DENVER
EMPLOYEES
RETIREMENT
PLAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
December 31, 2010

A Component Unit of the City and County of Denver, Colorado

Denver Employees Retirement Plan

(A Component Unit of the City and County of Denver, Colorado)

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2010

Thomas J. Migaki
Retirement Board Chairman

Steven E. Hutt
Executive Director

Prepared by the Plan Staff

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Introductory Section

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Primary Plan Sponsor

City and County of Denver, Colorado

Elected Officials

Mayor

Honorable John W. Hickenlooper

Auditor

Honorable Dennis J. Gallagher

City Council

District 1	Honorable Paula Sandoval
District 2	Honorable Jeanne Faatz
District 3	Honorable Paul D. López
District 4	Honorable Peggy Lehmann
District 5	Honorable Marcia Johnson
District 6	Honorable Charlie Brown
District 7	Honorable Chris Nevitt
District 8	Honorable Carla Madison
District 9	Honorable Judy Montero
District 10	Honorable Jeanne Robb
District 11	Honorable Michael Hancock
Council at-Large	Honorable Carol Boigon
Council at-Large	Honorable Doug Linkhart

Clerk and Recorder

Honorable Stephanie Y. O’Malley

THE PLAN
DENVER EMPLOYEES RETIREMENT PLAN
Steven E. Hutt
Executive Director
777 Pearl Street
Denver, CO 80203
Ph. 303.839.5419
Fax 303.839-9525
www.derp.org

June 1, 2011

Dear Members of the Denver Employees Retirement Plan:

We are pleased to present the Comprehensive Annual Financial Report of the Denver Employees Retirement Plan (the Plan) of the City and County of Denver (the City) for the fiscal year ended December 31, 2010.

Comprehensive Annual Financial Report This report is an overview intended to give the reader reliable and useful information which describes the financial position of the Plan and provides assurance that the Plan is in compliance with applicable legal provisions. The Plan's management is responsible for the accuracy of the data contained in this report, and we believe the information included presents fairly the net assets of the Plan as of December 31, 2010, and the changes in net assets for the year then ended.

Internal Control The Plan's management has designed and implemented internal and accounting controls to provide reasonable assurance of the accuracy and reliability of all the financial records and the safekeeping of the Plan assets.

Independent Audit The Revised Municipal Code of the City requires an annual audit of the trust fund, with the results being furnished to the Mayor, the City Council, and the Auditor of the City. The Retirement Board selected the accounting firm BKD, LLP to render an opinion as to the fairness of the Plan's 2010 financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States of America, as well as the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Independent Accountants' Report is included in the Financial Section of this report.

Management's Discussion and Analysis Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Plan's MD&A can be found immediately following the report of the independent accountants in the Financial Section of this report.

Plan Profile The Plan was established on January 1, 1963, as a defined benefit plan. Most employees of the City, certain employees of the Denver Health and Hospital Authority (DHHA), and all of the Plan staff are covered by the Plan. Excluded from membership are the uniformed employees of the City's police and fire departments and the Denver Water Board. All active Plan members are required to contribute to Social Security while employed. As of December 31, 2010, there were 8,403 active and 7,606 retired members of the Plan.

The Plan is governed by a five member Board, the members of which are appointed for staggered six-year terms by the Mayor of the City. Additionally, the three members of the Advisory Committee are elected by the membership for staggered three-year terms.

All Plan-related benefit and administrative provisions are detailed in Sections 18-401 through 18-430.7 of the Revised Municipal Code of the City. Any amendments to the Plan must be enacted into ordinance by the Denver City Council and approved by the Mayor of the City.

The Plan provides normal, rule-of-75, early, and deferred retirement benefit options. At the time of retirement, a member may elect to receive a reduced benefit in order to provide a lifetime benefit to a spouse or an eligible beneficiary upon the member's death. The Plan also provides disability and death benefits. With respect to other post-retirement benefits, the Plan offers retired members and their beneficiaries the option of purchasing health and dental insurance coverage. Based on a formula incorporating a member's years of service, the Plan pays a portion of the monthly insurance premium(s). A more detailed explanation of benefits is outlined in the Summary of Principal Plan Provisions in the Actuarial Section of this report. The Plan's Membership Services representatives provide ongoing pre-retirement counseling to the active members and assist the retired members and their beneficiaries throughout the year.

Investment Performance The Plan follows a strategic asset allocation policy so that investments are diversified. The goal of the asset allocation is to provide the highest level of return at an acceptable level of risk. In 2010, the Plan continued to further diversify its asset allocation by adding asset classes to its investment portfolio. During 2010, securities markets continued to gradually recover from the global financial turmoil of recent years that had dramatically impacted pension funds and other investors throughout the world. The investment return achieved by the Plan in 2010 of 14.36, net of all fees put the Plan's annual investment results within the top 18% of public pension funds nationally.

Funded Status The Plan's pension benefit fund ended the year with assets equaling 85% of liabilities on an actuarial basis, placing the fund at the very upper end of funded status compared to our peer group of other public pension funds. The Retirement Board, the Executive Director, and the Plan staff remain committed to managing the Plan's assets and liabilities to maintain the long-term financial soundness of the Plan and to have the funds needed to pay every dollar of benefits promised to every current and future retiree. A history of the Plan's funded status through January 1, 2010 is presented in the required supplementary information in the Financial Section of this CAFR. Additional information is included in the Actuarial Section of the report.

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denver Employees Retirement Plan for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded the Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. The Plan has received a Certificate of Achievement for 21 years in a row. We believe this current report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA for consideration again this year.

Conclusion We would like to express our appreciation to the Plan staff members who served the membership throughout 2010 and who prepared this report. We hope that readers will find this report easy to read and understand, and will recognize the contributions that the Retirement Board, Advisory Committee, and Plan staff make toward the continued successful operation of the Plan.

