units	-	78	-
Interfund payable	9	6	566
Unearned revenue	131	1,005	912
Advances	2,000	90	-
Compensated absences	49	-	-
Total Liabilities	9,004	3,117	1,984
Deferred Inflows of Resources:			
Unavailable revenues - property tax	960	36,159	-
Unavailable revenues - long-term receivables	360	358	-
Total Deferred Inflows of Resources	1,320	36,517	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	18,477	9,963	438
Committed	1,448	774	-
Assigned	11,535	381	-
Total Fund Balances	31,460	11,118	438
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,784	\$ 50,752	\$ 2,422

Culture and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement Districts	Total
\$ 7,177	\$ -	\$ 1	\$ -	\$ -	\$ 10,128
18,255	3,551	-	11,708	503	64,658
-	-	-	-	223	40,012
-	55,766	-	-	-	68,205
5,270	-	-	31,731	82	39,270
3	29	-	162	-	276
16	-	1,310	-	-	1,391
123	4,697	1,196	-	3	12,824
38	-	-	-	5	43
-	1,100	-	1,756	14	2,870
-	1,258	-	-	-	1,258
\$ 30,882	\$ 66,401	\$ 2,507	\$ 45,357	\$ 830	\$ 240,935
\$ 6,821	\$ 1,742	\$ 721	\$ 357	\$ 40	\$ 18,535
316	133	572	240	-	1,666
-	-	-	-	-	78
38	23	1,051	59	-	1,752
144	-	83	500	-	2,775
5,913	-	-	-	-	8,003
-	-	-	-	-	49
13,232	1,898	2,427	1,156	40	32,858
-	-	-	-	223	37,342
60	-	-	30,915	-	31,693
60	-	-	30,915	223	69,035
38	-	-	-	-	38
1,979	64,503	80	13,011	14	108,465
-	-	-	-	241	2,463
15,573	-	-	275	312	28,076
17,590	64,503	80	13,286	567	139,042
\$ 30,882	\$ 66,401	\$ 2,507	\$ 45,357	\$ 830	\$ 240,935

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

For the Year Ended December 31, 2014 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	\$ 21,122	\$ -	\$ -
Property	4,196	30,206	-
Sales and use	16,975	-	-
Specific ownership	-	-	-
Telephone	-	-	-
Licenses and permits	1,538	-	-
Intergovernmental revenues	8,886	25,682	9,129
Charges for services	8,711	7,769	-
Investment and interest income	346	37	-
Fines and forfeitures	-	2,518	-
Contributions	1,333	269	225
Other revenue	9,095	528	-
Total Revenues	72,202	67,009	9,354
Expenditures			
Current:			
General government	67,636	749	-
Public safety	154	64,908	-
Public works	1,491	-	-
Health	94	-	9,268
Parks and recreation	-	-	-
Cultural activities	22	-	-
Community development	190	-	-
Economic opportunity	-	-	-
Debt service:			
Principal retirement	-	66	-
Interest	-	10	-
Total Expenditures	69,587	65,733	9,268
Excess (deficiency) of revenues over (under) expenditures	2,615	1,276	86
Other Financing Sources (Uses)			
Insurance recoveries	314	-	-
Transfers in	1,172	159	-
Transfers out	(7,661)	(670)	-
Total Other Financing Sources (Uses)	(6,175)	(511)	-
Net change in fund balances	(3,560)	765	86
Fund balances - January 1	35,020	10,353	352
Fund Balances - December 31	\$ 31,460	\$ 11,118	\$ 438

Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement District	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,122
-	-	-	-	210	34,612
-	-	-	-	-	16,975
-	-	-	-	213	213
-	-	-	7,468	-	7,468
-	-	-	-	-	1,538
469	16,002	8,140	421	-	68,729
37,057	110	12,461	1,062	-	67,170
10	1,301	-	431	1	2,126
-	-	-	-	-	2,518
1,737	1,037	-	-	-	4,601
25,001	545	-	5,415	19	40,603
64,274	18,995	20,601	14,797	443	267,675
36	-	-	-	314	68,735
-	-	-	9,118	-	74,180
-	-	-	-	-	1,491
-	-	-	-	-	9,362
2,233	-	-	22	-	2,255
57,268	-	-	-	-	57,290
-	20,713	-	-	-	20,903
-	-	20,558	-	-	20,558
-	400	-	13,105	-	13,571
-	-	-	11,277	-	11,287
59,537	21,113	20,558	33,522	314	279,632
4,737	(2,118)	43	(18,725)	129	(11,957)
2	-	-	-	-	316
2,845	-	-	22,623	-	26,799
(4,897)	-	-	(3,644)	-	(16,872)
(2,050)	-	-	18,979	-	10,243
2,687	(2,118)	43	254	129	(1,714)
14,903	66,621	37	13,032	438	140,756
\$ 17,590	\$ 64,503	\$ 80	\$ 13,286	\$ 567	\$ 139,042

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2014 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Assets					
Cash and cash equivalents	\$ 22,000	\$ 22,890	\$ 19,858	\$ 359	\$ 65,107
Receivables (net of allowances for uncollectibles of \$762):					
Taxes	42,755	45,194	4,740	357	93,046
Accrued interest	-	235	216	-	451
Total Assets	\$ 64,755	\$ 68,319	\$ 24,814	\$ 716	\$ 158,604
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities	-	-	-	-	-
Total Liabilities Balance	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenues - property tax	43,063	45,510	-	357	88,930
Total of Deferred Inflows of Resources	43,063	45,510	-	357	88,930
Fund Balances:					
Restricted	21,692	22,809	24,814	359	69,674
Total Fund Balances	21,692	22,809	24,814	359	69,674
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 64,755	\$ 68,319	\$ 24,814	\$ 716	\$ 158,604

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Revenues					
Taxes:					
Facilities development admission	\$ -	\$ -	\$ 3,054	\$ -	\$ 3,054
Lodgers	-	-	33,395	-	33,395
Property	44,817	42,476	-	688	87,981
Sales and use	-	-	35,628	-	35,628
Investment and interest income	(1,345)	820	589	-	64
Other revenue	-	5,414	-	-	5,414
Total Revenues	43,472	48,710	72,666	688	165,536
Expenditures					
Principal retirement	48,293	-	20,175	385	68,853
Interest	-	42,786	11,358	312	54,456
Total Expenditures	48,293	42,786	31,533	697	123,309
Excess (deficiency) of revenues over (under) expenditures	(4,821)	5,924	41,133	(9)	42,227
Other Financing Uses					
Transfers out	-	-	(36,761)	-	(36,761)
Total Other Financing Uses	-	-	(36,761)	-	(36,761)
Net change in fund balances	(4,821)	5,924	4,372	(9)	5,466
Fund balances - January 1	26,513	16,885	20,442	368	64,208
Fund Balances - December 31	\$ 21,692	\$ 22,809	\$ 24,814	\$ 359	\$ 69,674

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2014 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	\$ 5,054	\$ 112,778	\$ 10,304
Receivables (net of allowances for uncollectibles of \$4,342):			
Taxes	-	54,852	-
Accounts	-	-	-
Accrued interest	11	592	162
Interfund receivable	-	3	-
Due from other governments	-	-	-
Total Assets	\$ 5,065	\$ 168,225	\$ 10,466
Liabilities, Deferred Inflow of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	\$ 88	\$ 9,798	\$ 978
Accrued liabilities	-	13	-
Interfund payable	7	52	-
Unearned revenue	-	-	-
Total Liabilities	95	9,863	978
Deferred Inflow of Resources:			
Unavailable revenues - property tax	-	55,247	-
Unavailable revenues - long-term receivables	-	-	-
Total Deferred Inflows of Resources	-	55,247	-
Fund Balances:			
Restricted	4,970	103,115	9,488
Committed	-	-	-
Total Fund Balances	4,970	103,115	9,488
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,065	\$ 168,225	\$ 10,466

	Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
\$	85,011	\$ 19,258	\$ 8,053	\$ 1,104	\$ 241,562
	-	172	513	1,069	56,606
	-	7,438	-	-	7,438
	474	99	36	6	1,380
	-	-	-	-	3
	-	10,156	-	-	10,156
	<u>\$ 85,485</u>	<u>\$ 37,123</u>	<u>\$ 8,602</u>	<u>\$ 2,179</u>	<u>\$ 317,145</u>
\$	4,533	\$ 6,906	\$ 304	\$ -	\$ 22,607
	11	-	-	-	24
	-	43	-	-	102
	-	8,215	-	1,069	9,284
	<u>4,544</u>	<u>15,164</u>	<u>304</u>	<u>1,069</u>	<u>32,017</u>
	-	-	-	-	55,247
	-	7,428	-	-	7,428
	-	<u>7,428</u>	-	-	<u>62,675</u>
	80,941	14,531	6,795	1,110	220,950
	-	-	1,503	-	1,503
	<u>80,941</u>	<u>14,531</u>	<u>8,298</u>	<u>1,110</u>	<u>222,453</u>
\$	<u>85,485</u>	<u>\$ 37,123</u>	<u>\$ 8,602</u>	<u>\$ 2,179</u>	<u>\$ 317,145</u>

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Revenues			
Taxes:			
Facilities development admission	\$ -	\$ -	\$ -
Property	-	54,638	-
Sales and use	-	-	-
Special assessments	-	-	-
Intergovernmental revenues	-	6,202	6,013
Charges for services	-	23	-
Investment and interest income	46	1,881	462
Contributions	-	-	-
Other revenue	-	-	-
Total Revenues	46	62,744	6,475
Expenditures			
Current:			
General government	-	16,513	-
Public safety	-	5	-
Public works	-	45,649	-
Health	-	1,150	-
Parks and recreation	1,384	2,021	4,987
Cultural activities	-	2,399	-
Community development	-	242	-
Debt service:			
Principal retirement	-	3,179	-
Interest	-	1,626	-
Bond issuance costs	-	-	-
Capital outlay	587	9,051	226
Total Expenditures	1,971	81,835	5,213
Excess (deficiency) of revenues over (under) expenditures	(1,925)	(19,091)	1,262
Other Financing Sources (Uses)			
Sale of capital assets	-	1,685	-
Issuance of capital leases	-	1,142	-
Issuance of bonds	-	-	-
Transfers in	3,003	32,060	-
Transfers out	-	(3,665)	(646)
Total Other Financing Sources (Uses)	3,003	31,222	(646)
Net change in fund balances	1,078	12,131	616
Fund balances - January 1	3,892	90,984	8,872
Fund Balances - December 31	\$ 4,970	\$ 103,115	\$ 9,488

Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
\$ -	\$ -	\$ 6,208	\$ -	\$ 6,208
-	-	-	-	54,638
-	276	-	-	276
-	742	-	1,171	1,913
-	30,245	-	-	42,460
-	122	-	-	145
1,492	299	91	18	4,289
-	200	-	-	200
-	115	-	-	115
1,492	31,999	6,299	1,189	110,244
294	7,477	-	-	24,284
-	-	-	-	5
21,571	23,023	-	968	91,211
-	-	-	-	1,150
1,544	502	132	-	10,570
234	4,089	2,062	-	8,784
-	172	-	-	414
-	-	-	-	3,179
-	43	-	-	1,669
500	-	-	-	500
11,684	10,650	499	-	32,697
35,827	45,956	2,693	968	174,463
(34,335)	(13,957)	3,606	221	(64,219)
-	-	-	-	1,685
-	-	-	-	1,142
12,000	-	-	-	12,000
-	4,688	-	-	39,751
-	(314)	(699)	(14)	(5,338)
12,000	4,374	(699)	(14)	49,240
(22,335)	(9,583)	2,907	207	(14,979)
103,276	24,114	5,391	903	237,432
\$ 80,941	\$ 14,531	\$ 8,298	\$ 1,110	\$ 222,453

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2014 (dollars in thousands)

	2014 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government			
Mayor's Office	\$ 1,766	\$ 1,741	\$ 25
Civic Events	722	719	3
Education/Advocacy Initiatives	2,206	1,842	364
Workforce Development	1,154	1,158	(4)
Public Defenders Office	115	107	8
City Council	5,542	4,378	1,164
Board of Ethics	121	121	-
Office of Human Resources	10,976	10,612	364
Career Service Authority Hearing Office	488	445	43
City Attorney	35,039	34,726	313
Clerk and Recorder	9,122	6,899	2,223
Board of Adjustment	302	302	-
Human Rights and Community Partnerships	1,260	1,252	8
General Services	49,064	47,160	1,904
Auditor	6,272	5,651	621
Department of Finance	46,768	40,321	6,447
Contingency	2,755	-	2,755
Unemployment Insurance	1,500	716	784
Adams Mark Tax Increment	1,979	2,218	(239)
Annual Rental Payments	2,925	1,568	1,357
Payments to Elderly and Disabled	2,525	-	2,525
Historic Tax Rebates	300	300	-
Excise and Licenses	2,922	2,508	414
Technology Services	47,920	44,805	3,115
Office of Economic Development	4,050	3,859	191
Total General Government	\$ 237,793	\$ 213,408	\$ 24,385
Public Safety			
Safety Administration	\$ 17,390	\$ 17,390	\$ -
Civil Service Commission	1,643	1,570	73
County Court	22,517	21,998	519
District Attorney	21,264	20,895	369
Emergency Management	682	643	39
Fire	120,804	119,814	990
Independent Monitor	964	938	26
Police	206,141	204,700	1,441
Undersheriff	117,847	113,002	4,845
Total Public Safety	\$ 509,252	\$ 500,950	\$ 8,302

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2014 (dollars in thousands)

	2014 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Public Works	\$ 143,200	\$ 134,632	\$8,568
Total Public Works	<u>\$ 143,200</u>	<u>\$ 134,632</u>	<u>\$ 8,568</u>
Health			
Environmental Health	\$ 11,591	\$ 11,444	\$ 147
City Payments to Health Authority Clinic	30,906 2,394	30,901 2,394	5 -
Denver C.A.R.E.S. Poison Center	4,121 97	4,121 97	- -
Total Health	<u>\$ 49,109</u>	<u>\$ 48,957</u>	<u>\$ 152</u>
Parks and Recreation	\$ 58,300	\$ 57,717	\$ 583
Total Parks and Recreation	<u>\$ 58,300</u>	<u>\$ 57,717</u>	<u>\$ 583</u>
Cultural Activities			
Arts and Venues	\$ 2,236	\$ 2,236	\$ -
Denver Public Library	39,500	38,828	672
Total Cultural Activities	<u>\$ 41,736</u>	<u>\$ 41,064</u>	<u>\$ 672</u>
Community Development	\$ 19,101	\$ 18,152	\$ 949
Total Community Development	<u>\$ 19,101</u>	<u>\$ 18,152</u>	<u>\$ 949</u>
Total	<u>\$ 1,058,491</u>	<u>\$ 1,014,880</u>	<u>\$ 43,611</u>

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

For the Year Ended December 31, 2014 (dollars in thousands)

	2014 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Grants - Currently Active			
13001 Federal	\$ 1,853	\$ 1,853	\$ -
13007 Community Service	1,080	1,080	-
13009 Emergency Shelter	550	550	-
13012 Emergency Shelter Plus Care	2,708	2,708	-
13017 Child Care	3,014	2,110	904
13019 Homeless Vets Reintegration and Training	124	124	-
13601 Human Services Privately Funded	380	380	-
State/County Welfare			
13005 Child Welfare	38,417	30,942	7,475
13008 County Public Welfare	86,852	70,553	16,299
13301 Prenatal Fees Incentive	14	14	-
13303 Aid to the Needy Disabled	1,000	474	526
13304 Board for Developmentally Disabled	11,493	11,493	-
13305 General Assistance	1,572	1,439	133
13306 Local Funded Community Service	6,352	(6,383)	12,735
13501 Human Services State Funded	588	588	-
City and Other Projects			
13502 Integrated Care Management Incentive	178	178	-
13701 Americorps Donations	147	147	-
13703 Drug Strategy Donations	9	9	-
13704 Homeless Services Donations	12,531	12,531	-
13706 DHS Volunteer Services	52	52	-
13802 Family Crisis Project	10	(69)	79
13806 Youth Transitional Housing	100	100	-
13808 Energy Assistance	138	138	-
Total	\$ 169,162	\$ 131,011 ¹	\$ 38,151

¹Includes grantor expenditures of \$12,421 reported in the Economic Opportunity Special Revenue Fund.

Comparative Balance Sheets - General Fund

December 31, 2014 and 2013 (dollars in thousands)

	Totals	
	December 31,	
	2014	2013
Assets		
Cash on hand	\$ 140	\$ 143
Cash and cash equivalents	270,048	195,214
Receivables (net of allowances for uncollectibles of \$53,012 and \$44,591)		
Taxes	180,913	170,018
Notes	2,785	2,804
Accounts	19,541	20,109
Accrued interest	1,876	1,440
Interfund receivable	9,077	12,528
Prepaid items and other assets	425	268
Restricted assets:		
Cash and cash equivalents	51,218	48,203
Assets held for disposition	11,436	11,436
Total Assets	\$ 547,459	\$ 462,163
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Vouchers payable	\$ 19,921	\$ 17,037
Accrued liabilities	35,582	32,423
Due to taxing units	266	274
Interfund payable	3,548	2,122
Unearned revenue	656	939
Total Liabilities	59,973	52,795
Deferred Inflows of Resources:		
Unavailable revenues - property tax	109,534	109,343
Unavailable revenues - long-term receivables	13,936	12,690
Total Deferred Inflows of Resources	123,470	122,033
Fund Balance:		
Nonspendable	425	268
Restricted	65,439	62,443
Committed	30,388	23,594
Unassigned	267,764	201,030
Total Fund Balance	364,016	287,335
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 547,459	\$ 462,163

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

For the Years Ended December 31, 2014 and 2013 (dollars in thousands)

	Totals	
	Year ended December 31,	
	2014	2013
Revenues		
Taxes:		
Lodgers	\$ 21,062	\$ 17,602
Motor vehicle ownership	23,944	21,000
Occupational privilege	46,438	44,504
Property	112,120	108,522
Sales and use	555,428	493,002
Telephone	2,680	2,710
Licenses and permits	48,425	42,916
Intergovernmental revenues	31,647	27,669
Charges for services	169,047	167,864
Investment and interest income	7,499	1,890
Fines and forfeitures	51,954	54,818
Contributions	-	49
Other revenue	8,233	10,265
Total Revenues	1,078,477	992,811
Expenditures		
Current:		
General government	211,460	181,635
Public safety	500,627	475,654
Public works	129,111	98,178
Health	48,957	44,636
Parks and recreation	57,476	55,279
Cultural activities	41,064	39,192
Community development	18,152	15,998
Economic opportunity	527	574
Principal retirement	6,434	2,633
Interest	1,072	2,152
Total Expenditures	1,014,880	915,931
Excess of revenues over expenditures	63,597	76,880
Other Financing Sources (Uses)		
Sale of capital assets	99	-
Issuance of capital leases	18,763	-
Insurance recoveries	177	305
Transfers in	46,045	38,589
Transfers out	(52,000)	(55,287)
Total Other Financing Sources (Uses)	13,084	(16,393)
Net change in fund balance	76,681	60,487
Fund balances - January 1, as previously reported	287,335	226,848
Fund Balance - December 31	\$ 364,016	\$ 287,335

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

- **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, 2014 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 17,232	\$ 3,634	\$ 20,866
Receivables:			
Accounts	2,075	15	2,090
Accrued interest	94	23	117
Inventories	-	167	167
Interfund receivable	2	-	2
Restricted assets:			
Cash and cash equivalents	2,280	-	2,280
Accounts receivable	424	-	424
Accrued interest receivable	12	-	12
Total Current Assets	22,119	3,839	25,958
Capital assets:			
Land and construction in progress	3,168	1,225	4,393
Buildings and improvements	691	12,772	13,463
Improvements other than buildings	-	15,539	15,539
Machinery and equipment	144	5,488	5,632
Accumulated depreciation	(796)	(19,072)	(19,868)
Net capital assets	3,207	15,952	19,159
Long-term receivables	4,150	-	4,150
Total Noncurrent Assets	7,357	15,952	23,309
Total Assets	29,476	19,791	49,267
Liabilities			
Current liabilities:			
Vouchers payable	451	229	680
Revenue bonds payable	-	515	515
Accrued liabilities	281	209	490
Unearned revenue	-	348	348
Interfund payable	407	16	423
Capital lease obligations	-	604	604
Compensated absences	139	165	304
Current liabilities (payable from restricted assets):			
Vouchers payable	354	-	354
Total Current Liabilities	1,632	2,086	3,718
Noncurrent liabilities:			
Revenue bonds payable, net	-	2,978	2,978
Capital lease obligations	-	1,322	1,322
Compensated absences	412	472	884
Total Noncurrent Liabilities	412	4,772	5,184
Total Liabilities	2,044	6,858	8,902
Net Position			
Net investment in capital assets	3,207	10,533	13,740
Restricted for capital projects	2,362	-	2,362
Unrestricted	21,863	2,400	24,263
Total Net Position	\$ 27,432	\$ 12,933	\$ 40,365

