CITY AND COUNTY OF DENVER, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

Comprehensive Annual
Financial Report

City and County of Denver, Colorado | Year Ended December 31, 2018

prepared by

Department of Finance

Controller's Office

Brendan Hanlon, Chief Financial Officer

Beth Machann, CGFM, Controller

Available online at www.denvergov.org/finance

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DENVER
THE MILE HIGH CITY

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Introduction

DENVER
THE MILE HIGH CITY

June 18, 2019

Brendan Hanlon
Chief Financial Officer

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

Audit Committee

State law requires the City and County of Denver (City) to publish within seven months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Controller's Office under the Department of Finance according to Article 2, Part 5 of the City's Charter. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended December 31, 2018.

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.

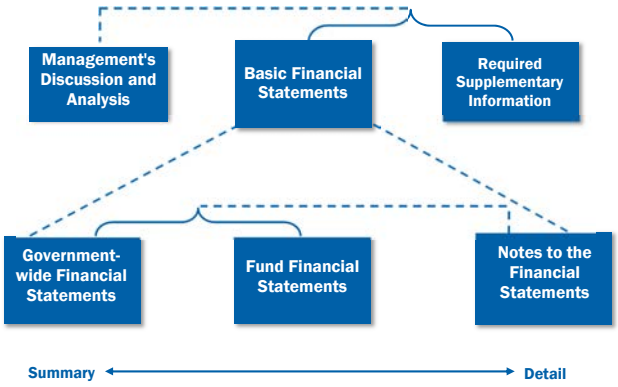
BKD, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2018, are free of material misstatement. The audit 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 unmodified opinions on the City's basic financial statements as of and for the year ended December 31, 2018. 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.



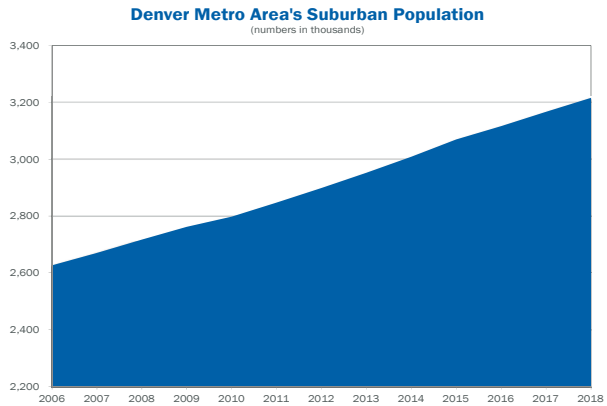
This CAFR includes all funds of the City. The City provides a full range of services including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The CAFR also includes the City's component units, 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) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits. 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 2018, Denver had an estimated population of 716,492 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 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 13-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 12 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. As of February 2018, state unemployment was 3.00%. Colorado's unemployment rate is below the national average of 4.10% for 2018, according to the US Department of Labor.

Construction

The March 2019 OSPB Colorado Economic Perspective report states that nonresidential construction growth fell by 1.40% in 2018. The forecast projects a decline of construction growth of 3.30% in 2019. In 2018, U.S. housing permits grew by 2.60%, but are expected to decline by 1.50% in 2019

Personal Income and Wages

The March 2019 OSPB Colorado Economic Perspective report shows that Colorado personal income growth is expected to have grown by 5.50% in 2018. Personal income growth is expected to slow by 4.90% in 2019 with an expected slowdown in employment growth due to tight labor market conditions and less in-migration.

Consumer Spending

Overall, consumer spending continues to increase according to the Colorado Office of State Planning and Budgeting (OSPB). Nationwide, retail trade grew by 5.00% in 2018 and is expected to increase by 4.30% in 2019. At the state level, OSPB shows Colorado's sales tax collections grew by 4.80% in 2018 and they are projecting 5.20% growth in 2019. Denver's sales and use tax revenue, which makes up half of the General Fund revenue stream, increased by 5.20% in 2018. The City anticipates that core sales and use tax revenue will grow approximately 4.00% in 2019.

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 51.30% of total General Fund revenues, including transfers in. This is less than the 70.00% 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 2018, there was $26,500,000 in additional savings beyond the revised budget by year-end. The primary contributors to this unspent appropriation were significant position vacancies that resulted from a very competitive job market and unspent contingency.

Reserves

The City has multiple reserves in its General Fund to address budgetary shortfalls. A Contingency Reserve of no less than 2.00% of total estimated

expenditures, an Emergency Reserve mandated by the State Constitution equal to 3.00% of covered funds, and an unassigned Fund Balance target of 15.00% 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.

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 3.00% 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, 2018, the City's general obligation bonded debt of $737,991,000, net amounts reserved for debt service and subject to this restriction, was 13.80% of the $4,182,245,000, 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, 2018, 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, local government investment pools, repurchase agreements, forward purchase agreements, security 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 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 sunsetting revenues, and to project any future deficits between revenues and expenditures.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended December 31, 2017. 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-eighth consecutive year that the city has received this award. A Certificate of Achievement is valid for one year only. We believe this 2018 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, 2017. 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. 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 sixth 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, 2018. 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 way our independent auditors, BKD, LLP, conducted their audit.

Respectfully submitted,

Brendan Hanlon
Chief Financial Officer

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Honorable
Michael B. Hancock
Mayor

The City and County of Denver has seen unprecedented growth in recent years, offering residents, families, and communities new opportunities for success. We must continue working to ensure all residents, particularity our most vulnerable, have access to this prosperity. We are making equitable investments in our future to address critical needs across the city including housing, mobility, global climate change, and the city's safety net.

The Equity Platform

Initiatives like the Neighborhood Equity and Stabilization Team (NEST) support residents and businesses in changing neighborhoods. Financial empowerment and resource centers will be expanded. Another initiative will bring city crews into neighborhoods to assess and address maintenance needs with residents. These efforts, in coordination with race and social justice training for city employees, will facilitate stronger connections between residents and city services.

Affordable Housing

In 2018, the city invested more money than in any previous year to deliver housing Denver families can afford: $40 million. Working with numerous partners, we are examining how Denver can utilize even more affordable housing tools, including land trusts, property acquisition, city-owned real estate, and more. The city is also expanding two of its most successful efforts: a supportive housing program for the chronically homeless, and Denver Day Works, which provides jobs for those experiencing homelessness.

Transportation and Mobility

Denver will accelerate the buildout of the city's bicycle network by adding more miles of bike lanes. Public Works will boost delivery of bikes and will leverage a new approach of building out neighborhood bike networks that focus on connectivity for the residents and businesses in the area.

Addressing Climate Change Locally

In 2015, Mayor Hancock announced the city's goal of reducing greenhouse gas emissions in Denver 80.00% by 2050. Denver is leading this effort by moving city facilities to 100.00% renewable electricity by 2025, with a community-wide target of 2030.

Keeping our Safety Net Strong

Beginning in April 2017, the city engaged with more than 100 partners to work together to identify a common vision for ending opioid addiction. From these meetings, the city developed a committee to develop strategies preventing drug misuse, improving treatment access and retention, and focusing on harm reduction.

Denver is truly a city on the rise. Our progress is best measured by the intangibles; what changes lives and what builds up people, like access to opportunity and equity among communities. Our residents are the city's greatest strength, and these strategic investments are aimed to benefit the people of Denver, furthering the trajectory of this great city.

Mayor's Cabinet and Chief of Staff

Murphy Robinson Deputy Mayor and Executive Director of General Services	**Brendan Hanlon** Executive Director of Finance
Alan Salazar Chief of Staff	**Don Mares** Executive Director of Human Services
Kristin Bronson City Attorney	**Happy Haynes** Executive Director of Parks and Recreation
Kim Day Executive Director of Aviation	**Bob McDonald** Executive Director of Public Health and Environment
Jill Jennings Golich Executive Director of Community Planning and Development, Interim	**Eulois Cleckley** Executive Director of Public Works
Ashley Kilroy Executive Director of Excise and Licenses	**Troy Riggs** Executive Director of Public Safety

Timothy M. O'Brien is the Auditor for the City and County of Denver. Mr. O'Brien was elected Auditor in May 2015. Mr. O'Brien's term will expire on the third Monday in July 2019.

Honorable Timothy M. O'Brien, CPA
Auditor

Honorable Beth McCann
District Attorney

Beth McCann is the District Attorney for the Second Judicial District. The District Attorney is a state official. She 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. Ms. McCann became District Attorney in January 2017; her current term will end January 8, 2021.

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 2019.

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 2019.

Honorable
President
Jolon Clark
Council District 7

Honorable
Robin Kniech
Council At-Large

Honorable
Deborah Ortega
Council At-Large

Honorable
Rafael Espinoza
Council District 1

Honorable
Kevin Flynn
Council District 2

Honorable
Paul D. López
Council District 3

Honorable
Kendra Black
Council District 4

Honorable
Mary Beth Susman
Council District 5

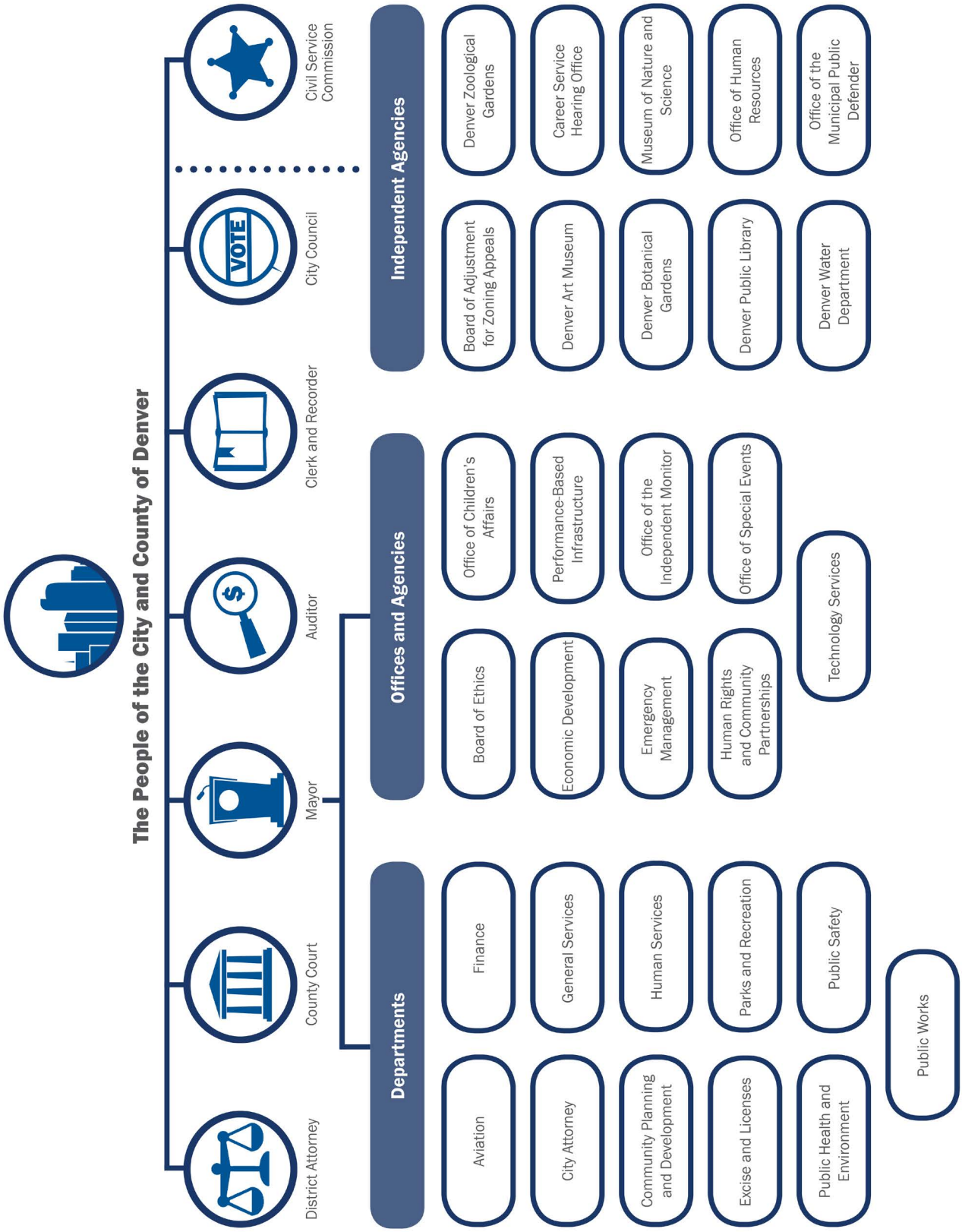
Honorable
Paul Kashmann
Council District 6

Honorable
Christopher Herndon
Council District 8

Honorable
Albus Brooks
Council District 9

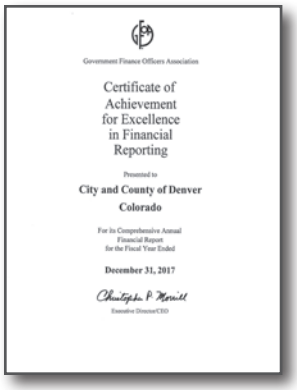
Honorable
Wayne New
Council District 10

Honorable
Stacie Gilmore
Council District 11


The People of the City and County of Denver
District Attorney
County Court
Mayor
Auditor
Clerk and Recorder
City Council
Civil Service Commission
Departments
Aviation
Finance
City Attorney
General Services
Community Planning and Development
Human Services
Excise and Licenses
Parks and Recreation
Public Health and Environment
Public Safety
Public Works
Offices and Agencies
Board of Ethics
Office of Children's Affairs
Economic Development
Performance-Based Infrastructure
Emergency Management
Office of the Independent Monitor
Human Rights and Community Partnerships
Office of Special Events
Technology Services
Independent Agencies
Board of Adjustment for Zoning Appeals
Denver Zoological Gardens
Denver Art Museum
Career Service Hearing Office
Denver Botanical Gardens
Museum of Nature and Science
Denver Public Library
Office of Human Resources
Denver Water Department
Office of the Municipal Public Defender

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


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County of Denver
Colorado

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2017

Executive Director/CEO

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, 2017.

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, 2017. 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, 2018 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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CPAs & Advisors

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Independent Auditor's Report

Audit Committee
City and County of Denver, Colorado
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, 2018, 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 Downtown Denver Business Improvement District, Cherry Creek North Business Improvement District No. 1, Denver Preschool Program, Inc., Denver Convention Center Hotel Authority, RiNo BID, National Western Center Authority, or the Colfax Business Improvement District, all of which are included as discretely presented component units, which represent 54.89 percent of total assets, 56.17 percent of total revenues, and 5.35 percent of net position (deficit) of the aggregate discretely presented component units as of and for the year ended December 31, 2018. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion on the aggregate discretely presented component units and, insofar as it relates to the amounts included for the Downtown Denver Business Improvement District, Cherry Creek North Business Improvement District No. 1, Denver Preschool Program, Inc., Denver Convention Center Hotel Authority, RiNo BID, National Western Center Authority, or the Colfax Business Improvement District, is based solely on the report of the other auditors. Additionally, we did not audit the financial statements of the Denver 14th Street General Improvement District, Gateway Village General Improvement District, or RiNo GID which are included as blended component units, Denver Employee Retirement Plan, a fiduciary component unit and

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the Deferred Compensation Plan Trust Fund, a fiduciary fund of the City, which represent 49.54 percent of total assets, 9.66 percent of total revenues and 66.54 percent of net position (or fund balance) of the aggregate remaining fund information as of and for the year ended December 31, 2018. 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 Denver 14th Street General Improvement District, Gateway Village General Improvement District, RiNo GID, Denver Employee Retirement Plan and the Deferred Compensation Plan Trust Fund, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Wastewater Management Enterprise Fund, which is a major enterprise fund of the City, and 11.94 percent, 13.86 percent and 37.86 percent, respectively, of the assets, revenues and net position of the business-type activities as of and for the year ended December 31, 2018. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinions on the Wastewater major fund and the business-type activities, insofar as it relates to the amounts included for the Wastewater Management Enterprise Fund, is based solely on the report of the other auditor. 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 Downtown Denver Business Improvement District, Cherry Creek North Business Improvement District No. 1, Denver Preschool Program, Inc., Denver Convention Center Hotel Authority, RiNo BID, National Western Center Authority, and the Colfax Business Improvement District, 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 Denver 14th Street General Improvement District, Gateway Village General Improvement District, or RiNo GID which are included as 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 reports 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 and County of Denver, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the

year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 1 of the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions.* Our opinions are not modified with respect to this matter.

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

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 introduction section, combining and individual fund financial statements and schedules, and statistical section listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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, 2017, which are not presented with the accompanying financial statements. In our

report dated June 5, 2018, 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, 2017 and related statement of revenues, expenditures, and changes in fund balance for the year then ended shown as 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, 2017, taken as a whole.

The introduction section and statistical section listed in the table of contents 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 18, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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 City's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
June 18, 2019

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, 2018. 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 $3,871,872,000 (net position). Of this amount, $605,164,000 represents a deficit of unrestricted net position.
- The City's total net position increased by $486,865,000, or 13.66%, over the prior year, prior to the restatement for GASB Statement No. 75.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,820,343,000, an increase of $640,932,000 in comparison with the prior year. Approximately 12.65% or $230,209,000 of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was $230,209,000, which represents 16.92%, of total General Fund expenditures, including transfers out.
- The City's total bonded debt increased by $2,448,565,000 during the year. General obligation bonds increased by $76,215,000 and revenue bonds increased by $2,412,350,000.
- In 2018, the City implemented provisions of GASB Statement No. 75 (Statement No. 75). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement No. 75 requires employers to record their proportionate share, as defined in Statement No. 75, of the various plans' net OPEB liability. Statement No. 75 also includes recognition of deferred inflows and outflows of resources associated with the net difference between projected and actual earnings on pension plan investments, changes of assumptions of other inputs, the net difference between expected and actual experience, and other employer-specific deferrals. The adoption of GASB 75 resulted in an adjustment of beginning net position of the primary government as of January 1, 2018 of the following amounts: a decrease of $155,620,000 for the governmental activities, a decrease of $24,485,000 for the business-type activities, which included a decrease of $18,688,000 for the Denver Airport System, a decrease of $4,319,000 for Wastewater Management, a decrease of $712,000 for the Golf Course Fund, and a decrease of $766,000 for the Environmental Services Fund.

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 (DEN); 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 are 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 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 are provided in the form of combining statements elsewhere in this report.

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

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

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

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

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules the net pension liability, the net OPEB liability, 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 $3,871,872,000 at the close of the most recent fiscal year. Net position of $2,384,319,000 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 $2,092,717,000 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, 2018 and 2017:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and other assets	$ 2,660,511	1,955,299	$ 8,266,043	$ 2,177,479	$ 10,926,554	$ 4,123,778
Capital assets	3,229,455	3,032,374	857,920	4,339,141	4,087,375	7,371,515
Total assets	**5,889,966**	**4,987,673**	**9,123,963**	**6,516,620**	**15,013,929**	**11,495,293**
Deferred outflows	**290,896**	**409,940**	**126,497**	**167,464**	**417,393**	**577,404**
Noncurrent liabilities	3,262,649	2,723,039	6,701,567	4,327,606	9,964,216	7,050,645
Other liabilities	451,367	385,343	587,680	597,973	1,039,047	983,316
Total liabilities	**3,714,016**	**3,108,382**	**7,289,247**	**4,925,579**	**11,003,263**	**8,033,961**
Deferred inflows	**536,312**	**472,723**	**19,875**	**9,901**	**556,187**	**482,624**
Net position						
Net investment in capital assets	1,780,073	1,730,520	604,246	701,234	2,384,319	2,431,754
Restricted	1,580,026	792,057	512,691	493,837	2,092,717	1,285,894
Unrestricted	(1,429,565)	(706,069)	824,401	553,533	(605,164)	(152,536)
Total net position	**$ 1,930,534**	**1,816,508**	**$ 1,941,338**	**$ 1,748,604**	**$ 3,871,872**	**$ 3,565,112**

Table 2 reflects the City's changes in net position (dollars in thousands) for the years ended December 31, 2018 and 2017

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Revenues						
Program revenues:						
Charges for services	$ 420,378	407,002	$ 1,134,343	$ 1,083,535	$ 1,554,721	$ 1,490,537
Operating grants and contributions	300,163	194,285	-	873	300,163	195,158
Capital grants and contributions	102,574	90,432	38,145	77,175	140,719	167,607
General revenues:						
Facilities development admissions tax	16,846	13,816	-	-	16,846	13,816
Lodgers tax	120,056	112,947	-	-	120,056	112,947
Motor vehicle ownership fee	30,654	30,793	-	-	30,654	30,793
Occupational privilege tax	53,093	50,955	-	-	53,093	50,955
Property tax	472,995	419,648	-	-	472,995	419,648
Sales and use tax	762,201	718,577	-	-	762,201	718,577
Specific ownership tax	62	57	-	-	62	57
Telephone tax	9,014	9,372	-	-	9,014	9,372
Investment income	37,996	20,642	79,751	49,083	117,747	69,725
Other revenues	21,000	39,465	6,235	4,941	27,235	44,406
Total revenues	**2,347,032**	**2,107,991**	**1,258,474**	**1,215,607**	**3,605,506**	**3,323,598**
Expenses						
General government	475,490	445,601	-	-	475,490	445,601
Public safety	670,774	707,981	-	-	670,774	707,981
Public works	280,174	254,381	-	-	280,174	254,381
Human services	177,184	167,131	-	-	177,184	167,131
Health	61,458	62,351	-	-	61,458	62,351
Parks and recreation	117,823	100,294	-	-	117,823	100,294
Cultural activities	156,897	157,531	-	-	156,897	157,531
Community development	71,778	52,832	-	-	71,778	52,832
Economic opportunity	1,228	11,746	-	-	1,228	11,746
Interest on long-term debt	62,524	63,952	-	-	62,524	63,952
Wastewater management	-	-	129,459	124,046	129,459	124,046
Denver airport system	-	-	889,251	825,110	889,251	825,110
Other enterprise funds	-	-	24,601	22,387	24,601	22,387
Total expenses	**2,075,330**	**2,023,800**	**1,043,311**	**971,543**	**3,118,641**	**2,995,343**
Change in net position before transfers	271,702	84,191	215,163	244,064	486,865	328,255
Transfers	444	1,052	(444)	(1,052)	-	-
Transfers of Capital Assets	(2,500)	-	2,500	-	-	-
Change in net position	**269,646**	**85,243**	**217,219**	**243,012**	**486,865**	**328,255**
Net position (deficit) - January 1 - as previously reported	1,816,508	1,731,265	1,748,604	1,505,592	3,565,112	3,236,857
Adoption of accounting principle GASB 75	(155,620)	-	(24,485)	-	(180,105)	-
Net position (deficit) - January 1 - as restated	1,660,888	-	1,724,119	-	3,385,007	-
Net position - December 31	**$ 1,930,534**	**$ 1,816,508**	**$ 1,941,338**	**$ 1,748,604**	**$ 3,871,872**	**$ 3,565,112**

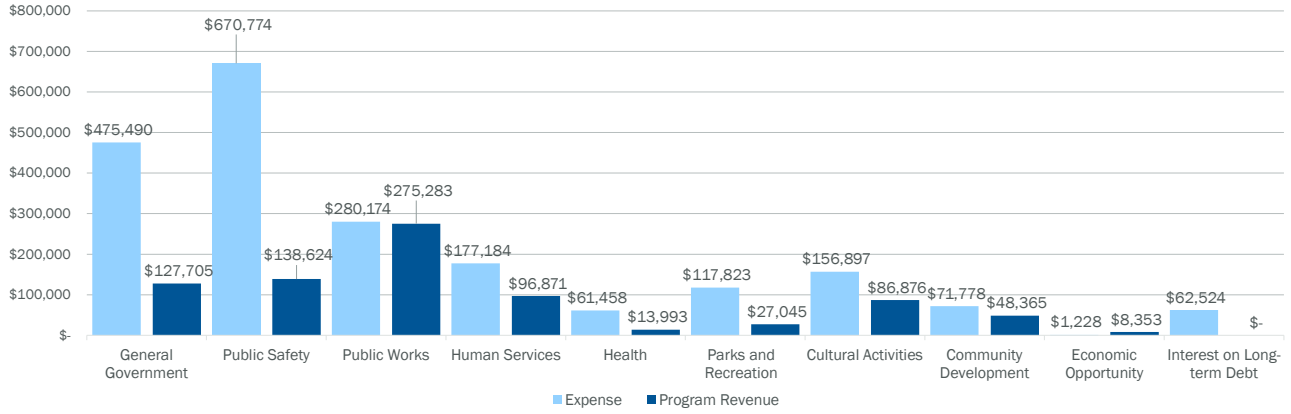
Governmental activities increased the City's net position by $269,646,000 for the year ended December 31, 2018. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 84.32% of all tax revenues and 52.63% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled $472,995,000 for an increase of $53,347,000 (12.71%) while sales and use tax revenues of $762,201,000 were up $43,624,000 (6.07%) compared to 2017, reflecting stable growth in the 2018 economy. Lodgers tax increased $7,109,000 (6.29%) due to the City imposing a new 10.75% lodgers fee to short-term rentals, and an increasing hotel inventory. Operating grants and contribution revenue increased $105,878,000, mainly due to funds received for the construction of the National Western Center.

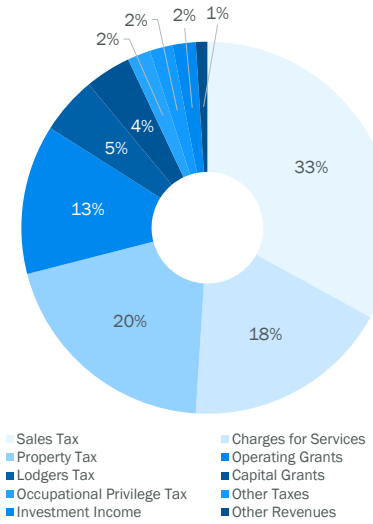
- Total governmental activities expenses increased by $51,530,000 (2.55%) primarily due to an increase in costs for goods, expanded services offered by agencies, and pension expense. General government expense increased $29,889,000 (6.71%), mainly due to increasing costs for services and increasing personnel costs. Public Safety expenses decreased $37,207,000 (5.26%), mainly due to a reduction of indirect and internal service costs. Public Works expense increased $25,793,000 (10.14%) mainly due to an increase in capital project activity related to repairs and maintenance and drainage enhancements that are expensed. Human Services expense increased $10,053,000 (6.02%) mainly due to the department adding new positions and the reorganization of the Office of Behavioral Health which resulted in expenses from the Crime and Prevention Control Program transitioned to Human Services.

General government expenses in 2018 were $475,490,000 (22.91%) of total expenses. Public safety expenses were $670,774,000 (32.32%) of total expenses. Public works' expenses were $280,174,000 (32.32%) of total expenses. Cultural activities were $156,897,000 (7.56%) of total expenses. Human services' expenses were $177,184,000 (8.54%) of total expenses. The remainder of the governmental activities expenses is comprised of health with $61,458,000 (2.96%), parks and recreation with $117,823,000 (5.68%) community development with $71,778,000 (3.46%), economic opportunity with $1,228,000 (0.06%), and interest on long-term debt of $62,524,000 (3.01%).

Expenses and Program Revenues - Governmental Activities
(dollars in thousands)



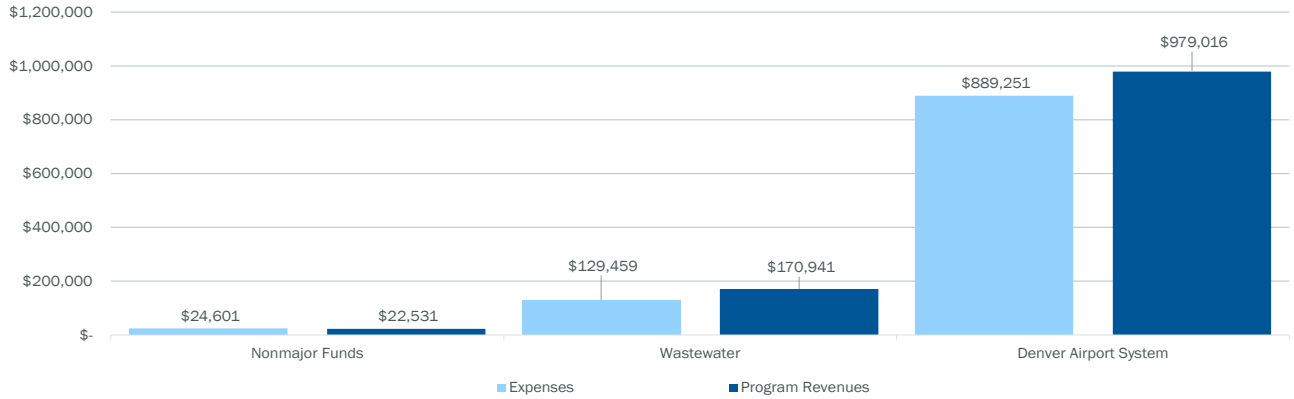
Revenues by Source - Governmental Activities

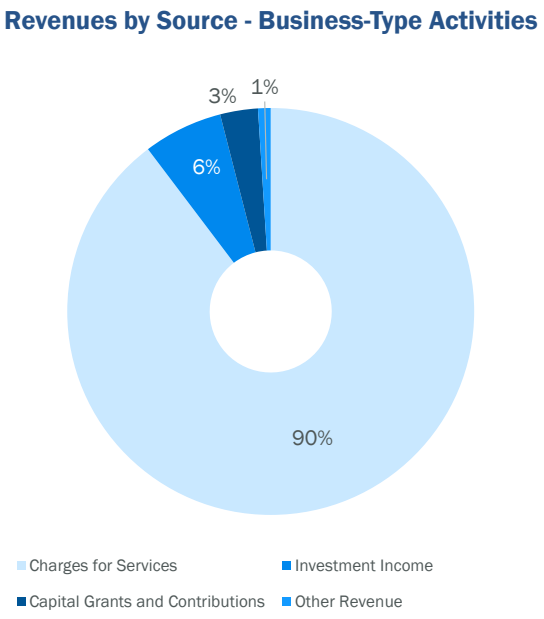


Business-type activities increased the City's net position by $217,219,000. Key elements of this increase are as follows:

- Total revenues of $1,258,474,000 were $42,867,000 (3.53%) higher compared to prior year amounts. For the Denver Airport System, the change was primarily due to increases in airline revenue related to higher facility rental rates and non-airline revenue due to an increase in total passengers. Wastewater Management, the change was mainly due to a 4.0% rate increase for the sanitary fees and an 11.0% rate increase in storm fees at Wastewater Management.
- Total expenses of $1,043,311,000 increased by $71,768,000 (7.39%) when compared to the prior year. The main source of the increase in expenses for was primarily due to an increase in personnel costs due to salary increases and pension and OPEB expense.

Expenses and Program Revenues - Business-Type Activities
(dollars in thousands)





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, 2018, the City's governmental funds reported combined ending fund balances of $1,820,343,000, an increase of $640,932,000 in comparison with the prior year. Approximately 12.65% or $230,209,000 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, 2018, unassigned fund balance of the General Fund was $230,209,000 while total fund balance was $384,780,000. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.92%of total General Fund expenditures, including transfers out, of $1,360,328,000 while total fund balance represents 28.29%of the same amount.

The total fund balance of the City's General Fund decreased by $9,279,000 (2.35%) during the year ended December 31, 2018. This is partly a result of an increase in Public Safety spending in 2018 to invest in public safety-related programs to increase safety staff and equipment as well as add two new floors to the county jail.

Almost every revenue source increased slightly in 2018 due to a recovery of the economy. Total General Fund revenues including transfers in, totaled $1,346,388,000, an increase of $41,829,000 or 3.21%. Certain revenues in the General Fund that increased from 2017 to 2018 include:

- Sales and use taxes earned were higher by $34,342,000. 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.
- Property taxes were higher by $8,971,000 due in part to an increase in the assessed value of property taxed during 2018.
- Investment and interest income was higher by $6,751,000,000 due in part to increases in the Federal Funds rate and changes to the consolidated portfolio's yield due to new debt being issued for project work at Denver International Airport, an increase in the assessed value of property taxed during 2018.

Fines and forfeitures revenue in the General Fund decreased by $5,128,000 largely due to a decrease in parking fine revenue and lower revenue for photo radar fines.

Total General Fund expenditures, including transfers out, increased by $122,204,000 or 9.87% The primary drivers of this increase are personnel cost increases and an increase in costs for goods and services.

The Human Services special revenue fund had a total fund balance of $82,251,000. This amounts to a net increase in fund balance of $6,669,000 during the current year. The underlying reasons for the change include decreased liabilities at year-end when compared to 2017.

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 $735,154,000 and for the Denver Airport System net position was $1,168,965,000. Net position for all enterprise funds was $1,941,545,000. 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 2018, prepared in the summer of 2017, assumed moderate growth in the local and national economies. Sales and use tax revenue was originally projected to grow by 3.8% over the 2017 revised forecast and total General Fund revenue was projected to increase by 3.8% over 2017 revised figures. In the summer of 2018, the original General Fund revenue forecast, including transfers in, was revised upward by $17,061,100 or 1.3% over original projections. Major factors contributing to this upward adjustment include:

- The tax revenue was revised upward by $21,231,700, or 2.3% due largely to the economy expanding more rapidly than originally anticipated and strong mid-year actual collections.

- Lodgers' tax, occupational privilege tax, and motor vehicle ownership tax were revised upward by a net $2,862,600,000 or 2.6%. An increase in projected lodgers' tax, supported by mid-year actuals, drove this upward revision.
- Licenses and permitting revenue projections were revised upward by $7,688,300 or 14.8%. This increase was largely driven by upward adjustments to the revenue projections for construction and excavation permitting and street occupancy permitting.
- Fines and forfeitures were revised downward by $6,125,200, or 11.0% due to a decrease in projected parking fine and photo radar collections.
- Fee revenue was revised downward by $590,600,000 or 0.90%. A number of miscellaneous increase and decreases contributed to this net decrease.
- Charges for services revenue was revised downward by $601,900,000 or 3.2%.
- Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph.

In 2018, actual General Fund revenues, including transfers in, were approximately $1,346,388,000 which is 0.70% lower than the revised budget for 2018. This under-collection was due in part to some revenue collections being delayed until 2019, a portion of indirect cost reimbursement revenue being redirected to the Police and Fire Pension Funds, and growth in sales tax revenue not being as robust as anticipated. General Fund budget actual expenditures were approximately $39,492,000 less than the revised 2018 budget. This is a result of achieving unspent appropriations, due in large part to compensation savings and not fully expending contingency funds.

Capital Assets and Bonded Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2018, were $7,870,140,000 (net of accumulated depreciation). This investment in capital assets includes land and land rights, collections, buildings and improvements, equipment and other, park facilities, and, for governmental activities, infrastructure (including streets, alleys, traffic signals, bridges, fiber optic cable, and trails). Infrastructure-type assets of business-type activities are reported as buildings and improvements. The City's capital assets by type at December 31, 2018 and 2017 are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land and construction in progress	$ 797,825	$ 577,776	$ 857,920	$ 645,294	$ 1,655,745	$ 1,223,070
Buildings and Improvements	2,420,934	2,388,822	6,563,741	6,329,131	8,984,675	8,717,953
Equipment and other	337,319	333,622	929,059	906,332	1,266,378	1,239,954
Collections	49,771	46,844	21	-	49,792	46,844
Intangibles	58,391	58,532	34,499	33,177	92,890	91,709
Infrastructure	1,733,215	1,678,600	-	-	1,733,215	1,678,600
Less accumulated depreciation	(2,168,000)	(2,051,822)	(3,744,555)	(3,574,793)	(5,912,555)	(5,626,615)
Total	**$ 3,229,455**	**$ 3,032,374**	**$ 4,640,685**	**$ 4,339,141**	**$ 7,870,140**	**$ 7,371,515**

Major capital asset activity for the year ended December 31, 2018 included the following:

- Governmental Activities – Work on the National Western Center (NWC) commenced and includes costs related to land acquisition within the NWC campus boundaries, preparation for rail consolidation, environmental analysis, preliminary design, engineering and construction.
- Business-type Activities – Wastewater's net capital assets increased approximately $133,100,000 primarily due to the completion of bond-funded projects. The Denver Airport System had a 4.8% increase in capital assets due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital 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, 2018, the City had total bonded indebtedness of $7,617,141,000. Of this amount, $737,991,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt, $6,879,150,000 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, 2018.

As of December 31, 2018, the City's general obligation debt is rated AAA by Standard & Poor's rating agency, Fitch Ratings, and Moody's Investors Service. Outstanding bonded debt at December 31, 2018, and 2017, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2,017	2018	2017	2018	2017
General obligation bonds	$ 737,991	761,406	$ -	$ -	$ 737,991	$ 661,776
Revenue bonds	629,385	374,960	6,249,765	4,115,325	6,879,150	4,466,800
Total	**$ 1,367,376**	**$ 1,138,383**	**$ 6,249,765**	**$ 4,115,325**	**$ 7,617,141**	**$ 5,128,576**

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.

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:

Controller's Office
201 W Colfax Avenue, Dept 1109
Denver, CO 80202

This report is available online at www.denvergov.org/finance.

Basic Financial

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Statement of Net Position

December 31, 2018 (dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash on hand	$ 6,240	$ -	$ 6,240	$ -
Cash and cash equivalents	1,602,035	58,217	1,660,252	49,294
Investments	-	873,543	873,543	-
Receivables (net of allowances):				
Taxes	562,344	-	562,344	106,149
Notes	56,039	-	56,039	-
Accounts	20,830	109,097	129,927	4,791
Accrued interest	6,414	6,380	12,794	517
Other	-	-	-	3,216
Due from other governments	52,868	-	52,868	-
Internal balances	26,944	(26,944)	-	-
Inventories	115	11,696	11,811	-
Prepaid items and other assets	18,289	2,683	20,972	1,957
Restricted assets:				
Cash and cash equivalents	218,637	110,407	329,044	32,050
Investments	-	3,257,871	3,257,871	257,891
Accounts receivable	-	14,491	14,491	-
Accrued interest receivable	-	11,240	11,240	-
Prepaid items and other assets	-	11,265	11,265	-
Long-term receivables (net of allowances)	38,735	29,722	68,457	-
Prepaid expense	-	384	384	-
Interest rate swaps	-	13,226	13,226	-
Assets held for disposition	731	-	731	-
Net Pension Asset	50,290	-	50,290	-
Capital assets:				
Land and construction in progress	797,825	857,920	1,655,745	42,029
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	2,431,630	3,782,765	6,214,395	164,835
Total Assets	**5,889,966**	**9,123,963**	**15,013,929**	**662,729**
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	18,574	5,303	23,877	-
Deferred loss on refundings	18,068	91,522	109,590	20,748
Items related to OPEB and pension plans	254,254	29,672	283,926	-
Total Deferred Outflows of Resources	**290,896**	**126,497**	**417,393**	**20,748**

See accompanying notes to basic financial statements.