Sincerely,

Thomas J. Migaki
Retirement Board Chairman

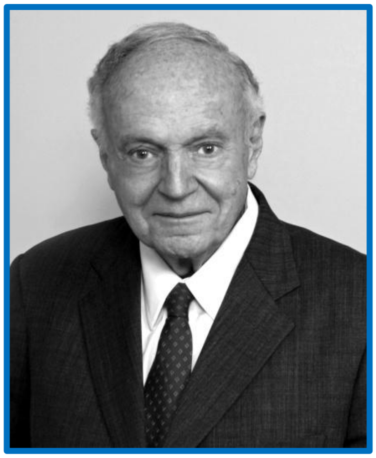
Steven E. Hutt
Executive Director

Retirement Board

Each member is appointed by the Mayor of Denver

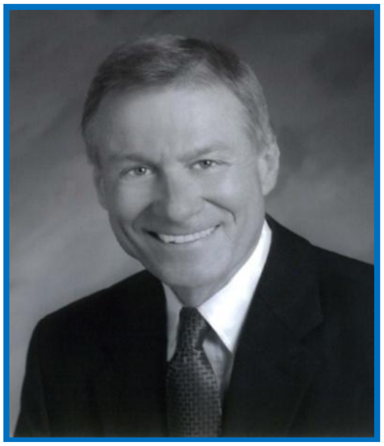
Cheryl Cohen-Vader
Term expires January 1, 2014

Irving S. Hook
Term expires January 1, 2011



Harry T. Lewis. Jr.
Term expires January 1, 2016

Thomas J. Migaki
Term expires January 1, 2015

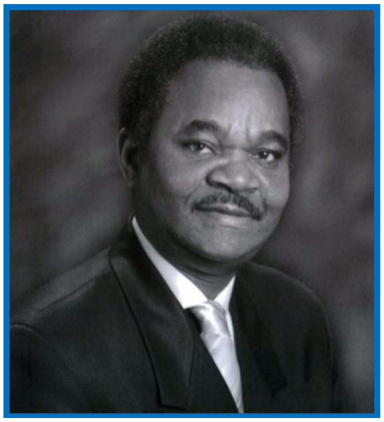


Robert F. Strenski
Term expires January 1, 2013

Advisory Committee

Each member is elected by the Plan membership

Michael F. Aleksick
Term expires May 31, 2012



Adeniyi M. Kelani, Ph.D.
Term expires May 31, 2011

Erma D. Zamora
Term expires May 31, 2013

Professional Services

Actuary
- Gabriel Roeder Smith & Co.

Independent Accountant
- BKD, LLP

Custodian Bank
- JPMorgan Chase Bank

Investment Consulting
- Summit Strategies Group

Investment Managers

Domestic Equity Managers
- Cadence Capital Management
- Franklin Global Advisors
- Neuberger Berman, LLC
- Northern Trust Global Investments
- NorthPointe Capital
- Sit Investment Associates, Inc.

International Equity Managers
- Dimensional Fund Advisors
- LSV Asset Management
- Northern Trust Global Investments
- Pyramis Global Advisors
- Templeton Investment Counsel, LLC

Domestic Fixed Income Managers
- Northern Trust Global Investments
- Seix Investment Advisors, Inc.

Emerging Fixed Income Managers
- Smith Graham & Company

Real Estate Managers
- Fidelity Real Estate Group
- JP Morgan Asset Management
- Prudential Real Estate Investors
- UBS Global Asset Management
- Walton Street Capital

Alternative Investments' Managers
- Adams Street Partners, LLC
- Hancock Timber Resource Group
- INVESCO Private Capital
- JP Morgan Asset Management
- TCW Energy Group
- Tortoise Capital Advisors

Absolute Return Funds
- Prisma Capital Partners

Investment commissions and fees can be found on pages 47-49 of the Investment Section.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Employees Retirement Plan, Colorado