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	\$ 9,465	\$ 10,290	\$ 19,755
Other revenue	281	591	872
Total Operating Revenues	9,746	10,881	20,627
Operating Expenses			
Personnel services	4,202	5,132	9,334
Contractual services	2,707	614	3,321
Supplies and materials	109	3,051	3,160
Depreciation	7	1,121	1,128
Other operating expenses	1,146	2,138	3,284
Total Operating Expenses	8,171	12,056	20,227
Operating income (loss)	1,575	(1,175)	400
Nonoperating Revenues (Expenses)			
Investment and interest income	230	50	280
Interest expense	-	(195)	(195)
Net Nonoperating Revenues (Expenses)	230	(145)	85
Income (loss) before transfers	1,805	(1,320)	485
Transfers out	(550)	-	(550)
Change in Net Position	1,255	(1,320)	(65)
Net position - January 1	26,177	14,253	40,430
Net Position - December 31	\$ 27,432	\$ 12,933	\$ 40,365

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2014 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 8,945	\$ 10,359	\$ 19,304
Payments to suppliers	(4,558)	(5,703)	(10,261)
Payments to employees	(4,115)	(5,055)	(9,170)
Other receipts	281	591	872
Net Cash Provided by Operating Activities	553	192	745
Cash Flows From Noncapital Financing Activities			
Transfers out	(550)	-	(550)
Net Cash Used by Noncapital Financing Activities	(550)	-	(550)
Cash Flows From Capital and Related Financing Activities			
Proceeds from financing arrangements	-	1,318	1,318
Principal payments	-	(1,145)	(1,145)
Interest paid on capital debt	-	(195)	(195)
Acquisition of capital assets	1,036	(292)	744
Net Cash Used by Capital and Related Financing Activities	1,036	(314)	722
Cash Flows from Investing Activities			
Interest received	220	45	265
Net increase (decrease) in cash and cash equivalents	1,259	(77)	1,182
Cash and cash equivalents - January 1	18,253	3,711	21,964
Cash and Cash Equivalents - December 31	\$ 19,512	\$ 3,634	\$ 23,146
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 1,575	\$ (1,175)	\$ 400
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	7	1,121	1,128
Accounts receivable	(372)	(2)	(374)
Long-term receivable	(150)	-	(150)
Inventories	-	1	1
Vouchers payable	(943)	96	(847)
Unearned revenue	-	71	71
Accrued liabilities	89	77	166
Interfund payable	347	3	350
Net Cash Provided by Operating Activities	\$ 553	\$ 192	\$ 745
Noncash Activities			
Amortization of bond premiums	-	5	5
Assets acquired through capital leases	-	438	438

Combining Statement of Net Position - Internal Service Funds

December 31, 2014 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,129	\$ 4,244	\$ 39,806	\$ 45,179
Receivables:				
Accounts	126	-	833	959
Accrued interest	-	-	373	373
Inventories	2,556	181	-	2,737
Interfund receivable	3,752	50	-	3,802
Total Current Assets	7,563	4,475	41,012	53,050
Capital Assets:				
Land	5,653	-	-	5,653
Buildings and improvements	16,989	3,627	-	20,616
Machinery and equipment	10,291	1,642	-	11,933
Accumulated depreciation	(11,207)	(4,887)	-	(16,094)
Net capital assets	21,726	382	-	22,108
Total Assets	29,289	4,857	41,012	75,158
Liabilities				
Current Liabilities:				
Vouchers payable	499	41	960	1,500
Accrued liabilities	377	27	61	465
Interfund payable	304	8	57	369
Advances	2,150	-	-	2,150
Capital lease obligations	796	-	-	796
Compensated absences	355	-	105	460
Claims reserve	-	-	9,130	9,130
Total Current Liabilities	4,481	76	10,313	14,870
Noncurrent Liabilities:				
Capital lease obligations	16,562	-	-	16,562
Compensated absences	437	100	90	627
Claims reserve	-	-	22,341	22,341
Total noncurrent liabilities	16,999	100	22,431	39,530
Total Liabilities	21,480	176	32,744	54,400
Net Position				
Net investment in capital assets	2,218	382	-	2,600
Unrestricted	5,591	4,299	8,268	18,158
Total Net Position	\$ 7,809	\$ 4,681	\$ 8,268	\$ 20,758

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

For the Year Ended December 31, 2014 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Operating Revenues				
Charges for services	\$ 22,931	\$ 8,406	\$ 7,980	\$ 39,317
Other revenue	75	35	1,889	1,999
Total Operating Revenues	23,006	8,441	9,869	41,316
Operating Expenses				
Personnel services	7,666	667	1,380	9,713
Contractual services	1,103	32	358	1,493
Supplies and materials	13,624	6,987	486	21,097
Depreciation	830	304	-	1,134
Claims payments	-	-	8,963	8,963
Other operating expenses	-	496	1,162	1,658
Change in claims reserve	-	-	674	674
Total Operating Expenses	23,223	8,486	13,023	44,732
Operating income (loss)	(217)	(45)	(3,154)	(3,416)
Nonoperating Revenues (Expenses)				
Investment and interest income	-	-	2,105	2,105
Interest expense	(589)	-	-	(589)
Net Nonoperating Revenues (Expenses)	(589)	-	2,105	1,516
Income (loss) before transfers	(806)	(45)	(1,049)	(1,900)
Capital contributions	85	-	-	85
Transfers in	641	-	-	641
Change in net position	(80)	(45)	(1,049)	(1,174)
Net position - January 1	7,889	4,726	9,317	21,932
Net Position - December 31	\$ 7,809	\$ 4,681	\$ 8,268	\$ 20,758

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2014 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 21,021	\$ 8,381	\$ 7,397	\$ 36,799
Payments to suppliers	(14,509)	(7,596)	(1,818)	(23,923)
Payments to employees	(7,776)	(642)	(1,348)	(9,766)
Other receipts	75	35	1,889	1,999
Claims paid	-	-	(8,963)	(8,963)
Net Cash Provided (Used) by Operating Activities	(1,189)	178	(2,843)	(3,854)
Cash Flows From Noncapital Financing Activities				
Transfers in	641	-	-	641
Net Cash Provided By Noncapital Financing Activities	641	-	-	641
Cash Flows from Capital and Related Financing Activities				
Principal payments	(760)	-	-	(760)
Interest payments	(589)	-	-	(589)
Acquisition of capital assets	(3,798)	(30)	-	(3,828)
Net Cash Used by Capital and Related Financing Activities	(5,147)	(30)	-	(5,177)
Cash Flows from Investing Activities				
Interest received	-	-	2,045	2,045
Net increase (decrease) in cash and cash equivalents	(5,695)	148	(798)	(6,345)
Cash and cash equivalents - January 1	6,824	4,096	40,604	51,524
Cash and Cash Equivalents - December 31	\$ 1,129	\$ 4,244	\$ 39,806	\$ 45,179
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (217)	\$ (45)	\$ (3,154)	\$ (3,416)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	830	304	-	1,134
Accounts receivable	(27)	-	541	514
Interfund receivable	(1,883)	(25)	-	(1,908)
Inventories	358	(77)	-	281
Vouchers payable	(591)	(8)	243	(356)
Accrued liabilities	(110)	25	32	(53)
Interfund payable	301	4	(55)	250
Advances	150	-	-	150
Deferred inflows of resources	-	-	(1,124)	(1,124)
Claims reserved	-	-	674	674
Net Cash Provided (Used) by Operating Activities	\$ (1,189)	\$ 178	\$ (2,843)	\$ (3,854)
Noncash Activities				
Assets acquired through capital contributions	85	-	-	85

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, 2014 (dollars in thousands)

	<u>Pension Benefits Trust Fund</u>	<u>Health Benefits Trust Fund</u>	<u>Other Employee Benefit Trust Fund</u>	
	Denver	Denver	Deferred	
	Employees	Employees	Compensation	
	Retirement Plan	Retirement Plan	Plan	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 42,084	\$ 1,594	\$ -	\$ 43,678
Securities lending collateral	251,622	9,532	-	261,154
Receivables:				
Accounts	1,723	65	-	1,788
Accrued interest	1,575	60	-	1,635
Investments:				
U.S. Government obligations	153,803	5,826	-	159,629
Domestic stocks and bonds	740,203	28,040	-	768,243
International stocks	504,346	19,105	-	523,451
Mutual funds	-	-	354,821	354,821
Real estate	155,951	5,908	-	161,859
Other	454,593	17,220	239,070	710,883
Total Investments	<u>2,008,896</u>	<u>76,099</u>	<u>593,891</u>	<u>2,678,886</u>
Total Current Assets	2,305,900	87,350	593,891	2,987,141
Capital assets, net of accumulated depreciation	4,810	182	-	4,992
Total Assets	2,310,710	87,532	593,891	2,992,133
Liabilities				
Vouchers payable	2,571	97	-	2,668
Securities lending obligations	252,866	9,579	-	262,445
Total Liabilities	255,437	9,676	-	265,113
Net Position Held in Trust for Pension and Other Employee Benefit Trust Funds	\$ 2,055,273		\$ 593,891	
Net Position Held in Trust for OPEB Benefits		\$ 77,856		
Net Position Held in Trust for Benefits			\$ 2,727,020	

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

For the Year Ended December 31, 2014 (dollars in thousands)

	<u>Pension Benefits</u> <u>Trust Fund</u> <u>Denver</u> <u>Employees</u> <u>Retirement Plan</u>	<u>Health Benefits</u> <u>Trust Fund</u> <u>Denver</u> <u>Employees</u> <u>Retirement Plan</u>	<u>Other Employee</u> <u>Benefit Trust Fund</u> <u>Deferred</u> <u>Compensation</u> <u>Plan</u>	<u>Total</u>
Additions				
Contributions:				
City and County of Denver	\$ 53,472	\$ 3,865	\$ -	\$ 57,337
Denver Health and Hospital Authority	6,469	468	-	6,937
Plan members	39,521	2,725	30,997	73,243
Total Contributions	99,462	7,058	30,997	137,517
Investment earnings:				
Net appreciation in fair value of investments	70,856	2,777	-	73,633
Interest and dividends	44,415	1,716	34,694	80,825
Total Investment Earnings	115,271	4,493	34,694	154,458
Less investment expense	(14,350)	(552)	-	(14,902)
Net Investment Earnings	100,921	3,941	34,694	139,556
Securities lending earnings	539	21	-	560
Securities lending expenses:				
Borrower rebates	361	14	-	375
Agent fees	(225)	(9)	-	(234)
Net Earnings from Securities Lending	675	26	-	701
Total Net Investment Earnings	101,596	3,967	34,694	140,257
Total Additions	201,058	11,025	65,691	277,774
Deductions				
Benefits	171,178	12,847	45,130	229,155
Refunds of contributions	1,508	58	-	1,566
Administrative expenses	3,638	141	408	4,187
Total Deductions	176,324	13,046	45,538	234,908
Change in net position	24,734	(2,021)	20,153	42,866
Net Position - January 1	2,030,539	79,877	573,738	2,684,154
Net Position - December 31	\$ 2,055,273	\$ 77,856	\$ 593,891	\$ 2,727,020

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended December 31, 2014 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Employee Salary Redirect Plan				
Assets				
Cash and cash equivalents	\$ -	\$ 5,575	\$ 5,575	\$ -
Accounts receivable	109	243	-	352
Total Assets	\$ 109	\$ 5,818	\$ 5,575	\$ 352
Liabilities				
Other accrued liabilities	109	5,814	5,571	352
Total Liabilities	\$ 109	\$ 5,814	\$ 5,571	\$ 352
Agency				
Assets				
Cash on hand	\$ 2,377	\$ -	\$ 497	\$ 1,880
Cash and cash equivalents	29,464	516,537	525,691	20,310
Receivables (net of allowances for uncollectibles of \$5,051):				
Taxes	675,376	692,009	683,804	683,581
Accounts	26	6,247	26	6,247
Total Assets	\$ 707,243	\$ 1,214,793	\$ 1,210,018	\$ 712,018
Liabilities				
Vouchers payable	\$ 418	\$ 340,490	\$ 329,896	\$ 11,012
Other accrued liabilities	16,032	484,633	500,530	135
Due to taxing units	690,793	711,716	701,638	700,871
Total Liabilities	\$ 707,243	\$ 1,536,839	\$ 1,532,064	\$ 712,018
Total - All Agency Funds				
Assets				
Cash on hand	\$ 2,377	\$ -	\$ 497	\$ 1,880
Cash and cash equivalents	29,464	522,112	531,266	20,310
Receivables (net of allowances for uncollectibles of \$5,051):				
Taxes	675,376	692,009	683,804	683,581
Accounts	135	6,490	26	6,599
Total Assets	\$ 707,352	\$ 1,220,611	\$ 1,215,593	\$ 712,370
Liabilities				
Vouchers payable	\$ 418	\$ 340,490	\$ 329,896	\$ 11,012
Other accrued liabilities	16,141	490,447	506,101	487
Due to taxing units	690,793	711,716	701,638	700,871
Total Liabilities	\$ 707,352	\$ 1,542,653	\$ 1,537,635	\$ 712,370

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Component Units

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Combining Statement of Net Position - Nonmajor Component Units

December 31, 2014 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Preschool Program, Inc.	Downtown Denver BID
Assets					
Cash and cash equivalents	\$ 59	\$ 1,373	\$ 313	\$ 9,201	\$ 1,690
Receivables:					
Taxes	-	2,809	360	-	5,284
Accounts	-	33	-	-	413
Prepaid items and other assets	-	-	1	26	33
Restricted Assets:					
Cash and cash equivalents	-	2,056	-	-	-
Capital Assets:					
Buildings and improvements	-	17,015	2,485	-	-
Machinery and equipment	-	263	-	49	1,512
Accumulated depreciation	-	(2,796)	(354)	(45)	(847)
Net Capital Assets	-	14,482	2,131	4	665
Total Assets	59	20,753	2,805	9,231	8,085
Liabilities					
Vouchers payable	-	98	30	1,562	745
Accrued liabilities	-	183	-	5,861	-
Unearned revenue	-	-	-	-	19
Due to other governments	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	384	-	-	-
Due in more than one year	-	16,213	-	-	-
Total Liabilities	-	16,878	30	7,423	764
Deferred inflows of resources					
Property tax	-	2,809	360	-	5,284
Net Position					
Net investment in capital assets	-	(1,296)	2,131	4	665
Restricted for:					
Emergency use	-	66	12	-	184
Debt service	-	1,167	-	-	-
Unrestricted	59	1,129	272	1,804	1,188
Total Net Position	\$ 59	\$ 1,066	\$ 2,415	\$ 1,808	\$ 2,037

Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Federal BID	Bluebird BID	Total
\$ -	\$ 43	\$ 100	\$ 18	\$ 12	\$ 12,809
6,397	-	148	-	74	15,072
-	-	1	-	-	447
-	-	-	-	-	60
-	-	-	-	-	2,056
-	-	640	-	-	20,140
-	19	-	-	-	1,843
-	(19)	(43)	-	-	(4,104)
-	-	597	-	-	17,879
6,397	43	846	18	86	48,323
-	4	7	-	5	2,451
-	10	-	-	-	6,054
-	-	-	-	-	19
6,397	-	-	-	-	6,397
-	-	-	-	-	384
-	-	-	-	-	16,213
6,397	14	7	-	5	31,518
-	-	148	-	73	8,674
-	-	597	-	-	2,101
-	-	5	-	3	270
-	-	-	-	-	1,167
-	29	89	18	5	4,593
\$ -	\$ 29	\$ 691	\$ 18	\$ 8	\$ 8,131

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2014 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Preschool Program, Inc.	Downtown Denver BID
Expenses	\$ 6	\$ 3,997	\$ 540	\$ 13,237	\$ 6,684
Program Revenues					
Charges for services	-	276	-	-	-
Operating grants and contributions	-	-	-	33	409
Total Program Revenues	<u>-</u>	<u>276</u>	<u>-</u>	<u>33</u>	<u>409</u>
Net expenses	(6)	(3,721)	(540)	(13,204)	(6,275)
General Revenues					
Taxes:					
Property	15	2,783	358	-	5,120
Specific ownership	-	192	25	-	-
Investment and interest income	-	7	1	3	-
Other revenues	-	10	27	14,055	1,151
Total General Revenues	<u>15</u>	<u>2,992</u>	<u>411</u>	<u>14,058</u>	<u>6,271</u>
Change in net position	9	(729)	(129)	854	(4)
Net position - January 1	<u>50</u>	<u>1,795</u>	<u>2,544</u>	<u>954</u>	<u>2,041</u>
Net Position - December 31	<u>\$ 59</u>	<u>\$ 1,066</u>	<u>\$ 2,415</u>	<u>\$ 1,808</u>	<u>\$ 2,037</u>

Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Federal BID	Bluebird BID	Total
\$ -	\$ 26	\$ 164	\$ 34	\$ 78	24,766
-	-	5	-	-	281
-	-	320	-	17	779
-	-	325	-	17	1,060
-	(26)	161	(34)	(61)	(23,706)
-	37	136	52	64	8,565
-	-	-	-	5	222
-	-	-	-	-	11
-	-	27	-	-	15,270
-	37	163	52	69	24,068
-	11	324	18	8	362
-	18	367	-	-	7,769
\$ -	\$ 29	\$ 691	\$ 18	\$ 8	\$ 8,131

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Other Supplementary Schedules

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Combined Schedule of Bonds Payable and Escrows

December 31, 2014 (dollars in thousands)

	Amount Issued	Maturity	Interest ⁵ Rate	Amount Outstanding	1st Optional Call Date
Denver Airport System					
1992F-G Credit Facility Bonds	\$ 36,900	2031	0.603%	\$ 34,900	9/25/2017
Escrow - LOI	n/a	2015-2025	6.125%	40,080	5/15/2015
2002C Credit Facility Bonds	30,300	2031	0.603%	28,200	9/25/2017
2005A Airport System Revenue	227,740	2015-2025	4.00-5.00%	216,230	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	2015	5.00%	11,365	Not callable
Escrow - ABS	n/a	2015-2021	5.00%	3,195	11/15/2015
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	2015	5.00%	16,365	Not callable
2007E Airport System Revenue	47,400	2032	5.00%	47,400	11/15/2017
2007F1-F2 Airport System Revenue ²	104,000	2025	0.65%	75,550	1/2/2015
2007G1-G2 Credit Facility Bonds ³	135,600	2031	1.009%	135,600	12/1/2023
2008A1 Airport System Revenue	221,215	2015-2017	5.00-5.50%	53,990	Not callable
2008B Airport System Revenue ¹	81,800	2031	1.178%	65,000	1/2/2015
2008C1-C3 Airport System Revenue ¹	292,600	2031	0.867-1.178%	292,600	1/2/2015
2009A Airport System Revenue	170,190	2015-2036	5.00-5.25%	164,850	11/15/2019
2009B Credit Facility Bonds	65,290	2039	6.414%	65,290	1/2/2015
2009C Airport System Revenue ¹	104,655	2031	1.010%	104,655	1/2/2015
2010A Airport System Revenue	171,360	2015-2032	4.00-5.00%	171,360	11/15/2020
2011A Airport System Revenue	349,730	2015-2023	4.00-5.75%	301,830	11/15/2021
2011B Airport System Revenue	198,370	2014-2024	4.00-5.00%	113,550	11/15/2021
2011C Airport System Revenue	15,310	2015-2016	4.00-5.00%	4,895	Not callable
2012A Airport System Revenue	315,780	2015-2043	3.00-5.00%	299,530	11/15/2022
2012B Airport System Revenue	510,140	2015-2043	4.00-5.00%	507,980	11/15/2022
2012C Airport System Revenue	30,285	2026	3.592%	30,285	1/2/2015
2013A Airport System Revenue	326,260	2015-2043	4.00-5.50%	326,260	11/15/2023
2013B Airport System Revenue	393,655	2015-2043	3.00-5.25%	393,655	11/15/2023
2014A Airport System Revenue	116,000	2031	0.303%	116,000	1/2/2015
Total Denver Airport System				4,284,025	
Unamortized premium net of discount				153,214	
Net Denver Airport System				4,437,239	
Wastewater Management					
2012 Wastewater Revenue Bonds	50,425	2015-2032	3.00-5.00%	43,425	n/a
Unamortized premium				4,887	
Total Wastewater Management				48,312	
Golf Enterprise					
2005 Golf Enterprise Revenue Bonds	7,365	2015-2020	4.60-5.00%	3,485	9/1/2016
Unamortized premium				8	
Total Golf Enterprise				3,493	

continued

Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2014 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate ⁵	Amount Outstanding	1st Optional Call Date
General Obligation					
2005 Justice System Facilities/Zoo Bonds	77,000	2015	5.00%	3,655	8/1/2015
2006 Justice Systems Facilities Bonds	125,000	2015-2016	5.00%	13,265	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	2015-2025	3.50-5.50%	132,830	8/1/2018
2009A Better Denver/Zoo Bonds	104,500	2015-2025	4.00-5.25%	76,735	8/1/2019
2009B Better Denver Bonds	14,415	2015	3.00-4.00%	2,595	not callable
2010A Better Denver Bonds	37,910	2015-2016	2.00-5.00%	13,560	not callable
2010B Better Denver Bonds	312,055	2017-2030	3.78-5.65%	312,055	8/1/2020
2010D Better Denver Bonds	44,650	2015-2025	3.00-5.00%	34,510	8/1/2020
2011A Better Denver Bonds	16,455	2019-2025	2.75-5.00%	16,455	8/1/2021
2013A Better Denver Bonds	120,925	2015-2030	3.00-5.00%	105,175	8/1/2023
2013B1 GO Refunding Bonds	48,020	2015-2025	2.30%	47,660	8/1/2023
2013B2 GO Refunding Bonds	89,415	2015-2025	2.38%	88,290	8/1/2023
2014 Better Denver (mini-bonds)	12,000	2023, 2028	4.39-4.89%	12,000	not callable
Total Primary Government				867,646	
Unamortized premium				27,090	
Net Primary Government				894,736	
2009 Gateway Village GID	2,215	2016	3.76%	815	1/1/2015
14th Street GID	4,000	2034	7.00%	3,720	12/1/2020
Total General Obligation				899,271	
Excise Tax Revenue Bonds					
2003 Excise Tax Refunding	28,245	2015	4.00-5.00%	2,915	1/1/2015
2005 Excise Tax Refunding	149,190	2015-2020	5.00-5.25%	114,605	not callable
2009A Excise Tax Refunding	73,630	2021-2023	6.00%	73,630	9/1/2019
Total Excise Tax Revenue Bonds				191,150	
Unamortized premium				6,379	
Net Excise Tax Revenue Bonds				197,529	
Total General Long-Term Debt				1,096,800	
Total Bonds Payable				\$ 5,585,844	

¹Variable rate issue - weekly interest rate reset

²Auction rate securities - 7 day auction

³Variable rate issue - daily interest rate reset

⁴Amounts do not include \$ 3,852 and \$ 191 of compound interest on the Series 2007 and 2014A mini-bonds, respectively.