Statement of Net Position, continued

December 31, 2018 (dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities				
Vouchers payable	156,577	119,097	275,674	8,088
Accrued liabilities	53,388	18,021	71,409	31,936
Unearned revenue	45,249	15,112	60,361	7,622
Interest rate swaps	21,663	78,388	100,051	-
Advances	3,809	40,633	44,442	2,038
Due to taxing unit	1,747	-	1,747	-
Due to other governments	-	5,635	5,635	170
Liabilities payable from restricted assets	-	56,113	56,113	-
Noncurrent liabilities:				
Due within one year	168,934	216,879	385,813	38,161
Due in more than one year	3,262,649	6,739,369	10,002,018	735,724
Total Liabilities	**3,714,016**	**7,289,247**	**11,003,263**	**823,739**
Deferred Inflows of Resources				
Property taxes	465,742	-	465,742	100,744
Deferred gain on refunding	2,755	3,549	6,304	-
Items related to pension and OPEB plans	67,815	16,326	84,141	-
Total Deferred Inflows of Resources	**536,312**	**19,875**	**556,187**	**100,744**
Net Position				
Net investment in capital assets	1,780,073	604,246	2,384,319	(76,491)
Restricted for:				
Capital projects and grants	1,271,228	16,718	1,287,946	133,064
Emergency use	52,067	-	52,067	37,333
Debt service	184,421	495,973	680,394	34,518
Pension Asset	50,290	-	50,290	-
Donor and other restrictions:				
Expendable	-	-	-	15,948
Nonexpendable	3,000	-	3,000	-
Other purposes	19,020	-	19,020	-
Unrestricted (deficit)	(1,429,565)	824,401	(605,164)	(385,378)
Total Net Position (Deficit)	**$ 1,930,534**	**$ 1,941,338**	**$ 3,871,872**	**$ (241,006)**

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2018 (dollars in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 475,490	$ 83,149	$ 26,177	$ 18,379
Public safety	670,774	110,837	27,787	-
Public works	280,174	81,237	116,848	77,198
Human services	177,184	534	96,337	-
Health	61,458	2,115	11,878	-
Parks and recreation	117,823	15,363	10,156	1,526
Cultural activities	156,897	85,764	1,112	-
Community development	71,778	41,317	1,577	5,471
Economic opportunity	1,228	62	8,291	-
Interest on long-term debt	62,524	-	-	-
Total Governmental Activities	**2,075,330**	**420,378**	**300,163**	**102,574**
Business-type Activities:				
Wastewater management	129,459	159,526	-	11,415
Denver airport system	889,251	952,286	-	26,730
Environmental services	12,893	12,368	-	-
Golf course	11,708	10,163	-	-
Total Business-type Activities	**1,043,311**	**1,134,343**	**-**	**38,145**
Total Primary Government	**$ 3,118,641**	**$ 1,554,721**	**$ 300,163**	**$ 140,719**
Component Units	**$ 233,186**	**$ 98,252**	**$ 3,922**	**$ -**

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 transfer

Total General Revenues and Transfers

Change in net position

Net position (deficit) - January 1, as previously reported

Adoption of accounting principle GASB 75

Net Position (deficit) - January 1, as restated

Net Position (deficit) - December 31

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (347,785)	$ -	$ (347,785)	
(532,150)	-	(532,150)	
(4,891)	-	(4,891)	
(80,313)	-	(80,313)	
(47,465)	-	(47,465)	
(90,778)	-	(90,778)	
(70,021)	-	(70,021)	
(23,413)	-	(23,413)	
7,125	-	7,125	
(62,524)	-	(62,524)	
(1,252,215)	**-**	**(1,252,215)**	
-	41,482	41,482	
-	89,765	89,765	
-	(525)	(525)	
-	(1,545)	(1,545)	
-	**129,177**	**129,177**	
(1,252,215)	**129,177**	**(1,123,038)**	
			$ (131,012)
16,846	-	16,846	-
120,056	-	120,056	88,424
30,654	-	30,654	-
53,093	-	53,093	-
472,995	-	472,995	33,085
762,201	-	762,201	-
62	-	62	360
9,014	-	9,014	-
37,996	79,751	117,747	4,758
21,000	6,235	27,235	37,054
444	(444)	-	-
(2,500)	2,500	-	-
1,521,861	**88,042**	**1,609,903**	**163,681**
269,646	217,219	486,865	32,669
1,816,508	1,748,604	3,565,112	(273,675)
(155,620)	(24,485)	(180,105)	-
1,660,888	1,724,119	3,385,007	(273,675)
$ 1,930,534	**$ 1,941,338**	**$ 3,871,872**	**$ (241,006)**

Balance Sheet - Governmental Funds

December 31, 2018 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Assets				
Cash on hand	$ 137	$ 40	$ 6,063	$ 6,240
Cash and cash equivalents	253,936	83,739	1,214,944	1,552,619
Receivables (net of allowances of $167,441):				
Taxes	207,373	74,094	280,877	562,344
Notes	3,579	-	52,460	56,039
Accounts	22,116	1	35,897	58,014
Accrued interest	1,750	1	4,368	6,119
Interfund receivable	31,230	6	2	31,238
Due from other governments	-	10,497	42,371	52,868
Prepaid items and other assets	4,709	-	13,580	18,289
Restricted assets:				
Cash and cash equivalents	76,018	-	142,619	218,637
Assets held for disposition	-	-	731	731
Total Assets	**$ 600,848**	**$ 168,378**	**$ 1,793,912**	**$ 2,563,138**
Liabilities and Fund Balances				
Liabilities:				
Vouchers payable	$ 46,110	$ 8,145	$ 101,273	$ 155,528
Accrued liabilities	24,524	1,801	1,622	27,947
Due to taxing units	869	164	714	1,747
Interfund payable	8	1,190	3,280	4,478
Unearned revenue	957	-	44,292	45,249
Advances	154	169	3,486	3,809
Compensated absences	-	-	70	70
Total Liabilities	**72,622**	**11,469**	**154,737**	**238,828**
Deferred Inflows of Resources:				
Unavailable revenues - property taxes levied in advance	132,093	74,658	258,481	465,232
Unavailable revenues - long-term receivables	11,353	-	27,382	38,735
Total Deferred Inflows of Resources	**143,446**	**74,658**	**285,863**	**503,967**
Fund Balances:				
Nonspendable	4,709	-	16,580	21,289
Restricted	75,838	82,251	1,305,745	1,463,834
Committed	74,024	-	29,940	103,964
Assigned	-	-	1,047	1,047
Unassigned	230,209	-	-	230,209
Total Fund Balances	**384,780**	**82,251**	**1,353,312**	**1,820,343**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 600,848**	**$ 168,378**	**$ 1,793,912**	**$ 2,563,138**

See accompanying notes to basic financial statements.

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

December 31, 2018 (dollars in thousands)

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

Total fund balance-governmental funds.	$ 1,820,343
Capital assets used in governmental activities, excluding internal service funds of $986 are not financial resources, and therefore, are not reported in the funds.	3,228,469
Accrued interest payable not included in the funds.	(25,114)
Pension asset	50,290
Deferred inflow of resources related are not available to pay for current period expenditures and therefore, are not recorded in the funds.	
Pensions	(63,927)
Gain on refunding	(2,755)
OPEB	(3,888)
Long term receivables	38,225
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	18,574
Pensions	238,487
Loss on refunding	18,068
OPEB	15,767
Interest rate swap liability.	(21,663)
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.	23,617
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 $27,623).	(3,403,959)
Net position of governmental activities	**$ 1,930,534**

See accompanying notes to basic financial statements.

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

For the Year Ended December 31, 2018 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Facilities development admission	$ -	$ -	$ 16,846	$ 16,846
Lodgers	31,782	-	88,274	120,056
Motor vehicle ownership fee	30,654	-	-	30,654
Occupational privilege	53,093	-	-	53,093
Property	129,299	72,772	270,924	472,995
Sales and use	690,873	-	71,328	762,201
Specific ownership	-	-	62	62
Telephone	1,949	-	7,065	9,014
Special assessments	-	-	1,305	1,305
Licenses and permits	66,428	-	1,577	68,005
Intergovernmental revenues	36,230	95,999	146,009	278,238
Charges for services	195,600	534	82,903	279,037
Investment and interest income	15,936	-	21,604	37,540
Fines and forfeitures	44,582	-	450	45,032
Contributions	61	338	29,561	29,960
Other revenue	8,837	247	54,048	63,132
Total Revenues	**1,305,324**	**169,890**	**791,956**	**2,267,170**
Expenditures				
Current:				
General government	288,130	-	137,130	425,260
Public safety	595,814	-	92,081	687,895
Public works	145,556	-	163,584	309,140
Health	47,694	-	11,838	59,532
Human services	9,539	158,522	-	168,061
Parks and recreation	75,690	-	25,518	101,208
Cultural activities	51,101	-	82,882	133,983
Community development	33,961	-	34,738	68,699
Economic opportunity	745	-	-	745
Debt service:				
Principal retirement	469	1,600	158,058	160,127
Interest	997	224	55,289	56,510
Capital outlay	-	-	121,666	121,666
Total Expenditures	**1,249,696**	**160,346**	**882,784**	**2,292,826**
Excess (deficiency) of revenues over (under) expenditures	55,628	9,544	(90,828)	(25,656)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	651	651
Issuance of certificate of participation	-	-	129,000	129,000
Issuance of capital leases	4,463	-	-	4,463
Bond premium	-	-	46,140	46,140
Payment to escrow	-	-	(75,824)	(75,824)
Issuance of bonds	-	-	560,905	560,905
Insurance recoveries	198	-	611	809
Transfers in	41,064	2,000	147,263	190,327
Transfers out	(110,632)	(4,875)	(74,376)	(189,883)
Total Other Financing Sources (Uses)	**(64,907)**	**(2,875)**	**734,370**	**666,588**
Net change in fund balances	(9,279)	6,669	643,542	640,932
Fund balances - January 1	394,059	75,582	709,770	1,179,411
Fund Balances - December 31	**$ 384,780**	**$ 82,251**	**$ 1,353,312**	**$ 1,820,343**

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, 2018 (dollars in thousands)

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 640,932
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 and capital related expenditures exceeded depreciation expense in the current period:	
Capital expenditures excluding capital transfer	272,517
Depreciation expense (excluding internal service)	(152,776)
Loss on disposal of assets	(18,141)
Certain revenues are recorded in the funds under modified accrual but not considered revenue in the statement of activities.	95,436
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	(260,905)
Excise tax bonds	(300,000)
Capital lease obligations	(133,463)
Premium on debt issued in current year	(46,140)
Principal retirement on bonds	206,780
Amortization of premium, discounts, and deferred gain (loss) on refunding	(383)
Capital lease principal payments	26,356
Principal payments on GID revenue note	244
Principal payments on intergovernmental agreement	694
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)	(5,924)
Accrued interest payable	(6,014)
Legal liability	264
Amortization of imputed debt-swap	456
Portion of pension expense that do not require current financial resources	140,595
Pension amortization	(187,025)
OPEB and OPEB implicit	(1,255)
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.	(2,602)
Change in net position of governmental activities	**$ 269,646**

See accompanying notes to basic financial statements.

Statement of Net Position - Proprietary Funds

December 31, 2018 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	$ 8,906	$ 21,763
Investments	51,941	226,536
Receivables (net of allowance for uncollectibles of $3,448):		
Accounts	26,712	79,262
Accrued interest	1,014	5,264
Inventories	-	11,538
Interfund receivable	60	-
Prepaid items and other assets	196	2,487
Restricted assets:		
Cash and cash equivalents	-	104,402
Investments	41,766	974,686
Accounts receivable	-	14,491
Accrued interest receivable	-	11,218
Prepaid items	-	11,265
Total Current Assets	**130,595**	**1,462,912**
Noncurrent assets:		
Investments - restricted	73,295	2,168,124
Investments - unrestricted	91,151	503,915
Capital assets:		
Land and construction in progress	115,349	737,917
Buildings and improvements	17,975	5,552,014
Improvements other than buildings	969,110	-
Machinery and equipment	14,629	908,973
Intangibles	6,375	28,124
Accumulated depreciation	(325,578)	(3,400,441)
Net capital assets	797,860	3,826,587
Long-term receivables (net of allowances)	-	29,716
Prepaid expense and other	-	384
Interest rate swaps	-	13,226
Total Noncurrent Assets	**962,306**	**6,541,952**
Total Assets	**1,092,901**	**8,004,864**
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging activities	-	5,303
Deferred loss on refundings	320	91,202
Items related to pension and OPEB plans	4,983	22,889
Total Deferred Outflows of Resources	**5,303**	**119,394**

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 27,548	$ 58,217	$ 49,416
-	278,477	-
3,123	109,097	1,551
102	6,380	295
158	11,696	115
1,814	1,874	32
-	2,683	-
6,005	110,407	-
-	1,016,452	-
-	14,491	-
22	11,240	-
-	11,265	-
38,772	**1,632,279**	**51,409**
-	2,241,419	-
-	595,066	-
4,654	857,920	-
12,956	5,582,945	3,627
11,707	980,817	-
5,457	929,059	2,686
-	34,499	-
(18,536)	(3,744,555)	(5,327)
16,238	4,640,685	986
6	29,722	-
-	384	-
-	13,226	-
16,244	**7,520,502**	**986**
55,016	**9,152,781**	**52,395**
-	5,303	-
-	91,522	-
1,800	29,672	-
1,800	**126,497**	**-**

continued

Statement of Net Position - Proprietary Funds, continued

December 31, 2018 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	$ 1,601	$ 92,724
Revenue bonds payable	-	40,000
Accrued Liabilities	2,207	14,575
Unearned revenue	14,508	-
Interfund payable	2,943	24,360
Advances	-	40,633
Capital lease obligations	701	1,024
Compensated absences	614	2,391
Claims reserve	-	-
Construction payable	24,029	-
Due to other governments	5,635	-
OPEB implicit rate subsidy	152	591
Current liabilities (payable from restricted assets):		
Vouchers payable	-	3,125
Retainages payable	-	15,573
Notes payable	-	4,427
Accrued interest and other liabilities	-	31,563
Other accrued liabilities	-	4,025
Revenue bonds payable	7,090	198,825
Total Current Liabilities	**59,480**	**473,836**
Noncurrent liabilities:		
Interest rate swaps	-	78,388
Notes payable	-	4,427
Revenue bonds payable, net	258,181	6,215,968
Net pension and OPEB liability	35,395	158,636
Capital lease obligations	4,338	-
Compensated absences	2,964	7,751
Claims reserve	-	-
Total Noncurrent Liabilities	**300,878**	**6,465,170**
Total Liabilities	**360,358**	**6,939,006**
Deferred Inflows of Resources		
Deferred gain on refunding of debt	-	3,549
Items related to pension and OPEB plans	2,692	12,738
Total Deferred Inflows of Resources	**2,692**	**16,287**
Net Position		
Net investment in capital assets	618,902	(29,619)
Restricted for:		
Capital projects	-	11,264
Debt service	-	495,973
Unrestricted	116,252	691,347
Total Net Position	**$ 735,154**	**$ 1,168,965**
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 743	$ 95,068	$ 1,050
620	40,620	-
215	16,997	50
604	15,112	-
1,308	28,611	55
-	40,633	
-	1,725	-
402	3,407	160
-	-	9,197
-	24,029	-
-	5,635	-
42	785	-
573	3,698	-
-	15,573	-
-	4,427	-
-	31,563	-
-	4,025	-
-	205,915	-
4,507	**537,823**	**10,512**
-	78,388	-
-	4,427	-
655	6,474,804	-
12,396	206,427	-
-	4,338	-
936	11,651	207
-	-	18,059
13,987	**6,780,035**	**18,266**
18,494	**7,317,858**	**28,778**
-	3,549	-
896	16,326	-
896	**19,875**	**-**
14,963	604,246	986
5,454	16,718	-
-	495,973	-
17,009	824,608	22,631
$ 37,426	1,941,545	**$ 23,617**
	(207)	
	$ 1,941,338	

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

For the Year Ended December 31, 2018 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Operating Revenues		
Charges for services	$ 159,526	$ 808,360
Other revenue	-	-
Total Operating Revenues	**159,526**	**808,360**
Operating Expenses		
Personnel services	27,829	173,979
Contractual services	23,292	227,918
Supplies and materials	1,208	24,378
Depreciation and amortization	19,319	193,009
District water treatment charges	52,043	-
Other operating expenses	329	48,039
Change in claims reserve	-	-
Total Operating Expenses	**124,020**	**667,323**
Operating income	35,506	141,037
Nonoperating Revenues (Expenses)		
Investment and interest income	5,313	73,802
Passenger facility charges	-	123,907
Customer facility fee	-	20,019
Intergovernmental revenue	4,455	-
Disposition of assets	61	-
Interest expense	(5,359)	(214,799)
Other revenue (expense)	-	(6,716)
Net Nonoperating Revenues (Expenses)	**4,470**	**(3,787)**
Income before capital grants, contributions, and transfers	39,976	137,250
Capital grants and contributions	11,415	26,730
Transfers out	(33)	-
Capital asset transfer	6,327	
Change in net position	57,685	163,980
Net position - January 1, as previously reported	681,788	1,023,673
Adoption of accounting principle - GASB 75	(4,319)	(18,688)
Net Position - January 1, as restated	677,469	1,004,985
Net Position - December 31	**$ 735,154**	**$ 1,168,965**
Change in net position of enterprise funds		
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		
Change in net position of business-type activities		

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 22,531	$ 990,417	$ 19,906
2,925	2,925	541
25,456	**993,342**	**20,447**
11,456	213,264	2,579
7,987	259,197	1,717
1,068	26,654	7,954
913	213,241	66
-	52,043	8,422
3,033	51,401	1,303
-	-	974
24,457	**815,800**	**23,015**
999	177,542	(2,568)
636	79,751	787
-	123,907	-
-	20,019	-
116	4,571	-
(1,322)	(1,261)	-
(82)	(220,240)	-
-	(6,716)	-
(652)	**31**	**787**
347	177,573	(1,781)
-	38,145	-
(411)	(444)	-
(3,827)	2,500	-
(3,891)	217,774	(1,781)
42,795	1,748,256	25,398
(1,478)	(24,485)	-
41,317	1,723,771	-
$ 37,426	**$ 1,941,545**	**$ 23,617**
	$ 217,774	
	(555)	
	$ 217,219	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2018 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	$ 162,275	$ 793,127
Payments to suppliers	(67,804)	(275,556)
Payments to employees	(25,841)	(165,067)
Other receipts	-	-
Interfund activity	(4,889)	(16,004)
Claims paid	-	-
Net Cash Provided by Operating Activities	**63,741**	**336,500**
Cash Flows From Noncapital Financing Activities		
Operating grants received	-	-
Transfers (out)	(33)	-
Net Cash (Used In) Noncapital Financing Activities	**(33)**	**-**
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of debt	107,000	2,798,813
Bond issue costs	-	(9,561)
Principal payments	(7,699)	(189,704)
Interest payments	(9,774)	(214,168)
Passenger facility charges	-	123,606
Car rental customer facility charges	-	21,194
Payments on capital assets acquired through construction payables	(15,195)	(66,728)
Acquisition and construction of capital assets	(115,213)	(296,730)
Payments to escrow for current refunding of debt	-	(300,000)
Proceeds from sale of assets	61	874
Contributions and advances	8,763	48,086
Intergovernmental revenues	4,455	-
Other receipts	-	-
Net Cash Provided by (Used In) Capital and Related Financing Activities	**(27,602)**	**1,915,682**
Cash Flows From Investing Activities		
Purchases of investments	(475,216)	(2,408,129)
Proceeds from sale of investments	425,875	133,485
Sale of assets held for disposition	-	5,295
Payments to maintain assets held for disposition	-	(8,965)
Payments from swap termination	-	1,161
Interest received	5,280	44,313
Net Cash Provided by (Used In) Investing Activities	**(44,061)**	**(2,232,840)**
Net increase (decrease) in cash and cash equivalents	(7,955)	19,342
Cash and cash equivalents - January 1	16,861	106,823
Cash and Cash Equivalents - December 31	**$ 8,906**	**$ 126,165**

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 22,749	$ 978,151	$ 21,473
(11,795)	(355,155)	(10,776)
(10,531)	(201,439)	(2,565)
2,925	2,925	541
-	(20,893)	-
-	-	(8,422)
3,348	**403,589**	**251**
116	116	-
(411)	(444)	-
(295)	**(328)**	**-**
-	2,905,813	-
-	(9,561)	-
(871)	(198,274)	-
(82)	(224,024)	-
-	123,606	-
-	21,194	-
-	(81,923)	-
-	(411,943)	(1,009)
-	(300,000)	-
82	1,017	-
-	56,849	-
-	4,455	-
-	-	-
(871)	**1,887,209**	**(1,009)**
-	(2,883,345)	-
-	559,360	-
-	5,295	-
-	(8,965)	-
-	1,161	-
622	50,215	758
622	**(2,276,279)**	**758**
2,804	14,191	-
30,749	154,433	49,416
$ 33,553	**$ 168,624**	**$ 49,416**

continued

Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2018 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income (loss)	$ 35,506	$ 141,037
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	19,319	193,009
Loss on disposal of assets	-	-
Changes in Assets and Liabilities		
Accounts receivable, net of allowance	1,152	(14,806)
Due from other City departments/agencies	(9)	3,727
Interfund receivable	-	-
Inventories	-	860
Prepaid items and other assets	146	(880)
Vouchers payable	870	(10,133)
Unearned revenue	1,606	-
Accrued and other liabilities	1,229	(660)
Interfund payable	2,349	16,223
Claims reserved	-	-
Deferred outflows of resources	-	12,969
Deferred inflows of resources	-	8,488
Net pension and OPEB liability	1,573	(13,334)
Net Cash Provided by Operating Activities	**$ 63,741**	**$ 336,500**
Noncash Activities		
Assets acquired through capital contributions	$ 5,152	$ (6,673)
Assets acquired through city capital contributions, net	-	4,235
Unrealized gain on derivatives	-	22,244
Capital assets acquired through accounts payable	24,029	76,804
Amortization of bond premiums and deferred losses and gains on bond refundings	826	8,164
Net gain (loss) on disposal of capital assets	-	(16,355)

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 999	$ 177,542	$ (2,568)
913	213,241	66
730	730	-
65	(13,589)	1,541
-	3,718	-
100	100	26
(3)	857	4
-	(734)	-
(1,310)	(10,573)	194
52	1,658	-
143	712	14
878	19,450	-
-	-	974
1,157	14,126	-
727	9,215	-
(1,103)	(12,864)	-
$ 3,348	**$ 403,589**	**$ 251**
$ -	$ (1,521)	$ -
-	4,235	-
-	22,244	-
-	100,833	-
-	-	-
-	-	-

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2018 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	$ -	$ 307	$ 3,780
Cash and cash equivalents	36,379	1,352	57,203
Securities lending collateral	129,464	-	-
Receivables (net of allowance for uncollectibles of $4,923):			
Taxes	-	-	1,037,089
Accounts	33	-	174
Accrued interest	1,526	-	
Investments:			
U.S. Government obligations	155,040	-	-
Domestic stocks and bonds	728,489	-	-
International stocks	446,648	-	-
Mutual funds	440,843	-	-
Alternative investments	484,325	-	-
Real estate	173,039	-	-
Other	340,683	-	-
Total Investments	**2,769,067**	**-**	**-**
Prepaid and other assets	31	-	-
Capital assets, net of accumulated depreciation	3,519	-	-
Total Assets	**2,940,019**	**1,659**	**$ 1,098,246**
Liabilities			
Vouchers payable	2,101	974	23,665
Securities lending obligation	130,952	-	-
Other accrued liabilities	-	32	4,842
Due to taxing units	-	307	1,069,739
Total Liabilities	**133,053**	**1,313**	**$ 1,098,246**
Net Position			
Net position restricted for pensions	2,062,677	-	
Net position held in trust for OPEB benefits	67,365	-	
Net position held in trust for deferred compensation benefits	676,924	-	
Net position held in trust for other purposes	-	346	
Net Position Restricted for Pensions and Other Purposes	**$ 2,806,966**	**$ 346**	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2018 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	$ 80,123	$ -
Denver Health and Hospital Authority	6,550	-
Plan members	99,437	-
Total Contributions	**186,110**	**-**
Investment earnings (loss):		
Net depreciation in fair value of investments	(143,296)	-
Interest and dividends	61,478	37
Total Investment Earnings (Loss)	**(81,818)**	**37**
Less investment expense	(13,916)	-
Net Investment Earnings (Loss)	**(95,734)**	**37**
Securities lending expenses:		
Borrower rebates	(2,493)	-
Agent fees	(271)	-
Net Earnings (Loss) from Securities Lending	**(2,764)**	**-**
Total Net Investment Earnings (Loss)	**(98,498)**	**37**
Total Additions	**87,612**	**37**
Deductions		
Benefits	288,003	-
Refunds of contributions	4,493	-
Administrative expenses	4,617	-
Total Deductions	**297,113**	**-**
Change in net position	(209,501)	37
Net position - January 1	3,016,467	309
Net Position -December 31	**$ 2,806,966**	**$ 346**

See accompanying notes to basic financial statements.

Statement of Net Position - Component Units

December 31, 2018 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Urban Renewal Authority	Downtown Denver Development Authority	National Western Center Authority	Other Component Units	Total
Assets						
Cash and cash equivalents	$ 2,620	$ 7,938	$ 8,388	$ 861	$ 29,487	$ 49,294
Receivables (net of allowances):						
Taxes	-	65,219	28,908	-	12,022	106,149
Accounts	2,637	459	-	-	1,695	4,791
Accrued interest	-	397	-	-	120	517
Other	-	3,183	-	-	33	3,216
Prepaid items and other assets	1,739	70	-	3	145	1,957
Restricted Assets:						
Cash and cash equivalents	-	31,664	-	-	386	32,050
Investments	107,225	150,666	-	-	-	257,891
Capital Assets:						
Land and construction in progress	23,958	-	-	-	18,071	42,029
Buildings and improvements	239,477	-	-	-	383	239,860
Machinery and equipment	35,206	277	-	-	7,183	42,666
Accumulated depreciation	(108,657)	(134)	-	-	(8,900)	(117,691)
Net Capital Assets	**189,984**	**143**	**-**	**-**	**16,737**	**206,864**
Total Assets	**304,205**	**259,739**	**37,296**	**864**	**60,625**	**662,729**
Deferred Outflows of Resources						
Deferred amount on refundings	5,137	14,188	-	-	1,423	20,748
Total Deferred Outflows of Resources	**5,137**	**14,188**	**-**	**-**	**1,423**	**20,748**
Liabilities						
Vouchers payable	2,972	-	-	2	5,114	8,088
Accrued liabilities	10,176	21,585	-	22	153	31,936
Unearned revenue	7,590	-	-	-	32	7,622
Advances	1,723	315	-	-	-	2,038
Due to other governments	-	170	-	-	-	170
Noncurrent liabilities:						
Due within one year	2,130	26,390	8,792	-	849	38,161
Due in more than one year	300,193	256,443	165,407	-	13,681	735,724
Total Liabilities	**324,784**	**304,903**	**174,199**	**24**	**19,829**	**823,739**
Deferred Inflows of Resources						
Property taxes	-	58,702	28,908	-	13,134	100,744
Total Deferred Inflows of Resources	**-**	**58,702**	**28,908**	**-**	**13,134**	**100,744**
Net Position						
Net investment in capital assets	(80,504)	143	-	-	3,870	(76,491)
Restricted for:						
Capital projects	31,789	100,440	-	-	835	133,064
Emergency use	36,944	-	-	-	389	37,333
Debt service	1,289	32,970	-	-	259	34,518
Donor and other restrictions:						
Expendable	10,506	5,442	-		-	15,948
Unrestricted (deficit)	(15,466)	(228,673)	(165,811)	840	23,732	(385,378)
Total Net Position (Deficit)	**$ (15,442)**	**$ (89,678)**	**$ (165,811)**	**$ 840**	**$ 29,085**	**$ (241,006)**

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2018 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Urban Renewal Authority	Downtown Denver Development Authority	National Western Center Authority	Other Component Units	Total
Expenses	$ 101,355	$ 97,499	$ 6,493	$ 285	$ 27,554	$ 233,186
Program Revenues						
Charges for services	97,888	-	-	-	364	98,252
Operating grants and contributions	-	2,619	-	1,125	178	3,922
Total Program Revenues	**97,888**	**2,619**	**-**	**1,125**	**542**	**102,174**
Net expenses	(3,467)	(94,880)	(6,493)	840	(27,012)	(131,012)
General Revenues						
Taxes:						
Lodgers	-	88,424	-	-	-	88,424
Property	-	16	20,069	-	13,000	33,085
Specific ownership	-	-	-	-	360	360
Investment and interest income	1,652	2,933	102	-	71	4,758
Other revenues	11,451	1,320	-	-	24,283	37,054
Net General Revenues	**13,103**	**92,693**	**20,171**	**-**	**37,714**	**163,681**
Change in net position	9,636	(2,187)	13,678	840	10,702	32,669
Net position: January 1	(25,078)	(87,491)	(179,489)	-	18,383	(273,675)
Net Position (Deficit) - December 31	**$ (15,442)**	**$ (89,678)**	**$ (165,811)**	**$ 840**	**$ 29,085**	**$ (241,006)**

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 except for 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, and GASB Statement No. 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14. Certain amounts reported in the individual component unit financial statements have been reclassified to conform to the City's accounting policies. Each component unit has a December 31 year-end.

1. Blended Component Units.

Gateway Village, Denver 14th Street, and RiNo General Improvement District (GID) – 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.

Cherry Creek North, Cherry Creek Subarea, Colfax, Downtown Denver, Old South Gaylord, West Colfax, Federal Boulevard, Bluebird, Colfax-Mayfair, Five Points, Santa Fe, and RiNo 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.

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 $11,065,000 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 (DUSPA) 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 10 of the 11 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 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.

National Western Center Authority – The National Western Center Authority is a Colorado nonprofit corporation that partners with the City to program, operate, and maintain the year-round campus for agricultural education, innovation, and entertainment. The actions of the Authority are guided by a 13-person board, made up of 11 voting directors and two non-voting directors. The voting directors include six appointments by the Denver mayor: two Colorado State University appointees, two Western Stock Show Association appointees, and one Globeville, Elryia, or Swansea resident mayoral appointee. A second

Globeville, Elyria, or Swansea resident will be appointed by the mayor as a non-voting director. The City Chief Financial Office will also serve as a non-voting director and Treasurer of the Board. The funding for the Authority's work comes from the partners as defined in the Framework agreement between the City and County of Denver, Western Stock Show Association, and Colorado State University.

Complete financial statements, as applicable, for the following individual component units can be obtained from their respective administrative offices:

Bluebird BID
8005 South Chester Street, Suite 150
Centennial, Colorado 80112

Cherry Creek Subarea BID
1573 South Jamaica Street
Denver, Colorado 80012

Colfax-Mayfair BID
P. O. Box 202161
Denver, Colorado 80220

Denver 14th Street GID
1515 Arapahoe Street, Tower 3, Suite 100
Denver, Colorado 80202

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

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

Five Points BID
2444 Washington Street #100
Denver, Colorado 80205

National Western Center Authority
1705 17th Street. Suite 200
Denver, Colorado 80202

RiNO BID/GID
3501 Wazee Street, Suite 109
Denver, Colorado 80204

West Colfax BID
4500 West Colfax Avenue
Denver, Colorado 80204

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

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

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

Denver Convention Center Hotel Authority
1225 17th Street, Suite 3050
Denver, Colorado 80202

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

Federal Boulevard BID
2931 West 25th Avenue
Denver, Colorado 80211

Gateway Village GID
8390 E. Crescent Parkway, Suite 300
Greenwood Village, Colorado 80111

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

Santa Fe BID
901 West 10th Avenue, Suite 2A
Denver, Colorado 80205

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 $85,020,000 for providing various health related services to the City and its residents during 2018. In addition, the Authority made payments in the amount of $771,000 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, 2018, 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, CRS 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 deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference being 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, fines, and charges for services are susceptible to accrual. Other receipts, 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 Urban Renewal Authority, DDDA, and the National Western Center Authority component units as major component units.

Additionally, the City reports the following fund-types:

- **Internal service funds** account for 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, which accumulate resources for pension and health benefit payments to qualified City retirees.
- **Other employee benefits trust fund** accounts for the Deferred Compensation Fund, which holds and administers resources to qualified city employees who participate in the plan. Assets are reserved solely for deferred compensation benefits.
- **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, such as 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 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 of Resources, Liabilities, Deferred Inflows of Resources, 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 equities, and U.S. Government obligations.

   Investments, unless otherwise noted, are stated at fair value, which is primarily determined based upon quoted market prices or other significant, observable inputs, at year end. Fair values of real estate and other investments are determined by independent periodic appraisals. Investments in repurchase agreements and the guaranteed investment contract are stated at cost, while investments in the local government investment pools and certain investments in the Fiduciary Funds are stated at net asset value (NAV).

2. **Cash Equivalents.** The City's investments held in the consolidated pool with original maturities of three months or less from the purchase date 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 2018 fiscal year was approved when Resolution 1070, Series of 2018, 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. The cost of prepaid items in the governmental funds are recorded as an expense when consumed.

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-D-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 acquisition 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 estimated useful lives, as shown in **Table 1**.

Table 1

Capital Asset Type	Estimated Useful Life
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	3 to 5 years

Library books are depreciated over a four-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 in governmental funds consist of foreclosed property and land pending future sale. No depreciation is recorded for assets held for disposition.

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 and discounts are amortized over the life of the bonds using the effective interest method or the straight-line method, which is not materially different than the effective-interest method, over the term of the debt. Bond premiums and discounts 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 even if withheld from actual net proceeds. Bond proceeds and bond premiums are reported as an other financing source. Bond discounts are reported as an other financing use.

11. **Compensated Absences.** The City has vacation, sick, and paid time off leave policies covering substantially all 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 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. **Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Denver Employees Retirement Plan (DERP) the Statewide Defined Benefit Plan and Old Hire Fire and Police Pension Plans, administered by the Fire and Police Pension Association of Colorado (FPPA) and the Public Employees' Retirement Association of Colorado Pension Plans (PERA), and additions to/deductions from the various pension plan's fiduciary net position have been determined on the same basis as they

are reported by DERP, FPPA, and PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. **Other Post-Employment Benefits (OPEB).** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Denver Employees Retirement Plan (DERP), and the Public Employees' Retirement Association of Colorado Pension Plans (PERA), and additions to/deductions from the various OPEB plan's fiduciary net position have been determined on the same basis as they are reported by DERP, and PERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. **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, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate. The City reports deferred outflows of resources for pension and OPEB related amounts for the City's share of the difference between projected and actual earnings for the City's share of the difference between contributions to the individual plans and the proportionate share of the contributions, for changes of assumptions or other inputs, the difference between expected and actual experience, and contributions subsequent to the measurement date. Deferred outflows of resources of the City also consist of the accumulated decrease in fair value of hedging derivatives and the deferred loss on refunding.

    The City reports deferred inflows of resources for pension and OPEB related amounts in the government wide financial statements or the City's share of the difference between expected and actual experience and for the City's share of the difference between contributions to the individual plans proportionate share of the contributions and the difference between projected and actural earnings. The City also reports deferred inflows of resources for property tax receivables that are levied for the next fiscal year, and deferred gain 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. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

16. **Net Position.** In the government-wide and fund financial statements, net position is the difference between assets, liabilities, deferred inflows of resources, and deferred outflows of resources. 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.

17. **Fund Balance.** In the governmental 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.

18. **Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2018, the encumbrances reflected in **Table 2** (dollars in thousands) were reappropriated against the 2019 budget for remaining prior year encumbrances.

Table 2

Governmental Activities:	
General Fund	$ 74,024
Human Services Fund	18,586
Other Governmental Funds	338,696
Total Governmental Activities	**$ 431,306**

Business-type Activities:	
Wastewater Management	$ 136,723
Denver Airport System	260,119
Other Enterprise Funds	3,434
Total Business-type Activities	**$ 400,276**

Note E – Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No. 75. In 2018, the City implemented provisions of GASB Statement No. 75 (Statement No. 75). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement No. 75 requires employers to record their proportionate share, as defined in Statement No. 75, of the various plans' net OPEB liability. Statement No. 75 also includes recognition of deferred inflows and outflows of resources associated with the net difference between projected and actual earnings on pension plan investments, changes of assumptions of other inputs, the net difference between expected and actual experience, and other employer-specific deferrals. The adoption of GASB 75 resulted in an adjustment of beginning net position of the primary government as of January 1, 2018 of the following amounts: a decrease of $155,620,000 for the governmental activities, a decrease of $24,485,000 for the business-type activities, which included a decrease of $18,688,000 for the Denver Airport System, a decrease of $4,319,000 for Wastewater Management, a decrease of $712,000 for the Golf Course Fund, and a decrease of $766,000 for the Environmental Services Fund.

II. Stewardship, Compliance, and Accountability

Note A – Deficit Fund Equity

At December 31, 2018, the Denver Convention Center Hotel Authority (DCCHA), the Denver Urban Renewal Authority (DURA), and the Downtown Denver Development Authority component units had deficit net position in the amounts of $15,442,000, $89,678,000, and $165,811,000, respectively.

The DCCHA component unit will use revenue from its hotel facility to fund its deficit net position. DDDA receives sales and property 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 its deficit net position.

Note B – Excess Expenditures Over Authorizations

The District Attorney expenditures exceede authorizations by $188,000 because of the recording of a new capital lease..

III. Detailed Notes for All Funds

Note A – Deposits and Investments

1. **Deposits.** The City Charter, Section 2.5.3(c), requires all banking or savings and loan institutions to pledge sufficient collateral as required by law (Public Deposit Protection Act (CRS, 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 102.00% 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, 2018, the bank balance and carrying amounts of accounts managed by the Manager of Finance (the Manager) were $13,544,000 and $25,279,000, respectively. 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, DDDA, and DCCHA were not subject to custodial credit risk at December 31, 2018, 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, 2018, the City's investment balances, including fiduciary funds were as shown in **Table 3**.

Table 3

City Investment Balances

December 31, 2018 (dollars in thousands)

		Fair Value
Money market funds	$	4,976
Local government investment pool		148,399
Common stock		867,587
Commercial paper		74,773
Mutual funds		440,843
Municipal bonds		179,004
U.S. Treasury securities		2,434,165
U.S. agency securities		1,513,935
Corporate bonds		871,221
Structured products[1]		545,696
Multinational fixed income[2]		435,101
Annuity contracts		216,522
Real estate		173,039
Other		998,117
Total Investments	**$**	**8,903,378**

[1]Includes asset backed securities, collateralized mortgage obligations, and mortgage backed securities.

[2] Includes supranational securities. Supranationals are U.S. dollar denominated bonds of international such as the World Bank and International Montary Fund.

The DERP pension trust fund had securities lending collateral of $183,300,000, at December 31, 2018; see **Note 7** of the DERP comprehensive annual financial report (available at https://www.derp.org) for additional discussion related to this balance.

At December 31, 2018, the investment balances of the discretely presented component units were as shown in **Table 4**.

Table 4

Component Units Investment Balances

December 31, 2018 (dollars in thousands)

		Fair Value
Money market funds	$	159,689
Local government investment pool		914
Certificates of deposit		10,312
Municipal bonds		2,445
Commercial paper		7,150
U.S. Treasury securities		53,728
U.S. agency securities		9,301
Corporate bonds		5,595
Multinational fixed income[1]		8,948
Total Investments	**$**	**258,082**

[1] Includes supranational securities. Supranationals are U.S. dollar denominated bonds of international organizations such as the World Bank and International Monetary Fund.

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2018, is shown in **Table 5**.

Table 5

Reconciliation of Cash and Investments

December 31, 2018 (dollars in thousands)

Governmental and Business-type Activities	Primary Government	Component Units	Total
Cash on hand	$ 6,240	$ -	$ 6,240
Cash and cash equivalents	1,660,252	49,102	1,709,354
Investments	873,543	192	873,735
Restricted cash and cash equivalents	329,044	32,050	361,094
Restricted investments	3,257,871	257,891	3,515,762
Total Governmental and Business-type Activities	**$ 6,126,950**	**$ 339,235**	**$ 6,466,185**
Fiduciary			
Cash on hand	$ 4,087	$ -	$ 4,087
Cash and cash equivalents	94,934	-	94,934
Investments	2,769,067	-	2,769,067
Total Fiduciary	**$ 2,868,088**	**$ -**	**$ 2,868,088**
Total	**$ 8,995,038**	**$ 339,235**	**$ 9,334,273**
Less deposit balance[1]	**(91,660)**	**(81,153)**	**(172,813)**
Total	**$ 8,903,378**	**$ 258,082**	**$ 9,161,460**

[1] The carrying amount of the City's deposits of $25,279,000, less outstanding checks of $14,222,000, plus petty cash of $110,000, plus fiduciary cash of $68,008, 000, plus General Improvement District cash of $2,159,000, and cash on hand of $10,326,000, equal $91,660,000.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Equities within all asset classes that are classified in Level 1 are valued using prices quoted in active markets for those securities. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. The City currently does not maintain equity securities classified as Level 3. Fixed income securities and derivatives within all asset classes that are classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing issued to value securities based on the securities' relationship to benchmark quoted prices. Such securities include U.S. Treasuries, corporate and agency bonds, bank loans, and structured products. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. The city currently does not maintain fixed income securities classified as Level 3.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a proxy are not classified in the fair value hierarchy. See **Table 7** for further detail. Short-term securities generally include investments in money market-type securities reported at amortized cost, which approximates market or fair value.

Investment derivative instruments determination of fair value consists of a two-step process. First settlement prices are determined by utilizing the income approach under GASB 72 from "mid-market" pricing data available from public and subscription source. The second step is to determine the credit valuation adjustment for the derivative instrument. The purpose of the credit valuation adjustment is to quantify the nonperformance risk of the reporting entity as well as the nonperformance risk of the counterparty. Fair value is then determined as the settlement price of the derivative instrument adjusted by the credit valuation adjust of both the reporting entity's payment obligation and the counterparty's payment obligations.

The City has the following recurring fair value measurements as of December 31, 2018 as shown in

Table 6:

Table 6

Fair Value Measurements

December 31, 2018 (dollars in thousands)

Governmental and Business-type Activities	Fair Value	Level 1	Level 2	Level 3
Municipal Bonds	$ 179,004	$ -	$ 179,004	$ -
Commercial paper	74,773	-	74,773	-
U.S. Treasury securities	2,405,072	-	2,405,072	-
U.S. agency securities	1,441,904	-	1,441,904	-
Corporate bonds	737,118	-	737,118	-
Structured products	545,696	-	545,696	-
Multinational fixed income	435,101	-	435,101	-
Governmental and Business-type Activities	**$ 5,818,668**	**$ -**	**$ 5,818,668**	**$ -**
Total investments measured at the NAV[1]	148,399	-	-	-
Total other investments not valued at fair value[2]	167,244	-	-	-
Total Governmental and Business-type Activities	**$ 6,134,311**	**$ -**	**$ -**	**$ -**

Major Component Units	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 91,280	$ -	$ 91,280	$ -
Municipal bonds	2,445	2,445	-	-
Commercial paper	7,151	-	7,151	-
U.S. Treasury securities	53,728	53,728	-	-
U.S. agency securities	9,301	-	9,301	-
Corporate bonds	5,595	5,595	-	-
Multinational fixed income	8,948	8,948	-	-
Governmental and Business-type Activities	**$ 178,448**	**$ 70,716**	**$ 107,732**	**$ -**
Total investments measured at the NAV[3]	722	-	-	-
Total other investments not valued at fair value[4]	62,777	-	-	-
Total Major Component Units	**$ 241,947**	**$ -**	**$ -**	**$ -**

Fiduciary	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 3,977	$ 3,977	$ -	$ -
Municipal Bonds	-	-	-	-
Common stock	867,587	867,587	-	-
Commercial paper	-	-	-	-
U.S. Treasury securities	29,093	29,093	-	-
U.S. agency securities	72,031	-	72,031	-
Corporate bonds	134,103	-	134,103	-
Mutual funds	440,843	440,843	-	-
Other (self directed brokerage)	127,806	127,806	-	-
Total Fiduciary	**$ 1,675,440**	**$ 1,469,306**	**$ 206,134**	**$ -**
Total investments measured at the NAV[5]	$ 865,267	$ -	$ -	$ -
Total other investments not valued at fair value[6]	228,360			
Total Fiduciary	**$ 2,769,067**	**$ -**	**$ -**	**$ -**
Total Investments	**$ 8,903,378**	**$ -**	**$ -**	**$ -**

Police Retiree Health Fund				
Stocks, Options, and ETFs	$ 3,324	$ 3,324	$ -	$ -
Mutual Funds	773	773	-	-
Total Police Retiree Fund	**$ 4,097**	**$ 4,097**	**$ -**	**$ -**

Governmental and Business-type Activities				
Investment derivative instruments				
Interest rate swaps[7]	$ (87)	$ -	$ (87)	$ -
Total Governmental and Business-Type Activities	**$ (87)**	**$ -**	**$ (87)**	**$ -**

[1] Balance held at Colotrust $120,288,000, balance held at CSAFE of $28,111,000.

[2] Includes $1,000,000 of money market funds.

[3] December 31, 2018 balance held at Colotrust of $722,000.