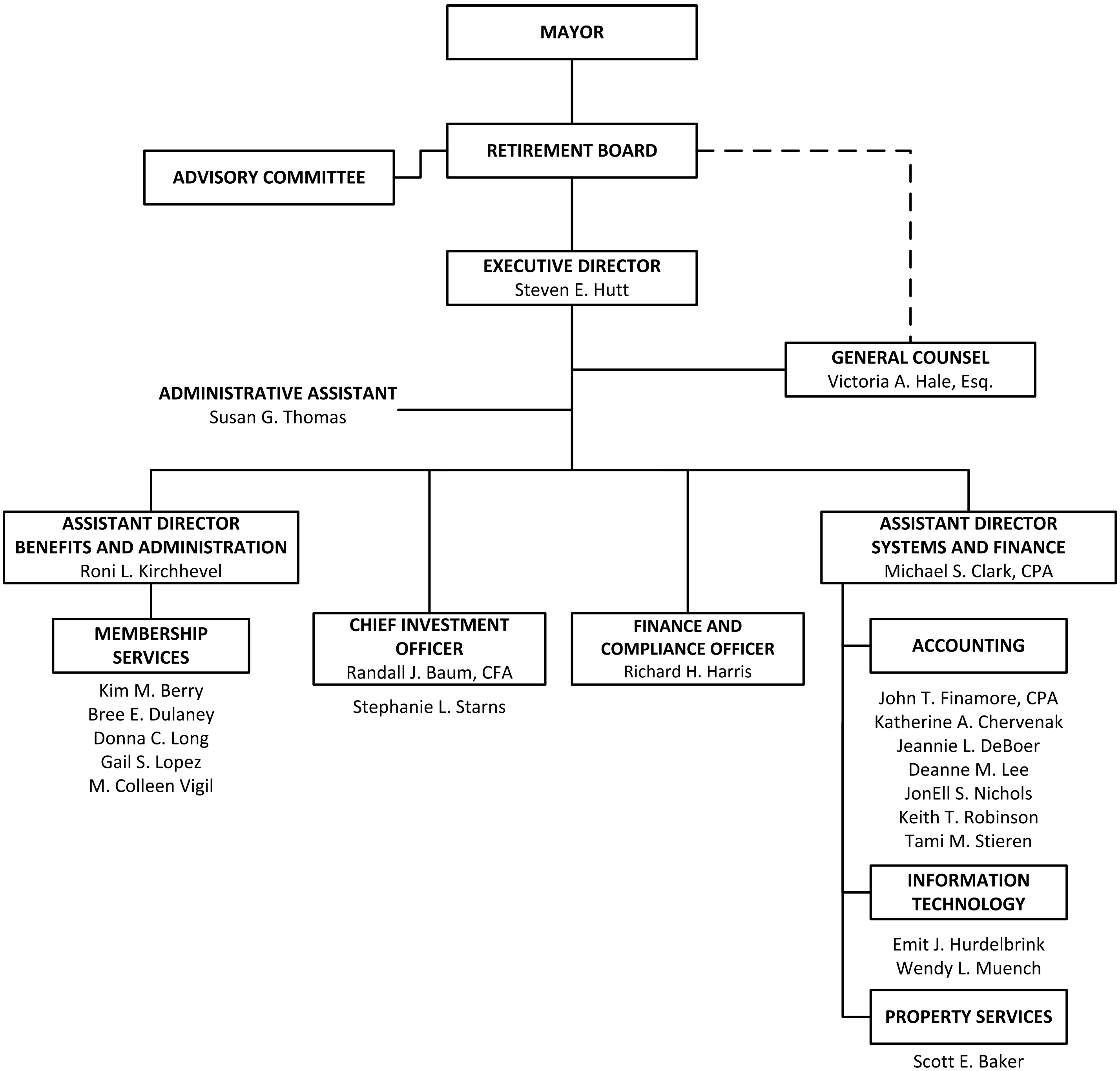
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Organizational Structure



Financial Section

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BKD LLP
CPAs & Advisors

Wells Fargo Center
1700 Lincoln Street, Suite 1400
Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

To the Retirement Board of the Denver Employees Retirement Plan

We have audited the accompanying statement of plan net assets of the Denver Employees Retirement Plan (the Plan), a component unit of the City and County of Denver, as of December 31, 2010, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Plan's 2009 financial statements and, in our report dated May 7, 2010, we expressed an unqualified opinion on the net assets of the Plan and the changes in its net assets.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of December 31, 2010, and the changes in its net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis, schedule of funding progress and schedule of employer contributions as listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, investment section, actuarial section, statistical section and supporting schedules (schedule of administrative expenses and schedule of investment expenses), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the Plan's basic financial statements. The supporting schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

May 17, 2011

experience BKD

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Employees Retirement Plan (the Plan) for the year ended December 31, 2010. For additional information, please refer to the basic financial statements, notes to the financial statements, required supplementary information, and supporting schedules.

Financial Highlights

As of December 31, 2010, $1,802,143,029 was held in trust for the payment of benefits and to meet the Plan's future obligations to its members and their beneficiaries.

For 2010, the Plan's total net assets held in trust increased by $143,056,366, an 8.6% increase from the amount of net assets reported at the end of 2009. The overall net increase for 2010 is primarily the result of favorable financial markets.

Additions to the Plan net assets included contributions of $38,427,461 from the City and County of Denver (the City) and $6,725,600 from the Denver Health and Hospital Authority (DHHA). Active members of the Plan contributed $23,090,262, including previously refunded contributions of $710,209. The Plan had net investment earnings of $227,280,539 including net securities lending transaction income of $453,866.

Deductions from the Plan net assets during 2010 totaled $152,467,496. This amount is 12.7% higher than the total 2009 deductions. Increase retired member benefits, due to an increase in the retired member population and generally higher benefits per retiree, are responsible for the higher disbursement amount.

The Plan's funding objective is to meet its long-term benefit obligations through employer and employee contributions and investment returns. As of January 1, 2010, the date of the last actuarial valuation, the funded ratio for the pension and health benefits was 88.4% and 63.8%, respectively.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements which follow. The financial statements include:

- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Notes to Financial Statements
- Required Supplementary Information

The Statement of Plan Net Assets presents the Plan's assets and liabilities as of December 31, 2010, with summarized comparative totals for 2009. This statement reflects the net assets available for benefits in the retirement and the health benefits' funds as of December 31, 2010.

The Statement of Changes in Plan Net Assets shows the additions to and deductions from the Plan's net assets during 2010, with summarized comparative totals for 2009.

The Governmental Accounting Standards Board (GASB) promulgates the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The financial statements, notes to financial statements, and required supplementary information presented in this report were prepared in compliance with applicable GASB pronouncements.

Management's Discussion and Analysis

The financial statements provide a snapshot of the Plan's assets and liabilities as of December 31 and the financial activities which occurred during the year. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Investment activities have been reported based on trade dates and were valued pursuant to independent outside sources. All capital assets, exclusive of land and construction in progress, are depreciated over their useful lives. Refer to the financial statements and notes to the financial statements for additional information.

Notes to the Financial Statements provide additional information which is essential for a full understanding of the basic financial statements.

Required Supplementary Information provides additional information and details about the Plan's progress in funding its future obligations and the history of employer and employee contributions.