⁵Variable rate issues reflect rate in effect as of December 31, 2014.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: Denver
		YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Phone:	Lindsay Schwerman (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

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	70,533,871
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	14,922,723
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	10,844,577
2. General fund appropriations	116,912,950	b. Snow and ice removal	6,175,394
3. Other local imposts (from page 2)	1,420,446	c. Other	13,852,368
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	30,872,339
5. Transfers from toll facilities		4. General administration & miscellaneous	5,155,205
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	21,658,183
a. Bonds - Original Issues		6. Total (1 through 5)	143,142,321
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	118,333,396	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	24,808,924	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	143,142,320	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			143,142,321

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		143,142,320	143,142,321		(0)

Notes and Comments:

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

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2014	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,420,446	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. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	1,420,446	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	24,808,924	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. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	24,808,924	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			1,944,729
b. Engineering Costs			3,183,615
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			8,816,446
(3). System Preservation			50,711,451
(4). System Enhancement & Operation			5,877,630
(5). Total Construction (1) + (2) + (3) + (4)	0		65,405,527
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0		70,533,871
			(Carry forward to page 1)
Notes and Comments:			

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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.

149 FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's Financial performance and well-being have changed over time.

157 REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.

164 DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

172 DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

175 OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

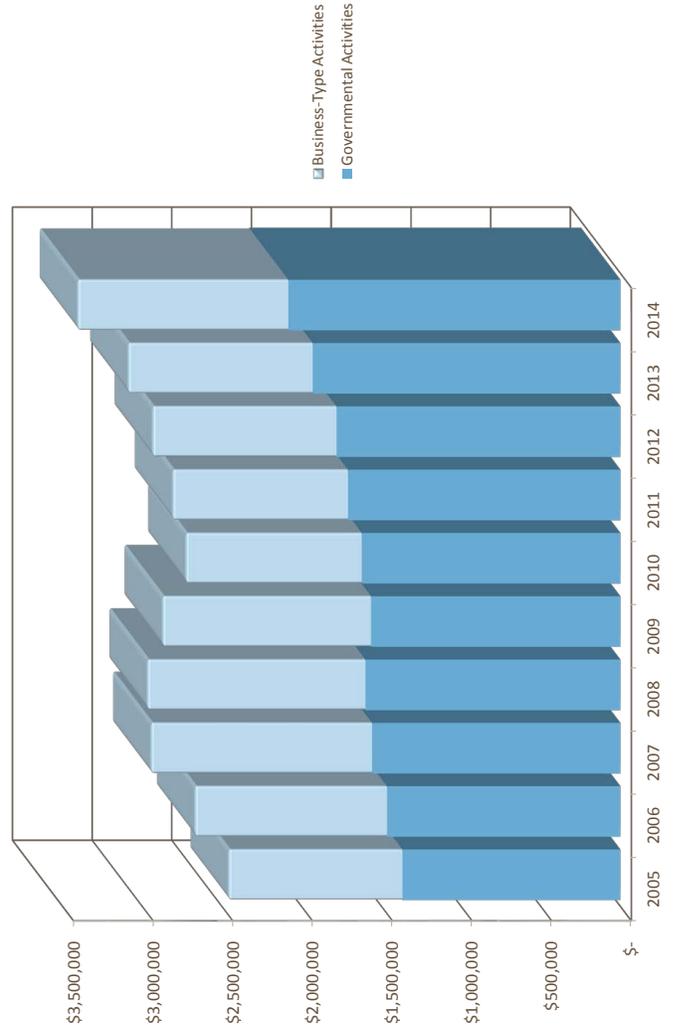
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Net Position by Component

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 958,776	\$ 922,261	\$ 1,170,496	\$ 1,238,768	\$ 1,188,810	\$ 1,211,215	\$ 1,247,292	\$ 1,315,237	\$ 1,366,632	\$ 1,420,817
Restricted	212,958	168,361	274,159	340,270	257,699	551,602	552,799	457,614	481,937	524,017
Unrestricted	197,074	374,913	115,047	22,243	119,307	(138,547)	(88,897)	9,411	81,589	138,255
Total governmental activities net position	\$ 1,368,808	\$ 1,465,535	\$ 1,559,702	\$ 1,601,281	\$ 1,565,816	\$ 1,624,270	\$ 1,711,194	\$ 1,782,262	\$ 1,930,158	\$ 2,083,089
Business-type activities										
Net investment in capital assets	\$ 84,598	\$ 171,814	\$ 317,488	\$ 262,385	\$ 212,129	\$ 114,343	\$ 91,524	\$ (13,036)	\$ (192,372)	\$ (193,351)
Restricted	572,175	546,394	678,687	681,263	661,383	669,517	627,377	656,174	671,317	667,801
Unrestricted	431,008	483,427	387,282	421,159	431,497	316,116	377,121	507,873	677,576	846,056
Total business-type activities net position	\$ 1,087,781	\$ 1,201,635	\$ 1,383,457	\$ 1,364,807	\$ 1,305,009	\$ 1,099,976	\$ 1,096,022	\$ 1,151,011	\$ 1,156,521	\$ 1,320,506
Primary government										
Net investment in capital assets	\$ 1,043,374	\$ 1,094,075	\$ 1,487,984	\$ 1,501,153	\$ 1,400,939	\$ 1,325,558	\$ 1,338,816	\$ 1,302,201	\$ 1,174,260	\$ 1,227,466
Restricted	785,133	714,755	952,846	1,021,533	919,082	853,977	1,180,176	1,113,788	1,153,254	1,191,818
Unrestricted	628,082	858,340	502,329	443,402	550,804	544,711	288,224	517,284	759,165	984,311
Total primary government net position	\$ 2,456,589	\$ 2,667,170	\$ 2,943,159	\$ 2,966,088	\$ 2,870,825	\$ 2,724,246	\$ 2,807,216	\$ 2,933,273	\$ 3,086,679	\$ 3,403,595

Primary Government Net Position



Changes in Net Position

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 210,158	\$ 214,976	\$ 262,209	\$ 257,780	\$ 243,518	\$ 249,106	\$ 244,430	\$ 247,659	\$ 262,466	\$ 319,464
Public safety	428,094	435,094	475,728	536,382	506,887	526,007	531,109	570,111	563,658	592,270
Public works	104,375	103,687	79,496	134,698	159,657	144,211	149,160	195,168	164,837	193,207
Human services	98,766	112,754	132,535	139,895	128,946	119,530	114,252	111,067	114,624	114,727
Health	50,222	47,776	45,345	52,332	52,961	53,499	52,286	53,755	54,453	59,216
Parks and recreation	58,866	64,003	63,778	105,232	100,253	67,709	57,702	80,480	89,305	80,199
Cultural activities	66,188	86,490	89,967	62,499	63,646	100,190	127,606	110,885	123,248	128,799
Community development	36,864	31,964	47,098	39,945	40,480	47,501	46,571	40,262	35,142	39,598
Economic opportunity	18,723	20,362	26,280	31,647	31,803	25,905	23,036	21,481	21,218	21,091
Interest on long-term debt	52,498	55,772	54,592	76,073	62,670	70,453	77,263	74,901	70,030	66,306
Total governmental activities	1,124,754	1,172,878	1,277,028	1,436,483	1,390,821	1,404,111	1,423,415	1,505,769	1,498,981	1,614,877
Business-type activities:										
Wastewater management	57,829	66,488	76,298	75,122	80,865	84,752	97,773	99,179	105,679	102,688
Denver airport system	686,315	617,250	679,022	780,501	787,914	830,243	783,249	763,249	801,786	773,345
Environmental services	11,864	5,076	12,319	6,336	5,904	6,087	6,757	7,001	9,354	8,174
Golf course	7,535	8,279	6,570	8,252	7,884	7,935	8,757	8,943	10,474	12,254
Total business-type activities	763,543	697,093	774,209	870,211	882,567	929,017	896,536	878,372	927,293	896,461
Total Primary Government Expenses	\$ 1,888,297	\$ 1,869,971	\$ 2,051,237	\$ 2,306,694	\$ 2,273,388	\$ 2,333,128	\$ 2,319,951	\$ 2,384,141	\$ 2,426,274	\$ 2,511,338
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 66,067	\$ 71,106	\$ 51,541	\$ 76,106	\$ 82,719	\$ 79,636	\$ 78,018	\$ 75,761	\$ 87,988	\$ 97,289
Public safety	56,666	62,015	64,802	67,396	71,786	76,695	87,212	90,528	87,996	86,010
Public works	35,163	41,541	39,439	50,812	49,240	53,643	55,831	60,227	68,666	71,653
Community development	19,246	20,357	23,202	19,288	11,639	13,630	15,298	23,466	25,615	25,741
Other activities	25,992	36,088	38,044	47,862	67,138	49,841	69,337	74,844	76,577	86,043
Operating grants and contributions:										
General government	14,731	18,210	18,578	19,356	17,613	20,277	20,673	33,960	26,716	23,694
Public safety	31,990	25,487	29,266	69,663	24,713	29,792	28,817	30,634	29,023	26,861
Public works	20,833	29,432	32,333	29,902	23,633	23,067	19,256	62,269	19,370	20,654
Human services	63,135	76,593	82,879	82,004	80,428	72,644	77,417	73,133	68,244	76,207
Community development	18,138	15,859	26,151	19,282	19,419	16,562	29,258	26,617	15,800	17,064
Other activities	18,430	22,429	22,373	27,653	26,641	47,884	20,192	26,706	20,259	22,767
Capital grants and contributions:										
Public works	37,517	42,078	9,207	8,822	14,624	23,422	25,333	30,777	29,408	35,699
Other activities	14,008	15,828	16,809	7,997	6,701	14,334	15,491	2,780	40,104	18,780
Total governmental activities	421,916	477,023	454,624	526,143	496,294	521,427	542,133	611,702	595,766	608,462

continued

Changes in Net Position - continued

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Wastewater management	70,220	73,684	75,750	76,590	75,512	75,363	89,744	106,167	115,872	120,806
Denver airport system	578,731	594,886	627,666	649,933	663,355	703,997	705,979	730,145	661,637	711,490
Other activities	14,512	14,609	16,773	15,936	15,448	16,765	17,026	18,471	18,108	20,627
Operating grants and contributions:										
Denver airport system	-	-	-	-	-	-	400	675	103,513	121,690
Capital grants and contributions:										
Wastewater enterprises	10,727	7,202	9,906	7,690	15,018	13,984	11,652	6,890	7,289	8,379
Denver airport system	31,547	29,188	2,426	14,392	38,621	30,600	34,702	22,996	31,412	20,533
Total business-type activities program revenues	705,737	719,569	732,521	764,541	807,954	840,709	859,503	885,344	937,831	1,003,525
Total Primary Government Program Revenues	\$ 1,127,653	\$ 1,196,592	\$ 1,187,145	\$ 1,290,684	\$ 1,304,248	\$ 1,362,136	\$ 1,401,636	\$ 1,497,046	\$ 1,533,597	\$ 1,611,987
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 212,778	\$ 217,119	\$ 227,188	\$ 274,809	\$ 259,963	\$ 295,381	\$ 288,106	\$ 287,062	\$ 331,914	\$ 347,079
Sales and use	412,288	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	615,735
Other	110,918	121,539	151,387	136,211	118,165	124,855	132,259	140,123	146,875	165,584
Investment and interest income	16,612	26,287	39,990	34,340	11,826	21,730	24,196	11,259	2,525	14,928
Other revenue	30,026	35,442	40,309	38,157	48,201	59,419	42,378	31,921	35,368	25,511
Transfers	118	(28,498)	2,261	265	(931)	275	244	275	275	575
Capital asset transfers	-	-	-	-	-	-	-	-	-	(10,066)
Total governmental activities	782,740	792,582	916,571	951,919	859,062	948,731	968,206	965,135	1,056,305	1,159,346
Business-type activities:										
Investment and interest income	39,760	62,814	87,885	90,279	15,828	50,424	33,323	48,275	24,357	45,205
Other revenue	376	66	33	6	56	102	-	17	948	2,225
Transfers	(118)	28,498	(2,261)	(265)	931	(275)	(244)	(275)	(275)	(575)
Capital asset transfers	-	-	-	-	-	-	-	-	-	10,066
Total business-type activities	40,018	91,378	85,657	90,020	16,815	50,251	33,079	48,017	25,030	56,921
Total General Revenues and Other Changes in Net Position	\$ 822,758	\$ 883,960	\$ 1,002,228	\$ 1,041,939	\$ 875,877	\$ 998,982	\$ 1,001,285	\$ 1,013,152	\$ 1,081,335	\$ 1,216,267
Changes in Net Position										
Governmental activities	\$ 79,902	\$ 96,727	\$ 94,167	\$ 41,579	\$ (35,465)	\$ 66,047	\$ 86,924	\$ 71,068	\$ 153,090	\$ 152,931
Business activities	(17,788)	113,854	43,969	(18,650)	(59,798)	(38,057)	(3,954)	54,989	35,568	163,985
Total Primary Government	\$ 62,114	\$ 210,581	\$ 138,136	\$ 22,929	\$ (95,263)	\$ 27,990	\$ 82,970	\$ 126,057	\$ 188,658	\$ 316,916

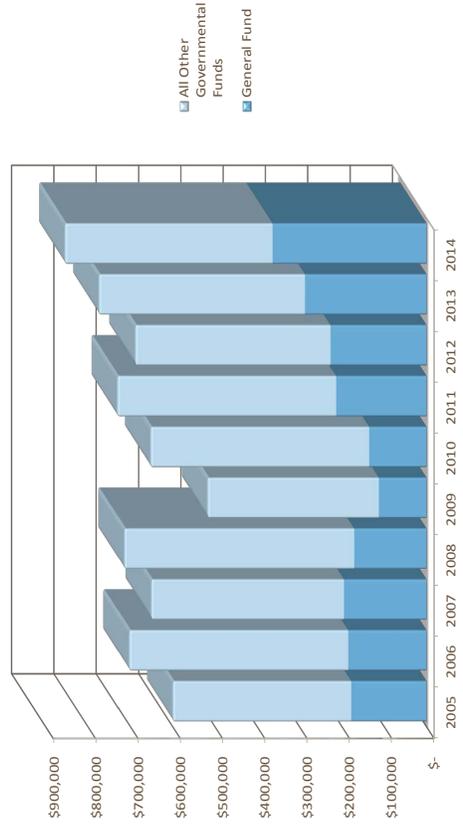
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Fund Balances of Governmental Funds

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 57,938	\$ 56,842	\$ 40,817	\$ 21,887	\$ 20,230	\$ 20,475	\$ 330	\$ 159	\$ 268	\$ 425
Unreserved	120,632	128,814	154,774	149,562	92,990	115,586	54,049	56,566	62,443	65,439
Nonspendable							12,039	15,084	23,594	30,388
Restricted							-	-	-	-
Committed							147,892	155,039	201,030	267,764
Assigned										
Unassigned										
Total General Fund	\$ 178,570	\$ 185,656	\$ 195,591	\$ 171,449	\$ 113,220	\$ 136,061	\$ 214,310	\$ 226,848	\$ 287,335	\$ 364,016
All other governmental funds										
Reserved	\$ 242,792	\$ 278,996	\$ 338,498	\$ 183,353	\$ 193,214	\$ 198,463				
Unreserved:										
Special revenue funds	64,599	61,626	96,139	97,139	92,739	93,112				
Capital projects funds	110,099	172,918	16,871	258,295	114,590	367,142				
Permanent funds	3,412	3,285	3,387	3,936	3,527	3,605				
Nonspendable							\$ 3,030	\$ 5,729	\$ 6,515	\$ 3,038
Restricted							479,270	395,160	413,008	455,110
Committed							2,616	27,786	37,804	3,966
Assigned							30,966	32,760	29,043	28,076
Unassigned							-	(38)	-	-
Total all other governmental funds	\$ 420,902	\$ 516,825	\$ 454,895	\$ 542,723	\$ 404,070	\$ 662,322	\$ 515,882	\$ 461,397	\$ 486,370	\$ 490,190

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 212,778	\$ 217,119	\$ 227,188	\$ 274,809	\$ 259,963	\$ 295,381	\$ 288,106	\$ 287,062	\$ 331,914	\$ 347,079
Sales and use taxes	417,079	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	608,307
Other taxes	123,326	121,539	150,017	136,211	118,165	124,855	132,259	140,123	146,875	165,584
Special assessments	1,467	1,359	1,370	1,394	1,342	1,397	1,429	1,422	1,702	1,913
Licenses and permits	26,173	27,438	29,383	29,364	24,555	29,907	31,094	35,393	44,415	49,963
Intergovernmental revenues	170,760	188,010	211,351	247,386	208,031	213,568	227,776	236,892	206,878	218,206
Charges for services	121,920	160,030	156,564	189,494	190,940	196,642	200,728	219,691	225,169	237,077
Investment and interest income	16,612	26,287	39,990	34,340	11,826	21,225	23,680	10,738	2,003	14,413
Fines and forfeitures	32,844	36,856	37,013	41,473	44,863	47,628	58,075	55,964	57,469	54,472
Contributions	13,698	15,871	8,668	9,022	5,741	5,961	8,661	6,515	7,086	5,578
Other revenue	26,729	38,246	40,376	40,167	50,664	53,840	64,905	51,030	55,664	54,660
Total revenues	1,163,386	1,253,448	1,357,356	1,471,797	1,337,928	1,437,475	1,517,736	1,539,325	1,618,523	1,757,252
Expenditures										
General government	170,543	203,266	236,694	255,008	249,526	243,697	239,138	242,091	258,408	304,479
Public safety	427,634	437,632	470,978	534,984	488,380	499,293	514,421	545,395	552,663	574,812
Public works	69,247	74,339	96,313	125,668	168,048	149,812	155,204	207,205	170,129	221,813
Health	46,533	47,739	48,694	52,191	52,734	53,035	52,415	52,848	54,205	59,469
Human services	98,041	112,112	129,451	139,013	128,592	119,083	114,004	110,784	114,079	113,799
Parks and recreation	50,224	52,297	59,791	100,928	100,182	58,212	63,895	61,761	66,992	70,301
Cultural activities	66,901	81,307	72,974	40,826	71,143	77,547	80,599	87,984	98,038	107,138
Community development	41,062	34,069	53,877	37,808	41,251	50,240	49,882	40,505	35,030	39,469
Economic opportunity	17,702	20,512	26,122	31,486	31,885	25,860	22,939	21,482	21,321	21,085
Principal retirement	88,669	79,837	81,685	70,807	65,590	70,387	81,269	87,393	99,525	95,885
Interest	52,227	56,525	53,387	82,598	61,351	60,773	79,425	75,351	72,842	69,427
Bond issuance costs	205	1	421	833	3,272	3,041	289	-	-	500
Capital outlay	102,394	88,695	95,821	210,430	192,232	142,706	155,267	93,934	45,877	32,697
Total Expenditures	1,231,382	1,288,331	1,426,208	1,682,580	1,654,186	1,553,686	1,608,747	1,626,733	1,589,109	1,710,874
Deficiency of revenues under expenditures	(67,996)	(34,883)	(68,852)	(210,783)	(316,258)	(116,211)	(91,011)	(87,408)	29,414	46,378

continued

Changes in Fund Balances of Governmental Funds, continued

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

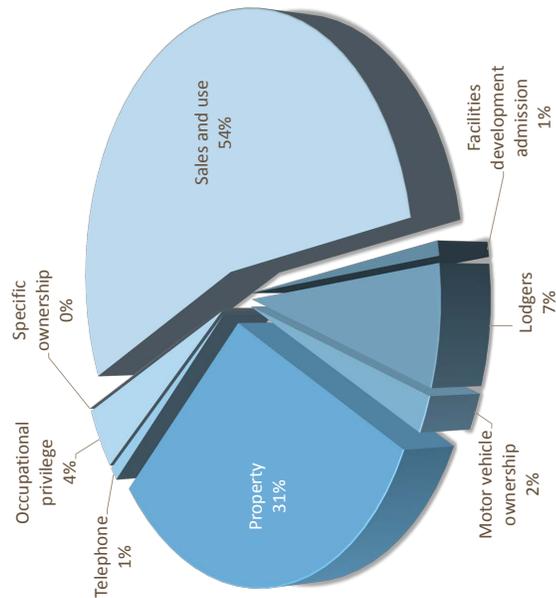
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses)										
Sale of capital assets	5,057	8	5,724	2,526	146	8,490	617	5	128	1,784
GID general obligation bonds issued	-	-	-	-	-	4,000	-	-	-	-
General obligation bonds issued	77,000	125,000	8,861	174,135	121,130	394,615	16,455	-	-	-
Excise tax revenue bonds issued	149,190	-	-	-	107,570	-	-	-	-	-
Issuance of capital leases	62,342	-	-	20,780	13,972	40,174	4,590	52,743	34,030	19,905
Capital leases restructured	(55,985)	-	-	260,000	1,307	-	-	-	-	-
Refunding of capital lease	-	-	-	-	-	-	-	-	-	-
Intergovernmental agreement	-	-	-	(250,290)	(178,024)	(129,779)	-	6,725	-	-
Payment to escrow	-	-	-	-	-	-	-	(13,729)	(256,518)	-
Payment to refunding escrow	(165,529)	-	-	-	-	-	-	-	-	-
Commercial paper issued	-	-	-	38,000	37,000	70,000	-	-	-	-
Bond premium (discount)	21,296	10,408	-	17,407	16,123	8,856	1,006	-	19,659	-
Issuance of bonds	-	-	-	-	-	-	-	-	48,660	12,000
Issuance of bonds - refunding	-	-	-	-	-	-	-	-	209,700	-
Proceeds from sale of registered coupons	-	-	-	11,610	-	-	-	-	-	-
Insurance recoveries	397	99	11	86	1,083	673	484	1,240	749	500
Developer advance	-	43	-	-	-	-	-	-	-	-
Repayment of developer advance	-	(375)	-	-	-	-	-	-	-	-
GID bonds issued	-	-	-	-	-	-	-	-	-	-
Transfers in	92,325	79,514	85,346	111,590	114,285	101,174	73,294	87,479	108,121	112,670
Transfers out	(91,790)	(76,805)	(83,085)	(111,375)	(115,216)	(100,899)	(73,626)	(89,002)	(108,483)	(112,736)
Total other financing sources (uses)	94,303	137,892	16,857	274,469	119,376	397,304	22,820	45,461	56,046	34,123
Net change in fund balances	\$ 26,307	\$ 103,009	\$ (51,995)	\$ 63,686	\$ (196,882)	\$ 281,093	\$ (68,191)	\$ (41,947)	\$ 85,460	\$ 80,501
Debt service as a percentage of noncapital expenditures	9.7%	12.2%	12.1%	11.1%	10.7%	10.9%	12.2%	11.7%	11.7%	10.4%