[4] Includes $52,465,000 of money market funds and $10,312,000 of Certificates of Deposit.

[5] See **Table 7** for detail of $865,267,000 measured at the NAV.

[6] Includes Deferred Compensation Plan amounts of $216,522,000 of synthetic guaranteed investment contracts and $11,838,000 of loans to participants.

[7] Net of $13,000 of interest rate swaps at an asset position and $100,000 in a liability position, which $78,000 is for business type activities and $22,000 is governmental interest rate swaps at a liability positions. See **Tables 37** and **41**.

Table 7

Investments Measured at the NAV

December 31, 2018 (dollars in thousands)

	December 31	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Investments				
Private debt	$ 174,613	$ 26,904	Not eligible	n/a
Emerging market debt	52,750	-	Monthly	3 days
Total Fixed Income Investments	**$ 227,363**	**$ 26,904**		
Real Estate Investments				
Real estate - open-end	$ 147,106	$ -	Quarterly	20 - 90 days
Real estate - closed-end	25,933	10,710	Not eligible	n/a
Total real estate investments	**$ 173,039**	**$ 10,710**		
Alternative Investments				
Private equity	$ 222,505	$ 92,999	Not eligible	n/a
Energy investments	100,546	58,508	Not eligible	n/a
Timber	37,212	-	Not eligible	n/a
Total alternative investments	**$ 360,263**	**$ 151,507**		
Absolute Return				
Hedge Fund	$ 104,602	$ -	Quarterly	65 days
Total Absolute Return	**$ 104,602**	**$ -**		
Total Investments Measured at the NAV	**$ 865,267**	**$ 189,121**		

- Private debt investments are intended to generate returns by lending money to various businesses and enterprises, or by purchasing loans originated by other lenders. There are six commingled investment pools, each taking the form of a partnership or similar structure. The debt may be secured or unsecured, and various yield enhancing techniques may be used, such as royalty sharing, equity options, or the application of leverage.
- Investments in emerging market debt seek to purchase the publicly traded sovereign or corporate debt obligations of developing nations.
- Real Estate Investments - Open end real estate investments are pooled investments that own and operate commercial property. Returns are generated from income and price appreciation. These funds have perpetual life, and periodically accept contributions or honor redemptions.
- Closed end real estate investments consist of pooled funds to own and operate commercial property. These funds have a finite life, and funds are returned as investments are liquidated.
- Private equity utilizes a fund of funds approach to make investments in venture capital, buyouts, and other corporate finance transactions.
- Energy investments are a diversified portfolio of energy assets, including interests in oil, natural gas, power generation, and renewables
- Timber investments are made in both domestic and international timberland. Returns are generated through the acquisition, management, harvesting and sale of timber.
- Absolute Return Investments - A hedge fund of funds is used to generate returns that are higher than core fixed income, with significantly lower risk than public equities. A multi strategy approach is used to improve consistency of returns while limiting downside risk.

A portion of the Plan's fixed income assets are exposed to risks, including credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, that have the potential to result in losses.

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 10 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 20.00% 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, 2018, the City's investment balances and maturities for those investments subject to interest rate risk (excluding the DERP) is shown in **Table 8** (dollars in thousands):

Table 8

		Investment Maturities in Years			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**Greater than 10**
Local government investment pool	$ 149,399	$ 149,399	$ -	$ -	$ -
Municipal bonds	179,004	24,441	138,415	11,474	4,674
U.S. Treasury securities	2,405,072	1,403,039	857,053	144,980	-
U.S. agency securities	1,441,904	190,923	1,051,723	196,504	2,754
Corporate bonds	737,118	134,383	602,735	-	-
Multinational fixed income	435,101	44,777	344,184	46,140	-
Structured products	545,969	19,214	469,363	57,392	-
Commercial paper	74,773	74,773	-	-	-
Total	**$5,968,340**	**$2,040,949**	**$3,463,473**	**$ 456,490**	**$ 7,428**

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, 2018, the City owned agency callable securities with a fair value of $9,568,000.

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, 2018, the DERP pension trust fund fixed income investment balances subject to interest rate risk are shown in **Table 9** (dollars in thousands).

Table 9

		Investment Maturities in Years			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**Greater than 10**
For DERP					
U.S. Treasury securities	$ 81,120	$ 78	$ 40,721	$ 28,238	$ 12,083
U.S. agency securities	73,920	7,352	27,466	29,042	10,060
Asset backed	773	1	289	309	174
Corporate	207,360	93	187,922	14,198	5,147
Non- U.S. Government bonds	59,088	1,413	21,185	25,398	11,092
Mortgage backed	40,330	60	16,419	17,515	6,336
Total	**$ 462,591**	**$ 8,997**	**$ 294,002**	**$ 114,700**	**$ 44,892**

		Investment Maturities in Years			
Investments with undetermined or without maturity dates:	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**Greater than 10**
For Police Retiree Health Fund					
Stocks, Options, and ETFs	$ 3,324	$ -	$ -	$ -	$ -
Mutual Funds	773	-	-	-	-
Total	**$ 4,097**	**$ -**	**$ -**	**$ -**	**$ -**

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, 2018. 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, 2018, commercial paper, municipal bonds, corporate debt obligations, structured products, local government investment pools, and supranational securities 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 Statues. The Investment Policy also requires supranational securities by issued by institutions with debt obligations rated AAA, or the equivalent, by at least two NRSROs.

Information on the credit ratings associated with the City's investments (excluding DERP) as of December 31, 2018, is shown in **Table 10** (dollars in thousands).

Table 10

S&P	Commercial Paper	Municipal Bonds	Corporate Debt Obligations	Asset Backed Securities	Agency Mortgage Backed Securities	Collateralized Mortgage Obligations	Local Government Investment Pools	Multinational Fixed Income	Total
AAA	$ -	$ 31,663	$ 109,126	$ 241,256	$ -	$ -	$ 148,399	$ 421,745	$ 952,189
AA+ to AA-	4,104	141,571	339,252	-	204,003	101,710	-	13,356	803,996
A+ to A-	70,669	5,770	280,573	-	-	-	-		357,012
BBB+ to BBB-	-	-	8,167	-	-	-	-		8,167
Total	**$ 74,773**	**$ 179,004**	**$ 737,118**	**$ 241,256**	**$ 204,003**	**$ 101,710**	**$ 148,399**	**$ 435,101**	**$ 2,121,364**
Moody's									
Aaa	$ 4,104	$ 42,097	$ 147,836	$ 241,256	$ 204,003	$ 101,710	$ 148,399	$ 435,101	$ 1,324,506
Aa1 to Aa2	-	78,573	136,176	-	-	-	-	-	214,749
Aa3 to A1	70,669	53,589	240,685	-	-	-	-	-	364,943
A2 to A3	-	4,745	212,421	-	-	-	-	-	217,166
Total	**$ 74,773**	**$ 179,004**	**$ 737,118**	**$ 241,256**	**$ 204,003**	**$ 101,710**	**$ 148,399**	**$ 435,101**	**$ 2,121,364**
U.S. Treasury securities									$ 2,405,072
U.S. Agency securities									1,441,904
Total									**$ 5,968,340**

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, 2018, is shown in **Table 11** (dollars in thousands).

Table 11

Credit Ratings for DERP

December 31, 2018 (dollars in thousands)

S&P	Moody's	Asset Backed	Corporate Bonds	Non- U.S. Government Bonds	Mortgage Backed	Implicit U.S. Government Bonds	Total
AAA	Aaa	$ 518	$ 23,846	$ -	$ 29,417	$ 1,889	$ 55,670
AA+ to AA-	Aa3 to A1	24	1,118	-	1,379	72,032	74,553
A+ to A-	A1 to Baa2	71	3,256	18,486	4,017	-	25,830
BBB+ to BBB-	A3 to Baa3	97	4,459	19,863	5,501	-	29,920
BB+ to BB-	Ba3 to B1	-	13	12,995	16	-	13,024
CC+ to CC-	Ca	63	-	-	-	-	63
NR	NR	-	174,667	7,743	-	-	182,410
Total		**$ 773**	**$ 207,359**	**$ 59,087**	**$ 40,330**	**$ 73,921**	**$ 381,470**
U.S. Government							81,120
Total							**$ 462,590**

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, 2018, were subject to custodial credit risk.

In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102.00% 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, Wells Fargo.

DERP has no formal policy for custodial credit risk. At December 31, 2018, there were no investments, repurchase agreements, 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 CItys' Investment Policy states that a maximum of 5.00% 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 10.00% per issuer of the portfolio may be invested in an individual supranational obligor, local government investment pool, or money market mutual fund. A maximum of 5.00% per issuer of the total portfolio may be invested in an individual collateralized mortgage obligation. The City's Investment Policy also limits investments in U.S. agency securities to 25.00% per issuer and 80.00% of total investments. The City's Investment Policy limits concentrations even further with a combined maximum of 50.00% of the portfolio that can be invested in corporate debt obligations, commercial paper, and certificates of deposit as well as a combined maximum of 20.00% of the portfolio that can be invested in structured products. As of December 31, 2018, all investments were in compliance with this policy. More than 5.00% of the City's investments in U.S. agency securities are in individual issuers: Federal Home Loan Bank (9.87%).

The DERP Investment Policy mandates that no managed account may invest more than 5.00% of managed assets in the securities of a single issuer. As of December 31, 2018, 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 18.50% to 30.0% of total investments to be invested in international equities and 1.50% to 3.50% of total investments to be invested in international fixed income. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2018, is reflected in **Table 12** (dollars in thousands).

Table 12

Foreign Currency	Equities	Fixed Income	Total
Argentine Peso	$ -	$ 1,074	$ 1,074
Australian Dollar	15,264	-	15,264
Brazilian Real	9,388	4,026	13,414
British Pound Sterling	46,588	-	46,588
Canadian Dollar	10,342	-	10,342
Chilean Peso	659	277	936
Chinese Yuan	34,150	-	34,150
Columbian Peso	1,647	5,001	6,648
Danish Krone	4,208	-	4,208
Egyptian Pound	165	-	165
Euro	87,299	-	87,299
Hong Kong Dollar	29,523	-	29,523
Hungarian Forint	1,483	478	1,961
Indian Rupee	11,859	-	11,859
Indonesian Rupiah	2,800	6,561	9,361
Japanese Yen	63,214	-	63,214
Malaysian Ringgit	4,117	5,496	9,613
Mexican Peso	3,129	7,865	10,994
New Israeli Shekel	2,232	-	2,232
New Zealand Dollar	993	-	993
Norwegian Krone	4,179	-	4,179
Pakistani Rupee	494	-	494
Peru Sole	-	60	60
Philippine Peso	330	845	1,175
Polish Zloty	1,812	6,373	8,185
Qatari Riyal	329	-	329
Romanian Leu	-	2,517	2,517
Russian Ruble	9,059	3,012	12,071
Singapore Dollar	4,277	-	4,277
South Korean Won	29,413	-	29,413
South African Rand	7,576	4,009	11,585
Swedish Krona	5,014	-	5,014
Swiss Franc	14,793	-	14,793
Taiwan Dollar	22,356	-	22,356
Thai Baht	7,789	669	8,458
Turkish Lira	2,635	4,394	7,029
United Arab Emirati Dirham	1,647	-	1,647
Other	3,736	-	3,736
Total Foreign Deposits and Investments	**$ 444,499**	**$ 52,657**	**$ 497,156**

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2018, 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).** DURA'S investment policy limits investment maturities as a means of managing its exposure to Fair Value losses from increasing interest rates. At December 31, 2018, DURA's investment balances and maturities are shown **Table 13** (dollars in thousands).

Table 13

	Investment Maturities in Years		
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**
Money market funds	$ 52,465	$ 52,465	$ -
Local government investment pool	722	722	-
U.S. Treasury securities	53,728	17,203	36,525
Structured products	716	11	705
U.S. agency securities	8,585	1,641	6,944
Corporate bonds	5,595	2,155	3,440
Multinational fixed income	8,948	1,191	7,757
Municipal bonds	2,445	561	1,884
Commercial paper	7,150	7,150	-
Total	**$ 140,354**	**$ 83,099**	**$ 57,255**

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 2018. 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 Wells Fargo, 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 102.00% 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 102.00% level must be cured no later than the following business day. The City had no securities on loan as of December 31, 2018.

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 102.00% of the fair value of securities lent. Loans of international securities are initially collateralized at 105.00% 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, 2018, the fair value of underlying securities lent was $176,095,000. The fair value

of associated collateral was $183,300,000 of this amount, $129,464,000 represents the fair value of cash collateral and $53,837,000 is the fair value of non-cash collateral not reported on the financial statements. 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 14 represents the accounts receivables and allowances for doubtful accounts at December 31, 2018.

Table 14

Accounts Receivables and Allowances Summary

December 31, 2018 (dollars in thousands)

	Governmental Activities				
Receivable	**General**	**Human Services**	**Other Governmental Funds**	**Internal Service Funds**	**Total**
Property taxes	$ 132,271	$ 74,517	$ 266,599	$ -	**$ 473,387**
Other taxes	75,879	-	15,462	-	**91,341**
Notes	16,432	-	141,243	-	**157,675**
Accounts	10,763	1	9,337	1,551	**21,652**
Long-term	69,869	-	31,466	-	**101,335**
Accrued interest	1,750	1	4,367	295	**6,413**
Gross Receivable	**306,964**	**74,519**	**468,474**	**1,846**	**851,803**
Allowances	(72,146)	(423)	(94,872)	-	**(167,441)**
Net Receivable	**$ 234,818**	**$ 74,096**	**$ 373,602**	**$ 1,846**	**$ 684,362**

	Business-type Activities				Fiduciary Funds
Receivable	**Wastewater Management**	**Denver Airport System**	**Nonmajor Business-type**	**Total**	**Agency and DERP**
Property taxes	$ -	$ -	$ -	**$ -**	$1,038,996
Other taxes	-	-	-	**-**	3,015
Accounts	26,712	97,195	3,123	**127,030**	207
Long-term	-	29,716	12	**29,728**	-
Accrued interest	1,014	16,482	124	**17,620**	1,527
Gross Receivable	**27,726**	**143,393**	**3,259**	**174,378**	**1,043,745**
Allowances	-	(3,442)	(6)	**(3,448)**	(4,923)
Net Receivable	**$ 27,726**	**$ 139,951**	**$ 3,253**	**$ 170,930**	**$1,038,822**

2. **Notes Receivable.** The special revenue funds', General Fund, related organizations, and component unit notes receivable balance at December 31, 2018, is shown in **Table 15** (dollars in thousands).

Table 15

		December 31		Percent of Total Related Notes Receivable
Neighborhood Development Loans	$	13,261		n/a
Economic Development Loans		26,285		n/a
Housing Development Loans		118,129		n/a
Total Office of Economic Development		**157,675**		
Less allowances for delinquent loans	$	13,356		n/a
Less allowances for forgivable loans		88,280		n/a
Notes Receivable, Net		**56,039**		
Denver Health and Hospital Park Hill Health Clinic	$	3,240		2.05%
Denver Housing Authority		8,726		5.53%
Total Related Organizations Notes Receivable	**$**	**11,966**	[1]	
Denver Urban Renewal Authority	$	4,798	[1]	3.04%
Denver Building Housing		3,238	[1]	2.05%

[1]Amounts included in the notes receivable balance above.

Allowance for uncollectibles for notes receivable of $101,636,000 is included in the accounts receivable allowance of $167,441,000 in **Table 14**. 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 and court fines. The City recorded an allowance for uncollectible accounts for governmental activities of $72,232,000. The DURA component recorded an allowance of $621,000.

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 $91,700,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2018. Minimum future rentals due from concessions under operating leases are shown in **Table 16** (dollars in thousands)

Table 16

Year	
2019	$ 52,679
2020	39,297
2021	35,728
2022	31,138
2023	24,563
2024 - 2028	57,462
2028 - 2032	1,337
Total	**$ 242,204**

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. Current costs per enplaned passenger did not approach this limit for 2018. 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 17 and 18 (dollars in thousands) reflect the City's interfund balances as of December 31, 2018.

1. Interfund Payables/Receivables.

These balances result from the time lag between the dates that interfund goods and services are

Table 17

	Payable Fund							
Receivable Fund	**General Fund**	**Human Services**	**Nonmajor Governmental**	**Wastewater Management**	**Denver Airport System**	**Nonmajor Business-type**	**Internal Service**	**Total**
General Fund	$ -	$ 1,190	$ 1,434	$ 2,943	$ 24,300	$ 1,308	$ 55	$ 31,230
Human Services	6	-	-	-	-	-	-	6
Nonmajor Governmental	2	-	-	-	-	-	-	2
Wastewater Management	-	-	-	-	60	-	-	60
Internal Service	-	-	32	-	-	-	-	32
Nonmajor Business-type	-	-	1,814	-	-	-	-	1,814
Total	**$ 8**	**$ 1,190**	**$ 3,280**	**$ 2,943**	**$ 24,360**	**$ 1,308**	**$ 55**	**$ 33,144**

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 18

	Transfers Out					
Transfers In	**General Fund**	**Human Services**	**Nonmajor Governmental**	**Wastewater**	**Nonmajor Business**	**Total**
General Fund	$ -	$ 2,194	$ 38,870	$ -	$ -	$ 41,064
Human Services	2,000	-	-	-	-	2,000
Nonmajor Governmental	108,632	2,681	35,506	33	411	147,263
Total out	**$ 110,632**	**$ 4,875**	**$ 74,376**	**$ 33**	**$ 411**	**$ 190,327**

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, 2018, are shown in **Tables 19** and **20**.

1. Governmental Activities.

Table 19

Governmental Activities
For the Year Ended December 31, 2018 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 447,515	$ 142,079	$ (6,937)	$ 470	$ 583,127
Construction in progress	130,261	124,166	-	(39,729)	214,698
Total capital assets not being depreciated	**577,776**	**266,245**	**(6,937)**	**(39,259)**	**797,825**
Capital assets being depreciated:					
Buildings and improvements	2,388,822	15,200	(15,528)	32,440	2,420,934
Equipment and other	333,622	27,878	(26,594)	2,413	337,319
Collections	46,844	5,773	(3,558)	712	49,771
Intangibles	58,532	-	(990)	849	58,391
Infrastructure	1,678,600	55,286	(1,016)	345	1,733,215
Total capital assets being depreciated	**4,506,420**	**104,137**	**(47,686)**	**36,759**	**4,599,630**
Less accumulated depreciation for:					
Buildings and improvements	(880,621)	(62,890)	5,952	-	(937,559)
Equipment and other	(244,048)	(28,595)	25,299	-	(247,344)
Collections	(24,444)	(5,192)	3,536	-	(26,100)
Intangibles	(54,516)	(120)	990	-	(53,646)
Infrastructure	(848,193)	(56,045)	887	-	(903,351)
Total accumulated depreciation	**(2,051,822)**	**(152,842)**	**36,664**	**-**	**(2,168,000)**
Total capital assets being depreciated, net	**2,454,598**	**(48,705)**	**(11,022)**	**36,759**	**2,431,630**
Governmental Activities Capital Assets, net	**$ 3,032,374**	**$ 217,540**	**$ (17,959)**	**$ (2,500)**	**$ 3,229,455**

2. Business-type Activities.

Table 20

Business-type Activities

For the Year Ended December 31, 2018 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 333,719	$ 235	$ -	$ 1	$ 333,955
Construction in progress	318,740	523,582	(6,545)	(311,812)	523,965
Total capital assets not being depreciated	**652,459**	**523,817**	**(6,545)**	**(311,811)**	**857,920**
Capital assets being depreciated:					
Buildings and improvements	4,267,511	170	(16,422)	129,111	4,380,370
Improvements other than buildings	2,054,456	7,757	(23,918)	145,076	2,183,371
Machinery and equipment	906,310	1,839	(16,884)	37,794	929,059
Collections	21	-		-	21
Intangibles	33,177	-	(1,008)	2,330	34,499
Total capital assets being depreciated	**7,261,475**	**9,766**	**(58,232)**	**314,311**	**7,527,320**
Less accumulated depreciation for:					
Buildings and improvements	(1,972,565)	(120,669)	10,389	-	(2,082,845)
Improvements other than buildings	(834,216)	(55,050)	16,120	-	(873,146)
Machinery and equipment	(742,603)	(33,571)	16,558	-	(759,616)
Intangibles	(25,409)	(4,548)	1,009	-	(28,948)
Total accumulated depreciation	**(3,574,793)**	**(213,838)**	**44,076**	**-**	**(3,744,555)**
Total capital assets being depreciated, net	**3,686,682**	**(204,072)**	**(14,156)**	**314,311**	**3,782,765**
Business-type Activities Capital Assets, net	**$ 4,339,141**	**$ 319,745**	**$ (20,701)**	**$ 2,500**	**$ 4,640,685**

3. Major Discretely Presented Component Units.

Capital Asset activity for the Denver Convention Center Hotel Authority and Denver Urban Renewal Authority component units is shown in **Table 21**.

Table 21

Discretely Presented Component Units

For the Year Ended December 31, 2018 (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	2,065	5,896	(7,424)	537
Total capital assets not being depreciated	**25,486**	**5,896**	**(7,424)**	**23,958**
Capital assets being depreciated:				
Buildings and improvements	249,738	6,025	(4,028)	251,735
Machinery and equipment	28,228	2,156	(7,160)	23,224
Total capital assets being depreciated	**277,966**	**8,181**	**(11,188)**	**274,959**
Less accumulated depreciation for:				
Buildings and improvements	(82,096)	(8,033)	8,427	(81,702)
Machinery and equipment	(24,220)	(2,868)	-	(27,088)
Total accumulated depreciation	**(106,316)**	**(10,901)**	**8,427**	**(108,790)**
Total capital assets being depreciated, net	**171,650**	**(2,720)**	**(2,761)**	**166,169**
Discretely Presented Component Units Capital Assets, net	**$ 197,136**	**$ 3,176**	**$ (10,185)**	**$ 190,127** [1]

[1] Excludes net capital assets of $16,737 of Other Component Units.

4. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is shown in **Table 22** (dollars in thousands).

Table 22

General government	$	29,199
Public safety		12,857
Public works, including depreciation of infrastructure		64,860
Human services		1,082
Health		592
Parks and recreation		18,214
Cultural activities		25,884
Community development		88
Capital assets held by internal service funds		66
Total	**$**	**152,842**

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, 2018, as shown in **Table 23** (dollars in thousands).

Table 23

Governmental Activities:		
Winter Park Capital	$	941
Capital Improvements		19,580
Conservation Trust		3,565
Bond Projects		126,464
Other Capital Projects		51,510
Entertainment and Culture		2,644
Total Governmental Activities	**$**	**204,704**
Business-type Activities:		
Wastewater Management	$	136,722
Denver Airport System		260,119
Total Business-type Activities	**$**	**396,841**

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.

6. **Tax Abatements.** The City negotiates property tax abatement agreements on an individual basis and has tax abatement agreements with 88 entities as of December 31, 2018.

Pursuant to sections 30-11-123 and 31-15-903, CRS, and Chapter 53, Article XVI, DRMC, the City is authorized under the Business Incentive Program to enter into agreements with qualifying taxpayers for an incentive tax credit in the amount of the general fund portion of the taxes upon the taxpayer's new taxable personal property assessed by the City upon the new taxable personal property located at or within a new business facility, or directly attributable to an expanded business facility and located at or within the expanded facility, and used in connection with the operation of the new or expanded facility.

If at any time after the City grants an incentive tax credit, the City, in its sole discretion determines that Taxpayer did not meet all requirements of sections 30-11-123 and 31-15-903, CRS, Chapter 53, Article XVI, DRMC or other incentive tax credit requirements of the City under section 53-544, DRMC in the tax year for which a credit was granted, Taxpayer agrees that City may issue to Taxpayer a Special Notice of Valuation, and assess and collect from Taxpayer, in the manner provided for in the Colorado Revised Statutes, taxes in the amount of the incentive tax credit for the subject tax year.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. Total tax abatements as of December 31, 2018 were $206,000.

DURA has entered into agreements with various redevelopers to reimburse developer expenditures for certain capital improvements using tax increment financing above a stated base, that is collected by the City and passed through to DURA. These reimbursements are conditional on the developer meeting specified obligations and will only be paid when enough tax increment revenue relating to the specific project is collected. As of December 31, 2018, the approved reimbursement obligations where tax increment revenue has already been collected and will be paid to various redevelopers was $19,234,000.

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, 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 2018, the DMNS collected and remitted $606,000 to the City to be applied to the lease payments. The Zoo collected and remitted $643,000. DBG collected and deposited $610,000 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 the swaps.

The Airport entered into an Installment Purchase Agreement on January 5, 2016 with Santander for $4,100,000 to finance various capital equipment purchases at a rate of 1.19%. Payments are due annually. Assets under capital leases at December 31, 2018 totaled $310,161,000 net of accumulated depreciation of $4,700,000. The related net book values of plant and equipment under capital lease obligations as of December 31, 2018, are shown in **Table 24** (dollars in thousands).

Table 24

	Governmental Activities	Business-type Activities
Buildings	$ 460,932	$ -
Equipment	30,429	6,949
Intangibles	69	-
Land	16,667	-
Less accumulated depreciation	(199,177)	(5,708)
Net Book Value	**$ 308,920**	**$ 1,241**

Table 25 (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, 2018.

Table 25

Year	Governmental Activities	Business-type Activities
2019	$ 51,855	$ 1,874
2020	48,252	875
2021	46,568	912
2022	43,329	949
2023	38,113	984
2024-2028	171,906	985
2029-2033	136,958	-
2034-2038	42,246	-
2039-2043	40,754	-
2044-2048	40,747	-
Total minimum lease payments	**$ 660,728**	**$ 6,579**
Less amounts representing interest	(193,401)	(516)
Present Value of Minimum Lease Payments	**$ 467,327**	**$ 6,063**

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, 2018, were approximately $6,391,000 for governmental activities and $1,061,000 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 Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased spaces are credited or billed to the airlines.

50.00% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40,000,000 are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40,000,000 for 2018. Liabilities for those amounts were accrued as of December 31, 2018.

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.

In June 2018, the city issued general obligation bonds, series 2018A-B, in the amount of $260,905,000. The bonds were issued to finance various civic facilities for the city as well as to current refund the city's outstanding general obligation Justice System Facilities Bonds, series 2008, with the proceeds of the 2018B. Prior to the defeasance, the principle amounts outstanding to be paid from escrow as of December 21, 2018, was $73,975,000. The refunding resulted in present value savings of $8,147,000 and a gain of $2,964,000.

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 $20,318,000, at December 31, 2018, are $737,991,000. Interest rates vary from 2.30% to 5.65% with a net interest cost of 1.53% to 6.77%.

General obligation bonds have been issued by the Denver 14th Street GID; however, these bonds are solely the obligation of the District and not the primary government. As of December 31, 2018, there are bonds outstanding in the amount of $3,840,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 26** (dollars in thousands).

Table 26

	Governmental Activities			
	General Government		General Improvement District	
Year	Principal [1]	Interest [2]	Principal	Interest
2019	$ 85,905	$ 33,457	$ 200	$ 112
2020	64,700	29,624	205	106
2021	58,945	26,797	205	100
2022	39,291	24,267	215	94
2023	48,530	23,141	220	88
2024-2028	264,285	84,367	1,200	345
2029-2033	176,335	17,026	1,310	165
2034-2038	-	-	285	9
Total	**$ 737,991**	**$ 238,679**	**$ 3,840**	**$ 1,019**

[1] Does not include $6,478 and $2,646 of compound interest on the Series 2007 and 2014A mini-bonds respectively, or unamortized premium of $20,318,000.

[2] Excludes Build America Bonds interest subsidy. The City is eligible to receive $55 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 2015, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of $543,391,000 and $30,528,000 for the primary government and the component unit DCCHA respectively, at December 31, 2018, are shown in **Table 27** (dollars in thousands).

Table 27

Purpose	Net Interest Cost	Interest Rates	Amount
Excise Tax Revenue	3.28% to 3.89%	1.54% to 5.00%	$ 629,385
Wastewater Management	2.41% to 3.39%	3.00% to 5.00%	242,975
Golf Enterprise	4.80%	4.75% to 5.00%	1,275
Denver Airport System			6,005,515
Total primary government			**$ 6,879,150**
DCCHA component unit			271,795
Total			**$ 7,150,945**

Revenue bonds' debt service requirements to maturity are shown in **Tables 28** and **29** (dollars in thousands).

Table 28

	Governmental Activities	
	Principal [1]	Interest
2019	$ 24,029	$ 22,076
2020	17,200	22,431
2021	14,260	22,050
2022	15,910	21,738
2023	17,990	21,021
2024-2028	80,130	95,226
2029-2033	85,442	79,868
2034-2038	52,466	74,505
2039-2043	109,077	68,087
2044-2048	214,155	31,347
Total	**$ 630,659**	**$ 458,349**

	Business-type Activities					
	Wastewater Management		Denver Airport System		Golf Enterprise	
	Principal [2]	Interest	Principal [3]	Interest	Principal	Interest
2019	7,090	9,617	198,825	269,668	620	62
2020	7,395	9,295	209,935	262,217	655	31
2021	7,735	8,958	214,920	253,708	-	-
2022	8,085	8,606	249,730	245,266	-	-
2023	6,275	8,238	264,625	1,057,187	-	-
2024-2028	35,860	36,689	1,331,425	786,703	-	-
2029-2033	41,440	28,987	1,218,125	523,069	-	-
2034-2038	40,585	21,339	853,195	309,511	-	-
2039-2043	38,525	11,024	817,940	133,715	-	-
2044-2047	49,985	5,223	646,795	-	-	-
Total	**$ 242,975**	**$ 147,976**	**$ 6,005,515**	**$ 3,841,044**	**$ 1,275**	**$ 93**

[1]Does not include unamortized premium of $79,109.

[2]Does not include unamortized premium of $22,296.

[3]Does not include unamortized premium of $409,278.

Table 29

	Component Unit	
	DCCHA	
Year	**Principal** [1]	**Interest**
2019	$ 2,130	$ 13,333
2018	2,545	13,248
2021	2,985	13,146
2022	8,670	13,026
2023	9,100	12,593
2024-2028	52,805	55,667
2029-2033	67,390	41,079
2034-2038	85,830	22,640
2039-2040	40,340	3,050
Total	**$ 271,795**	**$ 187,782**

[1]Does not include unamortized premium of $30,528.

In January 2000, the City increased the tax rate on its lodger's tax by 1.75% and short-term auto rental tax by 1.75%. 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 were payable through 2023.

In November 2015, Denver voters approved the indefinite extension of each of the 1.75% lodger's tax and the 1.75% auto rental tax increases ("Excise Tax Increases") and authorized the issuance of up to $778 million of new excise tax revenue bonds supported by pledged portions of the lodger's, food and beverage, and 23 auto rental taxes for the purpose of financing tourism-related projects for the National Western Center and for improvements to the Colorado Convention Center.

In April 2016, the city issued Dedicated Tax Revenue Refunding and Improvement Bonds, Series 2016AB, in the amount of $397,310,000. The bonds were issued to fund the initial costs of the National Western Center and Colorado Convention Center improvements, as well as to advance refund all of the outstanding 2005A and 2009A bonds. Effective April 6, 2016, all of the outstanding 2005A and 2009A bonds were defeased and advance refunded resulting in a present value savings of $3,608,000 and a deferred loss of $17,517,000. The City pledged additional revenues to the repayment of the 2016A-B bonds that were not pledged to the repayment of the 2005A and 2009A bonds. The previously unpledged 3.25% and 3.5% portions of the lodger's tax and auto rental tax, respectively, have been pledged to the repayment of the 2016A-B bonds. No new excise taxes or increases to existing excise taxes were imposed in conjunction with the issuance of 2016A-B bonds.

The Series 2016A bonds are fixed rate bonds with final maturity in 2046; The Series 2016B bonds are fixed rate bonds with final maturity in 2032. The total principal and interest remaining to be paid on the bonds is $563,546,000 with annual combined debt service requirements ranging from $7,327,000 to $36,353,000 In 2018, debt service paid and net revenue available for debt service was $35,599,000 and $148,829,000 respectively.

In August 2018, the city issued Dedicated Tax Revenue Current Interest and Capital Appreciation Bonds, Series 2018A and 2018B, in the amount of $300,000,000. The bonds were issued to finance and defray the cost of acquiring, constructing, installing and improving the National Western Center campus, as well as fund the reserve fund and pay the cost of issuing the Series 2018 bonds. The previously unpledged

3.25% and 3.50% portions of the lodger's tax and auto rental tax, respectively, have been pledged to the repayment of the bonds. No new excise taxes or increases to existing excise taxes were imposed in conjunction with the issuance of the Series 2018A or 2018B bonds.

The Series 2018A bonds are fixed rate bonds with final maturity in 2048; The Series 2018B bonds are fixed rate bonds with final maturity in 2029. The total principal and interest remaining to be paid on the bonds is $614,548,000 with annual combined debt service requirements ranging from $5,679,000 to $49,103,000. In 2018, there was no debt service payment due.

On December 7, 2017, the Airport issued $254,200,000 of Series 2017A bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds, and $21,300,000 of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47,000,000 through 2033. The difference between the reacquisition price of $326,800,000 and the net carrying amount of the old debt of $327,100,000 resulted in the recognition of a deferred gain on refunding in the amount of $300,000. The deferred gain on refunding is being amortized over the remaining life of the old debt.

On December 21, 2017, the City, for and on behalf of the Airport, issued $300,000,000, Airport System Subordinate Revenue Bonds Series 2017C - AMT (Series 2017C Bonds). The final maturity of the Series 2017C Bonds is November 15, 2050, with an initial term rate period ending on December 30, 2020. The Series 2017C Bonds bear interest at a variable rate with interest initially due on July 1, 2018, and on the first business date of the month thereafter. At the end of the initial term rate period, the Series 2017C Bonds are subject to mandatory redemption. The proceeds from the Series 2017C Bonds are available to fund Airport capital improvements and were used to pay for the issuance cost.

Included in the Airport System's revenue bonds are $34,900,000 of Series 1992F, G; $26,200,000 of Series 2002C, $50,600,000 of Series 2008B, $286,800,000 of Series 2008C1-C3, $100,955,000 of Series 2009C and $119,400,000 of Series 2007G1-G2 of Airport Revenue Bonds Series. These bonds are currently credit facility bonds, which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2,341,700,000 of Series 2018A (AMT) bonds and (ii) $184,400,000 million of Series 2018B (Non-AMT) bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, capitalized interest and pay cost of issuance.

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, and for debt service on $115,000,000 of Series 2016 Wastewater Revenue bonds issued in November of 2016 and for debt service of $103,050,000 of Series 2018 Wastewater Revenue bonds. The Series 2012 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 Series 2016 bonds were issued to finance capital improvement projects. The Series 2018 were issued to finance additional capital improvement projects. The total principal and interest remaining to be paid on the bonds is $390,951,000

with annual requirements ranging from $5,661,000 to $16,707,000. Over the past 10 years, annual net revenues available for debt service have averaged $28,259,000. In 2018, debt service paid and net revenue available for debt service was $13,032,000 and $49,871,000 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 $1,368,000 with annual requirements of approximately $684,000. Over the past 10 years annual net revenues available for debt service have averaged $1,569,000. In 2018, debt service paid and net revenue available for debt service was $682,000 and $1,653,000 respectively.

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

3. **Other Debt.** DURA's note payable and tax increment bonds, exclusive of unamortized premium of $22,419,000 and a discount of $479,000 at December 31, 2018, are comprised of the following individual issues shown in **Table 30** (dollars in thousands).

Table 30

Purpose	Interest Rates	Amount
Series 2010B-1	3.00%-5.00%	49,325
Series 2013A-1	5.00%	102,370
Series 2014D-2	4.10%-4.19	40,640
Series 2018 A	5.25%	63,760
Note payable		4,798
Total		**$ 260,893**

On June 23, 2016, the RiNo Denver General Improvement district issued $3,000,000 of revenue notes for the purpose of financing improvements to Brighton Boulevard between 29th and 44th Streets. The revenue notes were issued with a fixed rate of 3.55% and mature on 6/1/2036. Debt service for the RiNo General Improvement District's revenue note is to be paid from special assessments collected from property owners fronting Brighton Boulevard within the district.

Debt service requirements to maturity for DURA's bond issues as well as RiNo GID's revenue note are shown in **Table 31** (dollars in thousands).

Table 31

	DURA		RiNo GID	
Year	Principal	Interest	Principal	Interest
2019	$ 26,390	$ 12,513	$ 87	$ 72
2020	20,955	11,230	91	69
2021	21,610	10,223	94	66
2022	25,855	9,214	97	63
2023	28,680	8,009	101	59
2024-2028	86,010	19,967	560	239
2029-2033	16,075	10,630	1,051	148
2034-2038	20,765	5,943	-	-
Thereafter	9,755	512	-	-
Total	**$ 256,095**	**$ 88,241**	**$ 2,081**	**$ 716**

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. The note is to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.

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 Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for $23,000,000 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 $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 note requirements as of December 31, 2018, are shown in **Table 32** (dollars in thousands).

Table 32

	Denver International Airport	
Year	**Principal**	**Interest**
2019	$ 2,149	$ 113
2020	2,192	71
2021	2,235	27
Total	**$ 6,576**	**$ 211**

6. **Changes in Long-term Liabilities.** Long-term liability activity for the year ended December 31, 2018, is shown in **Tables 33** and **34** (dollars in thousands).

Table 33

Governmental Activities	January 1 (Restated)	Additions	Deletions	December 31	Due within one year
Legal liability	$ 9,565	$ 725	$ 990	$ 9,300	$ -
Compensated absences:					
Classified service employees - 3,331	99,645	44,794	40,572	103,867	4,801
Career Service employees - 6,456	49,833	47,126	45,424	51,535	4,140
Net pension liability	1,211,896	-	90,305	1,121,591	-
Net OPEB liability	69,464	12,530	5,410	76,584	-
OPEB implicit rate subsidy liability	107,437	11,610	8,343	110,704	7,343
Claims payable	26,282	9,396	8,422	27,256	9,197
General obligation bonds[1]	669,539	262,265	184,690	747,114	85,905
GID general obligation bonds	4,000	-	160	3,840	200
GID revenue note	2,165	-	84	2,081	87
Excise tax revenue bonds[2]	351,475	301,274	22,090	630,659	24,029
Capitalized lease obligations	360,219	133,463	26,355	467,327	32,616
Unamortized premium	42,612	46,140	9,643	79,109	-
Intergovernmental agreement	1,310	-	694	616	616
Total Governmental Activities	**$ 3,005,442**	**$ 869,323**	**$ 443,182**	**$ 3,431,583**	**$ 168,934**

[1] Ending balance includes compound interest from the 2007 and 2014A mini-bonds of $9,124.

[2] Ending balance includes interest of $1,274.

Table 34

	January 1 (Restated)	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management:					
Revenue bonds	$ 147,880	$ 103,050	$ 7,955	$ 242,975	$ 7,090
Unamortized premium	18,352	4,853	909	22,296	-
Net pension liability	34,492	-	3,322	31,170	-
Net OPEB liability	2,676	-	271	2,405	-
OPEB implicit rate subsidy liability	1,935	37	-	1,972	152
Capitalized lease obligations	5,686	-	647	5,039	701
Compensated absences	3,310	2,431	2,163	3,578	614
Total Wastewater Management	**214,331**	**110,371**	**15,267**	**309,435**	**8,557**
Denver Airport System:					
Revenue bonds	3,965,580	2,526,075	486,140	6,005,515	198,825
Unamortized premium	161,983	272,738	25,443	409,278	-
Revenue credit payable	-	40,000	-	40,000	-
Net pension liability	153,869	4	13,194	140,679	-
Net OPEB liability	11,939	-	1,084	10,855	-
OPEB implicit rate subsidy liability	8,013	-	320	7,693	591
Notes payable	8,684	-	2,108	6,576	4,427
Capitalized lease obligations	2,509	-	1,485	1,024	1,024
Compensated absences	9,860	8,700	8,418	10,142	2,391
Total Denver Airport System	**4,322,437**	**2,847,517**	**538,192**	**6,631,762**	**207,258**
Nonmajor enterprise funds:					
Revenue bonds	1,865	-	590	1,275	620
Net pension liability	11,966	-	930	11,036	-
Net OPEB liability	928	-	76	852	-
OPEB implicit rate subsidy liability	647	-	97	550	42
Capitalized lease obligations	311	-	311	-	-
Compensated absences	1,196	142	-	1,338	402
Total nonmajor enterprise funds	**16,913**	**142**	**2,004**	**15,051**	**1,064**
Total Business-type Activities	**$ 4,553,681**	**$ 2,958,030**	**$ 555,463**	**$ 6,956,248**	**$ 216,879**
Major Component Units:					
Revenue bonds[1]	$ 304,503	$ -	$ 2,180	$ 302,323	$ 2,130
Increment bonds and notes payable[2]	439,547	63,281	45,797	457,031	35,182
Compensated absences	167	103	117	153	-
Total Major Component Units	**$ 744,217**	**$ 63,384**	**$ 48,094**	**$ 759,507**	**$ 37,312**

[1]Includes unamortized premium of $30,528.

[2]Includes unamortized premium of $22,419 and unamortized discount of $479.

The legal liability, compensated absences, net other post-employment benefit (OPEB) liability 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 $160,693,000.

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, 2018, 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, 2018 was ($21,663,000). The year-end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2018. 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, 2018. 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 35 provides the swap associated debt rates as of December 31, 2018.

Table 35

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)	-(1.655%)	-(1.655%)	-(1.655%)
Net swap interest rate	1.745%	1.745%	1.475%
Variable-rate certificate coupon payment	1.700%	1.700%	1.700%
Net swap and certificate rate	**3.445%**	**3.445%**	**3.175%**

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2018, 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 36** (dollars in thousands).

Table 36

Year	**Principal**	**Interest**	**Interest Rate Swaps Net**
2019	$ 9,805	$ 3,440	$ 3,299
2020	10,410	3,273	3,130
2021	11,055	3,096	2,952
2022	11,735	2,908	2,764
2023-2027	70,170	11,292	10,583
2028-2031	89,175	4,350	3,874
Total	**$ 202,350**	**$ 28,359**	**$ 26,602**

Table 37 (dollars in thousands) provides the fair values and the 2018 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2018, and the accounting classifications of the changes in fair value for the year then ended.