Financial Analysis

There are several ways to measure the Plan's financial status. One means is to determine the Plan's net assets available to pay benefits. This is the difference between total assets and total liabilities. Another way is to refer to the funded ratio which takes into account the actuarial assets and actuarial liabilities of the Plan. As of January 1, 2010, the date of the last actuarial valuation, the pension benefits fund had a funded ratio of 88.4%, or for every dollar of pension benefits due participants, the Plan had approximately $0.88 in actuarial assets available for payment. The health benefits account had a funded ratio of 63.8%, meaning the Plan had approximately $0.64 in actuarial assets available for payment for every dollar of health benefits due.

On December 31, 2010, the Plan's net assets totaled $1,802,143,029. Of this amount, $98,884,382 represented funds reserved in the Deferred Retirement Option Plan (DROP) and the Amended Deferred Retirement Option Plan (DROP II) accounts.

The Plan's Board has an investment allocation strategy in place and, with the help of an outside consultant, continually monitors the Plan's investments. The Plan's assets increased in 2010 due mostly to favorable market conditions, continuing to regain the ground lost during 2008. As of December 31, the Plan's net assets were:

	2010	2009	Amount of Change	Percentage Change
Assets				
Cash, short-term investments, and receivables and prepaid items	$ 44,797,778	$ 50,146,515	$ (5,348,737)	-10.7%
Securities lending collateral	145,903,959	208,050,981	(62,147,022)	-29.9%
Investments, at fair value	1,761,186,121	1,619,090,291	142,095,830	8.8%
Capital assets, net	3,971,522	2,845,256	1,126,266	39.6%
Total assets	1,955,859,380	1,880,133,043	75,726,337	4.0%
Liabilities				
Accounts payable and unsettled securities purchased	2,135,863	7,266,979	(5,131,116)	-70.6%
Securities lending obligations	151,580,488	213,779,401	(62,198,913)	-29.1%
Total liablilities	153,716,351	221,046,380	(67,330,029)	-30.5%
Plan net assets	$ 1,802,143,029	$ 1,659,086,663	$ 143,056,366	8.6%

Management's Discussion and Analysis

Reserves

The Plan has established a reserve account for accumulated DROP benefits of $98,884,382 as of December 31, 2010. These funds are reserved for individuals who elected to participate in the DROP programs. Upon retirement, the member could elect to receive distributions or keep the accumulated monies with the Plan. The remaining assets are available to pay retirement and health benefits.

Plan Activities

As a result of favorable market conditions, the sum of net investment earnings and contributions exceeded the total Plan deductions, resulting in an overall 8.6% increase in Plan net assets for the year. Benefit payments increased due to an overall larger retiree population. For the years ended December 31, the Plan's activities were:

	2010	2009	Amount of Change	Percentage Change
Additions				
Contributions	$ 68,243,323	$ 61,819,351	$ 6,423,972	10.4%
Net investment earnings	227,280,539	207,270,884	20,009,655	9.7%
Total additions, net	295,523,862	269,090,235	26,433,627	9.8%
Deductions				
Benefits	149,796,457	132,645,820	17,150,637	12.9%
Administrative expenses	2,671,039	2,679,266	(8,227)	-0.3%
Total deductions	152,467,496	135,325,086	17,142,410	12.7%
Change in net assets	143,056,366	133,765,149	9,291,217	6.9%
Beginning of year net assets	1,659,086,663	1,525,321,514	133,765,149	8.8%
End of year net assets	$ 1,802,143,029	$ 1,659,086,663	$ 143,056,366	8.6%

Additions to Plan Net Assets

The monies needed to pay benefits are accumulated from the contributions made from employers, employees, and income generated from the Plan's investments. Earnings or losses on investments are reported net of investment management expenses. Employer contributions for 2010 totaled $45,153,061, which is 5.3% lower than the 2009 amounts contributed, due primarily to lower covered payroll cost in 2010. During 2010, employees contributed a total of $23,090,262; which is an increase of 63.3% over the 2009 amount, due to increases in contribution rates and service buybacks. The Plan's net investment return was approximately 14.4% in 2010 compared to 13.7% in 2009.

	2010	2009	Amount of Change	Percentage Change
Employer contributions	$ 45,153,061	$ 47,678,161	$ (2,525,100)	-5.3%
Employee contributions	23,090,262	14,141,190	8,949,072	63.3%
Net appreciation in fair value of investments	191,970,947	164,521,983	27,448,964	16.7%
Interest, dividends, real estate/alternative investments, and absolute return income	42,124,054	49,251,343	(7,127,289)	-14.5%
Securities lending transactions income, net	453,866	880,613	(426,747)	-48.5%
Investment expenses	(7,268,328)	(7,383,055)	114,727	1.6%
Total additions, net	$ 295,523,862	$ 269,090,235	$ 26,433,627	9.8%

Management's Discussion and Analysis

Deductions from Plan Net Assets

The Plan provides a lifetime pension benefit to its retired members, as well as survivor, disability, and retiree health, dental and vision benefits. Annual expenses of the Plan include retirement benefits, DROP distributions, refunds of employee contributions and administrative expenses. For the year ended December 31, 2010, deductions totaled $152,467,496, an increase of 12.7% over the amount of 2009 total deductions. The increase is attributed to higher benefit payments resulting from an increasing retired member population and relatively higher benefits per retiree.

	2010	2009	Amount of Change	Percentage Change
Benefits	$ 149,100,328	$ 132,195,264	$ 16,905,064	12.8%
Employee refunds	696,129	450,556	245,573	54.5%
Administrative expenses	2,671,039	2,679,266	(8,227)	-0.3%
Total deductions	$ 152,467,496	$ 135,325,086	$ 17,142,410	12.7%

Capital Assets

Capital assets, net of accumulated depreciation, increased $1,126,266 for the year ended December 31, 2010, which is comprised principally of addition to construction in progress for replacement of a computer system for benefits administration, net of depreciation expense of $50,945. See Note 9 for additional information.