Governmental Activities Tax Revenues by Source

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

Taxes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Facilities development admission	\$ 9,174	\$ 9,761	\$ 10,092	\$ 10,016	\$ 7,082	\$ 7,160	\$ 8,325	\$ 8,986	\$ 8,721	\$ 9,262
Lodgers	32,725	43,258	49,651	53,773	43,982	49,136	55,620	57,956	63,482	75,579
Motor vehicle ownership fee	16,815	15,884	16,963	19,514	17,907	17,004	17,140	19,784	21,000	23,944
Occupational privilege	41,500	41,502	42,751	43,040	39,551	41,818	41,141	43,227	44,515	46,438
Property	212,778	217,119	227,188	274,809	259,963	295,381	288,106	287,062	331,914	347,079
Sales and use	412,288	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	608,307
Specific ownership	62	60	64	54	47	84	162	191	193	213
Telephone	9,175	11,074	9,918	9,814	9,596	9,653	9,871	9,979	8,964	10,148
Total primary government taxes	\$ 734,517	\$ 759,351	\$ 812,063	\$ 879,157	\$ 799,966	\$ 867,307	\$ 901,388	\$ 921,680	\$ 1,018,137	\$ 1,120,970

2014 Tax Revenues by Source

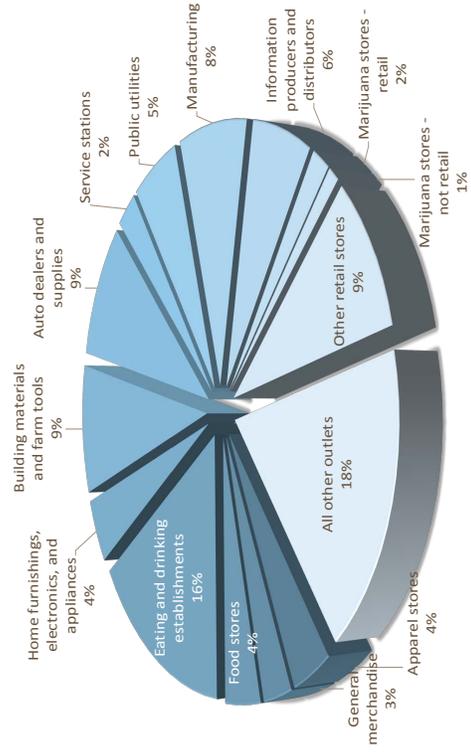


Sales Tax by Category

Last Ten Calendar Years (dollars in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apparel stores	\$ 15,207	\$ 15,179	\$ 16,474	\$ 17,691	\$ 16,241	\$ 18,356	\$ 20,237	\$ 21,796	\$ 22,778	\$ 24,111
General merchandise	16,356	16,892	16,209	16,953	14,699	16,921	16,825	17,161	17,704	18,276
Food stores	15,845	16,729	16,210	17,961	17,795	18,790	19,467	20,269	21,399	23,698
Eating and drinking establishments	56,824	60,252	60,097	67,878	64,798	68,520	75,531	77,886	85,211	94,439
Home furnishings, electronics and appliances	20,255	21,268	21,543	22,461	19,105	20,413	21,827	22,584	24,410	26,138
Building materials and farm tools	39,322	39,353	35,826	37,741	31,258	30,962	33,700	36,837	44,188	52,708
Auto dealers and supplies	38,860	38,093	38,350	39,584	33,927	35,853	41,544	44,371	50,021	55,414
Service stations	13,390	13,702	11,942	10,719	14,792	20,345	16,798	15,100	14,396	15,027
Public utilities	24,598	25,068	24,503	30,145	26,118	28,783	30,333	28,164	30,944	32,931
Manufacturing	33,720	35,808	34,033	34,947	29,666	31,526	35,073	36,415	40,651	46,870
Information producers and distributors	37,376	39,768	36,164	41,431	36,154	37,531	40,445	38,576	37,877	38,213
Marijuana stores - retail	n/a	10,761								
Marijuana stores - not including retail	n/a	6,451								
Other retail stores	27,543	25,506	44,383	40,913	29,743	34,631	47,463	51,512	52,656	55,634
All other outlets	77,783	73,075	99,702	89,713	87,542	84,440	81,780	83,824	97,113	107,636
Total	\$ 417,079	\$ 420,693	\$ 455,436	\$ 468,137	\$ 421,838	\$ 447,071	\$ 481,023	\$ 494,495	\$ 539,348	\$ 608,307
City direct sales tax rate	3.50%	3.50%	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%

2014 Sales Tax by Category



Note: The 2014 tax rate for retail marijuana is 7.12%

Source: Denver Controller's Office

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (dollars in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Vacant property	\$ 185,080	\$ 172,889	\$ 198,284	\$ 210,633	\$ 231,563	\$ 218,132	\$ 194,051	\$ 193,826	\$ 212,668	\$ 181,758
Residential property	3,840,654	3,933,051	4,394,658	4,510,588	4,545,672	4,598,108	4,325,747	4,345,018	4,469,706	4,567,603
Commercial property	3,304,533	3,340,741	4,372,532	4,383,397	5,452,125	5,426,538	4,655,265	4,567,479	4,886,510	4,909,533
Industrial property	122,717	120,660	130,130	125,108	144,380	142,372	147,433	120,329	124,503	122,425
Agricultural property	288	49	113	56	44	44	120	55	69	69
Oil and gas property	929	1,043	1,279	3,286	4,020	63	-	-	-	-
Personal property	728,843	715,287	779,600	792,393	813,037	739,224	726,354	722,513	741,538	765,486
State assessed property	760,124	750,830	784,031	837,783	821,502	835,603	888,485	808,218	829,207	838,378
Total taxable assessed value	\$ 8,943,168	\$ 9,034,550	\$ 10,660,627	\$ 10,863,244	\$ 12,012,343	\$ 11,960,084	\$ 10,937,455	\$ 10,757,438	\$ 11,264,201	\$ 11,385,252
Total direct tax rate	25.24%	26.007	27.119	26.535	25.308	26.043	28.419	32.926	33.119	33.055
Estimated actual taxable value	\$ 65,842,159	\$ 66,999,158	\$ 76,813,114	\$ 78,563,808	\$ 82,844,303	\$ 83,151,295	\$ 77,142,543	\$ 76,697,449	\$ 79,581,379	\$ 80,891,083
Assessed value as a percentage of estimated actual value	13.6%	13.5%	13.9%	13.8%	14.5%	14.4%	14.2%	14.0%	14.2%	14.1%

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 (2005, 2007, 2009, 2011, and 2013). 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 mill levies assessed after 2012 will not be subject to TABOR limits.

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

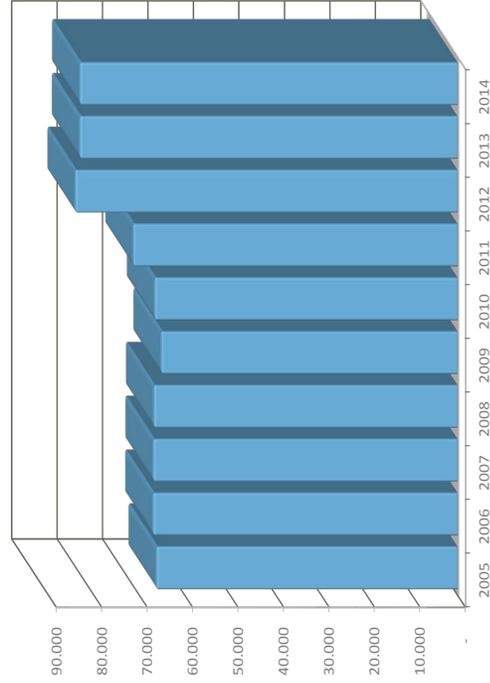
Source: Abstract of Assessment documents

Direct and Overlapping Property Tax Rates

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates										
General fund	8.854	9.323	6.306	6.389	5.867	8.455	9.805	13.362	13.185	13.156
Bond principal	6.248	6.933	4.750	4.470	4.470	4.470	3.980	4.170	4.330	4.100
Bond interest	2.185	1.500	3.683	3.110	3.110	3.110	3.600	3.780	4.103	4.333
Social services	3.838	3.992	3.630	3.698	3.394	3.556	4.101	4.520	4.480	4.470
Developmentally disabled	1.000	1.012	1.013	1.011	1.013	1.019	1.030	1.033	1.021	1.016
Fire pension	1.422	1.480	1.345	1.371	1.258	1.317	1.519	1.587	1.572	1.568
Police pension	1.698	1.767	1.607	1.636	1.502	1.572	1.812	1.893	1.875	1.870
Capital improvement	-	-	2.285	2.350	2.170	-	-	-	-	-
Capital maintenance	-	-	2.500	2.500	2.524	2.544	2.572	2.581	2.553	2.542
Total County Direct Rates	25.245	26.007	27.119	26.535	25.308	26.043	28.419	32.926	33.119	33.055
School District #1										
General fund	34.761	34.734	33.611	33.464	32.912	33.172	34.307	39.575	38.853	38.780
Bond redemption	5.599	5.599	5.599	6.193	6.350	6.800	7.958	10.913	10.446	10.519
Total School District #1	40.360	40.333	39.210	39.657	39.262	39.972	42.265	50.488	49.299	49.299
Urban Drainage & Flood Control District	0.597	0.608	0.568	0.591	0.569	0.576	0.623	0.657	0.672	0.700
Total General Taxes	66.202	66.948	66.897	66.783	65.139	66.591	71.307	84.071	83.090	83.054

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 mill levies assessed after 2012 will not be subject to TABOR limits.

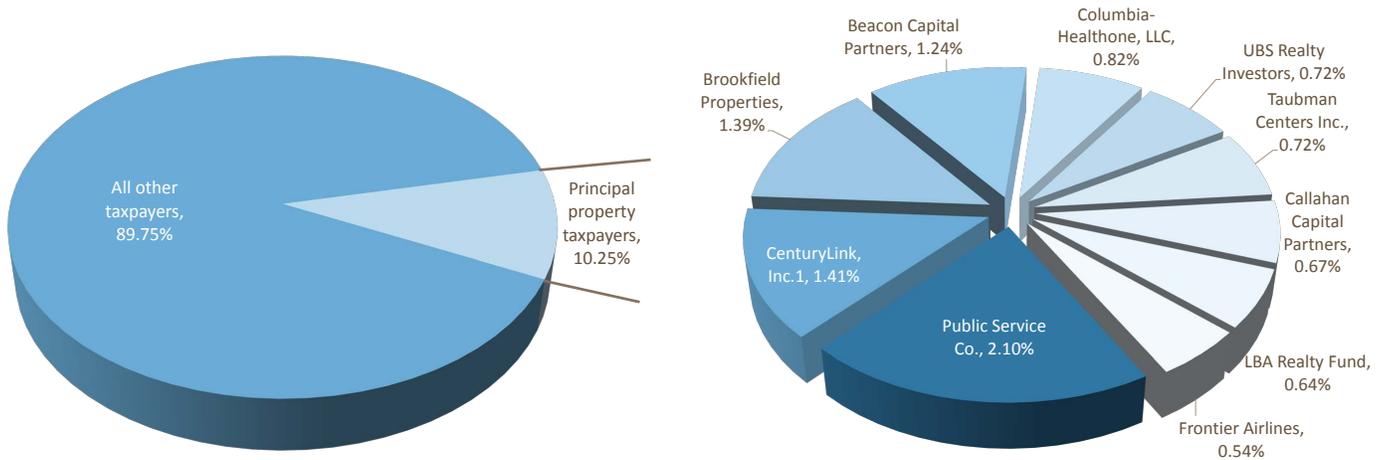
Source: Abstract of Assessment documents

Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service Co.	\$ 238,892	1	2.10%	\$ 170,816	2	1.91%
CenturyLink, Inc. ¹	160,625	2	1.41%	173,030	1	1.93%
Brookfield Properties	157,806	3	1.39%			
Beacon Capital Partners	140,874	4	1.24%			
Columbia-Healthone, LLC	93,118	5	0.82%	59,295	8	0.66%
UBS Realty Investors	82,268	6	0.72%			
Taubman Centers Inc.	82,225	7	0.72%	54,893		0.64%
Callahan Capital Partners	75,956	8	0.67%			
LBA Realty Fund	73,287	9	0.64%			
Frontier Airlines	61,653	10	0.54%			
United Continental Holdings				118,853	3	1.33%
Equity Office Properties				98,008	4	1.10%
Republic Plaza Properties				65,156	5	0.73%
Crescent Real Estate Equities				63,553	6	0.71%
Temple Hoyne Buell Foundation				59,586	7	0.67%
AT&T				51,817	9	0.58%
Prologis Trust				44,820	10	0.50%
Totals	\$ 1,166,704		10.25%	\$ 959,827		10.76%

2014 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

Fiscal Year	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	Percentage of levy
2005	75,646	561	74,192	98.82%	(236)	74,517	98.51%
2006	79,818	571	78,698	99.31%	(212)	79,056	99.05%
2007	63,216	437	62,213	99.10%	(222)	62,428	98.75%
2008	65,079	510	63,315	98.07%	413	64,238	98.71%
2009	66,126	441	64,579	98.33%	(595)	64,425	97.43%
2010	68,934	473	67,649	98.82%	(207)	67,915	98.52%
2011	73,181	494	71,281	98.08%	(261)	71,515	97.72%
2012	106,177	358	105,134	99.36%	18	105,510	99.37%
2013	109,268	469	107,758	99.05%	-	108,227	99.05%
2014	109,682	580	n/a	0.53%	n/a	-	-

Bond Principal Fund

Fiscal Year	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	Percentage of levy
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%	(168)	47,024	98.75%
2008	45,532	357	44,298	98.07%	289	44,944	98.71%
2009	50,381	336	49,202	98.33%	(453)	49,085	97.43%
2010	49,908	343	48,978	98.82%	(150)	49,171	98.52%
2011	40,599	274	39,546	98.08%	(145)	39,675	97.72%
2012	41,730	141	41,320	99.36%	7	41,468	99.37%
2013	45,268	194	44,643	99.05%	-	44,837	99.05%
2014	43,121	228	n/a	0.53%	n/a	-	-

Bond Interest Fund

Fiscal Year	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	Percentage of levy
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	99.10%	(130)	36,461	98.75%
2008	31,679	248	30,820	98.07%	201	31,269	98.71%
2009	35,052	234	34,232	98.33%	(315)	34,151	97.43%
2010	34,724	238	34,077	98.82%	(104)	34,210	98.52%
2011	36,723	248	35,770	98.08%	(131)	35,887	97.72%
2012	37,827	128	37,455	99.35%	7	37,590	99.37%
2013	42,895	184	42,302	99.05%	-	42,486	99.05%
2014	45,572	241	n/a	0.53%	n/a	-	-

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	Total collections to date		
					Collections in subsequent years ¹	Amount	Percentage of levy
2005	41,334	306	40,541	98.82%	(130)	40,717	98.51%
2006	42,841	265	42,281	99.31%	(114)	42,432	99.05%
2007	46,545	322	45,806	99.10%	(164)	45,964	98.75%
2008	47,966	376	46,666	98.07%	305	47,347	98.71%
2009	49,671	331	48,508	98.33%	(446)	48,393	97.43%
2010	51,081	351	50,128	98.82%	(153)	50,326	98.52%
2011	52,340	354	50,981	98.08%	(186)	51,149	97.72%
2012	56,335	187	55,778	99.34%	10	55,975	99.36%
2013	58,308	247	57,501	99.04%	-	57,748	99.04%
2014	58,530	305	n/a	0.52%	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	Total collections to date		
					Collections in subsequent years ¹	Amount	Percentage of levy
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	47,969	332	47,207	99.10%	(169)	47,370	98.75%
2008	49,403	386	48,065	98.07%	314	48,764	98.71%
2009	52,905	353	51,668	98.33%	(476)	51,545	97.43%
2010	53,872	370	52,868	98.82%	(162)	53,076	98.52%
2011	53,075	359	51,697	98.08%	(189)	51,867	97.72%
2012	53,369	180	52,844	99.35%	9	53,033	99.37%
2013	55,183	237	54,420	99.05%	-	54,657	99.05%
2014	55,322	292	n/a	0.53%	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	Total collections to date		
					Collections in subsequent years ¹	Amount	Percentage of levy
2005	189,029	1,401	185,398	98.82%	(592)	186,207	98.51%
2006	194,858	1,353	192,163	99.31%	(518)	192,998	99.05%
2007	242,270	1,675	238,424	99.10%	(852)	239,247	98.75%
2008	239,659	1,877	233,164	98.07%	1,521	236,562	98.71%
2009	254,135	1,695	248,189	98.33%	(2,286)	247,598	97.43%
2010	258,518	1,775	253,699	98.82%	(777)	254,697	98.52%
2011	255,918	1,729	249,275	98.08%	(911)	250,093	97.72%
2012	295,438	994	292,151	99.35%	51	293,576	99.37%
2013	310,922	1,331	306,624	99.05%	-	307,955	99.05%
2014	312,228	1,646	n/a	0.53%	n/a	-	-

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
General obligation bonds	\$ 404,667	\$ 472,309	\$ 422,924	\$ 551,679	\$ 616,209	\$ 969,229	\$ 941,484	\$ 895,649	\$ 903,939	\$ 867,646
Commercial paper notes	-	-	-	38,000	22,000	-	-	-	-	-
Special assessment bonds	260	-	-	-	-	-	-	-	-	-
Excise tax revenue bonds	320,585	313,920	304,105	290,930	278,450	266,640	249,140	230,650	211,325	191,150
Capital leases	445,429	430,477	416,914	435,306	436,546	444,591	429,279	447,679	413,417	406,490
Unamortized premium	39,116	40,415	35,646	46,672	55,827	56,644	48,876	40,927	47,108	37,948
Deferred amount on refunding	3,062	2,852	2,642	2,432	(2,903)	(2,601)	(2,299)	(1,997)	(16,073)	(14,361)
Line of credit	8,996	5,209	735	770	-	-	-	-	-	-
Note payable	14,832	16,082	14,038	14,532	14,656	11,777	8,640	13,804	7,856	7,456
Business-Type Activities										
Revenue bonds	4,010,932	3,903,190	4,230,760	4,130,135	4,164,880	4,002,585	3,803,945	3,950,425	4,491,390	4,330,935
Unamortized (discount)/premium	9,660	39,317	58,554	63,637	59,312	61,066	70,089	173,057	177,856	158,108
Deferred amount on refunding	(275,305)	(301,054)	(303,121)	(295,180)	(274,565)	(253,473)	(227,006)	(240,356)	(215,700)	(190,998)
Capital leases	1,062	-	-	-	617	487	430	9,769	8,785	9,345
Notes payable	56,763	88,985	61,671	63,648	94,961	36,428	24,466	35,169	25,804	20,987
Total primary government	\$ 5,040,059	\$ 5,011,702	\$ 5,244,868	\$ 5,342,561	\$ 5,465,990	\$ 5,593,373	\$ 5,347,044	\$ 5,554,776	\$ 6,055,707	\$ 5,824,706
Percentage of personal income	18.93%	17.34%	16.95%	17.07%	17.35%	18.33%	15.81%	15.55%	16.37%	n/a
Per capita	\$ 8,694	\$ 8,604	\$ 8,859	\$ 8,924	\$ 8,956	\$ 9,320	\$ 8,625	\$ 8,758	\$ 9,324	\$ 8,774

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General obligation bonds	\$ 404,667	\$ 472,309	\$ 422,924	\$ 551,679	\$ 616,209	\$ 969,229	\$ 941,484	\$ 895,649	\$ 903,939	\$ 867,646
Less amounts available in debt service fund	(23,683)	(19,288)	(19,930)	(21,751)	(26,436)	(34,280)	(38,943)	(32,777)	(26,513)	(64,755)
Total	\$ 380,984	\$ 453,021	\$ 402,994	\$ 529,928	\$ 589,773	\$ 934,949	\$ 902,541	\$ 862,872	\$ 877,426	\$ 802,891
Percentage of estimated actual taxable value of property	0.58%	0.68%	0.53%	0.67%	0.71%	1.12%	1.17%	1.13%	1.10%	0.99%
Per capita	\$ 657	\$ 778	\$ 681	\$ 885	\$ 966	\$ 1,558	\$ 1,519	\$ 1,412	\$ 1,392	\$ 1,307

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, 2014 (dollars in thousands)

	Debt Outstanding	Percentage Applicable	City and County of Denver Share of Debt
Direct Debt			
General Obligation bonds	\$ 867,646 ¹		
General Improvement District bonds	4,535		
Capital leases	406,490		
Housing and Urban Development notes	7,456		
Intergovernmental agreement	3,182		
Less amount reserved for long-term debt	64,755		
Total Net Direct Debt	1,224,554		
Overlapping Debt			
Regional Transportation District	3,680,850	30.5% ²	\$ 1,122,659
Metro Wastewater Reclamation District	618,635	38.5% ³	238,174
School District #1	2,390,419	100.0%	2,390,419
Total Overlapping Debt	6,689,904		3,751,253
Total Net Direct and Overlapping Debt	\$ 7,914,458		\$ 4,975,807

¹ Does not include \$27,090 unamortized premium.