Table 37

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Fair Values 12/31/2018	Change in Fair Value		Classification
2008A1 Swap Agreements								
JP Morgan Chase Bank	7/17/03	$ 63,070	12/1/29	2008A1 COP	$ (5,961)	$ (1,595)		Deferred outflow
							$ (235)	Investment revenue
2008A2 Swap Agreements								
JP Morgan Chase Bank	7/17/03	53,170	12/1/29	2008A2 COP	(5,024)	(1,345)		Deferred outflow
							(199)	Investment revenue
2008A3 Swap Agreements								
Royal Bank of Canada	10/1/08	86,110	12/1/31	2008A3 COP	(10,678)	(2,556)		Deferred outflow
							(22)	Investment revenue
Total		**$ 202,350**			**$ (21,663)**	**$ (5,496)**	**$ (456)**	

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 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 derivatives 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, 2018, 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, 2018 are shown in **Table 38**.

Table 38

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
JP Morgan Chase Bank	A+	Aa3	AA-
Royal Bank of Canada	AA-	A1	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. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for the terminations and yielded a net cash inflow of $1.16 million. Additionally, subsequent to December 31, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. These terminations were effective on March 13, 2019, with no cost to the Airport and yielded a net cash inflow of $1.19 million.

Table 39 provides a profile of the terms of the Airport's swap agreements (all rates as of December 31, 2018).

Table 39

SWAP	1999, 2009A	2002	2005, 2006B	2006A, 2006B	1998	2008B
Associated Debt	1992F, 2002C, 2008B, 2009C	1992F, 2002C, 2008B, 2009C	2016A	2007F, 2007G 2016B	2008C2-C3	1992F 1992G, 2008C1
Payment to counterparty	5.603%	1.710%	5.376%	4.001%	4.739%	4.760%
Payment from counterparty	1.710%	1.910%	5.837%	1.752%	1.852%	2.065%
Net swap interest rate	3.893%	-0.200%	-0.461%	2.257%	2.887%	2.695%
Associated bond interest rate	2.245%	0.000%	5.000%	2.497%	2.379%	2.466%
Net swap and bond rate	**6.138%**	**-0.200%**	**4.539%**	**4.754%**	**5.266%**	**5.161%**

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2018, 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 40** (dollars in thousands).

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2018.

Table 40

Year	Principal	Interest	Interest Rate Swaps Net	Total
2019	$ 43,190	$ 8,407	$ 12,348	$ 63,945
2020	46,415	7,412	9,868	63,695
2021	48,345	6,344	7,184	61,873
2022	53,675	5,232	4,278	63,185
2023	8,290	3,984	2,136	14,410
2024-2028	118,782	11,601	3,147	133,530
2029-2031	45,010	2,032	-	47,042
Total	**$ 363,707**	**$ 45,012**	**$ 38,961**	**$ 447,680**

Table 41 (dollars in thousands) provides a summary of the Airport's interest rate swap transactions as of December 31, 2018.

Table 41

Counterparty	Effective Date	Notional Amount	Bond/Swap Termination Date	Associated Debt Series	Payable Swap	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Values December
Hedging Derivatives									
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/00	90.076	11/15/25	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred outflow	$(1,145)	$ (9,978)
							Investment income	(2,473)	
Societe Generale, New York Branch	10/4/00	90.076	11/15/25	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred outflow	(1,145)	(9,837)
							Investment income	(2,436)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/01	91.778	11/1/22	[1]	5.6179%	SIFMA	Deferred outflow	(1,471)	(7,730)
				[1]	5.5529%	SIFMA	Investment income	(2,744)	
Merrill Lynch Capital Services, Inc.	10/4/01	45.889	11/1/22				Deferred outflow	(735)	(3,801)
							Investment income	(1,342)	
Investment Derivatives									
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/02	91.778	11/1/22	[1]	SIFMA	76.33% LIBOR	Investment income	(212)	321
2005 Swap Agreements									
Royal Bank of Canada	11/15/06	41.992	11/15/25	2106A [3]	3.6560%	70% LIBOR	Investment income	(1,261)	(3,703)
JP Morgan Chase Bank, N.A.	11/15/06	41.992	11/15/25	2106A [3]	3.6874%	70% LIBOR	Investment income	(1,274)	(3,762)
Jackson Financial Products, LLC	11/15/06	-	12/7/18	[3]			Investment income	(3,175)	-
Piper Jaffray Financial Products, Inc.	11/15/06	41.992	11/15/25	2106A [3]	3.6560%	70% LIBOR	Investment income	(1,261)	(3,703)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/07	113.700	11/15/25	2007F-G/2014A [2]	4.0085%	70% LIBOR	Investment income	(3,982)	(10,051)
GKB Financial Services Corp.	11/15/07	37.900	11/15/25	2007F-G/2014A [2]	4.0085%	70% LIBOR	Investment income	(1,327)	(3,350)
2006B Swap Agreements									
Royal Bank of Canada	11/15/06	41.992	11/15/25	[3]	SIFMA	4.0855%	Investment income	1,238	4,297
JP Morgan Chase Bank, N.A.	11/15/06	41.992	11/15/25	[3]	SIFMA	4.0855%	Investment income	1,216	4,310
Jackson Financial Products, LLC	11/15/06	-	11/15/25	[3]			Investment income	3,086	-
Piper Jaffray Financial Products, Inc.	11/15/06	41.992	11/15/25	[3]	SIFMA	4.0855%	Investment income	1,218	4,298
2008A Swap Agreements									
Royal Bank of Canada	12/18/08	75.800	11/15/25	2007F-G/2016B [2, 4]	4.0085%	70% LIBOR	Investment income	(2,653)	(6,700)
2008B Swap Agreements									
Loop Financial Products I, LLC	1/8/09	90.076	11/15/25	2008C1 [2]	4.7600%	70% LIBOR + 0.1%	Investment income	(3,823)	(11,908)
2009A Swap Agreements									
Loop Financial Products I, LLC	1/12/10	45.888	11/15/22	[1]	5.6229%	SIFMA	Deferred outflow	(1,057)	(3,865)
							Investment income	(1,038)	
TOTAL									**$ (65,162)**

[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.
[3] Previously associated with 2006A. Swaps currently associated with Series 2016A.
[4] Previously associated with 2014A. Swaps currently associated with Series 2016B.

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, 2018. 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, 2018. 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, 2018, 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, 2018, are shown in **Table 42**.

Table 42

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa2	AA
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	BBB+	A3	BBB+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	NR	A2	A+
Royal Bank of Canada	AA-	Aa2	AA
Societe Generale, New York Branch	A	A1	A+
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A	A1	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	BBB+	A3	A

As of December 31, 2018, 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 $216,522,000 as of December 31, 2018.

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 15.00% of budgeted expenditures and should not go below 10.00% of budgeted expenditures, except in response to a severe crisis, economic or otherwise.

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

Table 43

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable				
Endowment	$ -	$ -	$ 3,000	$ 3,000
Prepaid items	4,709	-	13,580	18,289
Total Nonspendable	**4,709**	**-**	**16,580**	**21,289**
				-
Restricted:				
General government	-	-	113,742	113,742
Public safety - administration	-	-	31,636	31,636
Public safety - fire	-	-	24	24
Public safety - police	-	-	401	401
Public safety - sheriff	-	-	268	268
Public works	-	-	809,609	809,609
Human services	-	82,251	-	82,251
Health	-	-	2,587	2,587
Parks & recreation	-	-	34,540	34,540
Cultural activities	-	-	53,154	53,154
Community development	-	-	42,844	42,844
Economic opportunity	-	-	853	853
Assets held for resale	-	-	731	731
Loans receivable	-	-	52,460	52,460
Long-term debt	23,817	-	160,604	184,421
Emergency use	52,021	-	2,292	54,313
Total Restricted	**75,838**	**82,251**	**1,305,745**	**1,463,834**
Committed:				
General government	27,097	-	95	27,192
Public safety - admin	824	-	-	824
Public safety - fire	518	-	-	518
Public safety - police	1,592	-	-	1,592
Public safety - sheriff	4,267	-	-	4,267
Public works	26,633	-	-	26,633
Human Services	2,358	-	-	2,358
Health	3,990	-	-	3,990
Parks & recreation	2,869	-	3,194	6,063
Cultural Activities	650	-	26,651	27,301
Community development	2,560	-	-	2,560
Economic opportunity	666	-	-	666
Total Committed	**74,024**	**-**	**29,940**	**103,964**
Assigned:				
General government	-	-	-	-
Public safety - admin	-	-	-	-
Public works	-	-	-	-
Parks & recreation	-	-	1,047	1,047
Cultural activities	-	-	-	-
Total Assigned	**-**	**-**	**1,047**	**1,047**
Unassigned	**230,209**	**-**	**-**	**230,209**
Total Fund Balances	**$ 384,780**	**$ 82,251**	**$ 1,353,312**	**$ 1,820,343**

- **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 two types of nonspendable fund balances: Prepaid items and an endowment. The prepaid items, which total $18,289,000 are in a nonspendable form and the endowment totaling $3,000,000 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.

- **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 ordinance.

- **Assigned Fund Balances –** Assigned fund balances are constrained for specific purposes by City Council as authorized by the City's charter.

- **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.

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 2018, the City Attorney estimates the amount of liability determined as probable and incurred but not reported claims and judgments at December 31, 2018, to be approximately $9,300,000. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately $8,203,000 at December 31, 2018.

Changes in the long-term legal liability during the past two years are shown in **Table 44** (dollars in thousands).

Table 44

	2018	2017
Beginning balance - January 1	$ 9,565	$ 3,850
Current year claims and changes in estimates	725	16,898
Claims settled	(990)	(11,183)
Ending balance - December 31	**$ 9,300**	**$ 9,565**

Pursuant to Colorado law, if a monetary judgment is rendered against the City, and the City fails to provide for the payment of such judgment, the Board of County Commissioners must levy a tax (not to exceed 10 mills per annum) upon all of the taxable property within the City for the purpose of making provision for the payment of the judgment. The City must continue to levy such tax until the judgment is discharged. Such mill levy is in addition to all other mill levies for other purposes. The Colorado Governmental Immunity Act establishes limits for claims made against governmental entities. These limits are $350,000 per injury or $990,000 per occurrence. See **Note IV-D-5** regarding Denver Airport System related litigation.

Note B – Pollution Remediation

The City had four underground storage tanks that leaked and were under remediation. Funds spent on remediation were partially reimbursed up to 50.00% of the cost by the Colorado Petroleum Storage Tank Trust. As of December 31, 2018, the underground storage tanks were fully remediated and no additional costs are anticipated to incur.

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 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 cleanup 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 investigation or clean 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, 2018, for 2019, was $18,290,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2018 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, 2018 through December 31, 2018, the self-retention amount was $2,500,000 for all employees. The City had no settlements in the past three years that exceeded its self-retention levels.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated, and includes an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, and other economic and social factors. The liability is reported in the Workers' Compensation internal service fund and was discounted for investment income. Changes in the liability during the past two years are shown in **Table 45** (dollars in thousands).

Table 45

	2018	2017
Beginning balance, undiscounted - January 1	$ 26,282	$ 27,813
Current year claims and changes in estimates	14,934	13,457
Claims paid	(8,422)	(9,105)
Ending balance undiscounted	**32,794**	**32,165**
Less discount	(5,538)	(5,883)
Ending balance - December 31	**$ 27,256**	**$ 26,282**

The City has opted to provide salary continuation for qualifying, full-time employees who are temporarily disabled for more than three scheduled workdays or shifts by a compensable work injury. The rates and duration of salary continuation vary depending on the collective bargaining agreement or CSA rules, which apply. For the first 90 days, City departments or agencies cover the cost of salary continuation. After 90 days, salary continuation is charged to the Workers' Compensation Fund. As of December 31, 2018, the City paid $726,000 for salary continuation benefits.

Note D – Contingencies

1. **Legal Debt Margin.** Per the City Charter, the City's indebtedness for general obligation bonds shall not exceed 3.00% of actual value as determined by the last final assessment of the taxable property within the City. At December 31, 2018, the City's general obligation debt outstanding was $737,991,000 and the City's legal debt margin was $3,604,947,000 or 2.60% of actual value of taxable property.

2. **Prior Years' Defeased Bonds.** At various dates in prior years, the City and certain component units have placed proceeds from bond issues and cash contributions in irrevocable refunding escrow accounts. The amounts deposited in the irrevocable escrow accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, would provide amounts sufficient for payment of all principal and interest of the bond issues on each remaining payment date. The likelihood of the earnings and principal maturities

of the U.S. Treasury obligations not being sufficient to pay the defeased bond issues appears remote. Accordingly, the escrow accounts and outstanding defeased bonds are not included in the accompanying financial statements. Defeased bonds principal outstanding at December 31, 2018, for the City and Denver International Airport, was $128,195,000 and $339,900,000 respectively.

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

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

Table 46 (dollars in thousands) lists Denver County electronic benefit transfers (EBT) authorizations, warrant expenditures, and total expenditures associated with the Human Services special revenue fund for the year ended December 31, 2018.

Table 46

Program	City EBT Authorizations	City Share of Authorizations	Expenditures by City Warrant	City Share of Authorizations Plus Expenditures by City Warrant	Total Expenditures
Adult Protective Services	$ -	$ -	$ 3,032	$ 3,032	$ 3,032
Aid to Needy & Disabled	2,555	511	-	511	2,555
Child Care	17,930	2,063	1,621	3,684	19,551
Child Support Enforcement[1]	57	35	15,097	15,132	15,154
Child Support IV-D Waiver	-	-	21	21	21
Child Welfare	22,571	4,357	35,649	40,006	58,220
Child Welfare 100 FTE	-	-	2,937	2,937	2,937
Child Welfare DDS Transition	-	-	3	3	3
Child Welfare Grants - IV-E Waiver	-	-	1,485	1,485	1,485
Child Welfare Pathway to Success	-	-	86	83	86
Colorado Works	18,027	3,333	8,207	11,540	26,234
Core Services	3,489	701	4,461	5,162	7,950
County Administration	573	112	32,624	32,736	33,197
County Initiative TANF	53	53	-	53	53
County Only Pass Thru	-	-	901	901	901
Federal Grants	-	-	5,541	5,541	5,541
Food Assistance Benefits	119,415	-	-	-	119,415
Food Assistance Job Search	-	-	1,544	1,544	1,544
Foster Care Adoption Recruitment	-	-	2	2	2
Home Care Allowance	803	40	-	40	803
Low Income Energy Assistance	3,770	1	37	38	3,807
Non-allocated Programs[2]	125	125	107	232	232
Old Age Pension	17,184	-	955	955	18,139
PSSF Caseworker Visitation	-	-	14	14	14
SSI - Home Care Allowance	937	47	-	47	937
TANF Collections-EBT	(964)	(193)	-	(193)	(964)
Title IV-B Sub Part 2 - PSSF	-	-	328	328	328
Title IV-E Independent Living	-	-	191	191	191
Total	**$ 206,525**	**$ 11,185**	**$ 114,843**	**$ 126,025**	**$ 321,368**

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

[2]Does not include audit adjustments, TANF Collections - IV-D Retained, Medicaid Collections and programs not settled in CFMS, with the exception of federal grants, which are also captured in the CAFR. It also excludes County Wide Cost Allocation Pass Thru, as these amounts are not earnec 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, 2018, the aggregate principal amount payable for the bonds, excluding the Airport's Special Facility Revenue bonds, was approximately $23,979,000.

   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, 2018, Airport Special Facility Revenue Bonds outstanding totaled $250,575,000.

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 2018.

   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 $25,663,000 as of April 2017). 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 $2,429,000 at December 31, 2018. 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 10.00% 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 3.00% of fiscal year spending excluding debt service for all years subsequent to 1994. The City has established an emergency reserve of $52,067,000. The amendment is also applicable to several component units, which have established emergency reserves of $37,333.

   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 10 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 2018, TABOR revenues exceeded the established limits by $300,527,000.

   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.

9. **National Western Center.** The National Western Center redevelopment requires the acquisition of 10 residential parcels and 28 commercial parcels. The City negotiates a purchase price with property owners and reimburses property owners for the reasonable cost of obtaining their own appraisal. As of December 31, 2018, there were pending legal cases with two property owners that disputed the appraised amounts.

Note E – 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 Nationwide Retirement Plans. 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 100.00% of a participant's pre-deferred taxable income or $18,500 for 2018. Those who are age 50 and older may save an additional $6,000 per year. However, special provisions, applicable during the last three taxable years before a participant attains normal retirement age under the Plan, or any year thereafter prior to the participants' separation from service, may increase the annual maximum up to $37,000 for 2018. Total contributions by employees were $43,603,000 for 2018.

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 F – Pension Plans

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

- Denver Employees Retirement Plan (DERP)
- Fire and Police Pension Plan - Statewide Defined Benefit Plan (FPPA SWDB)
- Public Employees' Retirement Association of Colorado Pension Plan - State Division Trust Fund (PERA SDTF)
- Public Employees' Retirement Association of Colorado Pension Plan - Judicial Division Trust Fund (PERA JDTF)
- Denver Old Hire Fire Pension Fund (FPPA Old Hire Fire)
- Denver Old Hire Police Pension Fund (FPPA Old Hire Police)

The majority of the City's employees are covered under the Denver Employees Retirement Plan. Full time firemen and policemen are covered under the Fire and Police Pension Association plans, and county court judges and the District Attorney are covered under the Public Employees' Retirement Association of Colorado. In addition to the six plans offered, several component units offer various types of pension plans, which include deferred annuity plans and defined contribution plans.

A summary of pension related items as of and for the year ended December 31, 2018, is presented in **Table 47** (dollars in thousands).

Table 47

Plan	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
DERP:					
Governmental Activities	$ 880,869	$ -	$ 142,074	$ 27,865	$ 138,109
Business-type Activities	182,885	-	27,853	14,548	24,810
FPPA SWDB	-	50,290	67,281	17,989	(19,571)
PERA SDTF	1,677		443	63	438
PERA JDTF	13,945		4,346	1,950	2,215
Old hire Fire	152,190		16,355	5,806	17,249
Old hire Police	72,910		7,988	10,254	11,399
Total	**$ 1,304,476**	**$ 50,290**	**$ 266,340**	**$ 78,475**	**$ 174,649**

1. Cost Sharing Multiple-Employer Defined Benefit Pension Plans.

The Denver Employees Retirement Plan (DERP)

Plan Description. The Denver Employees Retirement Plan (DERP) administers a cost sharing multiple-employer defined benefit plan to eligible members. 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.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.00% of their final average salary for each year of credited service, payable monthly for life. Effective

for employees hired after September 1, 2004, the formula multiplier was reduced to 1.50%. Final average salary is based on the member's highest salary during a period of 36 consecutive months of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and have combined credited service of at least 85 to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a period of 60 consecutive months of credited service. Five-year vesting is required of all employees to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org.

Funding Policy. The City contributes 11.50% of covered payroll and employees make a pre-tax contribution of 8.00% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the year ended December 31, 2018, were $75,096,000, which equaled the required contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported a liability of $1,063,754,000 for its proportionate share of the net pension liability related to DERP. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The City's proportion of the net pension liability was based on City contributions to DERP for the calendar year 2017 relative to the total contributions of participating employers to DERP.

At December 31, 2017, the City's proportion was 90.70%, which was an increase of 0.96% from its proportion measured as of December 31, 2016.

The components of the City's proportionate share of the net pension liability related to DERP as of December 31, 2018, are presented in **Table 48** (dollars in thousands).

Table 48

	Governmental Activities	Business-type Activities	Total
Total pension liability	$ 2,552,369	$ 529,910	$ 3,082,279
Plan fiduciary net positon	1,671,500	347,025	2,018,525
Net pension liability	**$ 880,869**	**$ 182,885**	**$ 1,063,754**

For the year ended December 31, 2018, the governmental activities and the business-type activities recognized pension expense of $138,109,000 and $24,810,000, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for DERP as of December 31, 2018, is presented in **Table 49** (dollars in thousands).

Table 49

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16,970	$ -
Changes of assumptions or other inputs	46,658	-
Net difference between projected and actual earnings on pension plan investments	-	27,865
Changes in proportion	17,484	-
Contributions subsequent to the measurement date	60,962	-
Total	**$ 142,074**	**$ 27,865**

	Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,523	$ -
Changes of assumptions or other inputs	9,687	-
Net difference between projected and actual earnings on pension plan investments	-	5,785
Changes in proportion	509	8,763
Contributions subsequent to the measurement date	14,134	-
Total	**$ 27,853**	**$ 14,548**

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 20,493	$ -
Changes of assumptions or other inputs	56,345	-
Net difference between projected and actual earnings on pension plan investments	-	33,650
Changes in proportion	17,993	8,763
Contributions subsequent to the measurement date	75,096	-
Total	**$ 169,927**	**$ 42,413**

The $75,096,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 50** (dollars in thousands).

Table 50

Year	Governmental Activities	Business-type Activities	Total
2019	$ 55,312	$ 6,094	$ 61,406
2020	30,886	1,823	32,709
2021	(9,493)	(3,878)	(13,371)
2022	(23,458)	(4,868)	(28,326)
Thereafter	-	-	-
Total	**$ 53,247**	**$ (829)**	**$ 52,418**

The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 51**.

Table 51

	DERP
Investment rate of return	7.50%
Salary increases	3.00%-7.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8.00% on the retired male mortality experience and 7.00% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2016, these best estimates are summarized in **Table 52**.

Table 52

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Equities		
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
Total U.S. Equities	**22.50%**	
International Equities		
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Total International Equities	**23.50%**	
Fixed Income		
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate		
Non-core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Total Real Estate	**8.00%**	
Alternatives		
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total Alternatives	**25.50%**	
Total Asset Class	**100.00%**	

Discount Rate. The discount rate used to measure the total pension liability decreased to 7.50% from 7.75%. This single discount rate was based on the expected rate of return on pension plan investments decreased to 7.50% from 7.75%. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Table 53 presents the City's proportionate share of the net pension liability, calculated using a discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher (dollars in thousands):

Table 53

City's proportionate share of the net pension liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Governmental Activities	$ 1,148,199	$ 880,869	$ 654,059
Business-type activities	238,383	182,885	135,792
Total	**$ 1,386,582**	**$ 1,063,754**	**$ 789,851**

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial reports found at https://www.derp.org/index.cfm/ID/38.

Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)

Plan Description. Full-time firefighters and police officers hired on or after April 8, 1978, participate in the Statewide Defined Benefit Plan - Fire and Police Pension Plan (FPPA SWDB). The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA) that provides normal, early, vested, or deferred retirement and death benefits. Authority for the 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 and is accounted for using the economic resources measurement focus and the accrual basis of accounting. FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://fppaco.org/toc_frames.html.

Funding Policy. Statute requires the City contribute 8.00% of base salary and employees make a pre-tax contribution of 9.00% for a total contribution rate of 17.50%. In 2014, employees elected to increase the member contribution rate to the plan beginning in 2015. Employee contribution rates will increase 0.50% annually through 2022 to a total of 12.00% of base salary. Employer contributions will remain at 8.00% resulting in a combined contribution rate of 20.00% in 2022. The City's contributions to the New Hire Plan for the year ended December 31, 2018, were $17,396,000.

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported an asset of $50,290,000 for its proportionate share of the net pension asset related to the FPPA SWDB plan. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were

used to roll forward the total pension asset to December 31, 2017. The City's proportion of the net pension asset was based on City contributions to FPPA SWDB plan for the calendar year 2017 relative to the total contributions of participating employers to the FPPA SWDB plan.

At December 31, 2017, the City's proportion was 34.96%, which was a decrease of 3.23% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension income of $19,571,000. The components of the City's proportionate share of the net pension asset related to FPPA SWDB as of December 31, 2018, are presented in **Table 54** (dollars in thousands).

Table 54

		FPPA SWDB
Total pension liability	$	793,299
Plan fiduciary net positon		843,589
Net pension liability (asset)	**$**	**(50,290)**

A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for FPPA SWDB as of December 31, 2018, is presented in **Table 55** (dollars in thousands).

Table 55

	FPPA SWDB			
Sources		**Deferred Outflows of Resources**		**Deferred Inflows of Resources**
Difference between expected and actual experience	$	36,266	$	557
Changes of assumptions or other inputs		7,577		-
Net difference between projected and actual earnings on pension plan investments		-		17,075
Change in proportion		6,042		357
Contributions subsequent to the measurement date		17,396		-
Total	**$**	**67,281**	**$**	**17,989**

The $17,396,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 56** (dollars in thousands).

Table 56

Year		**FPPA SWDB**
2018	$	6,654
2019		5,877
2020		(1,381)
2021		(4,072)
2022		6,039
Thereafter		18,779
Total	**$**	**31,896**

The total pension asset in the December 31, 2017 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 57** (dollars in thousands).

Table 57

	FPPA SWDB
Investment rate of return	7.50%
Salary increases	4.00%-14.00%
Inflation	2.50%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue-collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017, are summarized in **Table 58**.

Table 58

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	37.00%	8.33%
Equity long/short	9.00%	7.15%
Illiquid alternatives	24.00%	9.70%
Fixed income	15.00%	3.00%
Absolute return	9.00%	6.46%
Managed futures	4.00%	6.85%
Cash	2.00%	2.26%
Total Asset Class	**100.00%**	

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. Table 59 presents the City's proportionate share of the net pension asset, calculated using a discount rate of 7.50%, as well as what the City's proportionate share of plan's net pension asset would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher (dollars in thousands):

Table 59

	1% Decrease 6.50%	Single Discount Rate Assumption 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability (asset)	$ 54,751	$ (50,290)	$ (137,513)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at http://fppaco.org/toc_frames.html.

Public Employees' Retirement Association of Colorado Pension Plans (PERA).

Plan Description. County court judges and the District Attorney of the City are provided with pensions through the State Division Trust Fund (SDTF) or the Judicial Division Trust Fund (JDTF) —cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA provides retirement, disability, and survivor benefits that are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. Eligible employees are required to contribute 8.00% of their PERA-includable salary. The City contributes 19.13% of includable salaries to the SDTF and 16.34% of includable salaries to the JDTF. Employer contributions are recognized by the SDTF and the JDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the plans. The City's contributions to the SDTF for the year ended December 31, 2018, were $41,000. The City's contributions to the JDTF for the years ended December 31, 2018, were $474,000.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported a liability of $1,677,000 and $13,945,000 for the SDTF and JDTF, respectively, for its proportionate share of the net pension liability related to the PERA plans. The net pension liabilities were measured as of December 31, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2017. The City's proportion of the net pension liabilities were based on City contributions to the SDTF and JDTF plan for the calendar year 2017 relative to the total contributions of participating employers to the SDTF and JDTF plans.

At December 31, 2017, the City's proportion of the SDTF was 0.008%, which was an increase of 0.001% from its proportion measured as of December 31, 2016.

At December 31, 2017, the City's proportion of the JDTF was 6.01% which was an increase of 0.17% from its proportion measured as of December 31, 2016.

The components of the City's net pension liability related to PERA as of December 31, 2018, are presented in **Table 60** (dollars in thousands).

Table 60

	SDTF	JDTF
Total pension liability	$ 2,952	$ 33,766
Plan fiduciary net positon	1,275	19,821
Net pension liability	**$ 1,677**	**$ 13,945**

For the year ended December 31, 2018, the City recognized pension expense for the SDTF and JDFT of $438,000 and $2,215,000, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the SDTF and JDTF plans as of December 31, 2018, is presented in **Table 61** (dollars in thousands).

Table 61

	SDTF		JDTF		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 26	$ -	$ 1,692	$ -	$ 1,718	$ -
Changes of assumptions or other inputs	291	-	1,963	682	2,254	682
Net difference between projected and actua earnings on pension plan investments	-	63	-	989	-	1,052
Change in proportion	85	-	217	279	302	279
Contributions subsequent to the measurement date	41	-	474	-	515	-
Total	**$ 443**	**$ 63**	**$ 4,346**	**$ 1,950**	**$ 4,789**	**$ 2,013**

The $41,000 and $474,000 reported by the SDTF and JDTF plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 62** (dollars in thousands).

Table 62

Year	SDTF	JDTF
2019	$ 304	$ 1,193
2020	83	817
2021	(24)	215
2022	(24)	(303)
2023	-	-
Thereafter	-	-
Total	**$ 339**	**$ 1,922**

The total pension liability in the December 31, 2017 actuarial valuation was determined using the actuarial assumptions and other inputs in **Table 63**.

Table 63

	SDTF	JDTF
Price inflation	2.40%	2.40%
Salary increases, including wage inflation	3.50 - 9.17%	4.00 - 5.00%
Investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%	7.25%

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis on the long-term expected rate of return presented to the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in **Table 64.**

Table 64

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U. S. Equity - Developed	18.55%	5.20%
Non U. S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Cash Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total Asset Class	**100.00%**	

SDTF Discount Rate. The discount rate used to measure the total pension liability was 4.72 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2038 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2038 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2038 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.72 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.54 percent higher compared to the current measurement date.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. Table 65 presents the City's proportionate share of the net pension liability calculated using the discount rate of 4.72%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.72%) or 1-percentage-point higher (5.72%) than the current rate (dollars in thousands).

Table 65

	1% Decrease 3.72%	Current Discount Rate 4.72%	1% Increase 5.72%
City's proportionate share of the net pension liability	$ 2,086	$ 1,677	$ 1,341

JDTF Discount Rate. The discount rate used to measure the total pension liability was 5.41 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the JDTF's fiduciary net position was projected to be depleted in 2042 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2042 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2042 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 5.41 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.18 percent, 0.23 percent lower compared to the current measurement date.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. **Table 66** presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.41%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.41%) or 1-percentage-point higher (6.41%) than the current rate (dollars in thousands).

Table 66

	1% Decrease 4.41%	Current Discount Rate 5.41%	1% Increase 6.41%
City's proportionate share of the net pension liability	$ 17,932	$ 13,945	$ 10,556

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial reports found at https://www.copera.org/investments/pera-financial-reports.

2. Agent Multiple-Employer Defined Benefit Plans

Denver Old Hire Fire and Police Pension Funds (FPPA Old Hire Fire and Police)

Plan Description. The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The Plans are amended by statute. The plans provide normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plans are for fire fighter and police employees hired before April 8, 1978. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plans and can be obtained at fppaco.org/toc_frames.html.

Funding Policy. The City is required to contribute to the Old Hire plans at an actuarially determined rate. Modification of the Old Hire plans is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contribution requirements require an affirmative vote of 65.00% of active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire and Police plans for the year ended December 31, 2018 were $16,355,000 and $7,988,000, respectively.

Plan Membership. The plan membership of the Old Hire plans as of December 31, 2018 is presented in **Table 67.**

Table 67

Members	Old Hire Fire	Old Hire Police	Total
Retirees and beneficiaries	$ 760	$ 1,009	$ 1,769
Inactive, non-retired beneficiaries	-	-	-
Active members	1	-	1
Total	**$ 761**	**$ 1,009**	**$ 1,770**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported a liability of $152,190,000 and $72,910,000 for the Old Hire Fire and Old Hire Police plans, respectively, for the net pension liability related to the FPPA old hire plans. The net pension liabilities were measured as of December 31, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2017.

The components of the net pension liability of the City as of December 31, 2018, is presented in **Table 68** (dollars in thousands).

Table 68

	Old Hire Fire	Old Hire Police
Total pension liability	$ 486,432	$ 691,035
Fiduciary net position	334,242	618,125
Net Pension Liability	**$ 152,190**	**$ 72,910**

For the year ended December 31, 2018, the City recognized $17,249,000 and $11,399,000 of pension expense for the Old Hire Fire and Old Hire Police plans, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the Old Hire Fire and Old Hire Police plans as of December 31, 2018, is presented in **Table 69** (dollars in thousands).

Table 69

	Old Hire Fire	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,806
Contributions subsequent to the measurement date	16,355	-
Total	**$ 16,355**	**$ 5,806**

	Old Hire Police	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	10,254
Contributions subsequent to the measurement date	7,988	-
Total	**$ 7,988**	**$ 10,254**

	Total	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	16,060
Contributions subsequent to the measurement date	24,343	
Total	**$ 24,343**	**$ 16,060**

The $16,355,000 and $7,988,000 reported by the Old Hire Fire and Old Hire Police plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 70** (dollars in thousands).

Table 70

Year	Old Hire Fire	Old Hire Police
2018	$ 1,084	$ 2,100
2019	675	1,353
2020	(3,133)	(5,602)
2021	(4,432)	(8,105)
2022	-	-
Thereafter	-	-
Total	**$ (5,806)**	**$ (10,254)**

The changes in net pension liability for Old Hire Fire and Old Hire Police plans are presented in **Table 71**.

Table 71

	Old Hire Fire Increase (Decrease)			Old Hire Police Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2018	$ 490,578	$ 316,039	**$ 174,539**	$ 696,160	$ 584,035	**$ 112,125**
Changes for the year:						
Service cost	-	-	**-**	-	-	**-**
Interest	35,214	-	**35,214**	50,141	-	**50,141**
Differences between expected and actual experience	3,533	-	**3,533**	983	-	**983**
Changes of assumptions						
Contributions - employer	-	16,355	**(16,355)**	-	7,988	**(7,988)**
Contributions - employee	-	8	**(8)**	-	-	**-**
Net investment income	-	44,879	**(44,879)**	-	82,545	**(82,545)**
Benefit payments	(42,893)	(42,893)	**-**	(56,248)	(56,248)	**-**
Administrative expense	-	(146)	**146**	-	(194)	**194**
Other changes	-	-	**-**	-	-	**-**
Total Net Changes	**$ (4,146)**	**$ 18,203**	**$ (22,349)**	**$ (5,124)**	**$ 34,091**	**$ (39,215)**
Balances as of December 31, 2018	**$ 486,432**	**$ 334,242**	**$ 152,190**	**$ 691,036**	**$ 618,126**	**$ 72,910**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2016 are summarized in **Table 72**.

Table 72

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	2.00%	2.26%
Fixed income	15.00%	3.00%
Managed funds	4.00%	6.85%
Absolute return	9.00%	6.46%
Long short	9.00%	7.15%
Global public equity	37.00%	8.33%
Private capital	24.00%	9.70%
Total	**100.00%**	

The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial assumptions and other inputs reflected in **Table 73**.

Table 73

	Old Hire Fire	Old Hire Police
Investment rate of return	7.50%	7.50%
Salary increases	N/A	N/A
Inflation	2.50%	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA.

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate. Table 74 presents the City's net pension liability, calculated using a discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50) (dollars in thousands):

Table 74

	1% Decrease 6.50%	Current Single Discount Rate 7.50%	1% Increase 8.50%
Old Hire Fire net pension liability	$ 195,050	$ 152,190	$ 115,191
Old Hire Police net pension liability	137,643	72,910	17,387
Total	**$ 332,693**	**$ 225,100**	**$ 132,578**

Pension Plan Fiduciary Net Position. Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at http://fppaco.org/toc_frames.html.

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

Colorado PERA
P. O. Box 5800
Denver, Colorado 80217-5800

Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

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

Note G - Other Post Employment Benefit (OPEB) Plans

The City has seven OPEB benefits covering substantially all employees of the primary government, as follows:

- Denver Employee Retirement Plan (DERP)
- DERP Implicit Rate Subisdy
- Public Employees' Retirement Association of Colorado (PERA) Plan Health Care Trust Fund (HCTF)
- Denver Police Retiree Health Fund (PRHF)
- Fire and Police Pension Association Statewide Death and Disability Plan (SWD&D)
- Fire and Police Implicit Rate Subsidy
- The Post Employment Health Plan (PEHP) for Firefighters

The majority of the City's employees, and certain employees of Denver Health and Hospital Authority, are covered under the Denver Employee Retirement Plan which includes an implicit rate subsidy. County court judges and the District Attorney are covered under the Public Employees' Retirement Association of Colorado Health Care Trust Fund. The Denver Police Retiree Health Fund covers individuals who became members after January 1, 1996 and are considered the classified service of the police department. The SWD&D Plan benefits are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. The Fire and Police Pension Association Implicit Rate Subsidy cover eligible fire fighter retirees and police officer retirees who participate in the health insurance programs offered by the City.

A summary of OPEB related items as of and for the year ended December 31, 2018, is presented in **Table 75** (dollars in thousands).

Table 75

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
DERP:				
Governmental Activities	$ 67,972	$ 5,319	$ 3,634	$ 4,099
Business-type Activities	14,112	973	1,335	630
HCTF	515	44	8	42
PRHF	8,097	955	214	801
Total	**$ 90,696**	**$ 7,291**	**$ 5,191**	**$ 5,572**

Implicit Rate Subsidy	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
DERP:				
Governmental Activities	$ 68,378	$ 6,676	$ 32	$ 4,952
Business-type Activities	10,215	846	443	680
Fire and Police	42,326	2,773	-	3,481
Total	**$ 120,919**	**$ 10,295**	**$ 475**	**$ 9,113**

1. The Denver Employee Retirement Health Plan (DERP) and DERP Implicit Rate Subsidy

1a. DERP Participants' Plan Description. The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and post-employment health benefits to eligible members. The Plan was established in 1963 by the City and County of Denver, Colorado. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and County of Denver (the City) and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and post-employment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and post-employment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before September 1, 2004, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired on or after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a consecutive 36 month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a consecutive 60 month period of credited service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment. Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the Plan's Board, and enacted into ordinance by the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2017, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Funding Policy for DERP Participants. The City is required to contribute at a rate of 1.26% of annual covered payroll. The contribution requirements for the City are established under the City's Revised Municipal Code. For the year ended December 31, 2018, contributions were $4,651,000.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the City reported a liability of $82,084,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City's proportion of the net OPEB was based on contributions to DERP for the calendar year 2017 relative to the total contributions of participating employers to the DERP.

At December 31, 2017, the City's proportion was 93.36% percent for OPEB, which was an increase of 0.737% from its proportion measured as of December 31, 2016.

The components of the City's proportionate share of the net OPEB liability related to DERP as of December 31, 2018, are presented in **Table 76** (dollars in thousands).

Table 76

OPEB Plan	Governmental Activities	Business-type Activities	Total
Total OPEB liability	$ 125,820	$ 26,122	$ 151,942
Plan fiduciary net positon	57,848	12,010	69,858
Net OPEB liability	**$ 67,972**	**$ 14,112**	**$ 82,084**

For the year ended December 31, 2018, the City recognized OPEB expense for the DERP plan of $4,729,000.

A summary of the City's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented in **Table 77** (dollars in thousands).

Table 77

	Governmental Activities		Business-type Activities		Total	
OPEB Plan	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 3,350	$ -	$ 696	$ -	$ 4,046
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,543	284	98	639	1,641	924
Contributions subsequent to the measurement date	3,776	-	875	-	4,651	-
Total	**$ 5,319**	**$ 3,634**	**$ 973**	**$ 1,335**	**$ 6,292**	**$ 4,970**

The $4,651,000 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB and the implicit rate subsidy will be recognized as presented in **Table 78** (dollars in thousands).

Table 78

OPEB Plan Year	**Governmental Activities**	**Business-type Activities**	**Total**
2019	$ (495)	$ (321)	$ (816)
2020	(495)	(321)	(816)
2021	(495)	(321)	(816)
2022	(606)	(274)	(880)
2023	-	-	-
Thereafter	-	-	-
Total	**$ (2,091)**	**$ (1,237)**	**$ (3,328)**

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented in **Table 79**.

Table 79

OPEB Plan	**DERP**
Valuation date	January 1, 2017
Measurement date	December 31, 2017
Experience study	Conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012
Actuarial Method	Entry Age Normal
Long-term investment rate of return	7.50%
Real wage growth	1.10%
Discount rate	7.50%
Projected salary increases	3.00% to 7.00%
Inflation	2.50%
Mortality	Scale AA to 2020, with Multipliers Specific to Gender and Payment Status of Employee

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in **Table 80**.

Table 80

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U. S. Equities		
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
Total U.S. Equities	**22.50%**	
International Equities		
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Total International Equities	**23.50%**	
Fixed Income		
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate		
Non-Core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Total Real Estate	**8.00%**	
Alternatives		
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total Alternatives	**25.50%**	
Total Asset Class	**100.00%**	

Discount rate. A single discount rate of 7.50% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.50%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in Discount Rate. Table 81 presents the net OPEB liability using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher (dollars in thousands).

Table 81

City's proportionate share of the net OPEB liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Governmental Activities	$ 79,886	$ 67,972	$ 57,748
Business-type activities	16,586	14,112	11,989
Total	**$ 96,472**	**$ 82,084**	**$ 69,737**

As the plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Healthcare Cost Trend Rates are not applicable to this plan.

OPEB plan fiduciary net position. Detailed information about the DERP's fiduciary net position is available in DERP's comprehensive annual financial report which can be obtained at www.derp.org.

DERP Implicit Rate Subsidy

DERP Implicit Subsidy Plan Description. The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. 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.

Funding Policy for DERP Implicit Subsidy Plan. DERP retirees are responsible for 100.00% of the blended premium rate The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing. No assets are accumulated in a trust to pay for benefits. For the year ended December 31, 2018, contributions were $6,043,000.

Participation Rate DERP Implicit Subsidy Plan. 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.

- **Participating active employees:** 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.
- **Actives not currently participating:** 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser DHMO plan at or before retirement.
- **Vested terminated employees:** 40.00% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser DHMO plan when they retire and begin their pension benefits.

- **Retired participants:** Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

Spouse Coverage

- **Active participants:** 25.00% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be three years older than their wives.
- **Retired participants:** Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown below. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold.

2018 Thresholds	Ages 55 - 64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1.00% in 2019 and by CPI annually thereafter. This report assumes that 100.00% of any excise tax liability for high cost retiree coverage will be borne by the City.

Plan participants consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

Inactive employees currently receiving benefit payments	1,107
Inactive employees entitled to but not yet receiving benefit payments	323
Active employees	8,422
Total	**9,852**

The components of the implicit rate subsidy liability related to DERP as of December 31, 2018, are presented in **Table 82** (dollars in thousands).