Requests for Information

This management's discussion and analysis is intended to provide the Plan's Board, participating employers, and the membership with an overview of the Plan's financial position as of December 31, 2010, and a summary of the Plan's activities for the year then ended.

Questions about any of the information presented or requests for additional information should be directed to:

Denver Employees Retirement Plan
777 Pearl Street
Denver, CO 80203
Phone: 303-839-5419
Fax: 303-839-9525
Website: www.derp.org
Email: mbrsvs@derp.org

Statement of Plan Net Assets

December 31, 2010

(with Summarized Comparative Totals for December 31, 2009)

	Pension Benefits	Health Benefits	December 31, 2010	December 31, 2009
Assets				
Cash and short-term investments	$ 38,482,887	$ 1,705,135	$ 40,188,022	$ 43,707,135
Securities lending collateral	139,713,408	6,190,551	145,903,959	208,050,981
Receivables				
Contributions	-	-	-	783,960
Unsettled securities sold	432,595	19,168	451,763	304,194
Interest and dividends	2,384,346	105,647	2,489,993	5,351,226
Total receivables	2,816,941	124,815	2,941,756	6,439,380
Investments, at fair value				
U.S. Government obligations	200,747,699	8,894,915	209,642,614	142,670,902
Domestic corporate bonds and other fixed income	212,065,561	9,396,397	221,461,958	320,576,112
Domestic stocks	579,254,229	25,666,133	604,920,362	617,995,569
International stocks	383,494,349	16,992,223	400,486,572	343,744,592
Real estate	118,516,320	5,251,331	123,767,651	107,887,951
Alternative investments	163,399,598	7,240,061	170,639,659	86,215,165
Absolute return	28,983,095	1,284,210	30,267,305	-
Total investments	1,686,460,851	74,725,270	1,761,186,121	1,619,090,291
Prepaid Items	1,597,229	70,771	1,668,000	-
Capital assets				
Land	411,795	18,246	430,041	430,041
Building and equipment, net of accumulated depreciation	459,795	20,373	480,168	513,404
Construction in progress	2,931,424	129,889	3,061,313	1,901,811
Total assets	1,872,874,330	82,985,050	1,955,859,380	1,880,133,043
Liabilities				
Unsettled securities purchased	557,910	24,720	582,630	5,280,735
Securities lending obligations	145,149,088	6,431,400	151,580,488	213,779,401
Accounts payable	1,487,331	65,902	1,553,233	1,986,244
Total liabilities	147,194,329	6,522,022	153,716,351	221,046,380
Net assets held in trust for benefits	$ 1,725,680,001	$ 76,463,028	$ 1,802,143,029	$ 1,659,086,663
Net assets held in trust for pension and health benefits	$ 1,626,795,619	$ 76,463,028	$ 1,703,258,647	$ 1,560,663,849
Net assets held in reserve for DROP and DROP II benefits	98,884,382	-	98,884,382	98,422,814
Net assets held in trust for benefits	$ 1,725,680,001	$ 76,463,028	$ 1,802,143,029	$ 1,659,086,663

See Notes to Financial Statements

Statement of Changes in Plan Net Assets
Year Ended December 31, 2010
(with Summarized Comparative Totals for the Year Ended December 31, 2009)

	Pension Benefits	Health Benefits	Year ended December 31, 2010	Year ended December 31, 2009
Additions				
Contributions				
City and County of Denver, Colorado	$ 36,157,090	$ 2,270,371	$ 38,427,461	$ 41,006,134
Denver Health and Hospital Authority	6,071,113	654,487	6,725,600	6,672,027
Plan members	21,139,754	1,950,508	23,090,262	14,141,190
Total contributions	63,367,957	4,875,366	68,243,323	61,819,351
Investment earnings				
Net appreciation in fair value of investments	183,782,775	8,188,172	191,970,947	164,521,983
Interest	18,430,312	833,404	19,263,716	25,376,571
Dividends	13,307,241	599,830	13,907,071	15,197,459
Real estate/alternative investments, and absolute return income	8,567,459	385,808	8,953,267	8,677,313
	224,087,787	10,007,214	234,095,001	213,773,326
Investment expenses	(6,955,911)	(312,417)	(7,268,328)	(7,383,055)
	217,131,876	9,694,797	226,826,673	206,390,271
Securities lending transactions income	631,080	28,529	659,609	1,433,075
Securities lending transactions expenses				
Borrower rebates	(52,108)	(2,358)	(54,466)	(257,497)
Agent fees	(144,735)	(6,542)	(151,277)	(294,965)
	434,237	19,629	453,866	880,613
Net investment earnings	217,566,113	9,714,426	227,280,539	207,270,884
Total additions, net	280,934,070	14,589,792	295,523,862	269,090,235
Deductions				
Retired member benefits	130,079,425	11,708,006	141,787,431	126,202,469
DROP and DROP II benefits paid	7,312,897	-	7,312,897	5,992,795
Refunds of contributions	666,009	30,120	696,129	450,556
Administrative expenses	2,555,677	115,362	2,671,039	2,679,266
Total deductions	140,614,008	11,853,488	152,467,496	135,325,086
Change in net assets	140,320,062	2,736,304	143,056,366	133,765,149
Net assets held in trust for benefits				
Beginning of year	1,585,359,939	73,726,724	1,659,086,663	1,525,321,514
End of year	$ 1,725,680,001	$ 76,463,028	$ 1,802,143,029	$ 1,659,086,663

See Notes to Financial Statements

Notes to Financial Statements

Note 1 PLAN DESCRIPTION

The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and post-retirement 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-retirement 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-retirement health benefits.