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

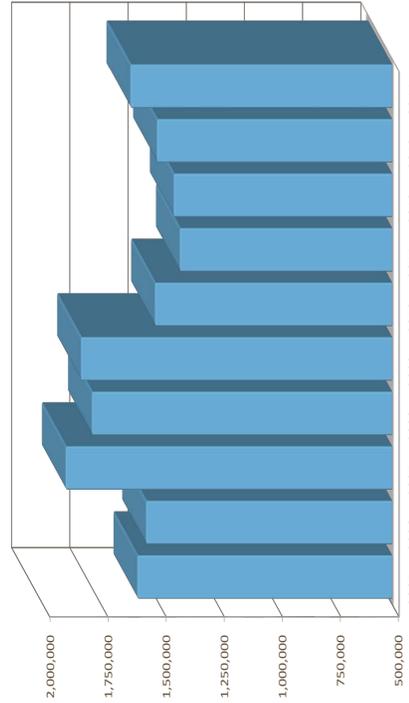
Last Ten Fiscal Years (dollars in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2014

Total Estimated Actual Valuation	\$ 80,891,083
Maximum general obligation debt, limited to 3% of total valuation	\$ 2,426,732
Outstanding bonds chargeable to limit	867,646
Less amount reserved for long-term debt	64,755
Net chargeable to bond limit	802,891
Legal Debt Margin – December 31	\$ 1,623,841

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 1,975,265	\$ 2,009,975	\$ 2,304,393	\$ 2,356,914	\$ 2,485,329	\$ 2,494,539	\$ 2,314,276	\$ 2,300,923	\$ 2,387,441	\$ 2,426,732
Total net debt application to limit	380,984	453,021	402,994	567,928	649,694	976,103	902,541	862,872	877,426	802,891
Legal debt margin	\$ 1,594,281	\$ 1,556,954	\$ 1,901,399	\$ 1,788,986	\$ 1,835,635	\$ 1,518,436	\$ 1,411,735	\$ 1,438,051	\$ 1,510,015	\$ 1,623,841
Total net debt applicable to the limit as a percentage of debt limit	19.29%	22.54%	17.49%	24.10%	26.14%	39.13%	39.00%	37.50%	36.75%	33.09%

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 indebtedness, 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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Pledged lodger's tax revenues	\$ 10,068	\$ 12,074	\$ 13,857	\$ 15,006	\$ 12,279	\$ 13,703	\$ 15,553	\$ 16,173	\$ 17,726	\$ 21,092
Pledged food and beverage tax revenues	8,537	9,326	10,396	10,720	10,141	11,116	12,243	12,840	13,564	15,202
Pledged short-term auto rental tax revenues	6,673	7,116	7,957	7,721	6,874	7,707	8,058	8,595	9,425	10,894
Other sources	441	677	1,026	849	415	402	287	324	263	381
Total pledged excise tax base	\$ 25,719	\$ 29,193	\$ 33,236	\$ 34,296	\$ 29,709	\$ 32,928	\$ 36,141	\$ 37,932	\$ 40,978	\$ 47,569
Debt service (2009B Bonds)	7,376	7,380	7,383	7,380	7,341	4,198	8,648	8,644	8,647	8,655
Pledged excise tax base remaining after payment of 2009B Bonds debt service	\$ 18,343	\$ 21,813	\$ 25,853	\$ 26,916	\$ 22,368	\$ 28,730	\$ 27,493	\$ 29,288	\$ 32,331	\$ 38,914
Pledged short-term auto rental increase	5,552	6,227	6,962	6,756	6,015	6,745	7,051	7,521	8,247	9,532
Pledged lodgers' tax increase	5,875	7,043	8,083	8,754	7,162	7,993	9,072	9,434	10,340	12,303
Available for Series 2005A and 2009A Bonds debt service	\$ 29,770	\$ 35,083	\$ 40,898	\$ 42,426	\$ 35,545	\$ 43,468	\$ 43,616	\$ 46,243	\$ 50,918	\$ 60,749
Debt service (2005A and 2009A Bonds)	\$ 14,120	\$ 11,507	\$ 13,165	\$ 16,365	\$ 17,394	\$ 19,828	\$ 19,913	\$ 19,887	\$ 19,868	\$ 19,824
Coverage	2.11	3.05	3.11	2.59	2.04	2.19	2.19	2.33	2.56	3.06
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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net pledged revenues	\$ 24,144	\$ 22,873	\$ 14,993	\$ 16,013	\$ 9,260	\$ 8,722	\$ 10,202	\$ 24,562	\$ 28,016	\$ 36,635
Combined average debt service requirements ¹	\$ 2,441	\$ 2,449	\$ 2,450	\$ 2,387	\$ 2,471	\$ 2,484	\$ 2,484	\$ 3,223	\$ 3,164	\$ 3,099
Debt service coverage ratio	9.89	9.34	6.12	6.71	3.75	3.51	4.11	7.62	8.85	11.82
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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net pledged revenues	n/a	\$ 628	\$ 2,590	\$ 1,114	\$ 1,775	\$ 2,034	\$ 1,551	\$ 1,996	\$ 907 ¹	\$ 1,264 ²
Rate maintenance account	n/a	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240
Available fund balance	n/a	\$ 10,432	\$ 12,507	\$ 12,883	\$ 13,362	\$ 14,238	\$ 14,468	\$ 15,325	\$ 14,253	\$ 12,933
Annual debt service requirement	n/a	\$ 684	\$ 687	\$ 682	\$ 682	\$ 686	\$ 685	\$ 685	\$ 682	\$ 686
Service coverage ratio	n/a	n/a	n/a	1.99	2.95	3.31	2.61	3.26	1.68	\$ 2.19
Required coverage	n/a	n/a	n/a	1.35	1.35	1.35	1.35	1.35	1.35	1.35

***Golf bonds were issued in 2006**

¹ Does not include non-cash expenditure of \$617 for leased items that did not meet City's capitalization limit.

² Does not include non-cash expenditure of \$1,318 for leased items that did not meet City's capitalization limit.

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Pledged occupational privilege tax (OPT) revenues	\$ 41,500	\$ 41,503	\$ 42,751	\$ 43,041	\$ 39,551	\$ 41,819	\$ 41,141	\$ 43,227	\$ 44,515	\$ 46,438
Pledged facilities development admission (FDA) tax revenues	6,652	7,316	7,410	7,065	7,082	7,160	8,325	8,986	8,721	9,262
Payments in lieu of FDA taxes ¹	2,700	2,700	2,700	2,700	-	-	-	-	-	-
Total pledged revenues	\$ 50,852	\$ 51,519	\$ 52,861	\$ 52,806	\$ 46,633	\$ 48,979	\$ 49,466	\$ 52,213	\$ 53,236	\$ 55,700
Debt service	\$ 3,054	\$ 3,055	\$ 3,054	\$ 3,056	\$ 3,054	\$ 2,558	\$ 2,858	\$ 3,054	\$ 3,058	\$ 3,054
Coverage	16.65	16.86	17.31	17.28	15.27	19.15	17.31	17.10	17.41	18.24
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.

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)

	2005	2006 ¹	2007	2008	2009	2010	2011	2012	2013	2014
Gross Revenues	\$ 571,102	\$ 592,110	\$ 616,106	\$ 635,607	\$ 631,592	\$ 668,885	\$ 702,157	\$ 713,279	\$ 743,101	\$ 803,620
Operation and maintenance expenses	238,142	256,191	282,746	305,382	309,270	302,881	312,278	318,394	349,987	355,769
Net revenues	332,960	335,919	333,360	330,225	322,322	366,004	389,879	394,885	393,114	447,851
Other available funds	55,173	50,791	53,251	53,575	49,288	57,449	57,528	51,685	50,409	54,834
Total amount available for debt service	\$ 388,133	\$ 386,710	\$ 386,611	\$ 383,800	\$ 371,610	\$ 423,453	\$ 447,407	\$ 446,570	\$ 443,523	\$ 502,685
Debt service requirements per general and supplemental bond ordinances	\$ 241,622	\$ 220,001	\$ 229,923	\$ 240,028	\$ 237,905	\$ 253,244	\$ 235,356	\$ 247,563	\$ 242,816	\$ 219,334
Debt service coverage	1.61	1.76	1.68	1.60	1.56	1.67	1.90	1.80	1.83	2.29
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.

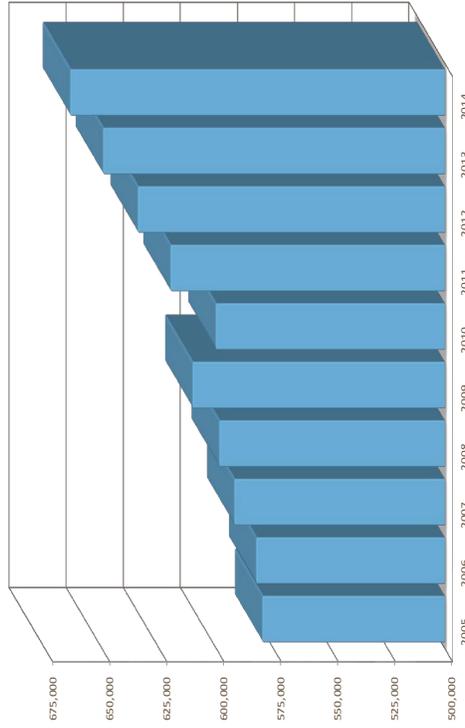
Source: Denver International Airport Financial Statements

Demographic and Economic Statistics

Last Ten Calendar Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population	579,744	582,474	592,052	598,707	610,345	600,158	619,968	634,265	649,495	663,862
Personal income (expressed in millions)	\$ 26,622	\$ 28,902	\$ 30,949	\$ 31,308	\$ 31,512	\$ 30,515	\$ 33,811	\$ 35,721	\$ 36,999	n/a
Per capita personal income	\$ 45,920	\$ 50,193	\$ 53,908	\$ 52,788	\$ 51,630	\$ 50,845	\$ 54,537	\$ 56,318	\$ 56,967	n/a
School enrollment	73,018	73,399	73,873	75,269	78,352	79,423	81,870	84,424	87,398	90,150
Unemployment rate	5.80%	4.80%	4.20%	5.30%	9.00%	10.00%	9.20%	8.20%	7.00%	4.30%

City and County of Denver Population



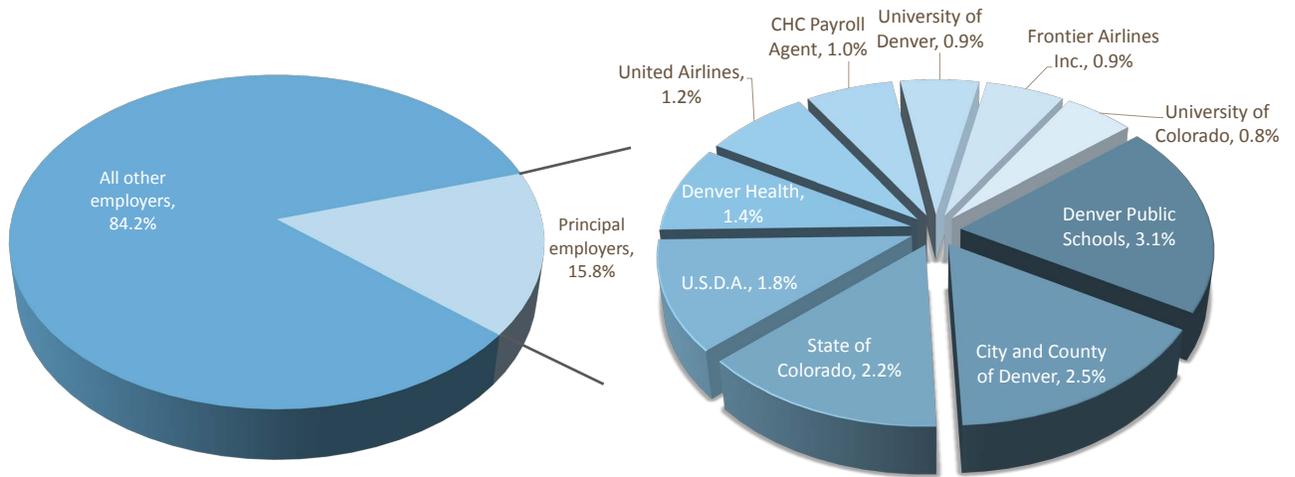
Source: Denver Public Schools
 U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
 U.S. Census Bureau
 U.S. Department of Commerce

Principal Employers

Current Year and Nine Years Ago

	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,482	1	3.1%	9,555	2	2.7%
City and County of Denver	10,281	2	2.5%	9,878	1	2.8%
State of Colorado Central Payroll	9,195	3	2.2%	8,900	3	2.5%
U.S.D.A. National Finance Center	7,187	4	1.8%	5,772	6	1.6%
Denver Health & Hospital Authority	5,523	5	1.4%	3,492	9	1.0%
United Airlines, Inc.	5,070	6	1.2%	6,150	5	1.7%
CHC Payroll Agent, Inc. (HCA Health One)	4,226	7	1.0%	3,212	10	0.9%
University of Denver	3,759	8	0.9%			
Frontier Airlines Inc.	3,642	9	0.9%	3,512	8	1.0%
University of Colorado Central	3,448	10	0.8%	6,165	4	1.7%
Accounting Service Center (U. S. Postal Service)				3,715	7	1.0%
Total	64,813		15.8%	60,351		16.9%

2014 Principal Employers



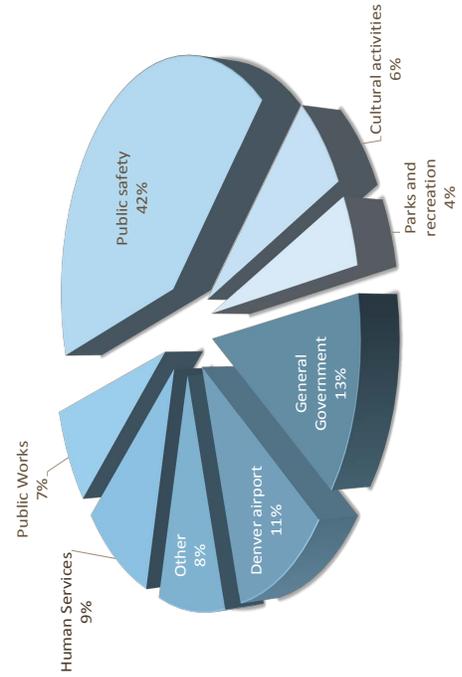
Source: Based on 2014 and 2005 Occupational Privilege Tax Remitters.

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	1,216	1,319	1,309	1,329	1,194	1,212	1,155	1,179	1,190	1,282
Public safety	4,128	4,209	4,303	4,327	4,211	4,167	4,109	4,095	4,192	4,256
Public Works	779	778	804	822	795	784	751	736	754	754
Human Services	897	990	1,060	1,050	890	892	894	890	884	941
Health	126	115	120	126	114	122	109	111	124	131
Parks and recreation	547	544	548	542	446	449	431	431	449	450
Cultural activities	552	545	575	563	512	520	517	570	628	642
Community development	229	229	225	215	191	190	185	179	176	200
Economic opportunity	165	151	226	249	211	212	198	183	182	186
Wastewater management	251	247	255	271	258	246	234	251	248	252
Denver airport system	924	948	990	1,030	1,001	972	983	1,001	1,035	1,097
Environmental services	20	20	26	26	30	31	38	43	43	46
Golf course	44	40	44	48	42	39	36	35	41	44
Total	9,878	10,135	10,485	10,598	9,895	9,836	9,640	9,704	9,946	10,281

2014 Full-Time City Employees by Function



Source: Denver Controller's Office

Operating Indicators by Function

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	67,095	73,668	75,312	70,883	68,803	56,497	51,390	54,545	50,878	52,517
Traffic Violations	111,307	117,855	119,336	132,659	114,879	144,370	126,849	118,644	109,342	98,434
Fire										
Emergency responses	83,165	80,418	91,838	85,098	81,326	80,463	89,211	101,530	105,290	112,370
Fires extinguished	596	530	690	684	609	995	2,071	2,248	1,986	1,986
Inspections	22,370	23,134	23,946	31,819	31,360	29,969	39,955	30,226	31,818	34,044
Sheriff										
Average daily population	2,337	2,475	2,412	2,273	2,164	2,082	2,111	2,144	2,270	2,049
Number of jails	2	2	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	677,369	640,126
Recyclables collected (tons)	17,673	21,760	26,550	28,067	29,092	31,116	31,042	31,600	33,193	34,350
Refuse collected (tons)	248,596	234,059	231,956	219,675	221,797	216,382	213,411	213,411	205,985	208,222
Other public works										
Alleys paved (square yards)	288,268	117,611	66,042	167,400	154,824	77,662	57,475	41,545	7,750	14,358
Potholes repaired (tons of asphalt)	2,855	3,943	4,273	4,346	4,249	3,819	4,237	4,364	3,358	4,666
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	2,553,301	2,563,000
Human services										
Family Medicaid Application for Denver clients	11,783	13,247	13,747	14,513	14,461	9,045	9,049	7,061	29,025 ¹	77,219 ¹
New child welfare case involvements	1,995	2,169	2,501	2,656	1,589	1,240	1,187	1,305	974	824
Community development										
Permits issued	60,568	52,958	52,184	45,999	41,474	41,000	51,549	55,463	55,252	67,818
Economic opportunity										
Low income affordable housing units created	652	261	30	45	182	250	452	503	568	557
Percent of job seekers entering employment	59.60%	59.70%	61.84%	68.40%	56.90%	57.00%	50.54%	51.15%	55.83%	59.51%
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	9,811,501	9,067,577
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	1,982,000	2,049,703
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	52,556,359	53,472,514
Excise and Licenses										
Number of business license transactions	15,902	15,311	18,355	17,895	16,776	17,100	17,360	16,248	15,085	17,230

¹ Family Medicaid Applications increased due to changes in the Affordable Care Act and additional outreach funding client engagement.