Table 82

Implicit Rate Subsidy	Governmental Activities	Business-type Activities	Total
Total OPEB liability	$ 68,378	$ 10,215	$ 78,593

For the year ended December 31, 2018, the City recognized OPEB expense of $5,632,000 for the implicit rate subsidy. A summary of the City's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented in **Table 83** (dollars in thousands).

Table 83

	Governmental Activities		Business-type Activities		Total	
Implicit Rate subsidy	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected actual experience	$ -	$ -	$ -	$ -	$ -	$ -
Changes of assumptions or other inputs	1,004	-	150	-	1,154	-
Changes in proportion	414	32	62	443	476	475
Benefit claims made subsequent to the measurement date	5,258	-	634	-	5,892	-
Total	**$ 6,676**	**$ 32**	**$ 846**	**$ 443**	**$ 7,522**	**$ 475**

The $6,043,000 reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit claims paid subsequent to the measurement date, will be recognized as a reduction of the net implicit rate subsidy liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB and the implicit rate subsidy will be recognized as presented in **Table 84** (dollars in thousands).

Table 84

Implicit Rate Subsidy Year	**Governmental Activities**	**Business-type Activities**	**Total**
2019	$ 189	$ (32)	$ 157
2020	189	(32)	157
2021	189	(32)	157
2022	189	(32)	157
2023	189	(32)	157
Thereafter	441	(71)	370
Total	**$ 1,386**	**$ (231)**	**$ 1,155**

The implicit rate subsidy liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented in **Table 85**.

Table 85

Implicit Rate Subsidy	**DERP**
Valuation date	December 31, 2016, rolled forward to December 31, 2017
Measurement date	December 31, 2017
Actuarial Method	Entry Age Normal
Asset valuation method	Market value of assets ($0; plan is not yet funded)
Discount rate	3.78% as of December 31, 2016, 3.56% as of December 31, 2017
Participants valued	Only current active employees under age 65, non-Medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected salary increases	3.25% per year
Inflation	2.75%
Mortality	RP-2000 MacLeod Watts Scale 2017 projected generationally from 2000
Healthcare trend	Medical plan premiums and claims costs by age are assumed to increase 1.05% each January 1 of 2017-2021. On January 1, 2022 and later the rate is 5%.
Medicare eligibility	Presumed to be eligible for Medicare Parts A and B at age 65
Demographic assumptions	Follow those used in the most recent (January 2016) actuarial valuation of the Denver Employees Retirement Plan, except for a different basis used to project future mortality improvements

Discount rate. When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The basis chosen by the City was the Bond Buyer General Obligation 20 - Bond Municipal Bond Index. As such, a 3.56% discount was used to measure the implicit rate liability.

Sensitivity of the City's implicit rate subsidy liability to changes in the Health Care Cost Trend Rates. Table 86 presents the total OPEB liability using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher (dollars in thousands).

Table 86

OPEB liability - implicit rate subsidy	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Governmental Activities	$ 73,892	$ 68,378	$ 63,388
Business-type activities	11,039	10,215	9,470
Total	**$ 84,931**	**$ 78,593**	**$ 72,858**

The change in the healthcare cost trend rate is presented in **Table 87** (dollars in thousands).

Table 87

Change in Healthcare Cost Trend Rate	Current Trend -1.00%	Current Trend	Current Trend 1.00%
Total OPEB Liability	$ 70,932	$ 78,593	$ 88,201
Increase (decrease)	(7,661)		9,608
% Increase (decrease)	-9.7%		12.2%
Total OPEB Liability	$ 70,932	$ 78,593	$ 88,201
Increase (decrease)	(7,661)		9,608
% Increase (decrease)	-9.7%		12.2%

The change in the total OPEB liability is presented in **Table 88** (dollars in thousands).

Table 88

	Total OPEB Liability
Balances as of January 1, 2018	$ 77,906
Changes for the year:	
Service cost	2,548
Interest	2,926
Benefit changes	-
Differences between expected and actual experience	-
Changes of assumptions	1,312
Benefit payments	(6,099)
Employee contributions	-
Employer contributions	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Total Net Changes	**$ 687**
Balances as of December 31, 2018	**$ 78,593**

2. Public Employees' Retirement Association of Colorado (PERA)

PERA Participants' Plan Description. The City provides OPEB to county judges and the District Attorney through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for

Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Funding Policy for PERA Participants' Plan. The City is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Section 208(1)(f) of the C.R.S, as amended. For the year ended December 31, 2018, contributions to the HCTF were $34,000.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the City reported a liability of $515,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City's proportion of the net OPEB liability was based on contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the City's proportion was 0.0396% percent, which was an increase of 0.007% from its proportion measured as of December 31, 2016.

The components of the City's proportionate share of the net OPEB liability related to PERA HCTF as of December 31, 2018, are presented in **Table 89** (dollars in thousands).

Table 89

		HCTF
Total OPEB liability	$	624
Plan fiduciary net position		109
Net OPEB liability	**$**	**515**

For the year ended December 31, 2018, the City recognized OPEB expense for the PERA HCTF plan of $42,000. A summary of the City's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented in **Table 90** (dollars in thousands).

Table 90

	HCTF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	8
Change in proportion	8	-
Contributions subsequent to the measurement date	34	-
Total	**$ 44**	**$ 8**

The $34,000 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 91** (dollars in thousands).

Table 91

Year	HCTF
2019	$ -
2020	-
2021	-
2022	-
2023	2
Thereafter	-
Total	**$ 2**

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented in **Table 92**.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the

Table 92

HCTF	
Valuation date	December 31, 2016
Measurement date	December 31, 2017
Actuarial Method	Entry Age Normal
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00% gradually increasing to 4.25% in 2023

time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are presented in **Table 93.**

Table 93

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
Thereafter	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are presented in **Table 94**.

Table 94

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. equity - large cap	21.20%	4.30%
U.S. equity - small cap	7.42%	4.80%
Non U.S. equity - developed	18.55%	5.20%
Non U.S. equity - emerging	5.83%	1.20%
Core fixed income	19.32%	4.30%
High yield	1.38%	0.60%
Non U.S. fixed income - developed	1.84%	3.90%
Emerging market debt	0.46%	4.90%
Core real estate	8.50%	3.80%
Opportunity fund	6.00%	6.60%
Private cash equity	8.50%	0.20%
Cash	1.00%	
Total Asset Class	**100.00%**	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. Table 95 presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher (dollars in thousands).

Table 95

	1% Decrease	Current Trend Rate	1% Increase
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Net OPEB Liability	**$ 501**	**$ 515**	**$ 532**

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate. Table 96 presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) (dollars in thousands).

Table 96

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City's proportionate share of the net OPEB liability	$ 579	$ 515	$ 460

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

3. The Denver Police Retiree Health Fund (PRHF)

Denver Police Retiree Health Fund Plan Description. The City acts in a single-employer capacity by providing health insurance to eligible Police retirees and their qualified dependents through the City's group insurance plans. Denver Police retirees are allowed to participate in the health insurance programs offered to active employees. To be eligible, a retiree must terminate his/her employment on or after January 1, 1996, and has a vested right to receive a pension from the State of Colorado Fire and Police Pension Association based on years of service as an employee, whether or not such individual is currently eligible to receive or is receiving such a pension; or any former employee who commences on or after January 1, 1996, to receive and is thereafter receiving a total disability pension from the State of Colorado Fire and Police Pension Association. Coverage ceases when one reaches Medicare age. As of the December 31, 2016 actuarial valuation, there are 1,460 active employees under age 65 covered under the health insurance plans and 59 vested terminated employees. In addition, there are 178 retired employees not yet covered by Medicare who are covered by the plans.

Funding Policy for Denver Police Retiree Health Fund Participants. The City contributes annual contributions to the Denver Police Retiree Health Fund as stipulated in the respective collective bargaining agreement. As of December 31, 2018, the City contributed $955,000 to the fund as stipulated in Article 29.1 of the collective bargaining agreement.

The monthly benefit for a Recipient shall not exceed the lesser of:

- The Plan's Maximum Monthly Benefit of $200;
- 100% of the Recipient's actual health insurance, which amount is to be used for the exclusive purpose of paying or defraying such health insurance costs. There will be a presumption that the Recipient's health insurance costs are in the amount shown by such proof as is required by the Administrator; and
- The amount based upon a Recipient's years of service as a member of the Police Department of the City as follows:

Number of Years of Service	Percentage of the Maximum Monthly Benefit
10-14	40%
15-19	60%
20-24	80%
25+	100%

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the City reported a liability of $8,097,000 for the net OPEB liability. The net OPEB liability for the Denver Police Retiree Fund was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017.

The components of the net OPEB liability related to the Denver Police Retiree Fund as of December 31, 2018 are presented in **Table 97** (dollars in thousands).

Table 97

		PRHF
Total OPEB liability	$	11,971
Plan fiduciary net positon		3,874
Net OPEB liability	**$**	**8,097**
Plan Fiduciary Net Position as percentage of total OPEB liability		**47.84%**

For the year ended December 31, 2018, the City recognized OPEB expense for the Denver Police Retiree Health Fund of $801,000. A summary of the City's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented in **Table 98** (dollars in thousands).

Table 98

	PRHF	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on OPEB plan investments	-	214
Contributions subsequent to the measurement date	955	-
Total	**$ 955**	**$ 214**

The $955,000 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred inflows of resources will be recognized as presented in **Table 99**.

Table 99

Year		PRHF
2019	$	(54)
2020		(54)
2021		(53)
2022		(53)
2023		-
Thereafter		-
Total	**$**	**(214)**

The total OPEB liability determined using the following actuarial cost method, actuarial assumptions and other inputs presented in **Table 100**.

Table 100

	PRHF
Valuation Date	December 31, 2016
Actuarial method	Entry age normal
Discount rate	6.00%
Asset valuation method	Market value of assets
Salary increases, including wage inflation	4.00%
Investment Rate of Return, net of OPEB plan investment expenses, including price inflation	6.00%

The current assumptions were adopted by the Board in 2015 for first use in this valuation following a regularly scheduled experience study. The rationale for all of the current assumptions is included in that report, dated June 1, 2015.

Participants Valued:

Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Mortality rates:

- **Healthy retirees and beneficiaries:** For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

- **Active Members:** RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.

- **Mortality Improvement:** MacLeod Watts Scale 2017 applied generationally

Future Increases in the Maximum Monthly Benefit: The Maximum Monthly Benefit paid by the Fund is assumed to increase at the rate of 1.5% per year.

Participation Rate:

- **Active and vested former employees:** All future retirees who qualify for benefits under this program will elect to receive them and that their monthly benefit will be the vested portion of the Maximum Monthly Benefit.

- **Retired participants:** All existing retirees are assumed to receive the vested portion of the Maximum Monthly Benefit for the remaining period for which they qualify for payments.

Surviving Spouse Benefits:

Active and vested terminated participants: 50% of future retirees are assumed to have a spouse who might qualify for continuation of benefits in the event that the employee dies in the line of duty or after retirement and prior to receiving all of his or her benefits under this Program. Husbands are assumed to be three years older than their wives.

Retired participants: Current spouse coverage information was used to project potential survivor benefits for existing retirees.

The target allocations for each major asset class are summarized in **Table 101**.

Table 101

Asset Class	Target Allocation
U.S. equity - large cap	47.81%
U.S. equity - mid cap	12.22%
U.S. equity - small cap	1.00%
Non U.S. equity - developed	1.67%
Emerging markets equities	0.05%
Specialty equities	0.02%
U.S. short term taxable	9.71%
U.S. intermediate taxable	2.50%
U.S. long term taxable	2.37%
Short term tax exempt fixed income	0.00%
Intermediate tax exempt fixed income	0.00%
Long term tax exempt fixed income	0.02%
Developed market ex-U.S. Fixed Income	2.79%
Emerging markets fixed income	1.58%
High yield taxable fixed income	6.03%
High yield tax exempt fixed income	0.02%
Public real estate	3.78%
Cash	8.41%
Other	0.02%
Total Asset Class	**100.00%**

- **Discount rate.** The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of the cash flows:

  The City's contribution to the Fund have exceeded 100% of the Actuarially Determined Contributions (ADC) and it is assumed that future City contribution levels will continue at or above the currenly negotiated levels. As such, with the City's approval, the discount rate used in this valuation is 6.00%, the long term expected return on trust assets. The ADC are based on the following two components, which are then adjusted with interest to fiscal year end:

  - The amounts attributed to service performed in the current fiscal year (the normal cost) and
  - Amoritization of the unfunded actuarial accrued liability (UAAL) over a closed 20-year period with payments determined as a level % of payroll (using an assumed 3.00% per year aggregate payroll increase).

Sensitivity of the net OPEB liability to changes in the discount rate and Health Care Cost Trend Rates. The discount rate used for net OPEB liability is 6.0%. Healthcare Cost Trend Rate (as applied in projecting future increases in maximum benefits provided by the Fund) was assumed to start at 7.5% and grade down to 5% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in **Table 102**.

Table 102

Chanage in Discount rate	Current - 1.00% 5.00%	Current 6.00%	Current + 1.00% 7.00%
Net OPEB liability	$ 8,927	$ 8,097	$ 7,326
Increase (decrease)	831		(770)
% Increase (decrease)	10.3%		-9.5%

Change in Healthare Cost Trend Rate	Current Trend -1.00%	Current Trend	Current Trend + 1.00%
Net OPEB liability	$ 6,994	$ 8,097	$ 9,358
Increase (decrease)	(1,103)		1,262
% Increase (decrease)	13.6%		15.6%

The change in the net OPEB liability is presented in **Table 103** (dollars in thousands).

Table 103

	2018		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of January 1, 2018	$ 11,394	$ 3,079	$ 8,315
Changes for the Year:			
Service cost	358	-	358
Interest	691		691
Benefit Changes	-	-	-
Differences between expected and actual	-		-
Changes of assumptions	-		-
Benefit payments	(472)		(472)
Employee contributions	-		-
Employer contributions	-	805	(805)
Net invesment income	-	463	(463)
Benefit payments	-	(473)	473
Administrative expense	-		-
Total Net Changes	**$ 577**	**$ 795**	**$ (218)**
Balances as of December 31, 2018	**$ 11,971**	**$ 3,874**	**$ 8,097**

4. **SWD&D Participants' Plan Description.** The Plan is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the Plan may include part-time police and fire employees. Contributions to the Plan are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 269 participating employer departments. Included in that number are 6 contributing employers as of December 31, 2017, who are covered by Social Security and have elected supplementary coverage by the Plan. The Plan assets are included in the Fire & Police Members' Benefit

Investment Fund. Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

Funding Policy for SWD&D Participants' Plan. Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of $39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, began contributing 2.40% of base salary to this Plan as of January 1, 1997. Contributions may be increased 0.1 percent biennially by the FPPA Board. The contributions increased to 2.70% of base salary as of January 1, 2017. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The 2.70% contribution may be paid entirely by the employer or member, or it may be split between the employer and the member as determined at the local level. As all contributions are considered employee contributions, the City does not make any contributions to this plan, and there is no net OPEB liability to the City. The plan has 1,185 retirees and beneficiaries currently receiving benefits and 12,214 active non-vested members.

OPEB plan fiduciary net position. Detailed information about the FPPA's fiduciary net position is available in their comprehensive annual financial report which can be obtained at https://www.fppaco.org/annual-reports.html.

5. Fire and Police Pension Health Plan Implicit Rate Subsidy

Fire and Police Participants' Plan Description. City acts in a single-employer capacity by providing access to health insurance to eligible fire and police 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 fire and police 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, 2016 actuarial valuation, there are 2,361 active employees under age 65 covered under the health insurance plans and 61 vested-terminated employers. In addition, there are 228 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 report.

Funding Policy for Fire and Police Participants' Plan. Fire and police retirees are responsible for 100.00% of the blended premium rate. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing, and no assets are accumulated in a trust to pay for benefits. For the year ended December 31, 2018, contributions were $2,085,000. All contributions are considered employer contributions.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the City reported a liability of $42,326,000 for the total OPEB implicit rate liability. The OPEB implicit rate liability for the Fire and Police plan was measured as of December 31, 2017. The total OPEB implicit rate liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB implicit rate liability to December 31, 2017.

The components of the total OPEB liability related to the Fire and Police Implicit Rate Subsidy as of December 31, 2018 are presented in **Table 104** (dollars in thousands).

Table 104

Fire and Police Implicit Rate Subsidy		
Total OPEB implicit rate liability	$	42,326

For the year ended December 31, 2018, the City recognized OPEB implicit rate expense for Fire and Police of $3,481,000. A summary of the City's deferred outflows of resources and deferred inflows of resources related to the OPEB implicit rate subsidy as of December 31, 2018, is presented in **Table 105** (dollars in thousands).

Table 105

	Fire and Police Implicit Rate Subsidy	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 688	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	-
Benefits paid subsequent to the measurement date	2,085	-
Total	**$ 2,773**	**$ -**

The $2,085,000 reported as deferred outflows of resources related to the Fire and Police OPEB implicit rate subsidy, resulting from benefit claims paid subsequent to the measurement date, will be recognized as a reduction of the total OPEB implicit rate liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented in **Table 106** (dollars in thousands).

Table 106

Year		
2019	$	80
2020		80
2021		80
2022		80
2023		80
Thereafter		288
Total	**$**	**688**

The total OPEB implicit rate liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented in **Table 107**.

Table 107

	Fire and Police Implicit Rate Subsidy
Valuation Date	December 31, 2016
Actuarial method	Entry age normal
Discount rate	3.78% as of 12/31/2016 3.56% as of 12/31/2017
Asset valuation method	Market value of Assets
Salary increases, including wage inflation	6.75%
	Demographic assumptions (i.e., rates of retirement, termination, disability, and mortality) follow those used in the most recent (January 2016) actuarial valuation of the Fire & Police Pension Association retirement plan, except for the basis used to project future mortality improvements.

The current assumptions were adopted by the Board in 2015 for first use in this valuation following a regularly scheduled experience study. The rationale for all of the current assumptions is included in that report, dated June 1, 2015.

Participation Rate. The health benefits account was established by City Ordinance to provide post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications.

- **Participating active employees:** 35% of active fire and police employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

- **Actives not currently participating:** 17.5% of active fire and police employees not currently covered by a City healthcare plan are assumed to elect coverage in the following plans at or before retirement: (a) if police: Kaiser DHMO; (b) if fire: Kaiser HMO Vested terminated employees: 35% of vested employees age 45 or older with 10 or more years fire and police service are assumed to elect coverage in the Kaiser plan available when they retire and begin their pension benefits.

- **Retired participants:** Existing medical plan elections are assumed to be maintained through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

- **Active and vested terminated participants:** 50% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be three years older than their wives.

- **Retired participants:** Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Excise tax on high-cost plans expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown in **Table 108** below. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold.

Table 108

2018 Thresholds	Age 55-64	All Other Ages
Single	$ 11,850	$ 10,200
Other than single	30,950	27,500

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. This report assumes that 100% of any excise tax liability for high cost retiree coverage will be borne by the City.

Development of Age-related Premiums:

Actual premium rates for fire and police retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 1 to this report.

Representative claims costs derived for retirees not currently covered or not expected to be eligible for Medicare appear in **Table 109**.

Table 109

	Expected Monthly Claims by Medical Plan for Selected Ages							
	Male				Female			
Medical plan	48	53	58	63	48	53	58	63
Police								
DHMP DHMO	486	642	817	1,014	629	741	838	984
DHMP HDHP	491	649	826	1,025	635	749	847	995
Kaiser DHMO	430	568	724	898	557	656	742	871
Kaiser HDHP	410	542	690	856	531	625	707	831
United Navigate DHMO	572	755	962	1,193	740	872	986	1,158
United HDHP	629	830	1,058	1,312	813	958	1,084	1,273
Fire								
Kaiser HMO	510	674	858	1,064	660	778	879	1,033
Kaiser HDHMO	373	493	628	778	483	569	643	755
Kaiser Triple Options	607	801	1,021	1,266	785	925	1,046	1,229

In developing these factors, it was assumed there were 1.8 children per participant covering children with an average age of 12.3. Actual spouse ages were used if available. Otherwise husbands were assumed to be three years older than their wives.

Mortality rates:

- **Healthy retirees and beneficiaries:** For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

- **Active Members:** RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.
- **Mortality Improvement:** MacLeod Watts Scale 2017 applied generationally
- **Future Increases in the Maximum Monthly Benefit:** The Maximum Monthly Benefit paid by the Fund is assumed to increase at the rate of 1.5% per year.

Sensitivity of the total OPEB implicit rate liability to changes in the discount rate and Health Care Cost Trend Rates. Table 110 presents the net OPEB implicit rate liability using the current discount rate and health care cost trend rates applicable to the Fire and Police plan benefit structure, as well as if it were calculated using a discount rate and trend rate that is one percentage point lower or one percentage point higher (dollars in thousands).

Table 110

Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Implicit Rate Subsidy	**6.00%**	**7.00%**	**8.00%**
OPEB Liability	46,005	42,326	38,953

Health Care Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Implicit Rate Subsidy	**2.56%**	**3.56%**	**4.56%**
OPEB Liability	37,395	42,326	48,744

Discount Rate. The discount rate was changed from 3.78% as of December 31, 2016 to 3.56% as of December 31, 2017, based on the published change in return for the applicable municipal bond index. The basis chosen by the City was the Bond Buyer General Obligation 20 - Bond Municipal Bond Index.

The change in the total OPEB liability is presented in **Table 111** (dollars in thousands).

Table 111

	Total OPEB Liability
Balances as of January 1, 2018	$ 40,128
Changes for the year:	
Service cost	1,851
Interest	1,550
Benefit changes	-
Differences between expected and actual experience	
Changes of assumptions	768
Benefit payments	(1,971)
Employee contributions	-
Employer contributions	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Total Net Changes	**$ 2,198**
Balances as of December 31, 2018	**$ 42,326**

6. Post Employment Health Plan for Firefighters

PEHP Plan Description. The City provides other postemployment benefits to certain collectively bargained employees through a defined contribution OPEB trust administered by a third-party provider appointed by the City. The Plan is established under the collective bargaining agreement effective as of December 15, 2015. The trust provides post-retirement reimbursement of qualifying medical care expenses and healthcare insurance premiums for the benefit of eligible Ciity employees who are participants in the plan, and their dependents. Those benefits are intended to qualify as a voluntary employees' beneficiary association within the meaning of section 501(c)(9) of the Internal Revenue Code of 1986, as amended.

Funding Policy for the PEHP. Subject to appropriation, the City is required to contribute at a rate of 1.00% per year of base pay on behalf of each firefighter. The contribution requirements for the City are established under the collective bargaining agreement, as amended. For the year ended December 31, 2018, contributions to the PEHP were $944,000. The City may periodically change its contributions to the trust, consistent with the objectives of the plan and applicable law by a mutually agreeable method between the City and the plan administrator.

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

Colorado PERA
P. O. Box 5800
Denver, Colorado 80217-5800

Fire and Police Pension Association
5290 DTC Pkwy #100
Greenwood Village, CO 80111

Post Employment Health Plan
Nationwide Retirement Solutions
P.O. Box 182797
Columbus, OH 43218-2797

Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

City and County of Denver
201 West Colfax Avenue
Denver, Colorado, 80202

* * *

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

Year Ended December 31, 2018 (dollars in thousands)

	General Fund			
	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 915,588	$ 936,820	$ 937,650	$ 830
Licenses and permits	51,871	59,560	66,428	6,868
Intergovernmental revenues	38,763	39,075	36,230	(2,845)
Charges for services	213,734	207,153	195,600	(11,553)
Investment and interest income	12,324	12,357	15,936	3,579
Fines and forfeitures	55,758	49,633	44,582	(5,051)
Contributions	-	-	61	61
Other revenue	8,346	8,347	8,837	490
Total Revenues	**1,296,384**	**1,312,945**	**1,305,324**	**(7,621)**
Budget Basis Expenditures				
General government	371,589	305,838	289,272	16,566
Public safety	539,967	598,756	595,980	2,776
Public works	157,690	158,142	145,615	12,527
Human services	11,842	11,842	9,539	2,303
Health	48,279	48,432	47,694	738
Parks and recreation	76,566	77,520	75,689	1,831
Cultural activities	51,921	52,239	51,201	1,038
Community development	33,496	35,674	33,961	1,713
Economic opportunity	7,764	745	745	-
Total Budget Basis Expenditures	**1,299,114**	**1,289,188**	**1,249,696**	**39,492**
Excess (deficiency) of revenues over budget basis expenditures	(2,730)	23,757	55,628	31,871
Other Financing Sources (Uses)				
Issuance of capital leases	-	-	4,463	4,463
Insurance recoveries	-	-	198	198
Transfers in	40,081	40,581	41,064	483
Transfers out	(163,160)	(178,587)	(110,632)	67,955
Total Other Financing Sources (Uses)	**(123,079)**	**(138,006)**	**(64,907)**	**73,099**
Excess (deficiency) of revenues and other financing sources over budget basis expenditures and other financing uses	**$ (125,809)**	**$ (114,249)**	(9,279)	**$ 104,970**
Fund balances - January 1			394,059	
Fund Balance - December 31			**$ 384,780**	

See accompanying notes to required supplementary information.

Human Services Special Revenue Fund				
	Budget			Variance with
	Original	Final	Actual	Final Budget
	$ 74,051	$ 73,829	$ 72,772	$ (1,057)
	-	-	-	-
	114,117	100,965	95,999	(4,966)
	284	299	534	235
	-	-	-	-
	-	-	-	-
	-	-	338	338
	8,383	13,691	247	(13,444)
	196,835	**188,784**	**169,890**	**(18,894)**
	-	-	-	-
	-	-	-	-
	-	-	-	-
	204,555	191,485	160,346	31,139
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	204,555	**191,485**	**160,346**	**31,139**
	(7,720)	(2,701)	9,544	12,245
	-	-	-	-
	-	-	-	-
	2,075	2,075	2,000	(75)
	(3,092)	(3,092)	(4,875)	(1,783)
	(1,017)	**(1,017)**	**(2,875)**	**(1,858)**
	$ (8,737)	**$ (3,718)**	6,669	**$ 10,387**
			75,582	
			$ 82,251	

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
Schedule of City's Proportionate Share of the Net Pension Liability - DERP

December 31, 2018 (dollars in thousands)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
DERP					
December 31, 2015	88.88%	$ 778,462	557,646	139.60%	70.12%
December 31, 2016	89.51%	1,055,539	571,367	184.74%	62.26%
December 31, 2017	89.84%	1,095,568	574,914	190.56%	62.26%
December 31, 2018	90.70%	1,063,754	541,545	196.43%	65.49%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Note: **Changes in assumptions.** The discount rate used to measure the total pension liability at December 31, 2017 changed from 7.75% to 7.50% from the prior measurement date.

Required Supplementary Information
Schedule of City Contributions - DERP

December 31, 2018 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
DERP					
December 31, 2015	$ 64,443	$ 60,181	$ 4,262	$ 560,157	10.74%
December 31, 2016	59,159	64,345	(5,186)	574,914	11.19%
December 31, 2017	64,404	64,404	-	541,545	11.89%
December 31, 2018	75,096	75,096	-	542,111	13.85%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordancewith Governmental Accounting Standards Board Statement No. 68.

Note: There were no benefit changes during the year. As of October 1, 2015, the valuation interest was lowered from 8% to 7.75%. The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience (Sourc: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24).

Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability - FPPA SWDB

December 31, 2018 (dollars in thousands)

	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
FPPA SWDB					
December 31, 2015	39.51%	$ (44,591)	$ 230,820	19.32%	106.80%
December 31, 2016	39.81%	(701)	251,518	0.28%	100.10%
December 31, 2017	38.18%	13,797	257,016	5.37%	98.21%
December 31, 2018	34.96%	(50,290)	200,006	25.14%	106.34%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Required Supplementary Information
Schedule of City Contributions - FPPA SWDB

December 31, 2018 (dollars in thousands)

FPPA	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
SWDB					
December 31, 2015	$ 20,121	$ 15,299	$ 4,822	$ 251,518	6.08%
December 31, 2016	20,561	15,648	4,913	257,016	6.09%
December 31, 2017	16,000	15,934	66	200,006	7.97%
December 31, 2018	18,920	17,396	1,524	236,503	7.36%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31
with Governmental Accounting Standards Board Statement No. 68.

Note: Changes in Assumptions. At least every five years, the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were use din the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability - PERA

December 31, 2018 (dollars in thousands)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA SDTF					
December 31, 2015	0.700%	$ 674	$ 207	325.60%	59.80%
December 31, 2016	0.007%	755	$ 221	341.63%	56.10%
December 31, 2017	0.007%	1,358	203	668.97%	42.60%
December 31, 2018	0.008%	1,677	314	534.08%	43.20%
PERA JDTF					
December 31, 2015	6.400%	$ 8,854	$ 2,800	316.21%	66.90%
December 31, 2016	6.018%	11,066	2,986	370.60%	60.10%
December 31, 2017	5.840%	14,835	2,864	517.98%	53.20%
December 31, 2018	6.009%	13,945	2,841	490.85%	58.70%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Required Supplementary Information
Schedule of City's Contributions - PERA

December 31, 2018 (dollars in thousands)

PERA	Statutorilly Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
SDTF					
December 31, 2015	$ 36	$ 37	$ (1)	$ 221	16.74%
December 31, 2016	37	37	-	203	18.23%
December 31, 2017	46	46	-	314	14.65%
December 31, 2018	43	43	-	220	19.55%
JDTF					
December 31, 2015	$ 488	$ 488	$ -	$ 2,986	16.34%
December 31, 2016	468	468	-	2,864	16.34%
December 31, 2017	468	468	-	2,841	16.47%
December 31, 2018	504	504	$ -	2,878	17.51%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

Note: Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage
  - Reflection of the employer match on separation benefits for all eligible years
  - Reflection of one year of service eligibility for survivor annuity benefit
  - Refinement of the 18 month annual increase timing
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following changes were made:
  - Recognition of merit salary increases in the first projection year
  - Eliminiation of the assumption that 35% of future disabled members elect to receive a refund
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year

Required Supplementary Information

Schedule of City's Contributions - FPPA Old Hire Fire and Police

December 31, 2018 (dollars in thousands)

FPPA	Actuarially determined Required Contributions	Contributions in Relation to Actuarially Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Old Hire Fire					
December 31, 2015	$ 13,061	$ 15,912	$ (2,851)	$ 139	11447.48%
December 31, 2016	13,053	13,061	(8)	90	14512.22%
December 31, 2017	16,355	16,355	-	n/a	n/a
December 31, 2018	16,355	16,355	-	n/a	n/a
Old Hire Police					
December 31, 2015	$ 16,262	$ 18,977	$ (2,715)	$ 102	18604.90%
December 31, 2016	5,027	5,027	-	n/a	n/a
December 31, 2017	7,988	7,988	-	n/a	n/a
December 31, 2018	7,988	7,988	-	n/a	n/a

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

Notes to Schedule

Valuation date: Actuarially determined contributions rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2012, determines the contribution amounts for 2013 and 2014.

	Old Hire Fire	Old Hire Police
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	17 Years	20 Years
Asset valuation method	5-Year smoothed market	5-Year smoothed market
Inflation	2.50%	2.50%
Salary increases	N/A	N/A
Investment rate of return	7.50%	7.50%
Retirement age	Any remaining actives are assumed to retire immediately.	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: RP-2014 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2014 Disabled Mortality Table All tables projected with Scale BB.	Post-retirement: RP-2014 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2014 Disabled Mortality Table All tables projected with Scale BB.

Note: **Changes in assumptions.** The FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions at least every five years. Beginning in the 2016 valuations, the inflation assumption was reduced from 3.0% to 2.5%, the real return on investments was increased 5.0% for an overall nominal investment return of 7.5%, an explicit charge for administration expenses was added in the actuarial contribution calculation, the base mortality tables were revised with the explicit assumption for rising longevity in the future to reflect current mortality studies, and the expected incidence of total disability was increased.

Changes in benefit terms: No changes to benefit provisions occurred since the prior valuation. However, the member contributions increased 0.50% of base salary.

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios - FPPA Old Hire Fire

December 31, 2018 (dollars in thousands)

FPPA Old Hire Fire	2015	2016	2017	2018
Total pension liability				
Service Cost	$ -	$ -	$ -	$ -
Interest	34,596	34,026	35,748	35,214
Changes of benefit terms	-	-	-	-
Differences between actual and expected experience	-	(699)	-	3,533
Changes of assumptions	-	32,102	-	-
Benefit payments, including refunds of employee contributions	(42,249)	(42,134)	(42,834)	(42,893)
Net change in total pension liability	**(7,653)**	**23,295**	**(7,086)**	**(4,146)**
Total pension liability - beginning	**482,022**	**474,369**	**497,664**	**490,578**
Total pension liability - ending	**$ 474,369**	**$ 497,664**	**$ 490,578**	**$ 486,432**
Plan fiduciary net position				
Contributions - employer	$ 13,944	$ 16,803	$ 13,061	$ 16,355
Contributions - employee	7	7	8	8
Net investment income	23,465	6,174	17,084	44,879
Benefit payments, including refunds of employee contributions	(42,249)	(42,134)	(42,834)	(42,893)
Administrative expense	(545)	(488)	(518)	(146)
Net change in plan fiduciary net position	**(5,378)**	**(19,638)**	**(13,199)**	**18,203**
Plan fiduciary net position - beginning	354,255	348,877	329,238	316,039
Plan fiduciary net position - ending	**$ 348,877**	**$ 329,239**	**$ 316,039**	**$ 334,242**
Net Pension Liability	**$ 125,492**	**$ 168,425**	**$ 174,539**	**$ 152,190**
Plan fiduciary net position as a percentage of the total pension liability	73.55%	66.16%	64.42%	68.71%
Covered payroll	87	90	90	96
Net pension liability as a percentage of covered payroll	143734.99%	187436.70%	194240.85%	158531.25%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios - FPPA Old Hire Police

December 31, 2018 (dollars in thousands)

FPPA Old Hire Police	2015	2016	2017	2018
Total pension liability				
Service Cost	$ -	$ -	$ -	$ -
Interest	49,249	48,801	50,590	50,141
Changes of benefit terms	-	-	-	-
Differences between actual and expected experience	-	(12,201)	-	983
Changes of assumptions	-	43,358	-	-
Benefit payments, including refunds of employee contributions	(55,137)	(55,326)	(56,901)	(56,248)
Net change in total pension liability	**(5,888)**	**24,632**	**(6,311)**	**(5,124)**
Total pension liability - beginning	**683,727**	**677,839**	**702,471**	**696,160**
Total pension liability - ending	**$ 677,839**	**$ 702,471**	**$ 696,160**	**$ 691,036**
Plan fiduciary net position				
Contributions - employer	$ 16,262	$ 18,089	$ 5,027	$ 7,988
Contributions - employee	5	-	-	-
Net investment income	42,091	11,278	30,983	82,545
Benefit payments, including refunds of employee contributions	(55,137)	(55,326)	(56,901)	(56,248)
Administrative expense	(977)	(910)	(1,013)	(194)
Net change in plan fiduciary net position	**$ 2,244**	**$ (26,869)**	**$ (21,904)**	**$ 34,091**
Plan fiduciary net position - beginning	**630,564**	**632,808**	**605,939**	**584,035**
Plan fiduciary net position - ending	**$ 632,808**	**$ 605,939**	**$ 584,035**	**$ 618,126**
Net Pension Liability	**$ 45,031**	**$ 96,532**	**$ 112,125**	**$ 72,910**
Plan fiduciary net position as a percentage of the total pension liability	93.36%	86.26%	83.89%	89.45%
Covered payroll	90	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	50070.05%	n/a	n/a	n/a

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability - DERP

December 31, 2018 (dollars in thousands)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
DERP					
December 31, 2018	93.36%	$ 78,593	$ 541,545	14.51%	45.98%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Required Supplementary Information
Schedule of City Contributions - DERP OPEB

December 31, 2018 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
DERP OPEB					
December 31, 2018	$ 4,651	$ 4,651	$ -	$ 542,111	0.86%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

Note: There were no benefit changes during the year.

Required Supplementary Information
Schedule of Changes in the City's OPEB Liability - DERP Implicit Rate Subsidy

December 31, 2018 (dollars in thousands)

DERP Implicit Rate Subsidy	Total OPEB Liability
Balances as of January 1, 2018	$ 77,906
Changes for the year:	
Service cost	2,548
Interest	2,926
Benefit changes	-
Differences between expected and actual experience	-
Transition to Entry Age Normal	-
Changes of assumptions	1,312
Benefit payments	(6,099)
Employee contributions	-
Employer contributions	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Total Changes	**$ 687**
Balances as of December 31, 2018	**$ 78,593**
Covered-employee payroll	**$ 541,545**
OPEB liability as a percentage of covered-employee payroll	**14.51%**

Note: Information is not available prior to 2018. In future reports additional years will be added until 10 years of historical are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Notes to Required Supplementary Information: There were no benefit changes during the year. The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience (Source: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24). No assets are accumulated in a trust to pay related benefits.

Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability - PERA HCTF

December 31, 2018 (dollars in thousands)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
PERA					
December 31, 2018	0.04%	$ 515	$ 3,155	16.32%	17.53%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Required Supplementary Information
Schedule of City Contributions - PERA HCTF OPEB

December 31, 2018 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
PERA OPEB					
December 31, 2018	$ 34	$ 34	$ -	$ 3,098	1.10%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

Note: There were no benefit changes during the year.

Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability - Police Retiree Health Fund

December 31, 2018 (dollars in thousands)

	2018		
PRHF	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of January 1, 2018	$ 11,394	$ 3,079	**$ 8,315**
Changes for the year:			
Service cost	358	-	**358**
Interest	691	-	**691**
Benefit changes	-	-	**-**
Differences between expected and actual experience	-	-	**-**
Transition to Entry Age Normal	-	-	**-**
Changes of assumptions	-	-	**-**
Benefit payments	(472)	-	**(472)**
Employee contributions	-	-	**-**
Employer contributions	-	805	**(805)**
Net investment income	-	463	**(463)**
Benefit payments	-	(473)	**473**
Administrative expense	-	-	**-**
Total Net Changes	**$ 577**	**$ 795**	**$ (218)**
Balances as of December 31, 2018	**$ 11,971**	**$ 3,874**	**$ 8,097**

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**32.36%**
Covered-employee payroll	**n/a**
Net OPEB liability as a percentage of covered-employee payroll	**0.00%**

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Required Supplementary Information
Schedule of City Contributions - Police Retiree Health Fund

December 31, 2018 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
Police Retiree Health Fund					
December 31, 2018	$ 955	$ 955	$ -	n/a	0.00%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Note: Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

Note: There were no benefit changes during the year.

Required Supplementary Information

Schedule of Changes in the City's OPEB Liability - Fire and Police Implicit Rate Subsidy

December 31, 2018 (dollars in thousands)

FPPA Implicit Rate Subsidy		Total OPEB Liability
Balances as of January 1, 2018	$	40,128
Changes for the year:		
Service cost		1,851
Interest		1,550
Benefit changes		-
Differences between expected and actual experience		-
Transition to Entry Age Normal		-
Changes of assumptions		768
Benefit payments		(1,971)
Employee contributions		-
Employer contributions		-
Net investment income		-
Benefit payments		-
Administrative expense		-
Total Net Changes	**$**	**2,198**
Balances as of December 31, 2018	**$**	**42,326**
Covered-employee payroll	**$**	**200,006**
OPEB liability as a percentage of covered-employee payroll		**21.16%**

Note: Information is not available prior to 2018. In future reports additional years will be added until 10 years of historical are presented.

Note: Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Governmental

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.