Substantially all of the general employees of the City, certain employees of DHHA, and all employees of the Plan are covered under the Plan. The classified service employees of the Denver Police and Denver Fire Departments, and the employees of the Denver Water Board are covered by separate retirement systems. At December 31, 2010, the Plan membership consisted of the following:

	Pension Benefits	Health Benefits
Retirees and beneficiaries currently receiving benefits	7,606	5,356
Retirees and beneficiaries entitled to health benefits but not receiving any	-	2,250
Terminated employees entitled to benefts but not yet receiving them	3,343	3,343
Current employees:		
Vested	5,912	5,912
Non-vested	2,491	2,491
Total	19,352	19,352

The following brief description of the Plan is provided for general information purposes only. 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 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 as much as 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the Plan formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. 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 2010, the monthly health insurance premium reduction was $12.50 per year of service for retired participants under the age of 65, and $6.25 per year of service for retirees aged 65 and older. 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.

Notes to Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Plan has separate legal standing and is fiscally independent of the City. However, based upon the criterion of financial accountability as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended, the Plan is reported as a component unit of the City's financial reporting entity.

Basis of Accounting and Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. Employer/employee contributions and investment earnings are recognized in the period in which they are due and earned, respectively. Expenses are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan Expenses

The Plan's Board acts as the trustee of the Plan's assets. The operating and other administrative expenses incurred by the Board, or its employees, in the performance of its duties as the Plan's trustee are paid from the assets of the Plan accumulated from contributions and investment earnings. Such expenses totaled $2,671,039 in 2010, and are reported as administrative expenses in the accompanying statement of changes in plan net assets.

Investments

The Plan's investments are reported at fair value. The fair value of domestic stocks is based on prices reported by national exchanges. The fair value of international stocks and fixed income securities are based on prices obtained from an approved independent pricing service. Fair values of real estate and alternative investments are determined by independent periodic appraisals of properties owned in the various investment funds. Short-term investments, with the exception of international funds, are recorded at amortized cost which approximates fair value. Investment earnings are recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the trade date.

For 2010, the Plan realized net gains on the disposition of investments of $93,385,532. The calculation of realized gains and losses is independent of the calculation of the net appreciation in the fair value of the Plan's investments and is determined using the weighted average cost method. Unrealized gains and losses on investments held for more than one year and sold in the current year were included in the net appreciation in the fair value of investments reported for 2010.

Investments of the Plan shall be in accordance with all applicable laws of the State of Colorado and the City, specifically:

- Investments shall be solely in the interest of the participants and their beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries.
- Investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Notes to Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include land, building, furniture and equipment, and construction in progress, are recorded at historical cost. The Plan's capitalization threshold for capital assets is $500 of cost and a useful life in excess of one year. The costs of routine maintenance and repairs that do not add to the value of capital assets or materially extend assets' lives are not capitalized. Depreciation on capital assets, excluding land and construction in progress, is calculated using the straight-line method over the following estimated useful lives:

Building	30 years
General office equipment	10 years
Computer equipment	5 years

Prepaid Items

Certain payments to vendors for health insurance reflect costs associated to future accounting periods and are recorded as prepaid items.

Income Taxes

The Plan's current determination letter issued by the Internal Revenue Service, dated October 19, 2001, qualifies the Plan as a tax-exempt entity pursuant to Section 401(a) of the Internal Revenue Code. Earnings on the trust funds are exempt from federal income tax under Section 501(a) of the Internal Revenue Code. Although the Plan has been subsequently amended, the Board and management are of the opinion that the Plan, as amended, meets the IRS requirements and therefore continues to be tax exempt. The Plan received a new determination letter on January 5, 2011.

Estimates Made by Management

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Prior-Year Summarized Totals

The basic financial statements include certain prior year summarized comparative information in total, but do not present detail for the pension or health benefits' accounts. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's audited financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Current Economic Conditions

The current economic environment continues to present public employee benefit plans such as the Plan with challenges which have resulted in substantial volatility in the fair value of investments. The accompanying financial statements have been prepared using values and information available to the Plan as of the date of the financial statements. Due to the volatility of economic conditions, the values of assets recorded in the financial statements could change materially in the future.

Notes to Financial Statements

Note 3 CONTRIBUTIONS

The Plan's funding policy provides for annual contributions at rates determined by an independent actuary recommended by the Plan's Board and enacted by City ordinance which, when expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. During 2010, the actuarially determined contribution rates, expressed as a percentage of covered payroll, for the pension and health benefits were 13.72% and 1.31%, respectively, for a combined total of 15.03%. The City enacted Ordinance No. 636 in 2010 to re-set the combined total contribution rate to 15.00% effective January, 2011. In 2010, employers contributed a total of 8.50% of covered payroll and employees made a pre-tax contribution of 4.50% in accordance with Section 18-407 of the City's Revised Municipal Code. The employees' contribution was handled as a payroll deduction and was forwarded to the Plan with the employers' contribution. During 2010, the employers contributed $42,228,203 for pension benefits and $2,924,858 for health benefits while the employees contributed a total of $21,139,754 for pension benefits and $1,950,508 for health benefits.

An actuarial valuation is performed annually by an independent actuarial consultant to determine that contributions are sufficient to provide funds for future benefits and to evaluate the funded status of the Plan. For 2010, in accordance with the January 1, 2010, actuarially determined contribution requirements, the total required contribution was $76,065,011 ($55,888,400 of normal cost and $13,540,921 amortization of the unfunded actuarial accrued liability for pension benefits; $2,577,200 of normal cost and $4,058,490 amortization of the unfunded actuarial accrued liability for health benefits) based on a rate of 15.03% of projected payroll. The actual contribution was $67,533,114 using a rate of 13.00% of covered payroll, which when combined with the members' repayments of $710,209, discussed below, resulted in total contributions of $68,243,323. In accordance with a separate agreement between DHHA and the Plan, DHHA was to make a supplemental contribution in the amount of $1,970,672, which is included in the total contributions amount.