Source: Denver Department of Aviation
 Denver Department of Community Planning and Development
 Denver Department of Finance
 Denver Department of Human Services
 Denver Department of Public Works
 Denver Department of Safety
 Denver Office of Economic Development
 Denver Public Library

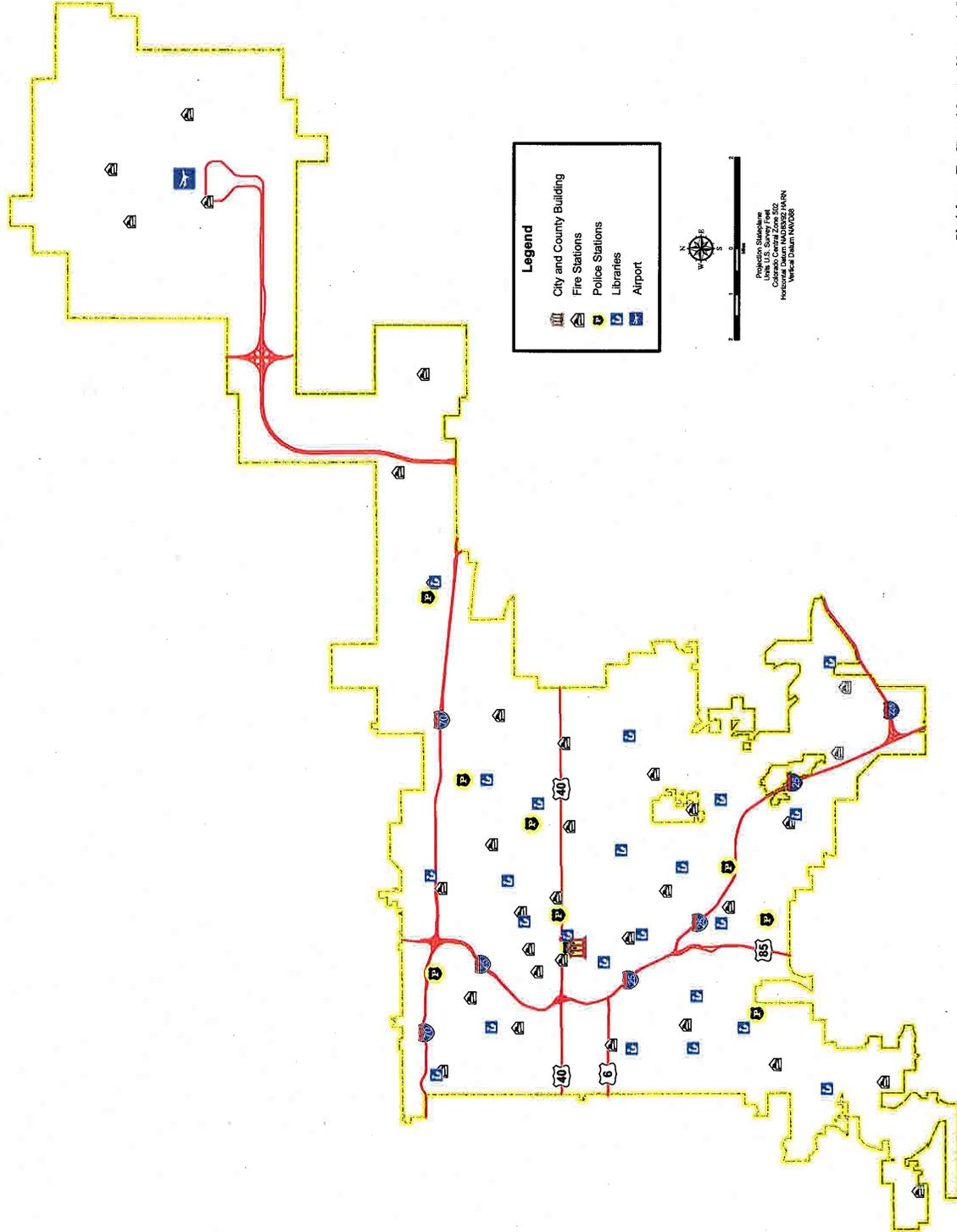
Capital Asset Statistics

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire											
Number of engines/trucks	39/23	39/23	39/23	39/23	39/23	39/23	40/23	41/22	40/22	41/23	41/23
Number of stations	33	33	33	33	33	34	34	34	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	392/207	414/213	414/213
Number of stations	6	6	6	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	297/182	297/182	297/182
Alleys paved	-	4,216	4,340	4,573	4,758	4,834	4,934	5,116	5,125	5,142	5,142
Unpaved	923	915	791	563	375	297	192	148	102	100	100
Streets (Centerline miles)	1798	1,868	1,949	2,005	2,005	2,005	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	1,267	1,272	1,272
Parks and recreation											
Acreage owned	19,819	19,819	19,889	20,036	20,038	20,095	20,097	20,106	20,106	20,106	20,106
Golf courses	7	7	7	8	8	8	8	8	8	8	8
Mountain acreage	14141	14,141	14,141	14,141	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	332	325	325
Parkways (miles)	60	60	60	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	324/45	239/50	239/50
Recreation centers	30	30	30	30	31	31	31	31	30	30	30
Swimming pools	28	28	28	28	28	28	29	29	29	29	29
Tennis courts/lighted	149/88	149/88	149/88	155/88	155/88	155/88	155/88	152/88	148/88	146/88	146/88
Cultural activities											
Concert venues	7	7	7	7	7	7	7	7	7	7	7
Public libraries	23	23	23	23	23	23	24	24	24	25	25
Wastewater											
Sanitary sewers (miles)	1461	1,461	1,461	1,461	1,464	1,464	1,483	1,504	1,504	1,506	1,506
Storm sewers (miles)	694	694	694	694	742	742	782	793	802	805	805
Denver airport system											
Acreage	33,800	33,800	33,800	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	6	6	6
Seating Capacities											
Boettcher Concert Hall	2,634	2,679	2,679	2,679	2,679	2,709	2,709	2,709	2,709	2,679	2,679
Colorado Convention Center	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Denver Coliseum	10,500	11,500	11,500	11,500	11,500	10,474	10,474	10,474	10,474	10,000	10,000
Ellie Caulkins Opera House	2,247	2,225	2,225	2,225	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	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	2,846	2,884	2,884
McNichols Civic Center Building	-	-	-	-	-	-	-	-	-	-	2,000

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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DEPARTMENT OF FINANCE

Controller's Office

201 West Colfax Avenue, Department 1109
Denver, Colorado 80202

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City and County of Denver

Single Audit Reports

Year Ended December 31, 2014

City and County of Denver
Year Ended December 31, 2014

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City and County of Denver

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Federal Agency Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Agriculture				
Child and Adult Care Food Program	Colorado Department of Public Health	None Provided	10.558	\$ 180,694
Child Nutrition Cluster				
Summer Food Service Program for Children	Colorado Department of Education	None Provided	10.559	<u>130,262</u>
Subtotal Child Nutrition Cluster				<u>130,262</u>
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services	None Provided	10.561	<u>9,089,972</u>
Subtotal SNAP Cluster				<u>9,089,972</u>
Cooperative Forestry Assistance	Colorado State Forest Service	None Provided	10.664	<u>66,216</u>
Total Department of Agriculture				<u>9,467,144</u>
Department of Commerce				
Economic Development Cluster				
Economic Adjustment Assistance			11.307	<u>588,866</u>
Subtotal Economic Development Cluster				<u>588,866</u>
Total Department of Commerce				<u>588,866</u>
Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants			14.218	<u>16,007,165</u>
Subtotal CDBG - Entitlement Grants Cluster				<u>16,007,165</u>
Emergency Solutions Grant Program			14.231	549,955
HOME Investment Partnerships Program			14.239	4,371,356
Housing Opportunities for Persons with AIDS			14.241	1,271,650
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants			14.251	157,584
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)			14.256	73,000
Continuum of Care Program			14.267	2,708,299
Education and Outreach Initiatives			14.416	5,000
Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants			14.704	744,508
Lead-Based Paint Hazard Control in Privately-Owned Housing			14.900	<u>422,593</u>
Total Department of Housing and Urban Development				<u>26,311,110</u>

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Interior				
Fish and Wildlife Cluster				
Sport Fish Restoration Program	Colorado Department of Natural Resources	12-FIF-39306	15.605	23,793
Subtotal Fish and Wildlife Cluster				23,793
Historic Preservation Fund Grants-In-Aid	Colorado Historical Society	CO-13-013	15.904	25,000
Total Department of Interior				48,793
Department of Justice				
Community-Based Violence Prevention Program			16.123	505,809
Enhanced Training and Services to End Violence and Abuse of Women Later in Life			16.528	65,812
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	430,637
Crime Victim Assistance	Colorado Department of Public Safety	13-VA-2-14	16.575	61,245
Crime Victim Compensation	Colorado Division of Criminal Justice	12-VC-2 & 13-VC-2	16.576	620,000
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs			16.580	8,230
Crime Victim Assistance/Discretionary Grants	Rocky Mountain Victim Law Center	None Provided	16.582	3,000
Drug Court Discretionary Grant Program			16.585	196,061
Violence Against Women Formula Grants	Colorado Division of Criminal Justice & Colorado Department of Public Safety	12-VW-2-6 & 12-VW-2-25	16.588	213,156
State Criminal Alien Assistance Program			16.606	500,000
Public Safety Partnership and Community Policing Grants			16.710	180,699
Public Safety Partnership and Community Policing Grants	Colorado Association of Chief of Police	None Provided	16.710	32,500
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program			16.738	297,581
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Division of Criminal Justice	2013-DI-BX-0027 2014-DI-BX-0792 2014DI14-003374-031	16.738	52,255
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	Colorado Division of Criminal Justice	2014-DI-BX-0792	16.803	11,136
Subtotal JAG Program Cluster				360,972
DNA Backlog Reduction Program			16.741	235,409

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Justice (continued)				
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Division of Criminal Justice	13-DN-01-1-1	16.742	1,807
Paul Coverdell Forensic Sciences Improvement Grant Program			16.742	11,825
Criminal and Juvenile Justice and Mental Health Collaboration Program			16.745	61,108
Second Chance Act Reentry Initiative			16.812	214,246
Equitable Sharing Program			16.922	821,128
Total Department of Justice				4,523,644
Department of Labor				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor & Employment	CMS#38154 CMS#54595	17.207	1,444,494
Disabled Veterans' Outreach Program (DVOP)	Colorado Department of Labor & Employment	CMS#54595	17.801	41,124
Local Veterans' Employment Representative Program	Colorado Department of Labor & Employment	CMS#54595	17.804	7,806
Subtotal Employment Services Cluster				<u>1,493,424</u>
Veterans' Employment Program	Colorado Department of Labor & Employment	CMS#38154 CMS#54595	17.802	23,762
Homeless Veterans Reintegration Project			17.805	123,920
WIA Cluster				
WIA Adult Program	Colorado Department of Labor & Employment	CMS#38154 CMS#54595	17.258	2,163,493
WIA Youth Activities	Colorado Department of Labor & Employment	CMS#38154 CMS#54595	17.259	1,568,103
WIA Dislocated Workers Formula Grants	Colorado Department of Labor & Employment;	CMS#38154 CMS#54595	17.278	1,333,497
Subtotal WIA Cluster				<u>5,065,093</u>
Trade Adjustment Assistance	Colorado Department of Labor & Employment;	CMS#54595	17.245	7,680
H-1B Job Training Grants	Colorado Department of Labor & Employment	CMS#38154	17.268	8,165
H-1B Job Training Grants	Colorado Department of Labor & Employment	CMS#38154	17.268	29,630
Reintegration of Ex-Offenders	Colorado Department of Labor & Employment	CMS#38154	17.270	402,048
Workforce Investment Act (WIA) National Emergency Grants	Colorado Department of Labor & Employment	CMS#38154	17.277	45,886
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	Colorado Department of Labor & Employment	CMS#38154	17.282	67,163
Total Department of Labor				7,266,771

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Department of Transportation				
Airport Improvement Program	Colorado Department of Transportation	None Provided	20.106	15,811,153
Airport Improvement Program			20.106	3,832,955
Highway Planning and Construction Cluster				
Highway Planning and Construction	Colorado Department of Transportation & Regional Transportation District & Regional Air Quality Control & DRCOG	STU M320-058 (16749), AQC C010-081 (16070), STU M320-060 (16952), AQC 002A-002 (17515), STE 0252-411 (17954), STE C010-109 (18566), AQC 320-076 (18535), STU C010-108 (18529), BRO M320-072 (18375), TRG M320-077 (18857), AQC M320-078 (18873), SHE M320-080 (19118), AQC M320-082 (19320), SHE C010-112 (19726), NHPP 2873-12 (19957), AQC M320-086 (19977), D2010-ALTA-07002, 543013, None Provided	20.205	<u>17,271,737</u>
				<u>17,271,737</u>
Subtotal Highway Planning and Construction Cluster			20.218	39,369
National Motor Carrier Safety	Colorado State Patrol	OERAASPMCS140015		
Federal Transit Cluster				
Federal Transit_Formula Grants	Regional Transportation District	60032	20.507	87,614
Subtotal Federal Transit Cluster				<u>87,614</u>
Alternatives Analysis	Regional Transportation District	D2010-ALTA-07002	20.522	125,142
Highway Safety Cluster				
State And Community Highway Safety	Colorado Department of Transportation	PO211020254 & PO211020313 & PO211020309 & PO411003133 & PO411003142	20.600	298,362
State Traffic Safety Information System Improvement Grants	Colorado Department of Transportation	PO211020704	20.610	<u>58,470</u>
Subtotal Highway Safety Cluster				<u>356,832</u>
National Priority Safety Programs	Colorado Department of Transportation	PO411001241 & PO41101873 & PO411003146 & PO291001523	20.616	291,201
National Infrastructure Investments			20.933	83,992
Total Department of Transportation				<u>37,899,995</u>

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program National Foundation on the Arts and the Humanities	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Promotion of the Arts, Grants to Organizations and Individuals National Leadership Grants			45.024	7,500
Total National Foundation on the Arts and the Humanities			45.312	<u>1,108</u>
Veterans Health Administration, Department of Veterans Affairs				8,608
VA Homeless Providers Grant And Per Diem Program			64.024	295,856
Total Veterans Health Administration, Department of Veterans Affairs				<u>295,856</u>
Environmental Protection Agency				
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements			66.802	10,126
Brownfields Assessment and Cleanup Cooperative Agreements			66.818	456,263
Total Environmental Protection Agency				<u>466,389</u>
Office of Energy Efficiency and Renewable Energy, Department of Energy				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	Boulder County & Governor's Energy Office	None Provided	81.128	476,479
Total Office of Energy Efficiency and Renewable Energy, Department of Energy				<u>476,479</u>
National Archives & Records Administration				
National Historical Publications and Records Grants	Colorado Historical Records Advisory Board	NAR14-RC-10213-14	89.003	2,400
Total National Archives & Records Administration				<u>2,400</u>
Department of Health and Human Services				
Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	PO FJA EPR 453963	93.069	43,250
Affordable Care Act (ACA) Personal Responsibility Education Program	Colorado Department of Human Services	14IHA59233 15IHA59233	93.092	122,272
Substance Abuse and Mental Health Services, Projects of Regional and National Significance			93.243	207
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	Colorado Department of Justice	1H79TI025036	93.243	146,382
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	Connect for Health Colorado	None Provided	93.525	318,203
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	Denver Health and Hospital Authority	IU58DP003493-01	93.531	75,920
Promoting Safe and Stable Families	Colorado Department of Human Services	None Provided	93.556	411,649

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program TANF Cluster	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
Temporary Assistance For Needy Families (TANF) State Programs	Colorado Department of Human Services	None Provided	93.558	28,144,433
Subtotal TANF Cluster				<u>28,144,433</u>
Child Support Enforcement	Colorado Department of Human Services	None Provided	93.563	7,762,926
Refugee and Entrant Assistance_State Administered Programs	Lutheran Family Services	None Provided	93.566	145,782
Low-Income Home Energy Assistance	Colorado Department of Human Services	None Provided	93.568	4,781,374
Community Services Block Grant	Colorado Department of Local Affairs	L13CSBG13L14CSBG13	93.569	1,080,053
CCDF Cluster				
Child Care and Development Block Grant	Colorado Department of Human Services	None Provided	93.575	283,555
Child Care Mandatory and Matching Funds of The Child Care and Development Fund	Colorado Department of Human Services	None Provided	93.596	<u>10,038,958</u>
Subtotal Child Care and Development Cluster				<u>10,322,513</u>
Head Start			93.600	8,066,117
Voting Access for Individuals with Disabilities_Grants to States			93.617	28,490
Stephanie Tubbs Jones Child Welfare Services Program	Colorado Department of Human Services	None Provided	93.645	462,687
Adoption Opportunities			93.652	117,742
Adoption Opportunities	CO Kempe Foundation, University of Colorado	3-581927	93.652	94,566
Foster Care_Title IV-E	Colorado Department of Human Services	None Provided	93.658	8,429,054
Adoption Assistance	Colorado Department of Human Services	None Provided	93.659	3,561,941
Social Services Block Grant	Colorado Department of Human Services	None Provided	93.667	4,364,291
Chafee Foster Care Independence Program	Colorado Department of Human Services	None Provided	93.674	194,929
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Colorado Department of Public Health and Environment	None Provided	93.758	10,000
Medicaid Cluster				
Medical Assistance Program	Colorado Department of Human Services	None Provided	93.778	7,542,587
Subtotal Medicaid Cluster				<u>7,542,587</u>
HIV Emergency Relief Project Grants			93.914	7,315,715
National Bioterrorism Hospital Preparedness Program		PO FJA EPRI341886	93.889	53,707
Total Department of Health and Human Services				<u>93,596,790</u>

City and County of Denver

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Agency Cluster/Program Corporation for National & Community Services	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount
AmeriCorps	Colorado Governor's Commission on Community Service	12AC133177 14AC133177	94.006	244,302
Total Corporation for National & Community Executive Office of the President				244,302
High Intensity Drug Trafficking Areas Program			95.001	845,884
Total Executive Office of the President				845,884
Department of Homeland Security				
Emergency Management Performance Grants	Colorado Department of Local Affairs & Colorado Department of Public Safety	12EM-13 -17 & 13EM-14-17	97.042	154,394
Assistance to Firefighters Grant			97.044	88,913
Homeland Security Grant Program	State of Colorado, Governor's Office of Homeland Security & Arapahoe County	11UASI2DEN 12UASI3DEN 13UASI4DEN	97.067	3,634,348
Transportation Security Administration			97.UNKNOWN	1,158,200
Total Department of Homeland Security				5,035,855
Total Federal Expenditures				\$ 187,078,886

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, 2014

(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, 2014.

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 \$300,600,000 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2014.

(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
Stephanie Tubbs Jones Child Welfare Services Program	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
Medicaid Cluster	93.778

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

City and County of Denver
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014

(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 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 \$96,375,863, of which \$37,880,377 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, 2014

(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	\$ 15,376,774
Economic Development Loans:	
14.Unknown	5,093,614
14.218 - Community Development Block Grants/Entitlement Grants	23,668,005
14.253 - Community Development Block Grants ARRA Entitlement Grants (CDBG-R)	1,688,711
Total Economic Development Loans	30,450,330
Section 108 Loans:	
14.248 - Community Development Block Grants_ Section 108 Loan Guarantees	8,830,181
Total Section 108 Loans	8,830,181
Housing Development Loans:	
14.Unknown	28,006,139
14.218 - Community Development Block Grants/Entitlement Grants	7,948,311
14.239 - HOME Investment Partnerships Program	46,874,121
14.241 - Housing Opportunities for Persons with AIDS	3,076,720
14.256 - ARRA - Neighborhood Stabilization Program	13,617,327
Total Housing Development Loans	99,522,618
Total Office of Economic Development Loans	154,179,903
Less Allowances:	
Delinquent Loans	(9,093,891)
Forgivable Loans	(78,341,948)
Note Receivable, Net	\$ 66,744,064

City and County of Denver
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014

(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. There were no outstanding balances subject to continuing compliance at December 31, 2014. There were no new loans during 2014; therefore nothing has been included in the accompanying schedule of expenditures of federal awards. The City also has certain revolving loan funds, which were originally financed from the Department of Commerce, under CFDA 11.307, Economic Development Administration which are subject to continuing compliance requirements and included in the schedule of expenditures of federal awards. The outstanding loan balance at December 31, 2014 was \$386,872 and the cash and investment balance in the loan revolving fund was \$198,820. The 2014 expenditures for administrative costs were \$3,174. There were no loan write-offs in 2014. There are no City match requirements.

(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 Grants/Entitlement Grants	14.218	\$ 2,294,534
Emergency Solutions Grant Program	14.231	528,111
HOME Investment Partnerships Program	14.239	1,715,349
Housing Opportunities for Persons with AIDS	14.241	1,244,300
Continuum of Care Program	14.267	2,670,108
Community-Based Violence Prevention Program	16.123	403,350
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	113,390
Second Chance Act Reentry Initiative	16.812	189,263
WIA Youth Activities	17.259	501,568
Reintegration of Ex-Offenders	17.270	107,766
VA Homeless Providers Grant and Per Diem Program	64.024	266,270
Promoting Safe and Stable Families	93.556	31,714
Community Services Block Grant	93.569	912,312
Head Start	93.600	6,445,112
HIV Emergency Relief Project Grants	93.914	6,599,180
		<u>\$ 24,022,327</u>

**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 the 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 City and County of Denver (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 14, 2015. Our report includes a reference to other auditors who audited the financial statements of the Denver Convention Center Hotel Authority and Denver Union Station Project Authority, presented as discretely presented component units, and Denver Employee Retirement Plan, a fiduciary component unit, as described in our report on the City'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, 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 the Fourteenth 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.

Audit Committee
City and County of Denver

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-003, 2014-004, and 2014-005 to be significant deficiencies.

Compliance and Other Matters

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

City's Response to Findings

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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

We also noted certain matters that we reported to the City's management in a separate letter dated July 14, 2015.

Audit Committee
City and County of Denver

Purpose of this Report

The purpose of this report 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 on compliance. This report 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
July 14, 2015

**Independent Auditor's Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. The City's basic financial statements include the operations of the Denver Union Station Project Authority (DUSPA), a discretely presented component unit, which received approximately \$300,600,000 in federal awards which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, described below, did not include the operations of DUSPA because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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.

Audit Committee
City and County of Denver

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Basis for Qualified Opinion on SNAP Cluster, TANF Cluster and CCDF 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 requirements applicable to that program.