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2018 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	$ 6,063			$ -	$ 6,063
Cash and cash equivalents	146,020	152,974	912,400	3,550	1,214,944
Receivables (net of allowances for uncollectibles of $102,723):					
Taxes	53,315	148,648	78,914	-	280,877
Notes	52,460	-	-	-	52,460
Accounts	32,356	-	3,541	-	35,897
Accrued interest	286	670	3,351	61	4,368
Interfund receivable	2	-	-	-	2
Due from other governments	20,495	-	21,876	-	42,371
Prepaid items and other assets	233	-	13,347	-	13,580
Restricted assets:					
Cash and cash equivalents	89	345	142,185	-	142,619
Assets held for disposition	731	-	-	-	731
Total Assets	**$ 312,050**	**$ 302,637**	**$ 1,175,614**	**$ 3,611**	**$ 1,793,912**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Vouchers payable	$ 28,141	$ -	$ 73,132	$ -	$ 101,273
Accrued liabilities	1,613	6	3	-	1,622
Due to taxing units	226	317	171	-	714
Interfund payable	3,248	-	32	-	3,280
Unearned revenue	14,711	-	29,581	-	44,292
Advances	3,486	-	-	-	3,486
Compensated absences	70	-	-	-	70
Total Liabilities	**51,495**	**323**	**102,919**	**-**	**154,737**
Deferred Inflows of Resources:					
Unavailable revenues - property tax	39,877	141,710	76,894	-	258,481
Unavailable revenues - long-term receivables	26,582	-	800	-	27,382
Total Deferred Inflows of Resources	**66,459**	**141,710**	**77,694**	**-**	**285,863**
Fund Balances:					
Nonspendable	233	-	13,347	3,000	16,580
Restricted	192,816	160,604	981,654	611	1,335,685
Unassigned	1,047	-	-	-	1,047
Total Fund Balances	**194,096**	**160,604**	**995,001**	**3,611**	**1,353,312**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 312,050**	**$ 302,637**	**$ 1,175,614**	**$ 3,611**	**$ 1,793,912**

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

For the Year Ended December 31, 2018 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ 16,846	$ -	$ 16,846
Lodgers	35,631	49,194	3,449	-	88,274
Property	56,957	138,824	75,143	-	270,924
Sales and use	25,405	45,923	-	-	71,328
Specific ownership	62	-	-	-	62
Telephone	7,065	-	-	-	7,065
Special assessments	-	-	1,305	-	1,305
Licenses and permits	1,577	-	-	-	1,577
Intergovernmental revenues	64,851	-	81,158	-	146,009
Charges for services	82,767	-	136	-	82,903
Investment and interest income	3,228	4,303	14,015	58	21,604
Fines and forfeitures	450	-	-	-	450
Contributions	4,635	-	24,926	-	29,561
Other revenue	48,101	5,489	458	-	54,048
Total Revenues	**330,729**	**243,733**	**217,436**	**58**	**791,956**
Expenditures					
Current:					
General government	88,686	31	48,413	-	137,130
Public safety	92,081	-	-	-	92,081
Public works	1,741	-	159,343	-	161,084
Health	10,356	-	1,482	-	11,838
Parks and recreation	3,121	-	22,397	-	25,518
Cultural activities	74,034	-	8,848	-	82,882
Community development	30,051	-	4,687	-	34,738
Debt service:					
Principal retirement	18,281	133,049	6,728	-	158,058
Interest	10,484	43,153	1,652	-	55,289
Capital outlay	-	-	124,166	-	124,166
Total Expenditures	**328,835**	**176,233**	**377,716**	**-**	**882,784**
Excess (deficiency) of revenues over (under) expenditures	1,894	67,500	(160,280)	58	(90,828)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	651	-	651
Issuance of certificate of participation	-	-	129,000	-	129,000
Bond Premium	-	-	46,140	-	46,140
Payment to escrow	-	-	(75,824)	-	(75,824)
Issuance of bonds	-	-	560,905	-	560,905
Insurance recoveries	611		-	-	611
Transfers in	43,579	43	103,641	-	147,263
Transfers out	(14,129)	(31,917)	(28,130)	(200)	(74,376)
Total Other Financing Sources (Uses)	**30,061**	**(31,874)**	**736,383**	**(200)**	**734,370**
Net change in fund balances	31,955	35,626	576,103	(142)	643,542
Fund balances - January 1	162,141	124,978	418,898	3,753	709,770
Fund Balances - December 31	**$ 194,096**	**$ 160,604**	**$ 995,001**	**$ 3,611**	**$ 1,353,312**

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Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2018 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	$ -	$ -	$ -
Cash and cash equivalents	43,413	19,209	820
Receivables (net of allowances for uncollectibles of $97,707):			
Taxes	4,405	38,703	-
Notes	8,859	-	-
Accounts	1,092	923	121
Accrued interest	104	7	-
Interfund receivable	-	-	-
Due from other governments	3,932	3,633	4,820
Prepaid items and other assets	28	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assets held for disposition	-	-	-
Total Assets	**61,833**	**62,475**	**5,761**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	7,399	2,754	2,854
Accrued liabilities	39	549	57
Due to taxing units	20	165	-
Interfund payable	1,830	-	-
Unearned revenue	1,672	1,541	263
Advances	-	500	-
Compensated absences	70	-	-
Total Liabilities	**11,030**	**5,509**	**3,174**
Deferred Inflows of Resources:			
Unavailable revenues - property tax	-	38,703	-
Unavailable revenues - long-term receivables	543	150	-
Total Deferred Inflows of Resources	**543**	**38,853**	**-**
Fund Balances:			
Nonspendable	28	-	-
Restricted	50,232	18,113	2,587
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	**50,260**	**18,113**	**2,587**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 61,833**	**$ 62,475**	**$ 5,761**

Culture and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement Districts	Total
$ 6,063	$ -	$ -	$ -	$ -	$ 6,063
37,896	28,357	-	15,279	1,046	146,020
-	8,471	-	562	1,174	53,315
-	43,601	-	-	-	52,460
4,743	-	1	25,411	65	32,356
7	91	-	75	2	286
2	-	-	-	-	2
281	3,872	3,957	-	-	20,495
196	-	-	-	9	233
-	-	-	63	26	89
-	731	-	-	-	731
49,188	**85,123**	**3,958**	**41,390**	**2,322**	**312,050**
9,052	2,943	1,691	1,426	22	28,141
182	64	69	653	-	1,613
-	17	-	-	24	226
22	50	1,345	1	-	3,248
3,773	7,462	-	-	-	14,711
2,986	-	-	-	-	3,486
-	-	-	-	-	70
16,015	**10,536**	**3,105**	**2,080**	**46**	**51,495**
-	-	-	-	1,174	39,877
479	-	-	25,410	-	26,582
479	**-**	**-**	**25,410**	**1,174**	**66,459**
196	-	-	-	9	233
2,558	74,587	853	13,900	46	162,876
29,940	-	-	-	-	29,940
-	-	-	-	1,047	1,047
32,694	**74,587**	**853**	**13,900**	**1,102**	**194,096**
$ 49,188	**$ 85,123**	**$ 3,958**	**$ 41,390**	**$ 2,322**	**$ 312,050**

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

For the Year Ended December 31, 2018 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	$ 35,631	$ -	$ -
Property	5,764	42,677	-
Sales and use	23,474	-	-
Specific ownership	-	-	-
Telephone	-	-	-
Licenses and permits	1,577	-	-
Intergovernmental revenues	12,246	26,442	11,084
Charges for services	5,078	10,503	18
Investment and interest income	672	79	-
Fines and forfeitures	-	450	-
Contributions	1,775	4	710
Other revenue	11,737	366	25
Total Revenues	**97,954**	**80,521**	**11,837**
Expenditures			
Current:			
General government	88,634	-	-
Public safety	418	77,982	-
Public works	1,186	-	-
Health	15	-	10,341
Parks and recreation	-	-	-
Cultural activities	10	-	-
Community development	1,763	-	-
Debt service:			
Principal retirement	-	75	-
Interest	-	-	-
Total Expenditures	**92,026**	**78,057**	**10,341**
Excess (deficiency) of revenues over (under) expenditures	5,928	2,464	1,496
Other Financing Sources (Uses)			
Insurance recoveries	576	-	-
Transfers in	1,646	67	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	**2,222**	**67**	**-**
Net change in fund balances	8,150	2,531	1,496
Fund balances - January 1	42,110	15,582	1,091
Fund Balances - December 31	**$ 50,260**	**$ 18,113**	**$ 2,587**

Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement Districts	Total
$ -	$ -	$ -	$ -	$ -	$ 35,631
-	7,256	-	-	1,260	56,957
-	1,931	-	-	-	25,405
-	-	-	-	62	62
-	-	-	7,065	-	7,065
-	-	-	-	-	1,577
1,003	6,001	8,075	-	-	64,851
61,517	4,383	62	1,206	-	82,767
44	1,419	-	992	22	3,228
-	-	-	-	-	450
1,285	645	216	-	-	4,635
28,378	382	3	7,156	54	48,101
92,227	**22,017**	**8,356**	**16,419**	**1,398**	**330,729**
52	-	-	-	-	88,686
-	-	-	13,681	-	92,081
-	-	-	-	555	1,741
-	-	-	-	-	10,356
3,120	-	-	1	-	3,121
74,024	-	-	-	-	74,034
-	19,975	8,313	-	-	30,051
-	-	-	18,206	-	18,281
-	-	-	10,484	-	10,484
77,196	**19,975**	**8,313**	**42,372**	**555**	**328,835**
15,031	2,042	43	(25,953)	843	1,894
35	-	-	-	-	611
3,061	6,880	-	31,925	-	43,579
(9,323)	-	-	(3,963)	(843)	(14,129)
(6,227)	**6,880**	**-**	**27,962**	**(843)**	**30,061**
8,804	8,922	43	2,009	-	31,955
23,890	65,665	810	11,891	1,102	162,141
$ 32,694	**$ 74,587**	**$ 853**	**$ 13,900**	**$ 1,102**	**$ 194,096**

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2018 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Assets					
Cash and cash equivalents	$ 34,807	$ 27,210	$ 90,957	$ -	$ 152,974
Receivables (net of allowances for uncollectibles of $733):	117,097	23,971	7,580	-	148,648
Taxes	-	231	439	-	670
Restricted assets:					
Cash and cash equivalents	-	-	-	345	345
Total Assets	**$ 151,904**	**$ 51,412**	**$ 98,976**	**$ 345**	**$ 302,637**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Accrued Liabilities	-	-	-	6	6
Due to taxing units	264	53	-	-	317
Total Liabilities Balance	**264**	**53**	**-**	**6**	**323**
Deferred Inflows of Resources:					
Unavailable revenues - property tax	117,630	24,080	-	-	141,710
Total of Deferred Inflows of Resources	**117,630**	**24,080**	**-**	**-**	**141,710**
Fund Balances:					
Restricted	34,010	27,279	98,976	339	160,604
Total Fund Balances	**34,010**	**27,279**	**98,976**	**339**	**160,604**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 151,904**	**$ 51,412**	**$ 98,976**	**$ 345**	**$ 302,637**

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

For the Year Ended December 31, 2018 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Revenues					
Taxes:					
Lodgers	$ -	$ -	$ 49,194	$ -	$ 49,194
Property	114,887	23,506	-	431	138,824
Sales and use	-	-	45,923	-	45,923
Investment and interest income	-	2,092	2,210	1	4,303
Other revenue	-	5,489	-	-	5,489
Total Revenues	**114,887**	**31,087**	**97,327**	**432**	**243,733**
		-			
Expenditures					
Principal retirement	110,715	-	22,090	244	133,049
Interest	-	29,417	13,508	228	43,153
General Government	16	11	4	-	31
Total Expenditures	**110,731**	**29,428**	**35,602**	**472**	**176,233**
Excess (deficiency) of revenues over (under) expenditures	4,156	1,659	61,725	(40)	67,500
Other Financing (Uses)					
Transfers in	-	-	-	43	43
Transfers out	-	-	(31,917)	-	(31,917)
Total Other Financing (Uses)	**-**	**-**	**(31,917)**	**43**	**(31,874)**
Net change in fund balances	4,156	1,659	29,808	3	35,626
Fund balances - January 1	29,854	25,620	69,168	336	124,978
Fund Balances - December 31	**$ 34,010**	**$ 27,279**	**$ 98,976**	**$ 339**	**$ 160,604**

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2018 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	$ 6,959	$ 253,014	$ 15,423
Receivables (net of allowances for uncollectibles of $4,283):			
Taxes	-	76,545	-
Accounts	3	2,269	-
Accrued interest	12	928	201
Due from other governments	-	-	-
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	**$ 6,974**	**$ 332,756**	**$ 15,624**
Liabilities, Deferred Inflow of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	732	24,051	981
Accrued liabilities	-	-	-
Due to taxing units	-	171	-
Interfund payable	-	32	-
Unearned revenue	-	-	-
Total Liabilities	**732**	**24,254**	**981**
Deferred Inflow of Resources:			
Unavailable revenues - property tax	-	76,894	-
Unavailable revenues - long-term receivables	-	-	-
Total Deferred Inflows of Resources	**-**	**76,894**	**-**
Fund Balances:			
Nonspendable	-	-	-
Restricted	6,242	231,608	14,643
Total Fund Balances	**6,242**	**231,608**	**14,643**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 6,974**	**$ 332,756**	**$ 15,624**

Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement Districts	Total
$ 472,195	$ 129,706	$ 32,731	$ 1,630	$ 742	$ 912,400
-					-
-	-	699	1,670	-	78,914
-	1,269	-	-	-	3,541
1,861	222	122	5	-	3,351
-	21,876	-	-	-	21,876
-	13,347	-	-	-	13,347
-	142,185	-	-	-	142,185
$ 474,056	**$ 308,605**	**$ 33,552**	**$ 3,305**	**$ 742**	**$ 1,175,614**
24,973	21,725	670	-	-	73,132
-	3	-	-	-	3
-	-	-	-	-	171
-	-	-	-	-	32
-	27,911	-	1,670	-	29,581
24,973	**49,639**	**670**	**1,670**	**-**	**102,919**
-	-	-	-	-	76,894
-	800	-	-	-	800
-	**800**	**-**	**-**	**-**	**77,694**
-	13,347		-	-	13,347
449,083	244,819	32,882	1,635	742	981,654
449,083	**258,166**	**32,882**	**1,635**	**742**	**995,001**
$ 474,056	**$ 308,605**	**$ 33,552**	**$ 3,305**	**$ 742**	**$ 1,175,614**

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

For the Year Ended December 31, 2018 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts	Bond Projects
Revenues				
Taxes:				
Facilities development admission	$ -	$ -	$ -	$ -
Lodgers	-	-	-	-
Property	-	75,143	-	-
Special assessments	-	-	-	-
Intergovernmental revenues	-	16,075	6,866	-
Charges for services	-	136	-	-
Investment and interest income	117	5,794	1,150	4,227
Contributions	-	8	1	-
Other revenue	3	6	-	-
Total Revenues	**120**	**97,162**	**8,017**	**4,227**
		-		
Expenditures		-		
Current:				
General government		26,243	-	10,398
Public works	-	71,437	-	73,683
Health	-	1,482	-	-
Parks and recreation	4,349	6,762	6,592	71
Cultural activities	4	1,202	-	248
Community development	-	4,687	-	-
Debt service:				
Principal retirement	-	6,728	-	-
Interest	-	1,652	-	-
Capital outlay	-	22,717	-	66,147
Total Expenditures	**4,353**	**142,910**	**6,592**	**150,547**
Excess (deficiency) of revenues over (under) expenditures	(4,233)	(45,748)	1,425	(146,320)
Other Financing Sources (Uses)				
Sale of capital assets	-	651	-	-
Issuance of certificate of participation	-	-	-	-
Bond premium	-	-	-	33,100
Issuance of bonds	-	-	-	560,905
Payment to escrow	-	-	-	(75,824)
Transfers in	3,837	74,625	-	-
Transfers out	-	(822)	-	(21,582)
Total Other Financing Sources (Uses)	**3,837**	**74,454**	**-**	**496,599**
Net change in fund balances	(396)	28,706	1,425	350,279
Fund balances - January 1	6,638	202,902	13,218	98,804
Fund Balances - December 31	**$ 6,242**	**$ 231,608**	**$ 14,643**	**$ 449,083**

Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement Districts	Total
$ -	$ 16,846	$ -	$ -	$ 16,846
3,449	-	-	-	3,449
-	-	-	-	75,143
139	-	1,166	-	1,305
58,217	-	-	-	81,158
-	-	-	-	136
2,109	587	31	-	14,015
24,917	-	-	-	24,926
449	-	-	-	458
89,280	**17,433**	**1,197**	**-**	**217,436**
11,772	-	-	-	48,413
13,195	-	958	70	159,343
-	-	-	-	1,482
4,219	404	-	-	22,397
4,752	2,642	-	-	8,848
-	-	-	-	4,687
-	-	-	-	6,728
-	-	-	-	1,652
35,071	231	-	-	124,166
69,009	**3,277**	**958**	**70**	**377,716**
20,271	14,156	239	(70)	(160,280)
-	-	-	-	651
129,000	-	-	-	129,000
13,040	-	-	-	46,140
-	-	-	-	560,905
-	-	-	-	(75,824)
24,379	-	-	800	103,641
(345)	(5,381)	-	-	(28,130)
166,074	**(5,381)**	**-**	**800**	**736,383**
		-		
186,345	8,775	239	730	576,103
71,821	24,107	1,396	12	418,898
$ 258,166	**$ 32,882**	**$ 1,635**	**$ 742**	**$ 995,001**

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2018 (dollars in thousands)

	2018 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government			
Mayor's Office	$ 2,482	$ 2,372	$ 110
Civic Events	1,111	962	149
Office of Special Events	740	699	41
Education/Advocacy Initiatives	3,675	3,631	44
Public Defenders Office	1,960	1,925	35
City Council	6,208	5,775	433
Board of Ethics	148	140	8
Office of Human Resources	16,235	16,099	136
Career Service Authority Hearing Office	593	561	32
City Attorney	34,327	32,146	2,181
Clerk and Recorder	9,293	8,295	998
Board of Adjustment	350	333	17
Human Rights and Community Partnerships	3,555	3,543	12
General Services	51,845	50,226	1,619
Auditor	9,133	8,105	1,028
Department of Finance	71,693	67,627	4,066
Contingency	-	-	-
Unemployment Insurance	1,200	519	681
Adams Mark Tax Increment	2,975	2,698	277
Annual Rental Payments	1,342	1,318	24
Denver Public Schools Mill Levy	761	761	-
Historic Tax Rebates	300	300	-
Excise and Licenses	4,610	4,558	52
Technology Services	70,947	67,999	2,948
Office of Economic Development	10,355	8,680	1,675
Total General Government	**$ 305,838**	**$ 289,272**	**$ 16,566**
Public Safety			
Safety Administration	$ 24,272	$ 24,147	$ 125
Civil Service Commission	1,765	1,587	178
County Court	24,879	24,754	125
District Attorney	25,429	25,617	(188)
Emergency Management	1,416	1,001	415
Fire	140,593	140,311	282
Independent Monitor	1,617	1,579	38
Police	234,031	232,450	1,581
Undersheriff	144,754	144,534	220
Total Public Safety	**$ 598,756**	**$ 595,980**	**$ 2,776**

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2018 (dollars in thousands)

	2018 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Public Works	$ 158,142	$ 145,615	$ 12,527
Total Public Works	**$ 158,142**	**$ 145,615**	**$ 12,527**
Human Services	$ 11,842	$ 9,539	$ 2,303
Total Human Services	**$ 11,842**	**$9,539**	**$ 2,303**
Health			
Environmental Health	$ 15,139	$ 14,454	$ 685
City Payments to Health Authority	30,777	30,777	-
Clinic	2,359	2,306	53
Poison Center	157	157	-
Total Health	**$ 48,432**	**$ 47,694**	**$ 738**
Parks and Recreation	$ 77,520	$ 75,689	$ 1,831
Total Parks and Recreation	**$ 77,520**	**$ 75,689**	**$ 1,831**
Cultural Activities			
Arts and Venues	$ 2,841	$ 2,841	$ -
Denver Public Library	49,398	48,360	1,038
Total Cultural Activities	**$ 52,239**	**$ 51,201**	**$ 1,038**
Community Development	$ 35,674	$ 33,961	$ 1,713
Total Community Development	**$ 35,674**	**$ 33,961**	**$ 1,713**
Economic Development	$ 745	$ 745	$ -
Total Economic Development	**$ 745**	**$ 745**	**$ -**
Total	**$ 1,289,188**	**$ 1,249,696**	**$ 39,492**

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

For the Year Ended December 31, 2018 (dollars in thousands)

		2018 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Grants - Currently Active				
13001	Federal	$ 816	$ 816	$ -
13007	Community Service	758	758	-
13009	Emergency Shelter	628	628	-
13012	Emergency Shelter Plus Care	1,787	1,787	-
13017	Child Care	2,970	2,970	-
13501	State Grants	208	208	
13601	Human Services Privately Funded	244	244	-
State/County Welfare				
13005	Child Welfare	44,037	37,883	6,154
13008	County Public Welfare	100,015	84,648	15,367
13017	Child Care	3,116	-	3,116
13301	Prenatal Fees Incentive	95	95	-
13302	Aid to the Blind	1	-	1
13303	Aid to the Needy Disabled	1,000	623	377
13304	Board for Developmentally Disabled	17,582	15,581	2,001
13305	General Assistance	1,796	1,755	41
13306	Local Funded Community Service	7,281	6,569	712
13501	Human Services State Funded	3	3	-
City and Other Projects				
13502	Integrated Care Management Incentive	251	251	-
13704	Homeless Services Donations	58	58	-
13706	DHS Volunteer Services	19	19	-
13808	Energy Assistance	33	33	-
13811	Assistance Incentive Program	187	187	-
13812	Homeless Services Donations	8,600	5,230	3,370
Total		**$ 191,485**	**$ 160,346**	**$ 31,139**

Comparative Balance Sheets - General Fund

December 31, 2018 and 2017 (dollars in thousands)

	Totals December 31	
	2018	2017
Assets		
Cash on hand	$ 137	$ 921
Cash and cash equivalents	253,936	286,222
Receivables (net of allowances for uncollectibles of $64,295 and $73,718):		
Taxes	207,373	203,890
Notes	3,579	2,822
Accounts	22,116	19,877
Accrued interest	1,750	2,025
Interfund receivable	31,230	13,530
Prepaid items and other assets	4,709	2,983
Restricted assets:		
Cash and cash equivalents	76,018	71,295
Total Assets	**$ 600,848**	**$ 603,565**
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Vouchers payable	$ 46,110	$ 42,799
Accrued liabilities	24,524	19,609
Due to taxing units	869	501
Interfund payable	8	1,763
Unearned revenue	957	1,542
Advances	154	218
Total Liabilities	**72,622**	**66,432**
Deferred Inflows of Resources:		
Unavailable revenues - property tax	132,093	130,327
Unavailable revenues - long-term receivables	11,353	12,747
Total Deferred Inflows of Resources	**143,446**	**143,074**
Fund Balance:		
Nonspendable	4,709	2,979
Restricted	75,838	71,295
Committed	74,024	55,661
Unassigned	230,209	264,124
Total Fund Balance	**384,780**	**394,059**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 600,848**	**$ 603,565**

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

For the Years Ended December 31, 2018 and 2017 (dollars in thousands)

	Totals December 31	
	2018	2017
Revenues		
Taxes:		
Lodgers	$ 31,782	$ 32,146
Motor vehicle ownership	30,654	30,793
Occupational privilege	53,093	50,955
Property	129,299	120,328
Sales and use	690,873	656,531
Telephone	1,949	2,453
Licenses and permits	66,428	64,601
Intergovernmental revenues	36,230	35,500
Charges for services	195,600	194,569
Investment and interest income	15,936	9,185
Fines and forfeitures	44,582	49,710
Contributions	61	27
Other revenue	8,837	14,366
Total Revenues	**1,305,324**	**1,261,164**
Expenditures		
Current:		
General government	288,130	276,941
Public safety	595,814	561,995
Public works	145,556	151,959
Human Services	9,539	7,844
Health	47,694	46,201
Parks and recreation	75,690	68,087
Cultural activities	51,101	48,444
Community development	33,961	32,463
Economic opportunity	745	187
Principal retirement	469	4,199
Interest	997	751
Total Expenditures	**1,249,696**	**1,199,071**
Excess of revenues over expenditures	55,628	62,093
Other Financing Sources (Uses)		
Sale of capital assets	-	3,957
Issuance of capital leases	4,463	-
Insurance recoveries	198	203
Transfers in	41,064	43,125
Transfers out	(110,632)	(112,742)
Total Other Financing Sources (Uses)	**(64,907)**	**(65,457)**
Net change in fund balance	(9,279)	(3,364)
Fund balances - January 1	394,059	397,423
Fund Balance - December 31	**$ 384,780**	**$ 394,059**

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

- **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, 2018 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 23,246	$ 4,302	$ 27,548
Receivables:			
Accounts	3,103	20	3,123
Accrued interest	87	15	102
Inventories	-	158	158
Interfund receivable	1,814	-	1,814
Restricted assets:			
Cash and cash equivalents	6,005	-	6,005
Accrued interest receivable	22	-	22
Total Current Assets	**34,277**	**4,495**	**38,772**
Capital assets:			
Land	3,168	1,131	4,299
Construction in progress	211	144	355
Buildings and improvements	665	12,291	12,956
Improvements other than buildings	-	11,707	11,707
Machinery and equipment	199	5,258	5,457
Accumulated depreciation	(802)	(17,734)	(18,536)
Net capital assets	3,441	12,797	16,238
Long-term receivables	6	-	6
Total Noncurrent Assets	**3,447**	**12,797**	**16,244**
Total Assets	**37,724**	**17,292**	**55,016**
Deferred Outflows of Resources			
Deferred outflows on pension and OPEB plans	975	825	1,800
Total Deferred Outflows of Resources	**975**	**825**	**1,800**
Liabilities			
Current liabilities:			
Vouchers payable	349	394	743
Revenue bonds payable	-	620	620
Accrued liabilities	106	109	215
Unearned revenue	6	598	604
Interfund payable	835	473	1,308
Compensated absences	318	84	402
OPEB implicit rate subsidy	15	27	42
Restricted liabilities:			
Vouchers payable	573	-	573
Total Current Liabilities	**2,202**	**2,305**	**4,507**
Noncurrent liabilities:			
Revenue bonds payable, net	-	655	655
Net pension and OPEB liability	6,829	5,567	12,396
Compensated absences	372	564	936
Total Noncurrent Liabilities	**7,201**	**6,786**	**13,987**
Total Liabilities	**9,403**	**9,091**	**18,494**
Deferred Inflows of Resources			
Items related to pension and OPEB plans	511	385	896
	511	**385**	**896**
Net Position			
Net investment in capital assets	3,441	11,522	14,963
Restricted for capital projects	5,454	-	5,454
Unrestricted	19,890	(2,881)	17,009
Total Net Position	**$ 28,785**	**$ 8,641**	**$ 37,426**

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

For the Year Ended December 31, 2018 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	$ 12,368	$ 10,163	$ 22,531
Other revenue	1,285	1,640	2,925
Total Operating Revenues	**13,653**	**11,803**	**25,456**
Operating Expenses			
Personnel services	5,227	6,229	11,456
Contractual services	6,353	1,634	7,987
Supplies and materials	86	982	1,068
Depreciation and amortization	19	894	913
Other operating expenses	1,177	1,856	3,033
Total Operating Expenses	**12,862**	**11,595**	**24,457**
Operating income	791	208	999
Nonoperating Revenues (Expenses)			
Investment and interest income	559	77	636
Intergovernmental revenue	116	-	116
Disposition of assets	-	(1,322)	(1,322)
Interest expense	-	(82)	(82)
Net Nonoperating Revenues (Expenses)	**675**	**(1,327)**	**(652)**
Income (loss) before transfers	1,466	(1,119)	347
Transfers out	(411)	-	(411)
Capital asset transfer	(3,827)	-	(3,827)
Change in Net Position	(2,772)	(1,119)	(3,891)
Net position - January 1, as previously reported	32,323	10,472	42,795
Adoption of accounting principle - GASB 75	(766)	(712)	(1,478)
Net Position - January 1, as restated	31,557	9,760	41,317
Net Position - December 31	**$ 28,785**	**$ 8,641**	**$ 37,426**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2018 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 12,443	$ 10,306	$ 22,749
Payments to suppliers	(6,805)	(4,990)	(11,795)
Payments to employees	(4,648)	(5,883)	(10,531)
Other receipts	1,285	1,640	2,925
Net Cash Provided by Operating Activities	**2,275**	**1,073**	**3,348**
Cash Flows From Noncapital Financing Activities			
Operating grants received	116	-	116
Transfers (out)	(411)	-	(411)
Net Cash (Used In) Noncapital Financing Activities	**(295)**	**-**	**(295)**
Cash Flows From Capital and Related Financing Activities			
Principal payments	-	(871)	(871)
Interest paid on capital debt	-	(82)	(82)
Purchase of assets	(1)	83	82
Net Cash (Used In) Capital and Related Financing Activities	**(1)**	**(870)**	**(871)**
Cash Flows from Investing Activities			
Interest received	559	63	622
Net increase in cash and cash equivalents	559	63	622
Net increase in cash and cash equivalents	2,538	266	2,804
Cash and cash equivalents - January 1	26,713	4,036	30,749
Cash and Cash Equivalents - December 31	**$ 29,251**	**$ 4,302**	**$ 33,553**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 791	$ 208	$ 999
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	19	894	913
Loss on disposal of assets	730	-	730
Changes in Assets and Liabilities			
Accounts receivable	(32)	97	65
Interfund receivable	100	-	100
Inventories	-	(3)	(3)
Vouchers payable	(335)	(975)	(1,310)
Unearned revenue	6	46	52
Accrued liabilities	164	(21)	143
Interfund payable	417	461	878
Deferred outflows of resources	606	551	1,157
Deferred inflows of resources	342	385	727
Net pension and OPEB liability	(533)	(570)	(1,103)
Net Cash Provided by Operating Activities	**$ 2,275**	**$ 1,073**	**$ 3,348**

Combining Statement of Net Position - Internal Service Funds

December 31, 2018 (dollars in thousands)

	Asphalt Plant	Workers' Compensation	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 8,710	$ 40,706	$ 49,416
Receivables:			
Accounts	-	1,551	1,551
Accrued interest	-	295	295
Inventories	115	-	115
Interfund receivable	32	-	32
Total Current Assets	**8,857**	**42,552**	**51,409**
Capital Assets:			
Buildings and improvements	3,627	-	3,627
Machinery and equipment	2,686	-	2,686
Accumulated depreciation	(5,327)	-	(5,327)
Net capital assets	986	-	986
Total Assets	**9,843**	**42,552**	**52,395**
Liabilities			
Current Liabilities:			
Vouchers payable	36	1,014	1,050
Accrued liabilities	13	37	50
Interfund payable	1	54	55
Compensated absences	28	132	160
Claims reserve	-	9,197	9,197
Total Current Liabilities	**78**	**10,434**	**10,512**
Noncurrent Liabilities:			
Compensated absences	120	87	207
Claims reserve	-	18,059	18,059
Total noncurrent liabilities	120	18,146	18,266
Total Liabilities	**198**	**28,580**	**28,778**
Net Position			
Net investment in capital assets	986	-	986
Unrestricted	8,659	13,972	22,631
Total Net Position	**$ 9,645**	**$ 13,972**	**$ 23,617**

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

For the Year Ended December 31, 2018 (dollars in thousands)

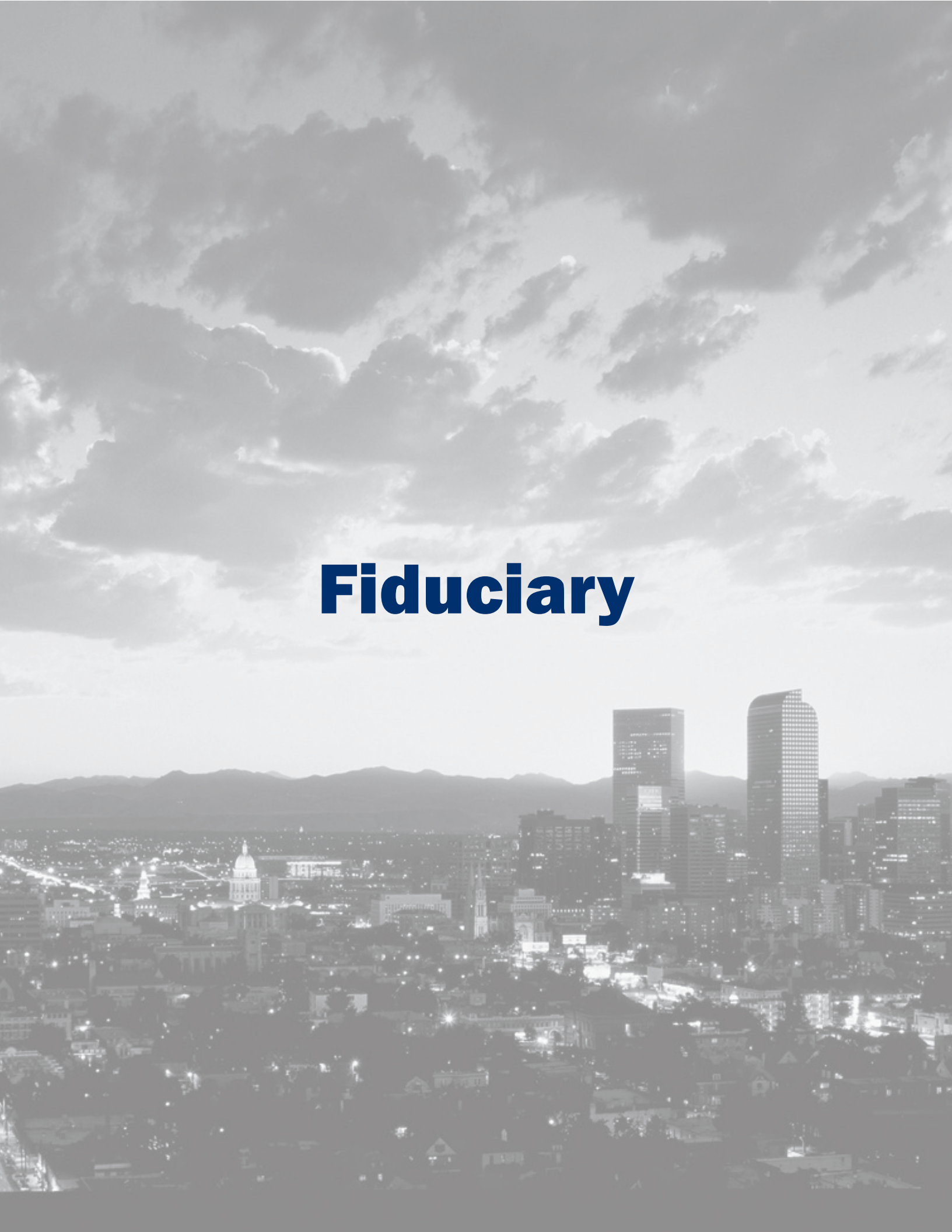
	Asphalt Plant	Workers' Compensation	Total
Operating Revenues			
Charges for services	$ 9,906	$ 10,000	$ 19,906
Other revenue	-	541	541
Total Operating Revenues	**9,906**	**10,541**	**20,447**
Operating Expenses			
Personnel services	706	1,873	2,579
Contractual services	341	1,376	1,717
Supplies and materials	7,931	23	7,954
Depreciation	66	-	66
Claims payments	-	8,422	8,422
Other operating expenses	74	1,229	1,303
Change in claims reserve	-	974	974
Total Operating Expenses	**9,118**	**13,897**	**23,015**
Operating income (loss)	788	(3,356)	(2,568)
Nonoperating Revenues (Expenses)			
Investment and interest income	-	787	787
Net Nonoperating Revenue (Expenses)	**-**	**787**	**787**
Income (loss) before transfers	788	(2,569)	(1,781)
Change in net position	788	(2,569)	(1,781)
Net position - January 1	8,857	16,541	25,398
Net Position - December 31	**$ 9,645**	**$ 13,972**	**$ 23,617**

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2018 (dollars in thousands)

	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 9,932	$ 11,541	$ 21,473
Payments to suppliers	(8,365)	(2,411)	(10,776)
Payments to employees	(685)	(1,880)	(2,565)
Other receipts	-	541	541
Claims paid	-	(8,422)	(8,422)
Net Cash Provided (Used In) by Operating Activities	**882**	**(631)**	**251**
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(1,009)	-	(1,009)
Net Cash Used by Capital and Related Financing Activities	**(1,009)**	**-**	**(1,009)**
Cash Flows from Investing Activities			
Interest received	-	758	758
Net increase (decrease) in cash and cash equivalents	**-**	**758**	**758**
Net increase (decrease) in cash and cash equivalents	(127)	127	-
Cash and cash equivalents - January 1	8,837	40,579	49,416
Cash and Cash Equivalents - December 31	**$ 8,710**	**$ 40,706**	**$ 49,416**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 788	$ (3,356)	$ (2,568)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	66	-	66
Changes in Assets and Liabilities			
Accounts receivable	-	1,541	1,541
Interfund receivable	26	-	26
Inventories	4	-	4
Vouchers payable	(22)	216	194
Accrued liabilities	21	(7)	14
Interfund payable	(1)	1	-
Claims reserved	-	974	974
Net Cash Provided by Operating Activities	**$ 882**	**$ (631)**	**$ 251**

Fiduciary



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

- Agency funds are comprised of resources held in a custodial capacity. This includes funds related to County Court and Police functions, as well as funds held for property foreclosure activities, and various taxes, payroll and benefit deductions not yet distributed to external entities.

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

As of December 31, 2018 (dollars in thousands)

	Pension Benefits Trust Fund Denver Employees Retirement Plan	Health Benefits Trust Fund Denver Employees Retirement Plan	Other Employee Benefit Trust Fund Deferred Compensation Plan	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 35,195	$ 1,184	$ -	$ 36,379
Securities lending collateral	125,372	4,092	-	129,464
Receivables:				
Accounts	32	1	-	33
Accrued interest	1,478	48	-	1,526
Investments:				
U.S. Government obligations	150,139	4,901	-	155,040
Domestic stocks and bonds	705,461	23,028	-	728,489
International stocks	432,529	14,119	-	446,648
Mutual funds	-	-	440,843	440,843
Alternative investments	469,015	15,310	-	484,325
Real estate	167,569	5,470	-	173,039
Other	101,296	3,306	236,081	340,683
Total Investments	2,026,009	66,134	676,924	2,769,067
Prepaid and other assets	30	1	-	31
Total Current Assets	**2,188,116**	**71,460**	**676,924**	**2,936,500**
Capital assets, net of accumulated depreciation	3,408	111	-	3,519
Total Assets	**2,191,524**	**71,571**	**676,924**	**2,940,019**
Liabilities				
Vouchers payable	2,035	66	-	2,101
Securities lending obligations	126,812	4,140	-	130,952
Total Liabilities	**128,847**	**4,206**	**-**	**133,053**
Net Position Held in Trust for Pension and Other Employee Benefit Trust Funds	**$ 2,062,677**		**$ 676,924**	
Net Position Held in Trust for OPEB Benefits		**$ 67,365**		
Net Position Held in Trust for Benefits				**$ 2,806,966**

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

As of December 31, 2018 (dollars in thousands)

	Pension Benefits Trust Fund Denver Employees Retirement Plan	Health Benefits Trust Fund Denver Employees Retirement Plan	Other Employee Benefit Trust Fund Deferred Compensation Plan	Total
Additions				
Contributions:				
City and County of Denver	$ 75,452	$ 4,671	$ -	$ 80,123
Denver Health and Hospital Authority	6,268	282	-	6,550
Plan members	52,701	3,133	43,603	99,437
Total Contributions	**134,421**	**8,086**	**43,603**	**186,110**
Investment earnings (loss):				
Net depreciation in fair value of investments	(116,509)	(3,800)	(22,987)	(143,296)
Interest and dividends	59,508	1,970	-	61,478
Total Investment Earnings (Loss)	**(57,001)**	**(1,830)**	**(22,987)**	**(81,818)**
Less investment expense	(13,471)	(445)	-	(13,916)
Net Investment Earnings (Loss)	**(70,472)**	**(2,275)**	**(22,987)**	**(95,734)**
Securities lending expenses:				
Borrower rebates	(2,413)	(80)	-	(2,493)
Agent fees (loss)	(262)	(9)	-	(271)
Net Earnings from Securities Lending	**(2,675)**	**(89)**	**-**	**(2,764)**
Total Net Investment Earnings (Loss)	**(73,147)**	**(2,364)**	**(22,987)**	**(98,498)**
Total Additions	**61,274**	**5,722**	**20,616**	**87,612**
Deductions				
Benefits	215,658	12,906	59,439	288,003
Refunds of contributions	4,349	144	-	4,493
Administrative expenses	4,016	134	467	4,617
Total Deductions	**224,023**	**13,184**	**59,906**	**297,113**
Change in net position	(162,749)	(7,462)	(39,290)	(209,501)
Net Position - January 1	2,225,426	74,827	716,214	3,016,467
Net Position - December 31	**$ 2,062,677**	**$ 67,365**	**$ 676,924**	**$ 2,806,966**

Combining Statement of Changes in Assets and Liabilities - Agency Funds

As of December 31, 2018 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash on hand	$ 3,291	$ 21,895	$ 21,406	$ 3,780
Cash and cash equivalents	41,493	2,638,783	2,623,073	57,203
Receivables (net of allowances for uncollectibles of $4,923):				
Taxes	1,000,716	1,058,047	1,021,674	1,037,089
Accounts	14	3,879	3,719	174
Total Assets	**$ 1,045,514**	**$ 3,722,604**	**$ 3,669,872**	**$ 1,098,246**
Liabilities				
Vouchers payable	$ 15,498	$ 8,307	$ 140	$ 23,665
Other accrued liabilities	3,466	619,733	621,109	4,842
Due to taxing units	1,026,550	1,043,034	1,086,223	1,069,739
Total Liabilities	**$ 1,045,514**	**$ 1,671,074**	**$ 1,707,472**	**$ 1,098,246**

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Component Units

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Combining Statement of Net Position - Nonmajor Component Units

December 31, 2018 (dollars in thousands)

	Bluebird BID	Cherry Creek North BID	Cherry Creek Subarea BID	Colfax BID	Colfax Mayfair BID	Denver Preschool Program, Inc.
Assets						
Cash and cash equivalents	$ 102	$ 1,473	$ 82	$ 567	$ 207	$ 24,747
Receivables (net of allowances):						
Taxes	107	4,700	-	661	-	-
Accounts	-	97	-	9	-	23
Accrued interest	-	-	-	-	-	-
Other	1	-	-	-	-	-
Prepaid items and other assets	2	56	-	10	-	26
Restricted Assets:						
Cash and cash equivalents	4	377	-	-	-	-
Capital Assets:						
Land and construction in progress	-	17,100	-	39	-	494
Buildings and improvements	-	143	-	-	-	240
Machinery and equipment	-	119	-	3,113	-	63
Accumulated depreciation	-	(6,042)	-	(1,162)	-	(41)
Net Capital Assets	**-**	**11,320**	**-**	**1,990**	**-**	**756**
Total Assets	**216**	**18,023**	**82**	**3,237**	**207**	**25,552**
Deferred Outflows of Resources						
Deferred amount on refundings	-	1,423	-	-	-	-
Total Deferred Outflows of Resources	**-**	**1,423**			**-**	**-**
Liabilities						
Vouchers payable	-	365	-	31	7	4,311
Accrued liabilities	10	121	-	-	-	10
Unearned revenue	-	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	-	795	-	-	-	54
Due in more than one year	-	13,495	-	-	-	186
Total Liabilities	**10**	**14,776**	**-**	**31**	**7**	**4,561**
Deferred Inflows of Resources						
Property tax	107	4,700	-	661	-	-
Total Deferred Inflows of Resources	**107**	**4,700**	**-**	**661**	**-**	**-**
Net Position						
Net investment in capital assets	-	(1,547)	-	1,990	-	756
Restricted for:						
Capital Projects	42	-	-	-	-	793
Emergency use	6	118	-	22	-	-
Debt service	-	259	-	-	-	-
Unrestricted	51	1,140	82	533	200	19,442
Total Net Position (Deficit)	**$ 99**	**$ (30)**	**$ 82**	**$ 2,545**	**$ 200**	**$ 20,991**