During 2010, employee contributions totaled $23,090,262 and were allocated to pension and health benefits in the same manner as the employers' contributions. Regular employee contributions were not required or allowed between January 1, 1979, and September 30, 2003. However, City ordinance currently allows members to repay refunded contributions plus interest to reinstate service credits for periods prior to January 1, 1979. Any employee who made contributions after September 30, 2003, and was not vested upon leaving covered service could request a refund of those contributions. Eligible active members may also purchase permissive service credits in accordance with the Internal Revenue Code, which includes a maximum of five years of nonqualified service credits. Members paid $710,209 under these provisions during 2010.

Note 4 DEFERRED RETIREMENT OPTION PLAN (DROP)

Between January 1, 2001, and April 30, 2003, active members of the Plan who were eligible for a normal or rule-of-75 retirement could choose to enter the Deferred Retirement Option Plan (DROP) for a maximum of four years. After April 30, 2003, no active member with an actual and effective date of retirement after May 1, 2003, could enter or participate in DROP. Under DROP, the member's monthly retirement benefit was calculated as of the date of DROP entry. While participating in DROP, the member continued to work for the employer, earning a regular salary. The monthly retirement benefits were deposited into a DROP account maintained by the Plan. The balance in each member's DROP account earns interest at a rate equal to the actuarial assumed rate of return, currently 8% per annum. Sections 18-422 through 18-429 of the City's Revised Municipal Code should be referred to for more complete information on DROP. Upon retirement, members have access to the funds accumulated during their participation in DROP. As of December 31, 2010, there were no remaining DROP participants. During 2010, a total of $7,473,946 in interest was credited to members' DROP accounts. During 2010, a total of $6,859,685 was distributed from the DROP accounts to members who had retired and exited DROP. As of December 31, 2010, the reserve for DROP payments was $94,486,021.

Notes to Financial Statements

Note 5 AMENDED DEFERRED RETIREMENT OPTION PLAN (DROP II)

Between May 1, 2003, and August 31, 2003, active members of the Plan who were eligible for a normal or rule-of-75 retirement could choose to enter the Amended Deferred Retirement Option Plan (DROP II) for a maximum of five years. While participating in DROP II, the member continued to work for the employer, earning a regular salary. The member's monthly retirement benefits were deposited into a DROP II account maintained by the Plan. The balance in each member's DROP II account earns interest equal to the Plan's investment earnings rate provided it is not less than 3% per annum and not more than the Plan's annual actuarial assumed rate of return, currently 8% per annum. Sections 18-430 through 18-430.7 of the City's Revised Municipal Code should be referred to for more complete information on DROP II. Upon exiting DROP II, members have access to the funds accumulated during their participation in DROP II. On December 31, 2010, there were no remaining DROP II participants. A total of $300,519 in interest was credited to members' DROP II accounts during 2010. Also during 2010, a total of $453,212 was distributed to members who had exited DROP II. As of December 31, 2010, the reserve for DROP II payments was $4,398,361.

Note 6 FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2010, was as follows:

	Pension Benefits	Health Benefits
Actuarial accrued liability (AAL)	$2,176,242,736	$141,642,522
Actuarial value of Plan assets	1,923,560,713	90,414,800
Unfunded AAL	252,682,023	51,227,722
Funded ratio (actuarial value of Plan assets/AAL)	88.4%	63.8%
Covered payroll (active Plan members)	$506,045,186	$506,045,186
Unfunded AAL as a percentage of covered payroll	49.9%	10.1%

The actuarial valuation of the Plan's pension and health benefits involve estimates of the value of reported amounts and assumptions about the probability of certain events well into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi-year trend information showing whether the actuarial value of the Plan's assets is increasing or decreasing over time.

The value of projected benefits for financial reporting purposes are based upon the substantive plan in effect at the time of each actuarial valuation, and the pattern of sharing costs between the employers and plan members to that point. Consistent with the long-term perspective of the actuarial calculations, the actuarial methods and assumptions used include techniques intended to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets.

For the January 1, 2010, actuarial valuation, the projected unit credit valuation method was used. The Actuarial Value of Assets recognizes 20% of the difference between the projected actuarial value and the market value at the valuation date. This method has the effect of smoothing volatility in investment returns The actuarial assumptions included an 8.0% investment rate of return (net of administrative expenses), projected salary increases of 3.0% – 6.3%, including inflation of 3.0%, and no cost of living increases. Healthcare cost trend rate is not applicable for health benefits as the benefit is based upon the member's age and years of service. The amortization period at December 31, 2010 was 30 years using a level dollar, open basis, amortization method.

In 2009, an experience study was done for DHHA members, resulting in revised retirement and termination assumptions for DHHA members. The January 1, 2010, actuarial valuation incorporates the revised actuarial assumptions for the retirement and termination rates for DHHA members.

Notes to Financial Statements

Note 7 DEPOSITS AND INVESTMENTS

It is the objective of the Plan in managing the trust as a whole to provide a net realized real rate of return meeting or exceeding the actuarial assumption of 8% annualized, over a full market/economic cycle of three to seven years. The relative investment objective of the Plan is to exceed the rate of return that would have been achieved by a statically allocated and passively managed portfolio, at the same risk, in accordance with a long-term asset allocation strategy of the following approximate percentages: equity 55.5%, fixed income 23.5%, real estate 8%, alternative investments 8%, and absolute return 5%. At December 31, 2010, the Plan's deposit and investment balances were as follows:

	Fair Value
U.S. Treasury securities	$ 182,374,537
U.S. agency securities	27,268,077
Corporate and mortgage bonds	221,461,958
Domestic stocks	604,920,362
International stocks	400,486,572
Real estate	123,767,651
Alternative Investments	170,639,659
Absolute return	30,267,305
Cash and short-term investments	40,188,022
Total	$ 1,801,374,143