CFDA #	Program	Compliance Requirement	Type of Opinion	Finding Number
10.561	SNAP Cluster	Special Tests and Provisions	Qualified	2014-006
93.558	TANF Cluster	Eligibility, Reporting, and Special Tests and Provisions	Qualified	2014-007 and 2014-008
93.575/93.596	CCDF Cluster	Eligibility and Reporting	Qualified	2014-010 and 2014-011

Qualified Opinion on SNAP Cluster, TANF Cluster and CCDF Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the SNAP Cluster, TANF Cluster and CCDF Cluster for the year ended December 31, 2014.

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, 2014.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance, which 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 item 2014-009. Our opinion on each major federal program is not modified with respect to this 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 types of 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 2014-006, 2014-007, 2014-008, 2014-009, 2014-010, and 2014-011 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-012 to be a significant deficiency.

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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 14, 2015, which contained unmodified opinions on those 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 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 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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
July 14, 2015

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

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
10.561	SNAP Cluster
17.258, 17.259, 17.278	WIA Cluster
20.205	Highway Planning and Construction Cluster
93.558	TANF Cluster
93.575, 93.596	CCDF Cluster
93.568	Low-Income Home Energy Assistance
93.600	Head Start
93.658	Foster Care_Title IV-E
93.914	HIV Emergency Relief Project Grants

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, 2014

Section II – Financial Statement Findings

Reference Number	Finding
2014-001	<p>Finding: Municipal Airport System - Monthly Cash Reconciliation</p> <p>Criteria or Specific Requirement: The Airport System is required to maintain its general ledger necessary to support the preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Additionally, the Airport System should have controls in place to ensure the Airport System's cash balances reconcile to the City Treasury's pooled cash balances to prevent and detect a material misstatement in the financial statements in a timely manner.</p> <p>Condition: During annual financial statement preparation, staff discovered that the Airport System cash recorded in its general ledger did not reconcile to pooled cash balances maintained and recorded on the City Treasury's general ledger throughout 2014. Cash recorded in the Airport System's ledger was approximately \$3.1 million less than the City Treasury's balance.</p> <p>Effect: Multiple entries were proposed and recorded to correct cash balances and reverse unnecessary entries in the Airport System's general ledger to reconcile to the City Treasury balance.</p> <p>Cause: While cash balances were being reconciled between the City's and the Airport System's general ledgers, adequate support for entries relating to corresponding vouchers payable and expenses between the two systems did not exist. Entries were made in the Airport System to match the City Treasury without accurate supporting documentation to justify the adjustment. Furthermore, subsequent to year-end, there was unexpected turnover in the Controller position, who reviewed the reconciliations during the year. This turnover, coupled with a lack of cross-training of accounting personnel and no documented procedures, did not leave documentation to support the reconciling entries that would allow other Airport System accounting personnel to trace and verify the accuracy and justification of the cash balance adjustments in the Airport System's general ledger.</p> <p>Recommendation: We recommend the Airport System implement a training program to cross-train accounting employees on the process of reconciling cash balances to the City Treasury. In addition, we recommend that the Airport System develop written policies and procedures documenting accounting employees' roles and responsibilities in the cash reconciliation process.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> We agree with the finding. The Airport Finance Department implemented a cross-training program in November 2014 that was a factor in Airport staff identifying the cash reconciliation issue. The training program will be expanded to include all Finance staff with roles and responsibilities in any process that involves cash. Written policies and procedures will be updated to reflect the improvements in the cash reconciliation process.</p> <p><i>Person(s) responsible for implementing:</i> Airport Accounting Director (currently under recruitment) and Gisela Shanahan, Chief Financial Officer.</p> <p><i>Implementation date:</i> In progress with planned completion by September 2015.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

2014-002 Finding: Capital Assets

Criteria: Accounting principles generally accepted in the United States of America (US GAAP) that address the proper recognition and accounting of capital assets include:

- Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments* (GASB 34)
- Governmental Accounting Standards Board (GASB) Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34* (GASB 37)
- Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51)
- Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62)
- Various implementation guidance issued by GASB

In accordance with this guidance, capital assets, including intangible assets should be recorded at historical cost when acquired (or fair value if donated), reported within the appropriate asset classification, and removed from the accounting records when disposed.

Condition: The following conditions are noted:

- Management discovered errors in the recognition of land where certain parcels of land were not properly recorded on the books and other land was disposed of in a prior period, but not removed from the accounting records. The net results of these errors were approximately \$4.3 million.
- Management also discovered that intangible assets were erroneously recorded as both intangibles and machinery and equipment. The net effect of the adjustment made in the current year was approximately \$7.2 million to correct this error.
- The City erroneously included approximately \$12 million in fiber optic lines in current year capital asset additions.

Effect: The errors resulted in a net overstatement of capital assets and depreciation expense. Several adjustments were proposed and recorded by management to correct the balances of capital assets and accumulated depreciation.

Cause: The primary causes of the issues above were clerical errors in the recognition of capital assets.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Recommendation: After an error was discovered in the previous year related to land donations to the Parks Department, additional controls were implemented to prevent that situation from recurring. Some of the conditions cited, especially those related to errors in how land was recorded, were identified by management during a review of the City's land holdings. We recommend that the City ensure that the controls put in place related to the Parks Department land donations be maintained and potentially expanded to all land holdings. Furthermore, we recommend that the City review controls over recording capital assets in general, including a robust review process of capital asset related entries and key spreadsheets. Lastly, additional training to relevant staff should be provided in order to ensure that all capital assets are recorded correctly.

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. Due to the issues with capital assets the City identified in the prior year, the Controller's Office has continued to engage in extensive research to ensure that all capital asset balances are correctly recorded and reported in the Comprehensive Annual Financial Report. During our research, which included all City agencies, we identified land and intangible assets that were not properly reflected in the City's financial statements and corrected those balances. The fiber optic cables were erroneously recorded due to the existing balance being included in the additions for the 2014 fiscal year. Additional review procedures have been put in place to ensure that all capital asset balances are properly recorded and reported within our annual financial report.

Person responsible for implementing: Kelli Bennett, Director of Accounting and Financial Reporting.

Implementation date: Implemented.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

2014-003 Finding: Public Works Contract Revenue Recognition

Criteria: Generally Accepted Accounting Principles require that revenue be recognized in governmental funds when it is both measurable and available. Specifically, National Council on Governmental Accounting (NCGA) Statement No. 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 62 states that “Revenues and other governmental fund financial resource increments (e.g., bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual -- that is, when they become both measurable and available to finance expenditures of the fiscal period. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.”

Governmental Accounting Standards Board Statement No. 65, *Items Previously Recorded as Assets and Liabilities*, paragraph 30 states in part that when an asset is recorded in governmental fund financial statements (e.g. a receivable) but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Therefore, accounting principles dictate that when revenue is "unavailable" in the governmental funds, revenue should not be recognized and instead a deferred inflow of resources should be recorded.

Condition: The City improperly recognized approximately \$7.4 million of revenue at year-end that should have been recorded as a deferred inflow of resources. Furthermore, approximately \$2.2 million of revenue under this transaction was recognized in a previous fiscal year and also should have been deferred.

Effect: Revenues were overstated by about \$7.4 million in the aggregate for the current and previous fiscal years. As a result, an adjustment was proposed and recorded by management in the current year to record deferred inflows of resources and properly state revenue.

Cause: The City improperly recorded a long-term funding agreement as a grant and as such applied the inappropriate revenue recognition policy to the transaction. This City's grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. However, as the transaction was not a grant, the revenue should be considered measurable and available when the cash is collected.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Recommendation: We recommend that employees working with contracts and grants management receive further training to better identify grants versus other types of contracts and to help ensure that all such contracts are recorded correctly.

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. The agreement in question was a complex transaction that involved multiple contracts, each which were unusual in nature. In the future, Public Works and the Controller's office will perform a more comprehensive review of each transaction at the inception of the agreement to ensure that all terms are understood and properly recorded.

Person responsible for implementing: Don Andriese, Department Controller, Public Works.

Implementation date: June 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-004	<p>Finding: Municipal Airport System - Financial Statement Report Preparation</p> <p>Criteria or Specific Requirement: Documented accounting policies and procedures should be available to all employees which outline all employees' responsibilities, including cross checks and performance of reviews, involved in preparing accurate accounting data and financial information for interim and year-end financial statements. Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: During the 2014 audit fieldwork procedures, we encountered numerous issues with accuracy of the information provided which led to several adjusting journal entries being recorded. The following conditions were noted:</p> <ul style="list-style-type: none">• Annual bond premium was over-amortized in 2014• Deferred loss on refunding on 2014A Bond transaction was not calculated and recorded• Grants receivable were recorded twice• Prepaid asset amounts were not amortized during 2014• Interest rate swap activity was not recorded• Reclassify current and long-term portion of bonds payable for 2014 bond restructuring transaction to extend maturity of certain bond series <p>Effect: Without having documented procedures or formal training, employees can be unaware of their responsibilities or others responsibilities, which can create a situation where errors occur and go undetected.</p> <p>Cause: The Airport System has not updated formal accounting policies for several years and does not have documented procedures for audit workpaper and annual financial statement preparation. During 2014, there were errors and omissions throughout the year which caused the year-end adjusting entries to be recorded. During and subsequent to year-end, there was also unexpected turnover in the CFO and Controller positions. Without documented procedures and a lack of cross-training of other accounting personnel, there was little guidance for the accounting staff to follow to prepare accurate financial statement workpapers.</p> <p>Recommendation: We recommend that the Airport System develop written policies and procedures documenting all accounting employees' roles and responsibilities in relation to audit workpaper and financial information preparation. Additionally, we recommend the Airport System implement a training program to cross-train employees on the overall financial information preparation process in accordance with the documented policies. We recommend the Airport System hire a Controller and Chief Financial Officer with a CPA and governmental accounting background to provide the oversight expertise needed with financial accounting and reporting within the accounting department.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. The Airport has launched a comprehensive review of roles and responsibilities within the accounting department to establish a baseline from which to implement a training program that will address existing weaknesses in both the structure of the department and its current policies and procedures related to audit workpaper and financial information preparation. A cross-training program will be implemented as the Airport recruits an experienced Accounting Director with governmental accounting experience and licensure as a CPA. Finally, the Airport recently announced the appointment of a new CFO with extensive governmental and airport accounting experience and is also a licensed CPA.

Person(s) responsible for implementing: Airport Accounting Director (currently under recruitment) and Gisela Shanahan, Chief Financial Officer.

Implementation date: In progress with completion planned by December 31, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

2014-005 Finding: Deferred Compensation Plans - Controls Over Participant Deferral Elections

Criteria: In 2007, the City and County of Denver established a control procedure by which a City Human Resources employee would initial and date all Deferred Compensation Plan participant election forms to document review of manual input of deferral elections into the PeopleSoft Human Resources system. In accordance with the City and County of Denver Retention Policy, these forms shall be maintained for seven years.

Condition: We selected a sample of participants to compare the deferral form the participant completed to the Human Resources system and identified 10 participants for which an enrollment form could not be located by the plan sponsor nor the plan administrator. For these participants the elections were made within the last seven years, and therefore should still be available under City policy. All participants where the forms could not be provided were members of Denver Fire or Denver Police.

Effect: There exists a risk of misstatement of participant contribution amounts due to the lack of verifying that deferral requests are properly input into the Human Resources system and lack of proper document retention within the parameters of the plan sponsors retention policies.

Cause: Election forms were not maintained as required by City policy for Denver Fire and Denver Police.

Recommendation: We recommend that the City ensure that the control procedure in place to manually review and document all participant deferral elections be combined with the review of contribution eligibility determinations and also be strictly and consistently followed and that compliance with the procedure be monitored for all agencies. We further recommend that all deferral election documentation be maintained consistently and in accordance with the formal retention policy.

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. As recommended by the audit, Denver Fire and Denver Police shall maintain deferral election documentation in accordance with the City's formal retention policy. Secondly, Denver Fire and Denver Police will run quarterly reports to ensure that the documents are being maintained and the election is entered correctly.

Person responsible for implementing: Myra Simmons, Safety Human Resources Supervisor.

Implementation date: July 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Section III – Federal Award Findings and Questioned Costs

**Reference
Number**

Finding

2014-006 Finding: Special Tests and Provisions - EBT Card Security

CFDA No. 10.561 SNAP Cluster

Department of Agriculture, Award Number - None Provided, Award Year 2014

Passed-through Colorado Department of Human Services

Criteria: Security measures outlined in Colorado Electronic Benefit Transfer Bulletin, Volume 4B.710 and other State Agency letters require that Electronic Benefit Transfer (EBT) cards are destroyed on a daily basis and that the related forms are initialed by a supervisor. At least two people who do not have card issuance access shall destroy the cards and sign the destruction log within one business day of cards being received. In response to the State requirements, Denver Department of Human Services (DDHS) has implemented policy 0801-024 which was superseded by 0801-024v2 during the year.

Condition: EBT cards were not destroyed in accordance with state and DDHS policies as follows:

1. Four instances of the 33 weeks tested in which the card destruction was not performed within one business day or 24 hours of when the card was received. In these instances the time lag in destruction ranged from 2 to 7 days late.
2. One instance of the 33 weeks tested in which the EBT destruction logs were not initialed by the EBT Supervisor as required by DDHS policy.
3. One instance of the 33 weeks tested in which the destroyer for the card destruction had the ability to issue benefits.
4. Fifteen weeks of the 33 weeks tested in which no log or support was provided indicating no cards were destroyed.

Questioned Costs: None.

Context: We tested 11 weeks of destruction logs from each of the three DDHS locations where EBT cards are issued and noted the issues described above.

Effect: DDHS is out of compliance with state and federal compliance requirements regarding EBT card security including daily card destruction, signed destruction logs and destruction staff criteria.

Cause: Controls over EBT Card Security were not sufficiently operating during the year. Additionally, DDHS staff and supervisors involved with the EBT card destruction did not receive formal training prior to starting their position or refresher training throughout the year. Additionally, DDHS has a limited number of witnesses available to participate in the EBT destruction process.

Recommendation: We recommend that DDHS train all employees on the updated policies and procedures which were revised in May 2014. DDHS should also ensure that periodic training be provided throughout the year and whenever there is staff turnover impacting EBT card security. We further recommend all three locations conduct their practices consistently which would include utilizing the same forms, submitting one form per location and standardizing the process for when no cards are turned in for destruction. In addition, we recommend that additional employees be added to the destruction team listing of available back-ups to help when a member of the team is unavailable to participate in the destruction process.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. We have met with our Financial Services Division (FSD) and Performance Improvement and Accountability Division (PIAD) and in collaboration we will modify our EBT card destruction process. Current EBT Policy 0801-024 has been updated to reflect the new changes for EBT card destruction and EBT card quarterly auditing. We will be implementing the following controls starting May 1, 2015: standardize the EBT destruction logs, standard deadline for the forms to be sent to FSD, and follow new training guidelines. FSD will assist the Family and Adult Division (FAAD) with training of their employees charged with EBT card destruction. FAAD will notify FSD of any staffing changes as related to EBT card destruction duties and will ensure that employees new to those duties attend the required annual training. Destruction logs will be reviewed weekly by FSD to ensure that we have one log per office per business day. Returned cards will be disabled immediately by cutting through the magnetic strip and delivering them to the EBT issuance office. EBT card destruction will occur daily at approximately 3:30 PM at each office and logs will be completed daily. A log will be completed even when EBT card destruction was not performed each business day. EBT cards received after the destruction time will be securely stored until the following business day's destruction.

FAAD will reinstate the Quarterly EBT User Group that will include FAAD, FSD, and PIAD. The purpose of this meeting will be to review policy and rule updates, plan and train staff on changes, and monitor the current process.

FAAD and PIAD have reviewed the security status of individuals who have access to EBT card issuance. We have added controls within the policy that will enable security changes to be made within 48 hours of a staffing assignment change as per the required notification policy.

The Castro Office acknowledges that there were 15 weeks where no destruction log was sent up to FSD. We are committed to continuing the quarterly trainings to review the proper procedure for the destruction of cards and the EBT supervisor will review the log daily to ensure that a log is being sent up to FSD. The manager will monitor this process to ensure that there is no lapse in the logs.

Person responsible for implementing: Monica Gomez, Operations Manager for the Castro Customer Service teams; Sundanz Washington, Operational Supervisor II; Pamela Flowers, Operational Supervisor II; and Maurice Stenberg, Deputy Division Director of Financial Services Division.

Implementation date: May 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-007	<p>Finding: Eligibility and Reporting</p> <p>CFDA No. 93.558 - TANF Cluster Department of Health and Human Services, Award Number - None Provided, Award Year 2014</p> <p>Passed-through Colorado Department of Human Services</p> <p>Criteria: Denver Department of Human Services (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. Information obtained from clients should be accurately input into Colorado Benefit Management System (CBMS) and agree to supporting documentation included in the case file for accurate reporting of information to the State for the processing of benefits.</p> <p>Condition: We noted the following issues in the 60 items test (some items in sample have multiple items listed) the dollar effect, if any, is listed after each type of item:</p> <ol style="list-style-type: none"> 1. One instance in which an eligible member of the assistance unit included on the redetermination was not included within CBMS resulting in an underpayment of benefits (-\$507). 2. Five instances in which documentation of the initial application or initial case interview could not be provided (\$3,798). 3. Three instances in which the TANF monthly clock did not count for benefits paid or counted incorrectly on a child-only case (\$0). 4. Two instances in which either the Initial Assessment or Individual Responsibility Contract (IRC) were not completed timely (\$0). 5. Three instances in which there was no documentation that the participant completed an Initial Assessment (\$8,739). 6. Seven instances in which there was no documentation that the client was participating in an eligible work activity (\$2,067). 7. Three instances in which either the application, change report or redetermination were not completed timely or documentation of processing could not be provided (\$0). 8. One instance in which supporting documentation could not be provided indicating why an individual was included within the assistance unit and therefore, no conclusion could be made to support proper determination of individual eligibility (unable to determine). 9. One instance in which an invalid recovery claim was issued due to worker error, resulting in an underpayment of benefits (-\$966). 10. Two instances in which client benefits continued after closure was requested (\$422) or worker incorrectly closed case (unable to determine). 11. One instance in which a client was determined not to be eligible for previously issued benefits, however, no claim was issued (questioned costs included in number 5 above). 12. One instance in which the client was eligible and scheduled to receive kinship supplemental payments but did not receive them resulting in an underpayment of benefits (-\$648). 13. One instance in which the client incorrectly received supplemental payments (\$180). 14. One instance in which the clients income was incorrectly removed from CBMS resulting in an overpayment of benefits (unable to determine). 15. Nineteen instances in which supporting documentation in the case file did not agree to information reported within CBMS (\$0).

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
	<p>Questioned Costs: Overpayments of \$15,206 and underpayment of \$2,121.</p> <p>Context: We tested 60 individuals who received TANF assistance for the year ended December 31, 2014 and noted the issues described above. The tested population covered benefits issued of \$134,845. The total population included benefits issued of approximately \$16.4 million to just over 7,000 individuals.</p> <p>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 an incorrect amount.</p> <p>Cause: Controls over eligibility and reporting were not sufficiently operating during the year. Additionally, during 2014 DDHS continued to develop its processes and procedures relating to its workflow management system (WMS) for case reviews and electronic processing of cases.</p> <p>Recommendation: We recommend that DDHS continue to refine WMS and oversight to help improve the timely and accurate processing of applications and redeterminations. In addition, we recommend that all departments involved with TANF benefits, DDHS and Office of Economic Development, use WMS to improve communication regarding clients and tasks to be completed. Management should ensure that case reviews adequately include accuracy questions specific to DDHS errors to help ensure that the information in CBMS is accurate. This should be updated as areas of concern are identified by management. In order for the review process to be an effective control, management should implement policies and procedures to more effectively monitor that the reviews are being completed timely and accurately.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> We agree with the finding. DDHS has implemented a new case comment template which will document initial case interviews and the required verifications performed by DDHS and provided by clients. It will also indicate if an Application, Change Report or Redetermination Recertification Reassessment Packet (RRR) was not completed timely. This includes supporting documentation. The case comment template captures all household members in the home. The case comment template is designed to rectify the issue noted by capturing documentation regarding interfaces, demographics, resources, medical information, income, and expenses that allows DDHS to match case file information reported within the Colorado Benefit Management System (CBMS). Implementation was April 2015.</p> <p>Additionally, DDHS will begin working the TANF Clock Report, provided by the Colorado Department of Human Services (CDHS), on a monthly basis starting June 2015. CDHS will provide the report at the beginning of each month once they have all the data they require from CBMS. DDHS has partnered with CDHS to develop a system to identify and maintain compliance with applications and RRR. A weekly report from CDHS will be sent to the Division related to applications and RRR's. The following Thursday of every week those applications and RRR's in need of immediate attention will be addressed. An internal database utilizing a dynamic report from WMS allows the program area to identify cases recently that have been approved, have received payment, and need to attend Connections (formally known as COMPASS).</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Response (continued): Connections is an orientation to the TANF Workforce side and it is the first chance to meet with the customer, share the intent of the program, and start the process of developing employment goals. In addition, Office of Economic Development (OED) workers have been directed to utilize monthly COGNOS reports such as the interim and final reports to ensure customers are in a work activity. A standard caseload spreadsheet has been put in place that will indicate to staff when an IRC is expiring.

Person responsible for implementing: Lorraine Archuleta, Division Director Family and Adult Assistance Division; Elizabeth Foster, Operations Manager; Curt Pesicka, Manager of Operations; and Tammy Hoffman, Training Manager.