Downtown Denver BID	Federal Boulevard BID	Five Points BID	Old South Gaylord BID	RiNo BID	Santa Fe BID	West Colfax BID	Total
$ 1,431	$ 52	$ 289	$ 69	$ 111	$ 61	$ 296	$ 29,487
6,406	-	-	-	3	-	145	12,022
441	-	-	-	1,115	-	10	1,695
-	-	-	-	120	-	-	120
-	1	31	-	-	-	-	33
44	-	-	-	6	-	1	145
-	-	-	-	-	-	5	386
-	-	-	-	-	-	438	18,071
-	-	-	-	-	-	-	383
3,869	-	-	19	-	-	-	7,183
(1,655)	-	-	-	-	-	-	(8,900)
2,214	**-**	**-**	**19**	**-**	**-**	**438**	**16,737**
10,536	**53**	**320**	**88**	**1,355**	**61**	**895**	**60,625**
-	-	-	-	-	-	-	1,423
-	**-**	**-**	**-**	**-**	**-**	**-**	**1,423**
290	1	-	4	64	-	41	5,114
-	-	-	7	5	-	-	153
32	-	-	-	-	-	-	32
-	-	-	-	-	-	-	849
-	-	-	-	-	-	-	13,681
322	**1**	**-**	**11**	**69**	**-**	**41**	**19,829**
6,406	-	-	-	1,115	-	145	13,134
6,406	**-**	**-**	**-**	**1,115**	**-**	**145**	**13,134**
2,214	-	-	19	-	-	438	3,870
-	-	-	-	-	-	-	835
208	-	-	-	30	-	5	389
-	-	-	-	-	-		259
1,386	52	320	58	141	61	266	23,732
$ 3,808	**$ 52**	**$ 320**	**$ 77**	**$ 171**	**$ 61**	**$ 709**	**$ 29,085**

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2018 (dollars in thousands)

	Bluebird BID	Cherry Creek North BID	Cherry Creek Subarea BID	Colfax BID	Colfax Mayfair BID	Denver Preschool Program, Inc.
Expenses	$ 91	$ 5,154	$ 7	$ 660	$ 89	$ 11,501
Program Revenues						
Charges for services	-	350	-	-	-	-
Operating grants and contributions	-	-	-	19	-	1
Total Program Revenues	**-**	**350**	**-**	**19**	**-**	**1**
Net expenses	(91)	(4,804)	(7)	(641)	(89)	(11,500)
General Revenues						
Taxes:						
Property	107	4,552	16	594	119	-
Specific ownership	6	265	-	35	-	-
Investment and interest income	-	35	-	7	-	27
Other revenues	13	-	-	1	-	22,040
Total General Revenues	**126**	**4,852**	**16**	**637**	**119**	**22,067**
Change in net position	35	48	9	(4)	30	10,567
Net position - January 1	64	(78)	73	2,549	170	10,424
Net Position (Deficit) - December 31	**$ 99**	**$ (30)**	**$ 82**	**$ 2,545**	**$ 200**	**$ 20,991**

Downtown Denver BID	Federal Boulevard BID	Five Points BID	Old South Gaylord BID	RiNo BID	Santa Fe BID	West Colfax BID	Total
$ 8,414	$ 50	$ 46	$ 56	$ 943	$ 199	$ 344	27,554
-	-	-	-	-	-	14	364
-	-	-	-	-	-	158	178
-	**-**	**-**	**-**	**-**	**-**	**172**	**542**
(8,414)	(50)	(46)	(56)	(943)	(199)	(172)	(27,012)
6,098	72	171	57	952	104	158	13,000
-	-	-	-	54	-	-	360
-	-	-	-	1	-	1	71
2,170	-	-	17	-	7	35	24,283
8,268	**72**	**171**	**74**	**1,007**	**111**	**194**	**37,714**
(146)	22	125	18	64	(88)	22	10,702
3,954	30	195	59	107	149	687	18,383
$ 3,808	**$ 52**	**$ 320**	**$ 77**	**$ 171**	**$ 61**	**$ 709**	**$ 29,085**

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Other Supplementary Schedules

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Combined Schedule of Bonds Payable and Escrows

December 31, 2018 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate [5]	Amount Outstanding	1st Optional Call Date
Denver Airport System					
1992F-G Credit Facility Bonds	$ 36,900	2031	1.464%	$ 34,900	9/25/2017
Escrow LOI	n/a	2024-2025	6.125%	$ 40,080	5/15/2017
2002C Credit Facility Bonds	30,300	2031	1.464%	26,200	9/25/2017
2007A Airport System Revenue	188,350	2023-2030	5.00%	-	11/15/2017
2007C Airport System Revenue	34,635	2017-2033	5.00%	-	11/15/2017
2007D Airport System Revenue	147,815	2017-2023	5.25%-5.50%	-	11/15/2017
2007F1-F2 Airport System Revenue[2]	104,000	2025	1.50-1.60%	75,550	1/2/2017
2007G1-G2 Credit Facility Bonds[3]	135,600	2031	1.852%	119,400	12/1/2023
2008A1 Airport System Revenue	221,215	2017	5.00%	-	Not callable
2008B Airport System Revenue[1]	81,800	2031	1.734%	50,600	1/2/2017
2008C1-C3 Airport System Revenue[1]	292,600	2031	1.683-1.734%	286,800	1/2/2017
2009A Airport System Revenue	170,190	2017-2036	5.00-5.25%	150,480	11/15/2019
2009B Credit Facility Bonds	65,290	2039	6.414%	65,290	1/2/2017
2009C Airport System Revenue[1]	104,655	2031	1.315%	100,955	1/2/2017
2010A Airport System Revenue	171,360	2017-2032	4.00%-5.00%	150,050	11/15/2020
2011A Airport System Revenue	349,730	2017-2023	4.00%-5.25%	182,420	11/15/2021
2011B Airport System Revenue	198,370	2017-2024	4.00%-5.00%	9,010	11/15/2021
2012A Airport System Revenue	315,780	2017-2043	3.00-5.00%	261,645	11/15/2022
2012B Airport System Revenue	510,140	2017-2043	4.00-5.00%	492,925	11/15/2022
2012C Airport System Revenue	30,285	2026	3.592%	30,285	1/2/2017
2013A Airport System Revenue	326,260	2017-2043	4.00-5.50%	308,400	11/15/2023
2013B Airport System Revenue	393,655	2017-2043	3.00%-5.25%	375,890	11/15/2023
2015A Airport System Revenue	195,940	2017-2021 and 2023-	2.20%	148,175	11/15/2017
2016A Airport System Revenue	256,810	2017-2032	5.00%	223,735	11/15/2026
2016B Airport System Revenue	108,735	2017-2031	1.812%	92,390	5/15/2019
2017A Airport System Revenue	225,220	2018-2030	5.00%	232,980	11/15/2027
2017B Airport System Revenue	21,175	2033	5.00%	21,280	11/15/2027
2017C Airport System Revenue	300,000	2021-2050	6.13%	-	n/a
2018A Airport System Revenue	2,341,710			2,341,710	
2018B Airport System Revenue	184,365			184,365	
Total Denver Airport System				**6,005,515**	
Unamortized premium net of discount				409,278	
Net Denver Airport System				**6,414,793**	
Wastewater Management					
2012 Wastewater Revenue Bonds	50,425	2017-2032	3.00-4.00%	31,760	n/a
2016 Wastewater Revenue Bonds	115,000	2017-2046	4.00-5.00%	111,055	11/1/2026
2018 Wastewater Revenue Bonds	103,050	2018-2046		100,160	
Unamortized premium				22,296	
Total Wastewater Management				**265,271**	
Golf Enterprise					
2005 Golf Enterprise Revenue Bonds	7,365	2017-2020	4.70-5.00%	1,275	9/1/2017
Total Golf Enterprise				**1,275**	

continued

Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2018 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate [5]	Amount Outstanding	1st Optional Call Date
General Obligation					
2006 Justice System Facilities Bonds	8,861	2022	4.75%	8,861 [4]	Not callable
2009A Better Denver/Zoo Bonds	104,500	2017-2025	4.00-5.25%	62,540	8/1/2019
2010B Better Denver Bonds	312,055	2017-2030	3.78-5.65%	299,395	8/1/2020
2013A Better Denver Bonds	120,925	2017-2030	3.00-5.00%	42,195	8/1/2023
2013B1 GO Refunding Bonds	48,020	2017-2025	2.30%	35,200	8/1/2023
2013B2 GO Refunding Bonds	89,415	2017-2025	2.38%	70,565	8/1/2023
2014 Better Denver (mini-bonds)	12,000	2023, 2028	4.39-4.89%	12,000	Not callable
2018A GO Elevate Denver Bonds	193,000	2018-2033	3.125-5.00%	139,330	8/1/2030
2018B GO Justice System Refunding Bonds	67,905	2019-2025	5.00%	67,905	Not callable
Total Primary Government				**737,991**	
Unamortized premium				20,318	
Net Primary Government				**758,309**	
14th Street GID	4,000	2034	7.00%	3,840	12/1/2020
Total General Obligation				**762,149**	
Excise Tax Revenue Bonds					
2016A Dedicated Tax Refunding and Improvement	242,500	2021-2046	2.00-5.00%	242,500	8/1/2026
2016B Dedicated Tax Refunding and Improvement	154,810	2017-2032	1.54%-3.818%	86,885	8/1/2026
2018A1 Dedicated Tax Revenue Bonds	151,485	2041-2048	5.00%	151,485	8/1/2026
2018A2 Dedicated Tax Revenue Bonds	88,515	2029-2040	3.84-4.33%	88,515	8/1/2026
2018B Dedicated Tax Revenue Bonds	60,000	2019-2029	2.583-3.746%	60,000	8/1/2026
Total Excise Tax Revenue Bonds				**629,385**	
Unamortized premium				43,676	
Net Excise Tax Revenue Bonds				**673,061**	
Total General Long-Term Debt				**1,435,210**	
Total Bonds Payable				**$ 8,116,549**	

[1]Variable rate issue - weekly interest rate reset

[2]Auction rate securities - 7 day auction

[3]Variable rate issue - daily interest rate reset

[4]Amounts do not include $6,478 and $2,646 of compound interest on the Series 2007 and 2014A mini-bonds, respectively.

[5]Variable rate issues reflect rate in effect as of December 31, 2018.

Financial Planning 02/01

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

Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County:	Denver
	YEAR ENDING : December 2018	
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Tara Olden Phone: (720)913-9343	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	$ 91,319,102
3. Other local imposts (from page 2)	1,705,646
4. Miscellaneous local receipts (from page 2)	-
5. Transfers from toll facilities	-
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	-
b. Bonds - Refunding Issues	-
c. Notes	-
d. Total (a. + b. + c.)	-
7. Total (1 through 6)	$ 93,024,748
B. Private Contributions	
C. Receipts from State government	
(from page 2)	37,186,402
D. Receipts from Federal Government	
(from page 2)	-
E. Total receipts (A.7 + B + C + D)	**$ 130,211,150**

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	$ 46,199,096
2. Maintenance:	14,688,020
3. Road and street services:	
a. Traffic control operations	19,409,792
b. Snow and ice removal	4,095,227
c. Other	14,185,273
d. Total (a. through c.)	37,690,292
4. General administration & miscellaneous	7,759,050
5. Highway law enforcement and safety	23,874,692
6. Total (1 through 5)	$ 130,211,150
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	-
b. Redemption	-
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
3. Total (1.c + 2.c)	$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	**$ 130,211,150**

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	$ 130,211,150	$ 130,211,150		$ -

Notes and Comments:

- II.A.2 ("General fund appropriations") have been added to the extent that they are calculated to support highway expenditures
- IV. Until 2006 we reported debt only for street-related special assessment districts. That amount is now negligible. General Obligation debt related to highways cannot be separated from debt for other purposes.

- V.A&D. The City and County of Denver has no comprehensive, separate Road and Street "Fund." We have funds for various capital outlays; General Fund appropriations and other specified revenues support non-capital expenditures on roads and streets.

FORM FHWA-536 (Rev. 1-05 PREVIOUS EDITIONS OBSOLETE (Next Page)

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2018

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	$ 1,705,646	a. Interest on investments	$ -
b. Other local imposts:		b. Traffic Fines & Penalities	-
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.)	-	h. Other	-
c. Total (a. + b.)	**$ 1,705,646**	**i. Total (a. through h.)**	**$ -**
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	$ 37,186,402	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.)	-	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	**$ 37,186,402**	**3. Total (1. + 2.g)**	**$ -**
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	$ -	$ -	$ -
b. Engineering Costs	-	7,756,001	7,756,001
c. Construction:			
(1). New Facilities	-	-	-
(2). Capacity Improvements	-	4,190,256	4,190,256
(3). System Preservation	-	22,272,012	22,272,012
(4). System Enhancement & Operation	-	11,980,828	11,980,828
(5). Total Construction (1) + (2) + (3) + (4)	-	38,443,096	38,443,096
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	**$ -**	**$ 46,199,096**	**$ 46,199,096**

(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.

199 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.

206 Revenue Capacity

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

214 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.

221 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.

222 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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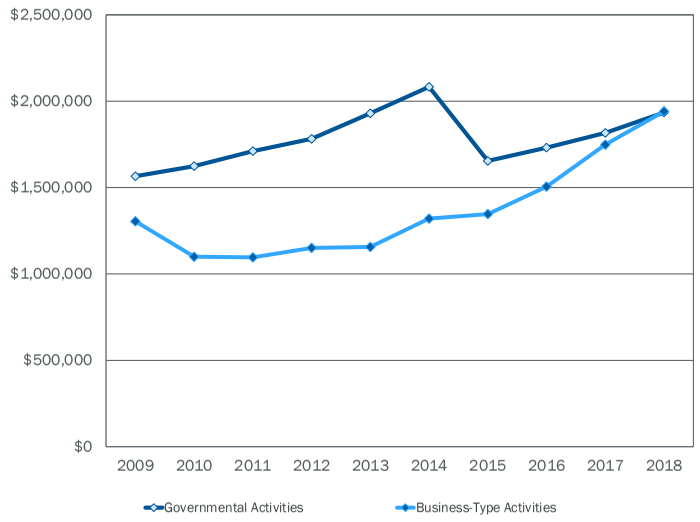
Net Position by Component

Last 10 Fiscal Years (dollars in thousands - accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 1,188,810	$ 1,211,215	$ 1,247,292	$ 1,315,237	$ 1,366,632	$ 1,420,817	$ 1,509,354	$ 1,572,753	$ 1,730,520	$ 1,780,073
Restricted	257,699	551,602	552,799	457,614	481,937	524,017	649,483	918,405	792,057	1,580,026
Unrestricted	119,307	(138,547)	(88,897)	9,411	81,589	138,255	(504,190)	(759,893)	(706,069)	(1,425,187)
Total governmental activities net position	**$ 1,565,816**	**$ 1,624,270**	**$ 1,711,194**	**$ 1,782,262**	**$ 1,930,158**	**$ 2,083,089**	**$ 1,654,647**	**$ 1,731,265**	**$ 1,816,508**	**$ 1,934,912**
Business-type activities										
Net investment in capital assets	$ 212,129	$ 114,343	$ 91,524	$ (13,036)	$ (192,372)	$ (193,351)	$ (81,930)	$ 175,636	$ 701,234	$ 604,246
Restricted	661,383	669,517	627,377	656,174	671,317	667,801	675,863	622,880	493,837	512,691
Unrestricted	431,497	316,116	377,121	507,873	677,576	846,056	752,775	707,076	553,533	824,401
Total business-type activities net position	**$ 1,305,009**	**$ 1,099,976**	**$ 1,096,022**	**$ 1,151,011**	**$ 1,156,521**	**$ 1,320,506**	**$ 1,346,708**	**$ 1,505,592**	**$ 1,748,604**	**$ 1,941,338**
Primary government										
Net investment in capital assets	$ 1,400,939	$ 1,325,558	$ 1,338,816	$ 1,302,201	$ 1,174,260	$ 1,227,466	$ 1,427,424	$ 1,748,389	$ 2,431,754	$ 2,384,319
Restricted	919,082	853,977	1,180,176	1,113,788	1,153,254	1,191,818	1,325,346	1,541,285	1,285,894	2,092,717
Unrestricted	550,804	544,711	288,224	517,284	759,165	984,311	248,585	(52,817)	(152,536)	(600,786)
Total primary government net position	**$ 2,870,825**	**$ 2,724,246**	**$ 2,807,216**	**$ 2,933,273**	**$ 3,086,679**	**$ 3,403,595**	**$ 3,001,355**	**$ 3,236,857**	**$ 3,565,112**	**$ 3,876,250**

Primary Government Net Position



Changes in Net Position

Last 10 Fiscal Years (dollars in thousands - accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 243,518	$ 249,106	$ 244,430	$ 247,659	$ 262,466	$ 319,464	$ 340,401	$ 405,900	$ 445,601	$ 475,490
Public safety	506,887	526,007	531,109	570,111	563,658	592,270	588,597	688,287	707,981	670,774
Public works	159,657	144,211	149,160	195,168	164,837	193,207	190,577	216,587	254,381	280,174
Human services	128,946	119,530	114,252	111,067	114,624	114,727	125,195	145,594	167,131	177,184
Health	52,961	53,499	52,286	53,755	54,453	59,216	64,687	65,265	62,351	61,458
Parks and recreation	100,253	67,709	57,702	80,480	89,305	80,199	68,650	93,842	100,294	117,823
Cultural activities	63,646	100,190	127,606	110,885	123,248	128,799	131,835	130,536	157,531	156,897
Community development	40,480	47,501	46,571	40,262	35,142	39,598	45,355	48,766	52,832	71,778
Economic opportunity	31,803	25,905	23,036	21,481	21,218	21,091	20,027	14,830	11,746	1,228
Interest on long-term debt	62,670	70,453	77,263	74,901	70,030	66,306	63,267	62,566	63,952	62,524
Total governmental activities	**1,390,821**	**1,404,111**	**1,423,415**	**1,505,769**	**1,498,981**	**1,614,877**	**1,638,591**	**1,872,173**	**2,023,800**	**2,075,330**
Business-type activities:										
Wastewater management	80,865	84,752	97,773	99,179	105,679	102,688	111,941	114,740	124,046	129,459
Denver airport system	787,914	830,243	783,249	763,249	801,786	773,345	769,896	811,094	825,110	889,251
Environmental services	5,904	6,087	6,757	7,001	9,354	8,174	9,967	11,837	10,880	12,893
Golf course	7,884	7,935	8,757	8,943	10,474	12,254	10,766	11,146	11,507	11,708
Total business-type activities	**882,567**	**929,017**	**896,536**	**878,372**	**927,293**	**896,461**	**902,570**	**948,817**	**971,543**	**1,043,311**
Total Primary Government Expenses	**$ 2,273,388**	**$ 2,333,128**	**$ 2,319,951**	**$ 2,384,141**	**$ 2,426,274**	**$ 2,511,338**	**$ 2,541,161**	**$ 2,820,990**	**$ 2,995,343**	**$ 3,118,641**
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 82,719	$ 79,636	$ 78,018	$ 75,761	$ 87,988	$ 97,289	$ 99,302	$ 99,847	$ 97,788	$ 83,149
Public safety	71,786	76,695	87,212	90,528	87,996	86,010	93,230	95,497	97,339	110,837
Public works	49,240	53,643	55,831	60,227	68,666	71,653	77,308	75,580	79,397	81,237
Community development	11,639	13,630	15,298	23,466	25,615	25,741	41,312	34,264	39,905	41,317
Other activities	67,138	49,841	69,337	74,844	76,577	86,043	91,608	95,337	92,573	103,838
Operating grants and contributions:										
General government	17,613	20,277	20,673	33,960	26,716	23,694	37,017	23,475	25,288	26,177
Public safety	24,713	29,792	28,817	30,634	29,023	26,861	26,914	26,398	24,327	27,787
Public works	23,633	23,067	19,256	62,269	19,370	20,654	20,825	23,358	21,992	116,848
Human services	80,428	72,644	77,417	73,133	68,244	76,207	73,768	86,469	95,221	96,337
Community development	19,419	16,562	29,258	26,617	15,800	17,064	7	6	283	1,577
Other activities	26,641	47,884	20,192	26,706	20,259	22,767	22,006	19,935	27,174	31,437
Capital grants and contributions:										
Public works	14,624	23,422	25,333	30,777	29,408	35,699	9,701	36,527	65,555	77,198
Other activities	6,701	14,334	15,491	2,780	40,104	18,780	28,597	31,691	24,877	25,376
Total governmental activities program revenues	**496,294**	**521,427**	**542,133**	**611,702**	**595,766**	**608,462**	**621,595**	**648,384**	**691,719**	**823,115**

continued

Changes in Net Position - continued

Last 10 Fiscal Years (dollars in thousands - accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Wastewater management	75,512	75,363	89,744	106,167	115,872	120,806	126,260	133,375	150,122	159,526
Denver airport system	663,355	703,997	705,979	730,145	661,637	711,490	793,543	876,643	906,750	952,286
Other activities	15,448	16,765	17,026	18,471	18,108	20,627	26,339	22,131	26,663	22,531
Operating grants and contributions:										
Denver airport system	-	-	400	675	103,513	121,690	19,220	686	873	-
Capital grants and contributions:										
Wastewater enterprises	15,018	13,984	11,652	6,890	7,289	8,379	9,564	25,142	21,296	11,415
Denver airport system	38,621	30,600	34,702	22,996	31,412	20,533	20,483	3,553	55,879	26,730
Other activities	-	-	-	-	-	-	-	280	-	-
Total business-type activities program revenues	**807,954**	**840,709**	**859,503**	**885,344**	**937,831**	**1,003,525**	**995,409**	**1,061,810**	**1,161,583**	**1,172,488**
Total Primary Government Net (Expense) Revenue	**$ 1,304,248**	**$ 1,362,136**	**$ 1,401,636**	**$ 1,497,046**	**$ 1,533,597**	**$ 1,611,987**	**$ 1,617,004**	**$ 1,710,194**	**$ 1,853,302**	**$ 1,995,603**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	$ 259,963	$ 295,381	$ 288,106	$ 287,062	$ 331,914	$ 347,079	$ 349,176	$ 399,859	$ 419,648	$ 472,995
Sales and use	421,838	447,071	481,023	494,495	539,348	615,735	638,276	674,398	718,577	762,201
Other	118,165	124,855	132,259	140,123	146,875	165,584	180,745	187,427	217,940	229,725
Investment and interest income	11,826	21,730	24,196	11,259	2,525	14,928	15,503	19,151	20,642	37,996
Other revenue	48,201	59,419	42,378	31,921	35,368	25,511	48,550	24,128	39,465	21,000
Transfers	(931)	275	244	275	275	575	2,275	(1,676)	1,052	444
Capital asset transfers	-	-	-	-	-	(10,066)	-	(2,880)	-	-
Total governmental activities	**859,062**	**948,731**	**968,206**	**965,135**	**1,056,305**	**1,159,346**	**1,234,525**	**1,300,407**	**1,417,324**	**1,524,361**
Business-type activities:										
Investment and interest income	15,828	50,424	33,323	48,275	24,357	45,205	41,593	40,414	49,083	79,751
Other revenue	56	102	-	17	948	2,225	13,666	921	4,941	6,235
Transfers	931	(275)	(244)	(275)	(275)	(575)	(2,275)	1,676	(1,052)	(444)
Capital asset transfers	-	-	-	-	-	10,066	-	2,880	-	-
Total business-type activities	**16,815**	**50,251**	**33,079**	**48,017**	**25,030**	**56,921**	**52,984**	**45,891**	**52,972**	**85,542**
Total General Revenues and Other Changes in Net Position	**$ 875,877**	**$ 998,982**	**$ 1,001,285**	**$ 1,013,152**	**$ 1,081,335**	**$ 1,216,267**	**$ 1,287,509**	**$ 1,346,298**	**$ 1,470,296**	**$ 1,609,903**
Changes in Net Position										
Governmental activities	$ (35,465)	$ 66,047	$ 86,924	$ 71,068	$ 153,090	$ 152,931	$ 217,529	$ 76,618	$ 85,243	$ 1,521,861
Business activities	(59,798)	(38,057)	(3,954)	54,989	35,568	163,985	145,823	158,884	243,012	88,042
Total Primary Government	**$ (95,263)**	**$ 27,990**	**$ 82,970**	**$ 126,057**	**$ 188,658**	**$ 316,916**	**$ 363,352**	**$ 235,502**	**$ 328,255**	**$ 1,609,903**

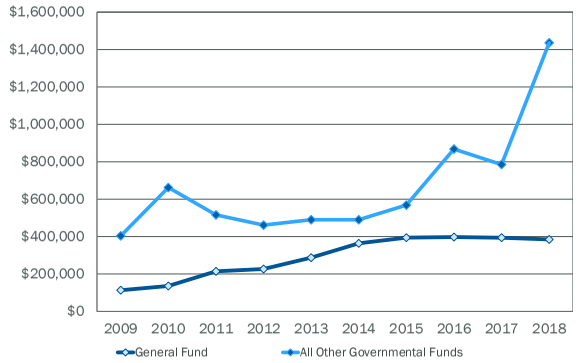
Fund Balances of Governmental Funds

Last 10 Fiscal Years (dollars in thousands - modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	$ 20,230	$ 20,475								
Unreserved	92,990	115,586								
Nonspendable			330	$ 159	$ 268	$ 425	$ 2,890	$ 7,215	$ 2,979	$ 4,709
Restricted			54,049	56,566	62,443	65,439	65,713	68,114	71,295	75,838
Committed			12,039	15,084	23,594	30,388	32,121	50,964	55,661	74,024
Assigned			-	-	-	-	-	-	-	-
Unassigned			147,892	155,039	201,030	267,764	293,476	271,130	264,124	230,209
Total General Fund	**$ 113,220**	**$ 136,061**	**$ 214,310**	**$ 226,848**	**$ 287,335**	**$ 364,016**	**$ 394,200**	**$ 397,423**	**$ 394,059**	**$ 384,780**
All other governmental funds										
Reserved	$ 193,214	$ 198,463								
Unreserved:										
Special revenue funds	92,739	93,112								
Capital projects funds	114,590	367,142								
Permanent funds	3,527	3,605								
Nonspendable			3,030	$ 5,729	$ 6,515	$ 3,038	$ 8,218	$ 9,395	$ 20,479	$ 16,580
Restricted			479,270	395,160	413,008	455,110	528,071	833,997	743,187	1,387,996
Committed			2,616	27,786	37,804	3,966	2,262	24,041	20,624	29,940
Assigned			30,966	32,760	29,043	28,076	30,040	559	1,062	1,047
Unassigned			-	(38)	-	-	(372)	-	-	-
Total all other governmental funds	**$ 404,070**	**$ 662,322**	**$ 515,882**	**$ 461,397**	**$ 486,370**	**$ 490,190**	**$ 568,219**	**$ 867,992**	**$ 785,352**	**$1,435,563**

[1] In 2011, reporting of fund balances was changed to meet new reporting requirements. For the most part, changes represent removal of purpose of the fund restrictions.

Fund Balances of Governmental Funds



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Changes in Fund Balances of Governmental Funds

Last 10 Fiscal Years (dollars in thousands - modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	$ 259,963	$ 295,381	$ 288,106	$ 287,062	$ 331,914	$ 347,079	$ 349,176	$ 399,859	$ 299,320	$ 472,995
Sales and use taxes	421,838	447,071	481,023	494,495	539,348	608,307	640,251	676,916	64,981	762,201
Other taxes	118,165	124,855	132,259	140,123	146,875	165,584	180,745	187,427	101,593	229,725
Special assessments	1,342	1,397	1,429	1,422	1,702	1,913	1,575	1,282	1,257	1,305
Licenses and permits	24,555	29,907	31,094	35,393	44,415	49,963	61,530	61,235	431	68,005
Intergovernmental revenues	208,031	213,568	227,776	236,892	206,878	218,206	213,643	223,296	211,345	278,238
Charges for services	190,940	196,642	200,728	219,691	225,169	237,077	265,105	267,170	71,668	279,037
Investment and interest income	11,826	21,225	23,680	10,738	2,003	14,413	14,998	18,661	10,984	37,540
Fines and forfeitures	44,863	47,628	58,075	55,964	57,469	54,472	53,540	49,433	1,688	45,032
Contributions	5,741	5,961	8,661	6,515	7,086	5,578	4,657	6,709	9,975	29,960
Other revenue	50,664	53,840	64,905	51,030	55,664	54,660	65,103	62,289	51,828	63,132
Total revenues	**1,337,928**	**1,437,475**	**1,517,736**	**1,539,325**	**1,618,523**	**1,757,252**	**1,850,323**	**1,954,277**	**825,070**	**2,267,170**
Expenditures										
General government	249,526	243,697	239,138	242,091	258,408	304,479	332,024	374,605	205,575	425,260
Public safety	488,380	499,293	514,421	545,395	552,663	574,812	607,077	606,983	75,714	687,895
Public works	168,048	149,812	155,204	207,205	170,129	221,813	192,462	188,078	139,248	309,140
Health	52,734	53,035	52,415	52,848	54,205	59,469	64,036	61,822	13,139	59,532
Human services	128,592	119,083	114,004	110,784	114,079	113,799	123,095	135,733	-	168,061
Parks and recreation	100,182	58,212	63,895	61,761	66,992	70,301	73,222	75,752	12,902	101,208
Cultural activities	71,143	77,547	80,599	87,984	98,038	107,138	110,427	115,446	81,525	133,983
Community development	41,251	50,240	49,882	40,505	35,030	39,469	44,791	46,968	19,417	68,699
Economic opportunity	31,885	25,860	22,939	21,482	21,321	21,085	19,813	14,588	6,873	745
Principal retirement	65,590	70,387	81,269	87,393	99,525	95,885	104,667	107,346	149,079	160,127
Interest	61,351	60,773	79,425	75,351	72,842	69,427	64,622	60,908	64,927	56,510
Bond issuance costs	3,272	3,041	289	-	-	500	491	2,073	-	-
Capital outlay	192,232	142,706	155,267	93,934	45,877	32,697	35,194	99,506	57,959	121,666
Total Expenditures	**1,654,186**	**1,553,686**	**1,608,747**	**1,626,733**	**1,589,109**	**1,710,874**	**1,771,921**	**1,889,808**	**826,358**	**2,292,826**
Deficiency of revenues under expenditures	(316,258)	(116,211)	(91,011)	(87,408)	29,414	46,378	78,402	64,469	(1,288)	(25,656)

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

Changes in Fund Balances of Governmental Funds, continued

Last 10 Fiscal Years (dollars in thousands - modified accrual basis of accounting)

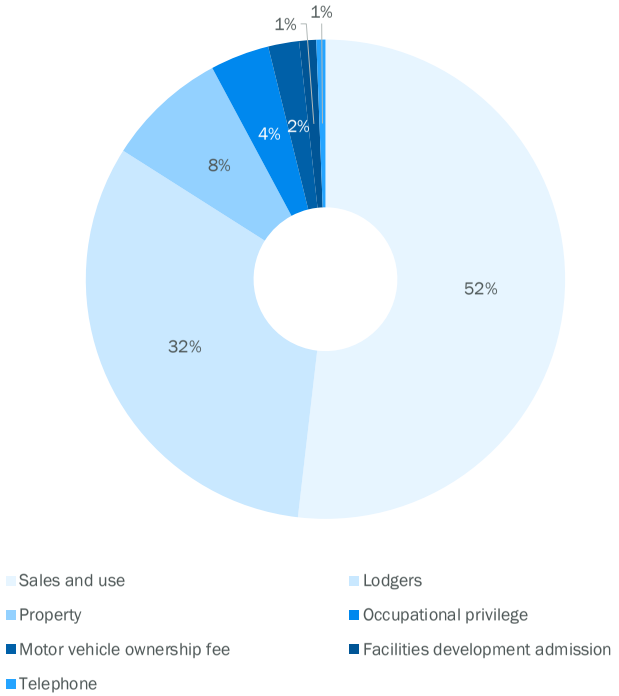
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Sale of capital assets	146	8,490	617	5	128	1,784	296	1,081	3,957	651
GID general obligation bonds issued	-	4,000	-	-	-	-	-	-	-	-
General obligation bonds issued	121,130	394,615	16,455	-	-	-	-	-	-	-
Excise tax revenue bonds issued	107,570	-	-	-	-	-	-	-	-	-
Issuance of certificate of participation	-	-	-	-	-	-	22,470	-	1,055	129,000
Issuance of capital leases	13,972	40,174	4,590	52,743	34,030	19,905	485	373	13,551	4,463
Capital leases restructured	1,307	-	-	-	-	-	-	-	15,507	-
Intergovernmental agreement	-	-	-	6,725	-	-	-	-	-	-
Payment to escrow	(178,024)	(129,779)	-	(13,729)	(256,518)	-	-	(193,979)	(21,478)	(75,824)
Commercial paper issued	37,000	70,000	-	-	-	-	-	-	-	-
Bond premium (discount)	16,123	8,856	1,006	-	19,659	-	-	30,857	-	46,140
Bond proceeds - refunding	-	-	-	-	-	-	-	193,140	-	-
Note proceeds	-	-	-	-	-	-	1,422	3,000	4,025	-
Issuance of bonds	-	-	-	-	48,660	12,000	-	204,170	-	560,905
Issuance of bonds - refunding coupons	-	-	-	-	209,700	-	-	-	-	-
Insurance recoveries	1,083	673	484	1,240	749	500	1,266	1,561	793	809
Transfers in	114,285	101,174	73,294	87,479	108,121	112,670	206,427	182,897	198,933	190,327
Transfers out	(115,216)	(100,899)	(73,626)	(89,002)	(108,483)	(112,736)	(202,555)	(184,573)	(197,466)	(189,883)
Total other financing sources (uses)	**119,376**	**397,304**	**22,820**	**45,461**	**56,046**	**34,123**	**29,811**	**238,527**	**18,877**	**666,588**
Net change in fund balances	**$ (196,882)**	**$ 281,093**	**$ (68,191)**	**$ (41,947)**	**$ 85,460**	**$ 80,501**	**$ 108,213**	**$ 302,996**	**$ (86,004)**	**$ 640,932**
Debt service as a percentage of noncapital expenditures	9.3%	9.7%	11.6%	11.2%	11.7%	10.4%	10.6%	9.7%	11.6%	10.7%

Governmental Activities Tax Revenues by Source

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

Taxes	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Facilities development admission	$ 7,082	$ 7,160	$ 8,325	$ 8,986	$ 8,721	$ 9,262	$ 12,569	$ 12,401	$ 13,816	$ 16,846
Lodgers	43,982	49,136	55,620	57,956	63,482	75,579	82,376	88,872	112,947	120,056
Motor vehicle ownership fee	17,907	17,004	17,140	19,784	21,000	23,944	26,647	26,787	30,793	30,654
Occupational privilege	39,551	41,818	41,141	43,227	44,515	46,438	48,293	49,864	50,955	53,093
Property	259,963	295,381	288,106	287,062	331,914	347,079	349,176	399,859	419,648	472,995
Sales and use	421,838	447,071	481,023	494,495	539,348	608,307	640,251	676,916	721,512	762,201
Specific ownership	47	84	162	191	193	213	232	57	57	62
Telephone	9,596	9,653	9,871	9,979	8,964	10,148	10,628	9,446	9,372	9,014
Total primary government taxes	**$ 799,966**	**$ 867,307**	**$ 901,388**	**$ 921,680**	**$1,018,137**	**$1,120,970**	**$1,170,172**	**$1,264,202**	**$1,359,100**	**$1,464,921**

2018 Tax Revenues by Source

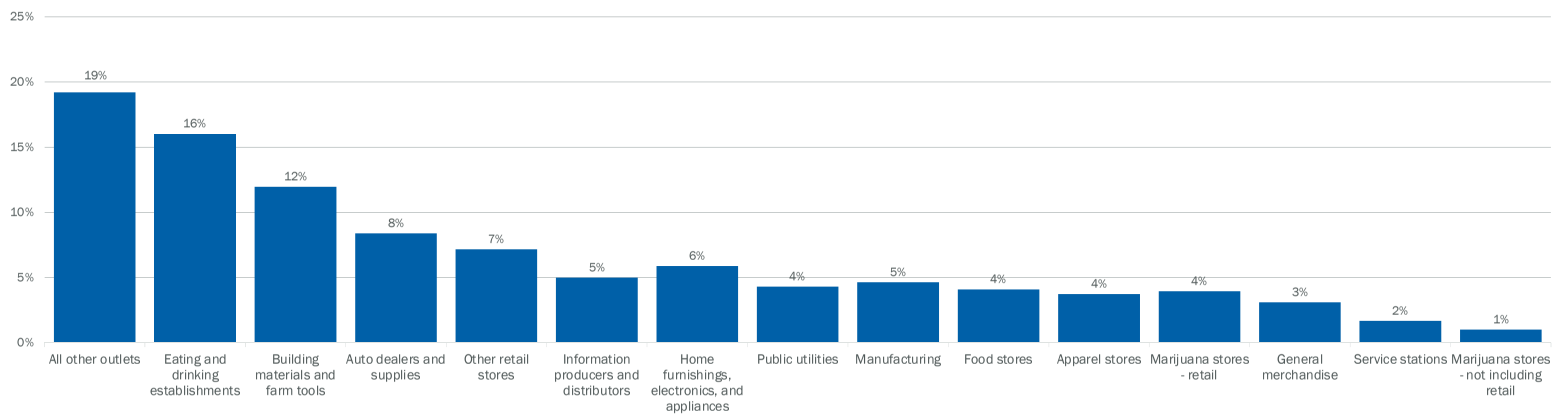


Sales Tax by Category

Last 10 Calendar Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel stores	$ 16,241	$ 18,356	$ 20,237	$ 21,796	$ 22,778	$ 24,111	$ 25,523	$ 26,029	$ 26,758	$ 28,393
General merchandise	14,699	16,921	16,825	17,161	17,704	18,276	18,527	22,189	21,894	23,548
Food stores	17,795	18,790	19,467	20,269	21,399	23,698	24,994	27,972	28,833	31,067
Eating and drinking establishments	64,798	68,520	75,531	77,886	85,211	94,439	101,242	106,903	113,091	122,062
Home furnishings, electronics and appliances	19,105	20,413	21,827	22,584	24,410	26,138	28,026	38,112	41,147	44,738
Building materials and farm tools	31,258	30,962	33,700	36,837	44,188	52,708	55,122	78,695	86,174	91,072
Auto dealers and supplies	33,927	35,853	41,544	44,371	50,021	55,414	62,000	62,801	64,529	63,872
Service stations	14,792	20,345	16,798	15,100	14,396	15,027	15,058	13,333	12,879	12,758
Public utilities	26,118	28,783	30,333	28,164	30,944	32,931	31,106	30,285	31,366	32,743
Manufacturing	29,666	31,526	35,073	36,415	40,651	46,870	46,166	38,616	29,579	35,373
Information producers and distributors	36,154	37,531	40,445	38,576	37,877	38,213	37,036	40,450	41,637	38,025
Marijuana stores - retail	n/a	n/a	n/a	n/a	n/a	10,761	15,636	20,611	26,723	29,995
Marijuana stores - not including retail	n/a	n/a	n/a	n/a	n/a	6,451	6,996	7,730	7,430	7,636
Other retail stores	29,743	34,631	47,463	51,512	52,656	55,634	55,530	45,338	50,577	54,605
All other outlets	87,542	84,440	81,780	83,824	97,113	107,636	117,289	117,852	138,895	146,314
Total	**$ 421,838**	**$ 447,071**	**$ 481,023**	**$ 494,495**	**$ 539,348**	**$ 608,307**	**$ 640,251**	**$ 676,916**	**$ 721,512**	**$ 762,201**
City direct sales tax rate	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%	3.62%	3.65%	3.65%	3.65%

2018 Sales Tax by Category



Note: The 2018 tax rate for retail marijuana is 7.12%

Source: Denver Controller's Office

Assessed Value and Estimated Actual Value of Taxable Property

Last 10 Fiscal Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant property	$ 231,563	$ 218,132	$ 194,051	$ 193,826	$ 212,668	$ 181,758	$ 219,528	$ 186,774	$ 259,521	$ 231,259
Residential property	4,545,672	4,598,108	4,325,747	4,345,018	4,469,706	4,567,603	5,919,659	6,059,029	7,211,589	7,428,065
Commercial property	5,452,125	5,426,538	4,655,265	4,567,479	4,886,510	4,909,533	6,445,053	6,521,348	8,084,596	8,224,419
Industrial property	144,380	142,372	147,433	120,329	124,503	122,425	150,606	143,930	179,325	175,198
Agricultural property	44	44	120	55	69	69	79	138	92	356
Oil and gas property	4,020	63	-	-	-	-	-	-	-	-
Personal property	813,037	739,224	726,354	722,513	741,538	765,486	825,798	827,331	887,721	918,036
State assessed property	821,502	835,603	888,485	808,218	829,207	838,378	824,187	920,535	925,503	947,791
Total taxable assessed value	**$ 12,012,343**	**$ 11,960,084**	**$ 10,937,455**	**$ 10,757,438**	**$ 11,264,201**	**$ 11,385,252**	**$ 14,384,910**	**$ 14,659,085**	**$ 17,548,347**	**$ 17,925,124**
Total direct tax rate	25.308	26.043	28.419	32.926	33.119	33.055	30.119	30.531	28.333	28.301
Estimated actual taxable value	**$ 82,844,303**	**$ 83,151,295**	**$ 77,142,543**	**$ 76,697,449**	**$ 79,581,379**	**$ 80,891,083**	**$ 100,203,607**	**$ 105,772,919**	**$ 134,744,419**	**$ 139,408,175**
Assessed value as a percentage of estimated actual value	14.5%	14.4%	14.2%	14.0%	14.2%	14.1%	14.4%	13.9%	13.0%	12.9%

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 (2009, 2011, 2013, 2015, and 2017). 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.

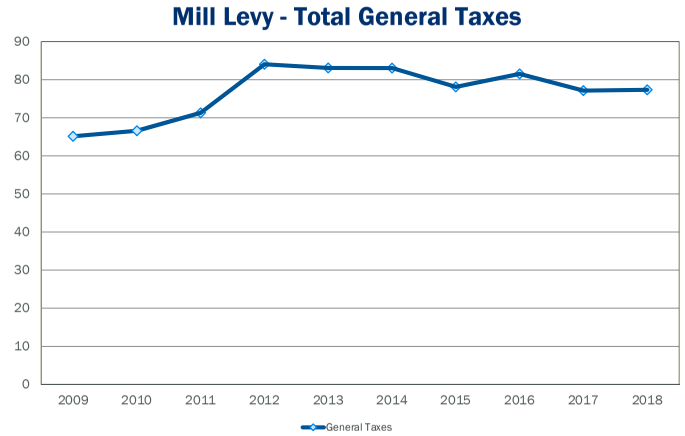
Taxable assessed values are reported net of tax-exempt property.

Source: Abstract of Assessment documents

Direct and Overlapping Property Tax Rates

Last 10 Fiscal Years (mill levy - total general taxes)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Direct Rates										
General fund	5.867	8.455	9.805	13.362	13.185	13.156	11.331	11.276	9.944	9.922
Bond principal	4.470	4.470	3.980	4.170	4.330	4.100	5.433	7.433	7.000	7.000
Bond interest	3.110	3.110	3.600	3.780	4.103	4.333	3.000	1.000	1.433	1.433
Social services	3.394	3.556	4.101	4.520	4.480	4.470	3.849	3.835	3.380	3.374
Developmentally disabled	1.013	1.019	1.030	1.033	1.021	1.016	1.012	1.010	1.010	1.009
Fire pension	1.258	1.317	1.519	1.587	1.572	1.568	1.350	1.345	1.185	1.183
Police pension	1.502	1.572	1.812	1.893	1.875	1.870	1.610	1.604	1.413	1.411
Capital improvement	2	-	-	-	-	-	-	-	-	-
Capital maintenance	3	3	2.572	2.581	2.553	2.542	2.534	2.528	2.526	2.525
Affordable housing	-	-	-	-	-	-	-	0.500	0.442	0.444
Total County Direct Rates	**25.308**	**26.043**	**28.419**	**32.926**	**33.119**	**33.055**	**30.119**	**30.531**	**28.333**	**28.301**
School District #1										
General fund	32.912	33.172	34.307	39.575	38.853	38.780	37.147	41.013	38.594	38.676
Bond redemption	6.350	6.800	7.958	10.913	10.446	10.519	10.250	9.383	9.650	9.568
Total School District #1	**39.262**	**39.972**	**42.265**	**50.488**	**49.299**	**49.299**	**47.397**	**50.396**	**48.244**	**48.244**
Urban Drainage & Flood Control District	**0.569**	**0.576**	**0.623**	**0.657**	**0.672**	**0.700**	**0.611**	**0.620**	**0.557**	**0.820**
Total General Taxes	**65.139**	**66.591**	**71.307**	**84.071**	**83.090**	**83.054**	**78.127**	**81.547**	**77.134**	**77.365**



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.

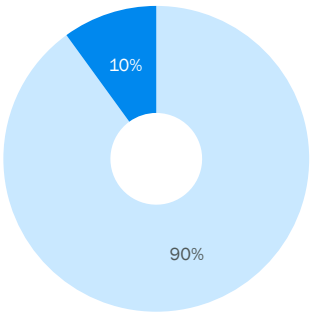
Source: Abstract of Assessment documents

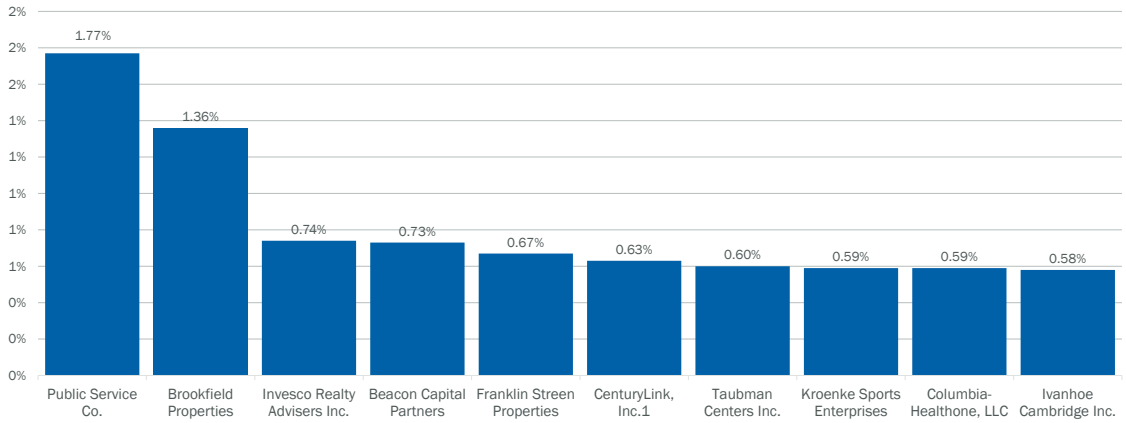
Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

	2018			2009		
Taxpayer	**Taxable Assessed**	**Rank**	**Percentage of Total**	**Taxable Assessed**	**Rank**	**Percentage of Total**
Public Service Co.	$ 317,104		1.77%	$ 164,173	2	1.37%
Brookfield Properties	244,362		1.36%	100,794	5	0.84%
Invesco Realty Advisers Inc.	171,639		0.74%			
Beacon Capital Partners	132,488		0.73%			
Franklin Streen Properties	130,327		0.67%			
CenturyLink, Inc.[1]	120,087		0.63%			
Taubman Centers Inc.	112,529		0.60%			
Kroenke Sports Enterprises	107,660		0.59%			
Columbia-Healthone, LLC	105,401		0.59%			
Ivanhoe Cambridge Inc.	104,048		0.58%			
LBA Realty Fund II Co. IV				103,374	4	0.86%
UBS Realty Investors				94,428	7	0.79%
Qwest Corp				205,363	1	1.71%
Callahan Capital Partners				143,326	3	1.19%
United Airlines, Inc.				100,583	6	0.84%
MPG Office Trust, Inc.				91,581	8	0.76%
Frontier Airlines				89,295	9	0.74%
Broadreach Capital Partners				82,149	10	0.68%
Totals	**$ 1,545,645**		**8.26%**	**$ 1,175,066**		**9.78%**

2018 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 10 Fiscal Years (dollars in thousands)

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
General Fund								
2009	$ 66,126	441	$ 64,579	98.33%	(588)	$ 64,432	97.44%	65
2010	68,934	473	67,649	98.82%	(195)	67,927	98.54%	36
2011	73,181	494	71,281	98.08%	(256)	71,519	97.73%	65
2012	106,177	358	105,134	99.36%	25	105,517	99.38%	133
2013	109,268	469	107,758	99.05%	(82)	108,145	98.97%	
2014	109,682	580	108,074	99.06%	(2)	108,652	99.06%	
2015	118,856	631	116,532	98.58%	(22)	117,141	98.56%	
2016	120,180	586	118,973	99.48%	33	119,592	99.51%	
2017	130,549	2,043	127,117	98.94%	-	129,160	98.94%	
2018	132,251	599	n/a	0.45%	n/a			
Affordable Housing								
2016	$ 6,730	32	$ 6,664	99.49%	-	$ 6,696	99.49%	
2017	7,326	114	$ 7,134	98.94%	-	7,248	98.93%	
2018	7,470	34	n/a	0.46%	n/a			
Bond Principal Fund								
2009	$ 50,381	336	$ 49,202	98.33%	(448)	$ 49,090	97.44%	50
2010	49,908	343	48,978	98.82%	(141)	49,180	98.54%	26
2011	40,599	274	39,546	98.08%	(142)	39,678	97.73%	36
2012	41,730	141	41,320	99.36%	10	41,471	99.38%	52
2013	45,268	194	44,643	99.05%	(34)	44,803	98.97%	
2014	43,121	228	42,512	99.12%	(1)	42,739	99.11%	
2015	71,837	381	70,525	98.70%	(13)	70,893	98.68%	
2016	100,054	487	99,052	99.49%	27	99,566	99.51%	
2017	116,028	1,813	112,978	98.93%	-	114,791	98.93%	
2018	117,770	533	n/a	0.45%	n/a			
Bond Interest Fund								
2009	$ 35,052	234	$ 34,232	98.33%	(311)	$ 34,155	97.44%	35
2010	34,724	238	34,077	98.82%	(98)	34,217	98.54%	18
2011	36,723	248	35,770	98.08%	(129)	35,889	97.73%	33
2012	37,827	128	37,455	99.35%	9	37,592	99.38%	47
2013	42,895	184	42,302	99.05%	(32)	42,454	98.97%	
2014	45,572	241	44,928	99.12%	(1)	45,168	99.11%	
2015	39,667	211	38,942	98.70%	(7)	39,146	98.68%	
2016	13,461	65	13,326	99.48%	4	13,395	99.51%	
2017	23,753	371	23,128	98.93%	-	23,499	98.93%	
2018	24,109	109	n/a	0.45%	n/a			

continued

Property Tax Levies and Collections, continued

Last 10 Fiscal Years (dollars in thousands)

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
Human Services Fund								
2009	$ 49,671	331	$ 48,508	98.33%	(441)	$ 48,398	97.44%	49
2010	51,081	351	50,128	98.82%	(145)	50,334	98.54%	27
2011	52,340	354	50,981	98.08%	(183)	51,152	97.73%	47
2012	56,335	187	55,778	99.34%	14	55,979	99.37%	70
2013	58,308	247	57,501	99.04%	(43)	57,705	98.96%	
2014	58,530	305	57,705	99.11%	(4)	58,006	99.10%	
2015	65,295	341	64,097	98.69%	(13)	64,425	98.67%	
2016	66,205	317	65,548	99.49%	16	65,881	99.51%	
2017	73,507	1,137	71,586	98.93%	-	72,723	98.93%	
2018	74,516	334	n/a	0.45%	n/a			
Capital Improvement and Maintenance Funds								
2009	$ 52,905	353	$ 51,668	98.33%	(471)	$ 51,550	97.44%	52
2010	53,872	370	52,868	98.82%	(153)	53,085	98.54%	28
2011	53,075	359	51,697	98.08%	(186)	51,870	97.73%	47
2012	53,369	180	52,844	99.35%	13	53,037	99.38%	67
2013	55,183	237	54,420	99.05%	(41)	54,616	98.97%	
2014	55,322	292	54,526	99.09%	(1)	54,817	99.09%	
2015	64,472	342	63,255	98.64%	(12)	63,585	98.62%	
2016	65,381	153	64,891	99.48%	17	65,061	99.51%	
2017	75,897	1,187	73,902	98.94%	-	75,089	98.94%	
2018	76,985	348	n/a	0.45%	n/a			
Total								
2009	$ 254,135	1,695	$ 248,189	98.33%	(2,259)	$ 247,625	97.44%	251
2010	258,519	1,775	253,700	98.82%	(732)	254,743	98.54%	135
2011	255,918	1,729	249,275	98.08%	(896)	250,108	97.73%	228
2012	295,438	994	292,531	99.35%	71	293,596	99.38%	369
2013	310,922	1,331	306,624	99.05%	(232)	307,723	98.97%	
2014	312,227	1,646	307,745	99.09%	(9)	309,382	99.09%	
2015	360,127	1,906	353,351	98.65%	(67)	355,190	98.63%	
2016	372,011	1,640	361,790	97.69%	97	363,527	97.71%	
2017	427,060	6,665	408,711	97.26%	-	415,376	97.26%	
2018	433,101	1,957	n/a	0.45%	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 10 Fiscal Years (dollars in thousands, except per capita amount)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General obligation bonds	$ 616,209	$ 969,229	$ 941,484	$ 895,649	$ 903,939	$ 867,646	$ 815,676	$ 761,406	$ 661,776	$ 737,991
GID general obligation bonds	-	-	-	-	-	-	-	3,535	4,000	$ 3,840
Commercial paper notes	22,000	-	-	-	-	-	-	-	-	-
Excise tax revenue bonds	278,450	266,640	249,140	230,650	211,325	191,150	171,365	374,960	351,475	630,659
Capital leases	436,546	444,591	429,279	447,679	413,417	406,490	403,555	375,112	360,219	467,327
Unamortized premium	55,827	56,644	48,876	40,927	47,108	37,948	31,080	50,253	42,612	79,109
Note payable	14,656	11,777	8,640	13,804	7,856	7,456	1,431	1,431	-	-
GID note payable	-	-	-	-	-	-	-	2,309	2,165	2,081
Business-Type Activities										
Revenue bonds	4,164,880	4,002,585	3,803,945	3,950,425	4,491,390	4,330,935	4,156,170	4,046,185	4,115,325	6,249,765
Unamortized (discount)/premium	59,312	61,066	70,089	173,057	177,856	158,108	133,495	163,975	180,335	431,574
Capital leases	617	487	430	9,769	8,785	9,345	8,179	10,980	8,506	6,063
Notes payable	94,961	36,428	24,466	35,169	25,804	20,987	17,077	10,751	8,684	6,576
Total primary government	**$ 5,743,458**	**$ 5,849,447**	**$ 5,576,349**	**$ 5,797,129**	**$ 6,287,480**	**$ 6,030,065**	**$ 5,738,028**	**$ 5,795,053**	**$ 5,728,932**	**$ 8,614,985**
Percentage of personal income	17.35%	18.33%	15.81%	15.55%	16.37%	n/a	n/a	n/a	n/a	n/a

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

Ratios of General Bonded Debt Outstanding

Last 10 Fiscal Years (dollars in thousands, except per capita amount)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General obligation bonds	$ 616,209	$ 969,229	$ 941,484	$ 895,649	$ 903,939	$ 867,646	$ 815,676	$ 761,406	$ 661,776	$ 737,991
Less amounts available in debt service fund	(26,436)	(34,280)	(38,943)	(32,777)	(26,513)	(64,755)	(84,239)	(129,356)	(145,707)	(151,904)
Total	**$ 589,773**	**$ 934,949**	**$ 902,541**	**$ 862,872**	**$ 877,426**	**$ 802,891**	**$ 731,437**	**$ 632,050**	**$ 516,069**	**$ 586,087**
Percentage of estimated actual taxable value of property	0.71%	1.12%	1.17%	1.13%	1.10%	0.99%	0.73%	0.60%	0.38%	0.42%
Per Capita	$ 996	$ 1,579	$ 1,524	$ 1,457	$ 1,482	$ 1,356	$ 1,235	$ 1,068	$ 862	$ 960

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, 2018 (dollars in thousands)

		Debt Outstanding	Percentage Applicable		City and County of Denver Share of Debt
Direct Debt					
General Obligation bonds	$	737,991 [1]			
General Improvement District bonds		3,840			
General Improvement District revenue note		630,659			
Capital leases		79,109			
Excise tax revenue bonds		467,327			
Intergovernmental agreement		616			
Total Net Direct Debt		**1,288,883**			
Overlapping Debt					
Regional Transportation District		3,452,503	28.8% [2]	$	994,321
Metro Wastewater Reclamation District		569,575	43.0% [3]		244,917
School District #1		2,785,002	100.0%		2,785,002
Total Overlapping Debt		**6,807,080**			**4,024,241**
Total Net Direct and Overlapping Debt	**$**	**8,095,963**		**$**	**5,313,124**

[1] Does not include compound interest from the 2007 and 2014A mini-bonds of $9,124.

[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.

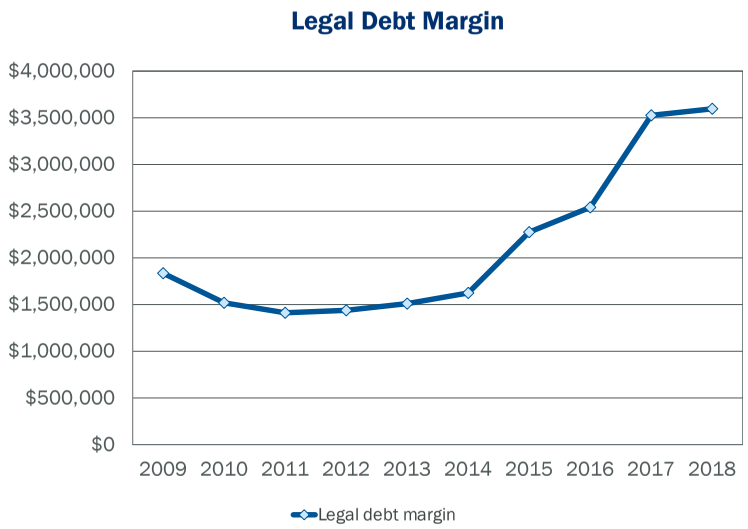
Legal Debt Margin Information

Last 10 Fiscal Years (dollars in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2018

Total Estimated Actual Valuation	**$139,408,175**
Maximum general obligation debt, limited to 3% of total valuation	$ 4,182,245
Outstanding bonds chargeable to limit	737,991
Less amount reserved for long-term debt	151,904
Net chargeable to bond limit	**586,087**
Legal Debt Margin – December 31	**$ 3,596,158**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$2,485,329	$2,494,539	$ 2,314,276	$2,300,923	$2,387,441	$2,426,732	$3,006,108	$3,173,188	$4,042,333	$4,182,245
Total net debt application to limit	649,694	976,103	902,541	862,872	877,426	802,891	731,437	632,050	516,069	586,087
Legal debt margin	**$1,835,635**	**$1,518,436**	**$ 1,411,735**	**$1,438,051**	**$1,510,015**	**$1,623,841**	**$2,274,671**	**$2,541,138**	**$3,526,264**	**$3,596,158**
Total net debt applicable to the as a percentage of debt limit	**26.14%**	**39.13%**	**39.00%**	**37.50%**	**36.75%**	**33.09%**	**24.33%**	**19.92%**	**12.77%**	**14.01%**



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

National Western Center and Convention Center Excise Pledged-Revenue Coverage

Last 10 Fiscal Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pledged 3.0% lodger's tax revenues	$ 12,279	$ 13,703	$ 15,553	$ 16,173	$ 17,726	$ 21,092	$ 22,989	$ 24,802	$ 31,519	$ 31,082
Pledged 0.5% food and beverage tax revenues	10,141	11,116	12,243	12,840	13,564	15,202	16,350	17,164	18,619	19,821
Pledged 2.0% short-term auto rental tax revenues	6,874	7,707	8,058	8,595	9,425	10,894	11,614	12,468	12,515	13,197
Other sources	415	402	287	324	263	381	541	961	720	776
Total pledged excise tax base	**$ 29,709**	**$ 32,928**	**$ 36,141**	**$ 37,932**	**$ 40,978**	**$ 47,569**	**$ 51,494**	**$ 55,395**	**$ 63,373**	**$ 64,876**
Debt service (2009B Bonds)	7,341	4,198	8,648	8,644	8,647	8,655	n/a	n/a	n/a	n/a
Pledged excise tax base remaining after payment of 2009B Bonds debt service	**$ 22,368**	**$ 28,730**	**$ 27,493**	**$ 29,288**	**$ 32,331**	**$ 38,914**	**$ -**	**$ -**	**$ -**	
Pledged 1.75% short-term auto rental increase	6,015	6,745	7,051	7,521	8,247	9,532	10,163	10,910	10,962	11,548
Pledged 1.75% lodgers' tax increase	7,162	7,993	9,072	9,434	10,340	12,303	13,410	14,468	18,386	18,124
Available for Series 2005A and 2009A Bonds debt service	**$ 35,545**	**$ 43,468**	**$ 43,616**	**$ 46,243**	**$ 50,918**	**$ 60,749**	**$ 23,573**	**$ 25,378**	**$ 29,348**	**$ 29,672**
Debt service (2005A and 2009A Bonds)	17,394	19,828	19,913	19,887	19,868	19,824	27,165	4,726	-	-
Additional pledged 3.25% lodger's tax revenues	-	-	-	-	-	-	-	24,969	32,146	31,770
Additional pledged 3.50% short-term auto rental revenues	-	-	-	-	-	-	-	21,820	21,793	22,893
Available for Series 2016A and 2016B Bonds debt service	-	-	-	-	-	-	-	122,836	146,567	144,094
*Available for Series 2018A and 2018B Bonds debt service	-	-	-	-	-	-	-	-	-	5,117
Debt service (2016A and 2016B Bonds)	-	-	-	-	-	-	-	26,916	11,061	35,599
*Debt Service (2018A and 2018B Bonds)	-	-	-	-	-	-	-	-	-	-

Note: The pledged excise tax base is funded by portions of the lodger's tax (3.0%), short-term auto rental tax (2.0%) , and food and beverage tax (0.5%). The pledged excise tax base was used to pay the debt service on the series 2009B Excise Tax Bonds, which matured and was fully paid off in 2014. 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 has only been used to pay the debt service on the series 2005A and 2009A Excise Tax Bonds. Any deficiency in the pledged excise tax increase revenue was covered by excess funds in the pledged excise tax base. The series 2005A, 2009A and 2009B bond issuances funded the Colorado Convention Center and its expansion. In 2016 the City issued series 2016A-B Bonds, which were issued to fund the initial costs of the National Western Center and Colorado Convention Center improvements as well as to advance refund of all the outstanding 2005A and 2009A bonds. The City pledged the excise tax base and excise tax increase revenues to the repayment of the 2016A-B Bonds as well as additional revenues that were not pledged to the repayment of the 2005A and 2009A Bonds. These additional revenues include 3.25% Lodger's Tax and 3.5% Auto Rental Tax.

Note: Lodger's Tax for 2017 includes a one-time legal settlement from online travel companies of $9,989,000.

Wastewater Management Fund Pledged-Revenue Coverage

Last 10 Fiscal Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net pledged revenues	$ 9,260	$ 8,722	$ 10,202	$ 24,562	$ 28,016	$ 36,635	$ 33,363	$ 35,293	$ 46,666	$ 49,871
Combined average debt service requirements[1]	$ 2,471	$ 2,484	$ 2,484	$ 3,223	$ 3,164	$ 3,099	$ 3,027	$ 8,299	$ 7,930	$ 13,032
Debt service coverage ratio	3.75	3.51	4.11	7.62	8.85	11.82	11.02	4.25	5.88	3.83
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 10 Fiscal Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net pledged revenues	$ 1,775	$ 2,034	$ 1,551	$ 1,996	$ 907 [1]	$ 1,264 [2]	$ 912	$ 1,940	$ 1,653	$ 1,653
Rate maintenance account	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240
Available fund balance	$ 13,362	$ 14,238	$ 14,468	$ 15,325	$ 14,253	$ 12,933	$ 9,791	$ 9,987	$ 12,932	$ 8,641
Annual debt service requirement	$ 682	$ 686	$ 685	$ 685	$ 682	$ 686	$ 684	$ 685	$ 685	$ 682
Service coverage ratio	2.95	3.31	2.61	3.26	1.68	2.19	1.68	3.18	2.76	2.78
Required coverage	1.35	1.35	1.35	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.

Denver International Airport Fund Pledged-Revenue Coverage

Last 10 Fiscal Years (dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Revenues	$ 631,592	$ 668,885	$ 702,157	$ 713,279	$ 743,101	$ 803,620	$ 808,614	$ 863,126	$ 895,857	$ 945,206
Operation and maintenance expenses	309,270	302,881	312,278	318,394	349,987	355,769	377,199	417,140	425,005	445,801
Net revenues	**322,322**	**366,004**	**389,879**	**394,885**	**393,114**	**447,851**	**431,415**	**445,986**	**470,852**	**499,405**
Other available funds	49,288	57,449	57,528	51,685	50,409	54,834	50,320	51,574	47,090	43,901
Total amount available for debt service	**$ 371,610**	**$ 423,453**	**$ 447,407**	**$ 446,570**	**$ 443,523**	**$ 502,685**	**$ 481,735**	**$ 497,560**	**$ 517,942**	**543,306**
Debt service requirements per general and supplemental bond ordinances	$ 237,905	$ 253,244	$ 235,356	$ 247,563	$ 242,816	$ 219,334	$ 201,279	$ 294,914	$ 282,251	$ 276,949
Debt service coverage	1.56	1.67	1.90	1.80	1.83	2.29	2.39	1.69	1.84	1.96
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Source: Denver International Airport Financial Statements

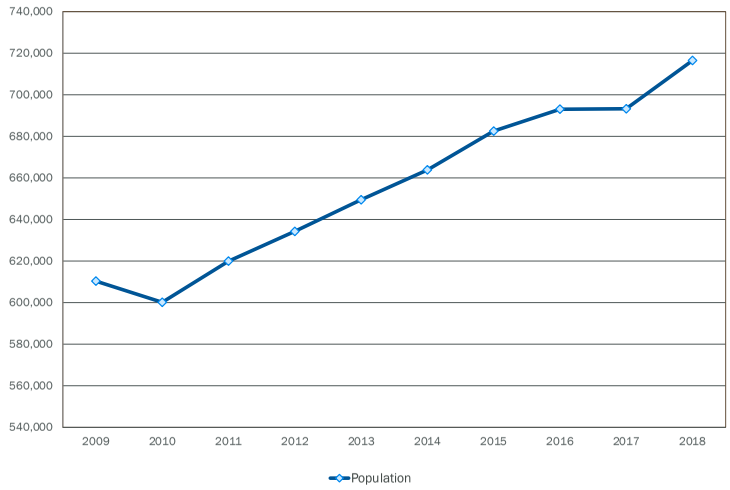
Demographic and Economic Statistics

Last 10 Calendar Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population	610,345	600,158	619,968	634,265	649,495	663,862	682,545	693,060	693,292	716,492
Personal income (expressed in millions)	$ 31,512	$ 30,515	$ 33,811	$ 35,721	$ 36,999	$ 41,743	$ 46,617	$ 46,612	$ 47,289	n/a
Per capita personal income	$ 51,630	$ 50,845	$ 54,537	$ 56,318	$ 56,967	$ 62,880	$ 68,299	$ 67,256	$ 69,862	n/a
School enrollment	78,352	79,423	81,870	84,424	87,398	90,150	91,429	92,331	92,686	93,356
Unemployment rate	9.00%	10.00%	9.20%	8.20%	7.00%	4.30%	3.70%	3.00%	3.00%	3.00%

(data source: https://www.census.gov/quickfacts/fact/table/denvercitycolorado/PST045216)

City and County of Denver Population



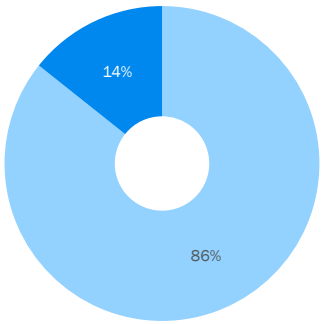
Source: Denver Public Schools
U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
U.S. Census Bureau
U.S. Department of Commerce

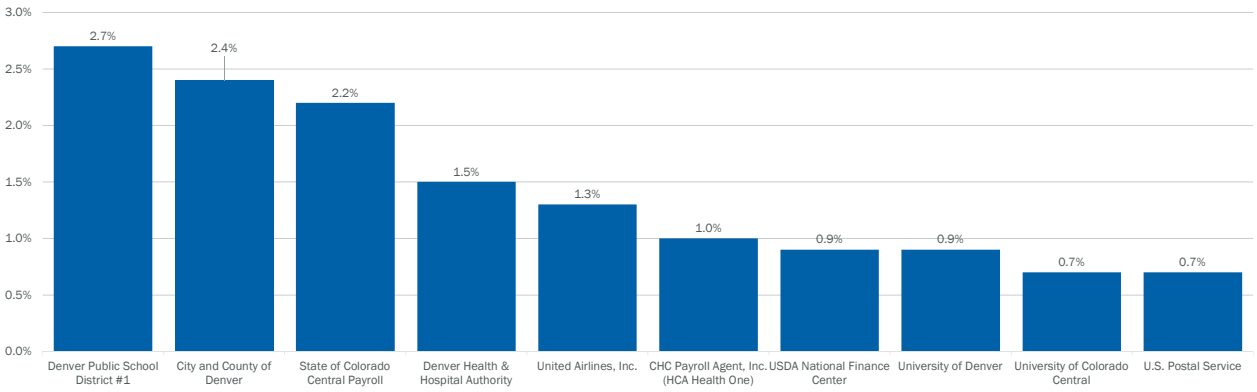
Principal Employers

Current Year and Nine Years Ago

	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,652	1	2.7%	11,187	1	3.1%
City and County of Denver	11,279	2	2.4%	9,895	2	2.7%
State of Colorado Central Payroll	10,225	3	2.2%	8,522	4	2.4%
Denver Health & Hospital Authority	6,921	4	1.5%	4,808	6	1.3%
United Airlines, Inc.	6,177	5	1.3%	4,903	5	1.4%
CHC Payroll Agent, Inc. (HCA Health One)	4,485	6	1.0%	-	-	-
USDA National Finance Center	4,137	7	0.9%	8,546	3	2.4%
University of Denver	4,120	8	0.9%	-	-	-
University of Colorado Central	3,218	9	0.7%	3,332	9	0.9%
U.S. Postal Service	3,186	10	0.7%	-	-	-
Qwest Corporation	-	-	-	4,177	7	1.1%
Frontier Airlines	-	-	-	3,352	8	0.9%
King Soopers	-	-	-	2,553	10	0.7%
Total	**66,400**		**14.3%**	**61,275**		**16.9%**

2018 Principal Employers





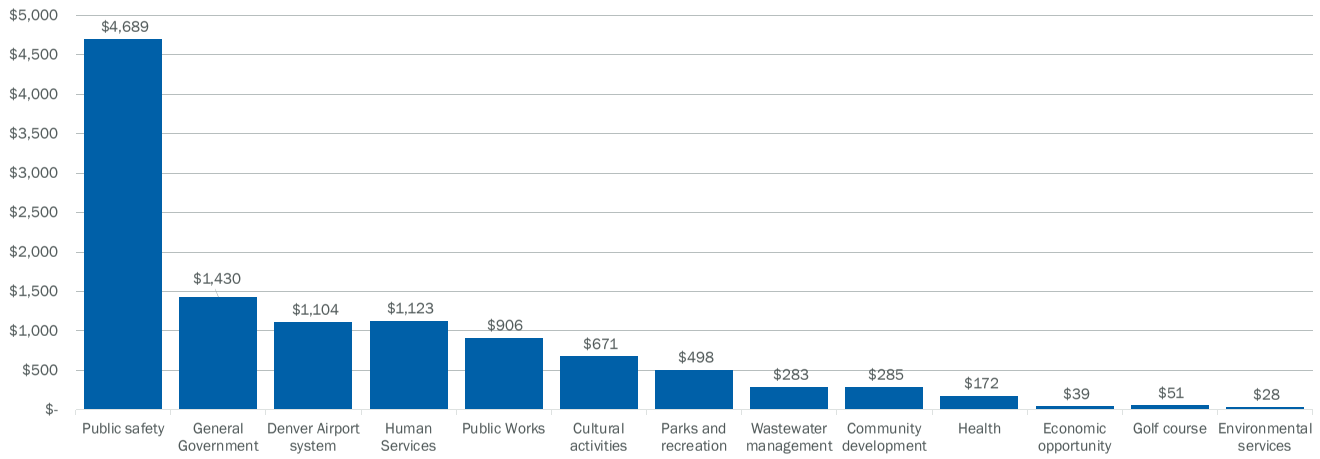
Source: Based on 2018 and 2008 Occupational Privilege Tax Remitters.

Full-Time Equivalent City Government Employees by Function

Last 10 Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	1,194	1,212	1,155	1,179	1,190	1,282	1,290	1,336	1,373	1,430
Public safety	4,211	4,167	4,109	4,095	4,192	4,256	4,324	4,375	4,606	4,689
Public Works	795	784	751	736	754	754	794	844	875	906
Human Services	890	892	894	890	884	941	1,022	1,087	1,123	1,123
Health	114	122	109	111	124	131	136	145	144	172
Parks and recreation	446	449	431	431	449	450	450	458	530	498
Cultural activities	512	520	517	570	628	642	665	658	668	671
Community development	191	190	185	179	176	200	219	239	272	285
Economic opportunity	211	212	198	183	182	186	176	80	77	39
Wastewater management	258	246	234	251	248	252	259	276	278	283
Denver Airport system	1,001	972	983	1,001	1,035	1,097	1,125	1,190	1,151	1,104
Environmental services	30	31	38	43	43	46	44	44	44	28
Golf course	42	39	36	35	41	44	45	49	49	51
Total	**9,895**	**9,836**	**9,640**	**9,704**	**9,946**	**10,281**	**10,549**	**10,781**	**11,190**	**11,279**

2018 Full-Time City Employees by Function



Source: Denver Controller's Office

Operating Indicators by Function

Last 10 Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	68,803	56,497	51,390	54,545	50,878	52,517	52,912	51,340	49,797	50,747
Traffic violations	114,879	144,370	126,849	118,644	109,342	98,434	86,427	73,011	67,312	79,732
Fire										
Emergency responses	81,326	80,463	89,211	101,530	105,290	112,370	107,076	114,224	116,061	119,287
Fires extinguished	609	995	2,071	2,248	1,985	1,986	1,792	2,010	2,250	2,597
Inspections	31,360	29,969	39,955	30,226	31,818	34,044	36,897	33,825	34,670	34,697
Sheriff										
Average daily population	2,164	2,082	2,111	2,144	2,270	2,049	2,004	2,221	2,187	2,110
Number of jails	2	2	2	2	2	2	2	2	2	2
Public works										
Parking tickets issued	622,811	652,094	644,712	646,150	677,369	640,126	653,491	642,320	574,400	526,016
Recyclables collected (tons)	29,092	31,116	31,042	31,600	33,193	34,350	37,318	38,325	40,810	40,884
Refuse collected (tons)	221,797	216,382	213,411	213,411	205,985	208,222	207,132	196,870	184,395	176,311
Other public works										
Alleys paved (square yards)	154,824	77,662	57,475	41,545	7,750	14,358	19,860	15,867	21,408	27,894
Potholes repaired (tons of asphalt)	4,249	3,819	4,237	4,364	3,358	4,666	5,025	3,374	3,306	2,517
Street resurfacing (square yards)	1,473,894	2,015,914	2,181,463	2,013,962	2,553,301	2,563,000	2,721,030	2,778,788	3,027,270	3,366,458
Human services										
Family Medicaid Application for Denver clients	14,461	9,045	9,049	7,061	29,025 [1]	77,219	38,061	38,273 [1]	38,118	41,566
New child welfare case involvements	1,589	1,240	1,187	1,305	974	824	1,231	1,769	1,920	1,614
Community development										
Permits issued	41,474	41,000	51,549	55,463	55,252	67,818	75,717	64,624	75,665	69,562
Economic opportunity										
Low income affordable housing units created	182	250	452	503	568	557	749	579	1,438	667
Percent of job seekers entering employment	56.90%	57.00%	50.54%	51.15%	55.83%	59.51%	65.30%	56.83%	59.60%	62.00%
Library										
Total volumes borrowed	9,681,013	9,292,314	8,915,628	9,552,145	9,811,501	9,067,577	9,097,572	9,556,962	9,675,656	7,395,551
Volumes in collection	2,165,258	2,265,420	2,288,437	2,227,910	1,982,000	2,049,703	1,922,628	2,111,879	2,072,239	3,490,143
Denver airport system										
Passenger air traffic	50,168,000	50,240,000	52,800,000	53,156,278	52,556,359	53,472,514	54,014,502	58,266,515	61,379,396	64,494,613
Excise and Licenses										
Number of business license transactions	16,776	17,100	17,360	16,248	15,085	17,230	22,207	24,168	24,573	26,044

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

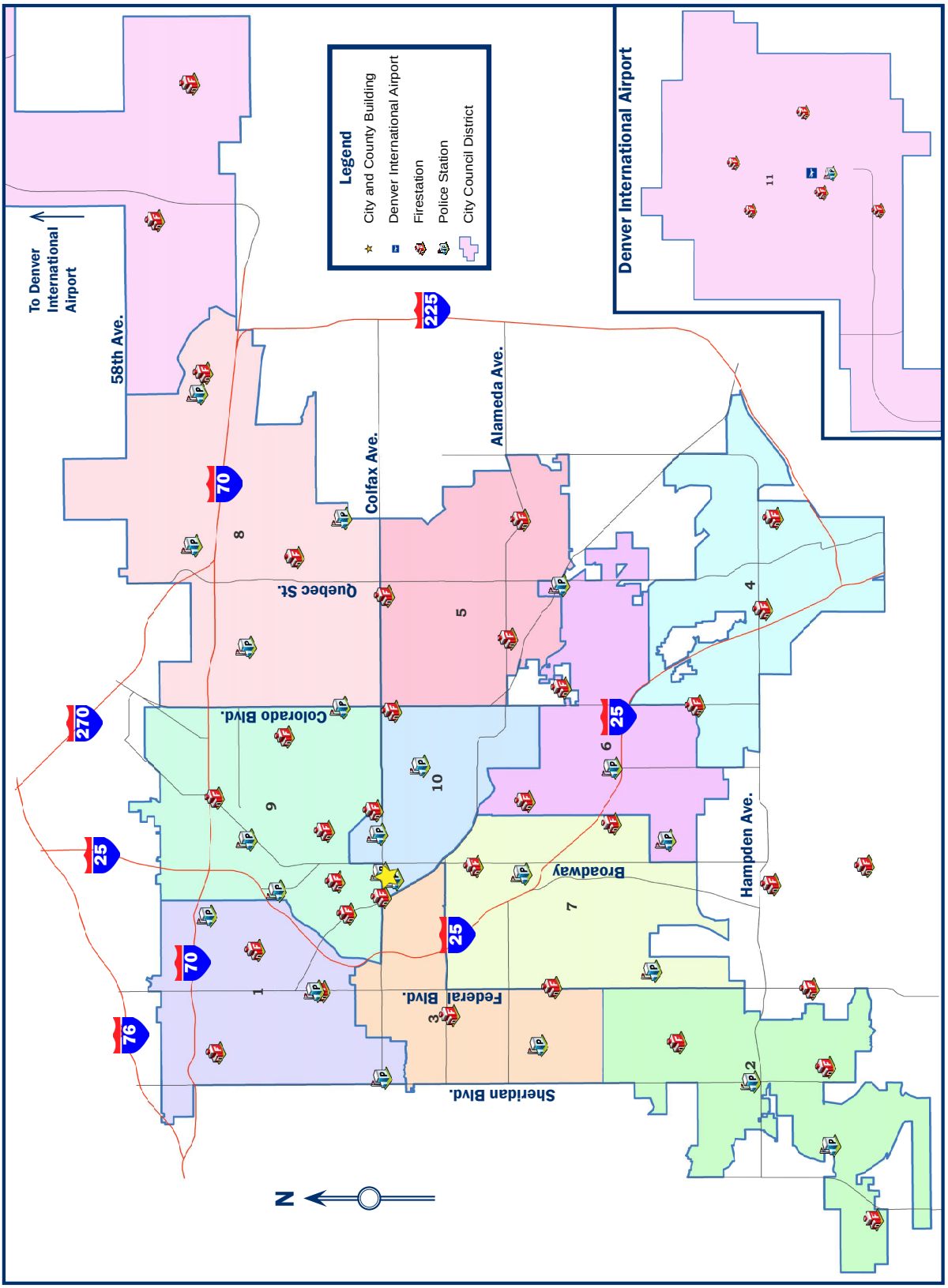
Sources: Denver Department of Aviation
Denver Department of Community Planning and Development
Denver Department of Excise and Licenses
Denver Department of Finance
Department of Human Services
Denver Department of Public Works
Denver Department of Safety
Denver Office of Economic Development
Denver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

Capital Asset Statistics

Last 10 Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Number of engines/trucks	39/23	39/23	40/22	41/22	40/22	41/23	44/23	42/23	42/23	42/23
Number of stations	33	34	34	34	34	34	37	38	38	38
Police										
Number of patrol marked/unmarked vehicles	311/101	269/98	325/115	329/111	392/207	414/213	417/209	430/265	399/219	403/153
Number of stations	6	6	6	6	6	6	6	6	6	6
Public works										
Bridges (major/minor)	292/181	293/181	294/181	294/181	297/182	297/182	297/184	297/187	297/190	297/194
Alleys										
paved	4758	4,834	4,934	5,116	5,125	5,142	5,169	5,190	5,217	5,237
unpaved	375	297	192	148	102	100	73	73	46	42
Streets (centerline miles)	2005	2,005	2,005	2,005	2,005	2,005	2,005	2,010	2,010	2,017
Traffic signals	1257	1,249	1,267	1,263	1,267	1,272	1,285	1,295	1,306	1,315
Parks and recreation										
Acreage owned	20,038	20,095	20,097	20,106	20,106	20,106	20,361	20,374	20,374	20,383
Golf courses	8	8	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
Number of parks (includes mountain parks)	312	317	318	319	332	325	332	336	336	336
Parkways (miles)	60	60	60	60	60	60	60	60	60	63
Athletic fields/lighted	303/33	309/33	315/47	318/47	324/45	329/50	330/50	328/52	324/52	321/52
Recreation centers	30	31	31	31	30	30	30	30	31	31
Swimming pools	28	28	29	29	29	29	29	29	31	31
Tennis courts/lighted	155/88	155/88	155/88	152/88	148/88	146/88	146/88	148/88	147/90	147/90
Cultural activities										
Concert venues	7	7	7	7	7	7	7	7	7	7
Public libraries	23	23	24	24	24	25	26	26	26	26
Wastewater										
Sanitary sewers (miles)	1464	1,464	1,483	1,504	1,504	1,506	1,514	1,523	1,533	1,538
Storm sewers (miles)	742	742	782	793	802	805	812	821	823	823
Denver airport system										
Acreage	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
Seating Capacities										
Boettcher Concert Hall	2,679	2,709	2,709	2,709	2,709	2,679	2,679	2,679	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
Denver Coliseum	11,500	10,474	10,474	10,474	10,474	10,000	10,000	10,000	10,000	10,000
Ellie Caulkins Opera House	2,225	2,225	2,225	2,225	2,225	2,225	2,255	2,255	2,225	2,225
Red Rocks Amphitheater	9,450	9,450	9,450	9,450	9,450	9,525	9,525	9,525	9,525	9,525
Temple Hoyne Buell Theatre	2,844	2,846	2,846	2,846	2,846	2,884	2,884	2,884	2,884	2,884
McNichols Civic Center Building	-	-	-	-	-	2,000	1,900	1,900	1,900	1,900

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



Source: Denver Geographic Information Systems

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DENVER
THE MILE HIGH CITY

Department of Finance
Controller's Office

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www.denvergov.org/finance

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