Implementation date: June 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-008	<p>Finding: Special Tests and Provisions - Failure to Comply with Work Verification Plan</p> <p>CFDA No. 93.558 TANF Cluster Department of Health and Human Services, Award Number - None Provided, Award Year 2014</p> <p>Passed-through Colorado Department of Human Services</p> <p>Criteria: DDHS is responsible for ensuring that all TANF cases selected by the Colorado Department of Human Services (CDHS) for Work Verification Rate review are properly reviewed in accordance with CDHS Agency Letter TCW-07-05-P and TCW-10-05-P. This policy requires that all cases selected be reviewed by the end of the month following the receipt of the sample from CDHS. DDHS has created a review tool to track compliance with this requirement. Portions of the reviews are required to be completed by the Office of Economic Development (OED).</p> <p>Condition: Evidence of some reviews was not available and other reviews were not completed timely in compliance with City and state policies as follows:</p> <ol style="list-style-type: none">1. Five instances in which there was no evidence of the review having been completed by DDHS or OED.2. Five instances in which the review was not completed timely by DDHS or OED. <p>Questioned Costs: None.</p> <p>Context: We tested 60 file reviews of the approximately 1,050 identified by CDHS as requiring a Work Verification Rate review for the year ended December 31, 2014 and noted the issues described above.</p> <p>Effect: The City may be out of compliance with state and federal compliance requirements.</p> <p>Cause: In order to ensure all review requirements are met, reviews must be completed by both DDHS and OED for all selected cases. Although DDHS reviews are tasked to employees within the workflow management system (WMS) and assigned a due date, there are limited controls in place ensuring the reviews are completed timely. Additionally, DDHS and OED are not tracking the completion of the workforce questions for refugee clients. Furthermore, the reporting tool utilized by OED does not include reviews that have not been started, allowing for uncompleted reviews to go undetected.</p> <p>Recommendation: We recommend that DDHS implement monitoring procedures prior to month-end to ensure that the review of all cases selected for Work Participation Rate review occurs timely. Furthermore, DDHS should create a new case review tool for refugee cases which includes workforce questions to help ensure all portions of the review are completed. For OED, we recommend that the reporting tool be modified to include both completed and uncompleted reviews.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. DDHS has collaborated with the Change in Innovation Agency (CIA) to improve our processes and procedures. One area of focus was increasing the quality and timeliness of eligibility determinations. FAAD has worked with the Performance Improvement and Accountability Division (PIAD) to get the reviews assigned on the 7th day of each month to alleviate the late reviews. DDHS has also implemented a pilot program to be able to provide real time reviews in the form of a pre-authorization which went into effect April 1, 2015. This process allows for a full case review to be completed with any errors identified being corrected on a case prior to the benefits being authorized. Currently DDHS is capturing 5% of all work processed. The Office of Economic Development (OED) also concurs with the findings as cited. The OED Quality Assurance (QA) team continues to identify and implement changes in their tracking and reporting processes. For example, the implementation of Checkpoint data reports is monitored on a weekly basis to ensure that reviews are completed timely. Reports were developed from Checkpoint that include monthly QA management reports which show the timeliness of the reviews and any areas of concern to help identify training needs. In 2013, DDHS had 29 findings where the reviews were not completed timely by DDHS or OED and we have reduced the number of findings to five. We have made great improvement in this area and will continue to make improvements, updates, and changes with our goal being 100% of all reviews being completed timely.

Person responsible for implementing: Lorraine Archuleta, Division Director Family and Adult Assistance Division; Elizabeth Foster, Operations Manager; Curt Pesicka, Manager of Operations; Aaron Gabler, Data & Technology Manager; and Tammy Hoffman, Training Manager.

Implementation date: April 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-009	<p>Finding: Activities Allowed and Allowable Costs</p> <p>CFDA No. 93.575 & 93.576 - CCDF Cluster Department of Health and Human Services, Award Number - None Provided, Award Year 2014</p> <p>Passed-through Colorado Department of Human Services</p> <p>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.</p> <p>Additionally, according to State Rule 3.913 Y, counties shall pay providers monthly for services provided the previous month that could not be paid through the Point of Service (POS) records. Counties have the flexibility to determine and establish provider payment policies.</p> <p>Condition: We noted the following issues:</p> <ol style="list-style-type: none">1. One instance in which payment was made for child care services during unauthorized or ineligible periods (\$22).2. One instance in which provider payments were made using an improper rate (\$66).3. One instance in which a provider was paid twice for the same period of care (\$545). <p>Questioned Costs: \$633.</p> <p>Context: We tested 60 case files of individuals receiving \$134,137 in Child Care assistance for the year ended December 31, 2014 and noted the issues above. Assistance payments issued during the year totaled approximately \$13,232,000 to just over 5,300 individuals.</p> <p>Cause: Controls over the processing of benefits were not operating effectively during the year. Data entry input errors into CHATS by DDHS personnel caused payments to be made during unauthorized periods and for incorrect amounts. Additionally, there were two manual bills for the same care dates submitted and processed in CHATS within the same payment window. As payment was not previously issued from CHATS, the system did not indicate a duplicate payment error. To identify instances of duplicate payments, DDHS relies on the PayrollX reports provided by the State. In 2014, there were significant delays in receipt of these reports which prevented DDHS from identifying this error in a timely manner. In addition, DDHS discontinued the performance of case reviews in July 2014.</p> <p>Effect: The inaccuracy of input of authorization dates in CHATS resulted in unauthorized automatic payments to providers and payments being made using the incorrect rate. Additionally, one provider was paid twice for the same period of care.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
	<p>Recommendation: We recommend DDHS take additional steps to improve the accuracy of data entered into CHATS through training sessions and team meetings that emphasize the importance of entering data accurately. We also recommend DDHS reimplement the performance of case reviews. In addition, if there continues to be a significant delay in receiving the Payroll reports as noted above, we recommend DDHS consider reviewing internal controls over manual payments and implementing a process that identifies duplicate payments more promptly.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> We agree with the finding. With the implementation of House Bill 14-1317, the risk of payment occurring for an unauthorized or ineligible period will be largely reduced as the bill allows for families to choose what time periods they will access care based on allowable authorized weekly hours rather than being linked to a specific scheduled time. The Financial Services Division (FSD) implemented a 100% rate calculation review in June 2014 in response to a 2013 audit finding related to the provider rate that was paid. The finding in 2014 occurred before the 100% review process was implemented. There have been no findings for any rate adjustments after June 2014. Currently, the CHATS system neither has the capability to alert fiscal staff if a duplicate payment is authorized in the system nor are there any preliminary payment reports that staff can run to identify duplicates before payments are issued. The FSD has a procedure in place that will identify these errors and recoup any incorrect payment amounts through review of PayrollX data that the State provides. In 2014, the State did not release the data sets to us in a timely manner (the June - October 2014 data sets were not available to us until December 2014). The duplicate payment occurred during November 2014 and while November 2014 PayrollX report was available in mid-January 2015, we were unable to complete the current verification process prior to the audit as the backlog of previous months' reports had to be completed as well. As of February 1, 2015, the FSD implemented a log to track manual invoices to help identify multiple payment requests submitted by the same provider. The lead worker will mark the possible duplicate request and give that request to the worker who processed the original manual payment request for the month in question to research and resolve. The FSD has also requested a duplicate payment report from the State in August of 2014 but the report has not yet been created.</p> <p><i>Person(s) responsible for implementing:</i> Andie Garnand, Operations Manager; Camille Whisler, ET Supervisor; Chris Lucero, Operational Supervisor I; and Lisa Hoskins, Accounting Technician.</p> <p><i>Implementation date:</i> HB14-1317 was effective December 1, 2014. 100% rate calculation review was implemented June 1, 2014. Duplicate payment review was implemented September 1, 2014 for post check using PayrollX reports and February 1, 2015 for front end verification.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-010	<p>Finding: Eligibility</p> <p>CFDA No. 93.575 & 93.576 - CCDF Cluster Department of Health and Human Services, Award Number - None Provided, Award Year 2014</p> <p>Passed-through Colorado Department of Human Services</p> <p>Criteria or Specific Requirement: In accordance with the State Rule 3.913 D, the county has 15 calendar days to make a decision on whether to approve or deny a low-income application. Additionally, per Section 3.913 E, the county shall act on any reported change within 10 calendar days of receiving the information and all required verification. The county has five business days to process any referrals from Colorado Works per State Rule 3.913 JJ.</p> <p>Condition: We noted the following issues:</p> <ol style="list-style-type: none">1. Sixteen instances in which TANF Child Care Referrals were processed outside the allowed five business days. The delay for completion ranged from one day to 15 days late. Two of these were instances where timeliness was unable to be determined as the TANF referrals included within the child's paper file had not been entered into CHATS as of the date testing which was performed in January 2015.2. Twenty-one instances in which low income applications, or related missing or additional information, were processed outside the allowed 15 calendar days for the applications or 10 calendar days for related missing or additional information. The delay for completion in our testing ranged from one to 32 days late. <p>Questioned Costs: None.</p> <p>Context: We tested 60 case files of individuals receiving \$134,137 in child care assistance for the year ended December 31, 2014 and noted the issues above. Assistance payments issued during the year totaled approximately \$13,232,000 to just over 5,300 individuals.</p> <p>Cause: There was significant staff turnover in the child care program during 2014. Additionally, DDHS discontinued the performance of case reviews in July 2014. DDHS also does not have a tracking mechanism in place to monitor that referrals, applications and redeterminations are processed timely.</p> <p>Effect: TANF referral and Low Income Application/Redetermination participants may lose or experience a gap in benefits as a result of their case not being processed timely.</p> <p>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. Additionally, we recommend DDHS reimplement the performance of case reviews.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. We review timeliness daily and also have clear performance expectations in place for all team members who process CCAP Applications. The Child Care Assistance Program Area (CCAP) has already implemented a 100% review of all TANF Child Care Referrals and Child Care Assistance Applications to ensure that they are being acted on within the allowable timeframes. Additionally, we met with our internal partners in the Office of Economic Development to ensure that we were aligned regarding both sides of the referral path and we will be meeting with both sets of teams in May 2015 to finalize the referral process and confirm understanding.

Person(s) responsible for implementing: Andie Garnand, Operations Manager and Camille Whisler, ET Supervisor.

Implementation date: January 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-011	<p>Finding: Reporting</p> <p>CFDA No. 93.575 & 93.576 - CCDF Cluster Department of Health and Human Services, Award Number - None Provided, Award Year 2014</p> <p>Passed-through Colorado Department of Human Services</p> <p>Criteria or Specific Requirement: Information provided to the State for the processing of benefits should be accurately input into CHATS and agree to supporting documentation include in the case file. Additionally, any changes made within the provider section of CHATS should be properly modified in the child section, as necessary.</p> <p>Condition: We noted the following issues:</p> <ol style="list-style-type: none">1. Ten instances in which information related to the client household within CHATS did not agree to the case file.2. Four instances in which the provider rate input into CHATS did not agree to the fiscal agreement. This error did not impact the current rate being paid for individuals tested so no questioned costs.3. Three instances in which there were inaccuracies between provider tiers in CHATS and child rate authorizations for the provider. These inaccuracies impacted CHATS ability to pay providers properly. Per State Rule 3.911 L and 3.911 M, providers have 60 days from the end of a month to submit a manual bill for unpaid days or they forfeit payment for the care provided so no questioned costs. <p>Questioned Costs: None.</p> <p>Context: We tested 60 case files of individuals receiving \$134,137 in child care assistance for the year ended December 31, 2014 and noted the issues above. Assistance payments issued during the year totaled approximately \$13,232,000 to just over 5,300 individuals.</p> <p>Cause: There was significant employee turnover within the child care program during the year. DHS CCAP program division eliminated performing case reviews in July of 2014 and began processing all requests from the financial services team through a generalized inbox rather than directed to specific case workers, which created the opportunity for the errors noted to go undetected and uncorrected.</p> <p>Effect: The CHATS 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 CHATS, child care could be provided to ineligible applicants, denied to eligible participants, or benefits paid for an incorrect amount.</p> <p>Recommendation: We recommend that continued training be provided emphasizing the importance of ensuring information entered into CHATS agrees with the case file. In addition, we recommended reimplementing the performance of case reviews and utilizing a tracking mechanism to help ensure each case worker (both new and experienced) is getting the required number of reviews. Finally, we recommend the CCAP program division and financial services team develop a more streamlined process to ensure all individuals have access to information necessary to ensure the proper authorizations are active in CHATS.</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: We agree with the finding. The Child Care Assistance Program Area (CCAP) has already implemented a 100% review of all new Eligibility Technicians processing CCAP cases which requires new workers to obtain a 95% accuracy rating before they join the other team members' review procedures. All team members receive a comprehensive case review of four randomly selected cases per month. It is the expectation that all Eligibility Technicians maintain a 95% accuracy rating. Additionally, the team's leadership conducts targeted program training every Friday, as appropriate, for an hour which focuses on areas of opportunity identified from the case review trends. It is expected this will decrease to once a month as training strengthens the overall knowledge of eligibility technicians. The Financial Services Division (FSD) has already implemented a 100% rate calculation review as of June 2014 as part of our 2013 audit finding response. The items identified in condition two above were for rate adjustments that were created before the 100% review process was implemented. There have been no findings for any rate adjustments after June 2014. Regarding condition number three, the Child Care Assistance Program Area and the Business Office of Child Care will conduct regularly scheduled joint meetings to ensure that tier changes are being processed timely. While the program area will make every effort to ensure that these changes are processed as quickly as possible, the provider is ultimately responsible for submitting manual bills to address accurate payment per policy.

Person(s) responsible for implementing: Andie Garnand, Operations Manager; Camille Whisler, ET Supervisor; Chris Lucero, Operational Supervisor I; and Lisa Hoskins, Accounting Technician.

Implementation date: Case reviews and training by February 1, 2015; 100% rate calculation review was implemented June 1, 2014, and referral tier changes by May 1, 2015.

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding
2014-012	<p>Finding: Subrecipient Monitoring</p> <p>CFDA No. 93.914 - HIV Emergency Relief Project Grants Department of Health and Human Services, Award Number - 2 H89HA00027-21-00, Award Year - 2014 Department of Health and Human Services, Award Number - 2 H89HA00027-20-00, Award Year - 2013</p> <p>Criteria: OMB Circular A-133 Subpart C. Section .300(b) requires that nonfederal entities receiving Federal awards maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.</p> <p>Condition: The Denver Office of HIV Resources (DOHR) had a lapse in the effectiveness of the process surrounding the review of subrecipient reimbursement requests. These processes are in place in order to ensure that subrecipients are only reimbursed for costs allowed under the terms of the subaward between the Office and the subrecipient. In one case, the subrecipient costs reimbursed appear to be allowable under the terms of the Office's contract; however, they appeared to be outside the terms of the subaward. In another case, there was insufficient detail to determine if costs were allowable or not (amounts immaterial).</p> <p>Questioned Costs: None.</p> <p>Context: Out of 25 subrecipient invoices tested, we noted three invoices (from two subrecipients) that included the items noted above.</p> <p>Effect: The Office reimbursed certain subrecipients for costs that were not allowable under the contract between the subrecipient and the Office. In addition, there is a risk that costs that are unallowable under the various subawards could be incurred.</p> <p>Cause: The Denver Office of HIV Resources had some staff turnover during the year that resulted in less time to be spent reviewing subrecipient invoices than had been spent in the past.</p> <p>Recommendation: We recommend that the Denver Office of HIV Resources review its policies and procedures related to approving subrecipient invoices for payment. Specifically, we recommend that invoice approvers specifically compare the reimbursement invoice to the approved budget for the program. In addition, the Office should instruct subrecipients to submit budget amendments if the subrecipient is going to incur costs not originally contemplated under the contract.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> We agree with the finding. The Denver Office of HIV Resources (DOHR) will review its policies and procedures related to the approval of subrecipient invoices for payment. A thorough review will be completed within thirty (30) days (June 2015).</p>

City and County of Denver
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

**Reference
Number**

Finding

Response (continued): DOHR agrees that the staff responsible for approving invoices should specifically compare the reimbursement invoice to the approved budget for the program. The Contract Administrator position, which is the staff responsible for approving invoices, was vacant for nine months during 2014. DOHR filled the position in December 2014 which will continue to alleviate the discrepancy during invoice review. The reimbursement request and review process has been reviewed and strengthened. This process change has been implemented as of January 2015.

DOHR will ensure subrecipients submit budget amendments if costs not included in the original, approved budget will be incurred. This process change has been implemented as of January 2015.

Person responsible for implementing: Terra Haseman Swazer, Contract Administrator.

Implementation date: January 1, 2015 and June 10, 2015.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2014

Reference Number	Summary of Finding	Status
2013-001	<i>Donated Capital Assets</i> - When this error was discovered by the Parks Department, additional controls were implemented to prevent this from recurring. Specifically the inventory process of park assets were strengthened and additional quarterly communication was implemented to ensure all required parties are aware of the donation. In addition, we would further recommend the Controller's Office monitor the controls over the donated assets to verify proper accounting treatment is followed and be notified immediately upon a significant donation of assets in the future. We also recommend that this process be reviewed prior to the end of 2014 to ensure that controls are operating as designed.	Implemented
2013-002	<i>Municipal Airport System - Accounting for Capitalized Interest</i> - We recommend that the Municipal Airport System review the methodology surrounding the recording of capitalized interest to be consistent with GASB 62 and to implement controls to ensure that this methodology is followed.	Implemented
2013-003	<i>SNAP - Special Tests and Provisions</i> - We recommend that DDHS train all employees on the updated policies, which were revised in October 2013, and ensure that appropriate training is provided throughout the year whenever there is staff turnover impacting EBT card security. In addition, we recommend that additional employees be added to the destruction team as back up to help when a member of the team is unavailable to participate in the destruction process. Furthermore, when extenuating circumstances exist and the card destruction does not or cannot occur on the same day received this should be clearly documented on the destruction log by the staff and procedures should be implemented to ensure the destruction is completed the next day.	Not implemented. See current year finding at 2014-006.
2013-004	<i>TANF - Eligibility, Reporting and Special Tests and Provisions</i> - We recommend that DDHS continue to refine WMS 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, we recommend that all departments involved with TANF benefits, DDHS and Office of Economic Development, use WMS to improve communication regarding clients and tasks to be completed. 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 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 that case reviews adequately include accuracy questions to help ensure that the information in CBMS is accurate. In order for the review process to be an effective control, management should implement policies and procedures to more effectively monitor that the reviews are being completed timely and accurately. Furthermore, we recommend that management develop policies and procedures to monitor IEVS discrepancies, even if they do not effect the eligibility determination and train all employees on these policies.	Partially Implemented: Special Tests & Provisions - Implemented, Eligibility and Reporting - Not implemented. See current year finding at 2014-007.

City and County of Denver
Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2014

Reference Number	Summary of Finding	Status
2013-005	<i>TANF - Special Tests and Provisions</i> - We recommend that DDHS implement monitoring procedures for the 15th of each month to ensure that the review of all cases selected for Work Verification Rate review occurs timely. Furthermore, DDHS should utilize its WMS to monitor tasks assigned and past-due tasks to increase accountability of supervisors to perform reviews timely. In addition, DDHS should add a detailed audit trail log for all transfers of assigned tasks. For OED, we recommend that the reporting tool be modified to include both completed and uncompleted reviews.	Not implemented. See current year finding at 2014-008.
2013-006	<i>Child Care: Activities Allowed, Allowable Costs</i> - We recommend DDHS take additional steps to improve the accuracy of data entered into CHATS. One step could be to emphasize the importance of entering data accurately, during team meetings and training sessions. The review process currently being utilized could also place more emphasis on data accuracy as well as potentially increasing or targeting reviews for known problem areas of personnel. Additionally, we recommend DDHS implement targeted or spot check reviews of payment detail to ensure providers receive payment for care authorized over a holiday and all approved swipe card activity.	Not implemented. See current year finding at 2014-009.
2013-007	<i>Child Care: Reporting</i> - We recommend that continued training be provided emphasizing the importance of ensuring information entered into CHATS agrees with the case file. In addition, a reporting mechanism to ensure each case worker is getting the required number of reviews per month would be advised. We also recommend DDHS provide a thorough review of system updates for changes in fiscal agreements to ensure rates are properly entered into CHATS.	Not implemented. See current year finding at 2014-011.
2013-008	<i>Head Start: Activities Allowed, Allowable Costs</i> - We recommend the agency implement a system for tracking and allocating time to federal programs to ensure compliance with OMB Circular A-87.	Implemented
2013-009	<i>Foster Care - Eligibility</i> - 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. In addition, we recommend management be advised monthly of all 90-day reviews not completed timely and all overdue 90-day reviews.	Implemented

City and County of Denver
Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2014

Reference Number	Summary of Finding	Status
2013-010	<i>HIV Emergency Relief Project Grants - Level of Effort - Maintenance of Effort</i> - We recommend that the Denver Office of HIV Resources develop a control within their monthly reporting process to identify and monitor non-federal (general) fund expenditures maintenance of effort requirements and to help ensure that general fund allocations are at a level equal to or greater than the expenditures for the preceding fiscal year. Should a situation arise in which the requirement can not be met a formal waiver should be requested from the awarding agency.	Implemented
2013-011	<i>HIV Emergency Relief Project Grants - Reporting</i> - We recommend that a detailed review of reports be documented and 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 should be maintained with the supporting documents used to prepare the report in a central database location that is not limited to one individual. In addition, close out procedures for employees leaving the employment of the City should include ensuring that all necessary information has been backed up and is available as needed.	Implemented