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

Credit Risk

To mitigate the risk that issuers or other counterparties to an investment will not fulfill their obligations, the Plan's investment policy specifically states that the fixed income investment managers, excluding the Plan's high yield manager, invest only in securities that are rated at BBB- or higher by one of the three established rating agencies. The Plan's high yield investment manager is permitted to invest in securities rated CCC- or above. The high yield manager is also permitted to invest 5% of its portfolio temporarily in bonds rated below CCC-. Securities explicitly guaranteed by the U.S. Government are not included. The following table provides information regarding Standard & Poor's (S&P) and Moody's credit ratings associated with the Plan's investment in debt securities as of December 31, 2010:

S&P	Moody's	Asset Backed	Corporate Bonds	Government Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 812,831	$ 9,602,403	$ 31,066,793	$ 4,837,155	$ 46,319,182
AAA	NR	221,825	-	-	939,347	1,161,172
AA+ to AA-	A1 to Aa3	-	16,655,676	-	-	16,655,676
A+ to A-	A1 to Baa2	-	39,437,558	-	-	39,437,558
BBB+ to BBB-	A3 to Baa3	-	10,753,059	-	-	10,753,059
BB+ to BB-	B1 to Ba3	486,660	26,813,759	-	-	27,300,419
B+ to B-	B1 to Caa1	196,316	71,800,273	-	194,375	72,190,964
CCC+ to CCC	B3	-	6,409,638	-	-	6,409,638
NR	Aaa to Baa2	176,590	661,550	-	396,150	1,234,290
		$ 1,894,222	$ 182,133,916	$ 31,066,793	$ 6,367,027	$ 221,461,958

NR - no rating available.

Notes to Financial Statements

Note 7 DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Plan's investment policy mandates that no managed account may invest more than 5% of managed assets in the securities of a single issuer. As of December 31, 2010, the Plan was in compliance with this policy.

Custodial Credit Risk

In the event of a failure of a financial institution or counterparty, custodial credit risk is the risk that the Plan would not be able to recover its deposits, investments or collateral securities in the possession of an outside party. The Plan has no formal policy for custodial credit risk for deposits and investments. At December 31, 2010, the Plan did not have any deposits, investments or collateral securities subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. As a means of limiting the Plan's exposure to fair value losses due to rising interest rates, the Plan's Investment Manual provides for the use of duration as the primary measure of interest rate risk within some of the fixed income investments: intermediate – three to six years, and high yield – between (+) or (-) 10% of the duration of the Merrill Lynch High Yield Cash Pay Index. The Plan manages interest rate risk through the constraints on duration specified in each manager's investment guidelines included in the Plan's Investment Manual. At December 31, 2010, the Plan's fixed income investments had the following maturities by investment type:

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury securities	$ 182,374,537	$ 1,287,261	$ 90,658,985	$ 59,214,820	$ 31,213,471
U.S. agency securities	27,268,077	268,231	14,135,742	8,046,912	4,817,192
Asset backed	1,894,222	-	1,407,562	-	486,660
Corporate bonds	182,133,916	1,119,011	76,020,892	81,006,780	23,987,233
Government bonds	31,066,793	4,910,925	15,143,653	7,420,151	3,592,064
Mortgage backed	6,367,027	2,598,375	644,908	561,754	2,561,990
Total	$ 431,104,572	$ 10,183,803	$ 198,011,742	$ 156,250,417	$ 66,658,610

Notes to Financial Statements

Note 7 DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's investment policy allows 18% to 26% of total investments to be invested in international equities. The following positions represent the Plan's exposure to foreign currency risk as of December 31, 2010:

	Foreign Currency	U.S. Dollars
Equities:	Euro	$ 106,680,036
	British Pound Sterling	67,269,093
	Japanese Yen	60,438,774
	Swiss Franc	23,835,940
	Australian Dollar	21,741,729
	Chinese Yuan	11,770,374
	Hong Kong Dollar	11,362,048
	Brazilian Real	10,588,673
	Canadian Dollar	9,628,576
	South Korea Won	9,401,345
	Thai Baht	8,919,504
	Swedish Krona	8,707,703
	Singapore Dollar	7,463,270
	Norwegian Krone	5,030,458
	Indian Rupee	5,003,635
	South Africa Rand	4,496,877
	Mexican Peso	3,839,211
	Danish Krone	3,457,957
	Israeli New Shekel	2,159,348
	Turkish Lira	1,686,009
	Russia Ruble	1,344,111
	Polish Zloty	1,284,786
	Malaysia Ringgit	1,271,122
	Indonesian Rupiah	1,084,394
	Hungarian Forint	621,973
	Bermuda Dollar	601,320
	New Zealand Dollar	439,689
	Egyptian Pound	355,823
	Czech Republic Koruna	333,218
	Pakistani Rupee	132,513
	Cayman Islands Dollar	6,031
		390,955,540
Cash:	Euro	37,727
	British Pound Sterling	22,226
	Canadian Dollar	4,541
		64,494
Total		$ 391,020,034

Notes to Financial Statements

Note 8 SECURITIES LENDING TRANSACTIONS

Board policy permits the Plan to participate in a securities lending program to augment income. The program is administered by the Plan's 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 Plan. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The custodial agent bank determines daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The Plan 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, 2010, the fair value of underlying securities lent was $171,625,910. The fair value of associated collateral was $170,036,901; of this amount, $145,903,959 represents the fair value of cash collateral and $24,132,942 is the fair value of noncash collateral. The Plan does not have the ability to pledge or sell noncash collateral unless the borrower defaults, therefore it is not reported on the financial statements.

During 2008, the value of certain securities for which cash collateral had been invested in became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported is reduced by a total of $5,676,529 to reflect the impairment and the net realizable value of the securities. Therefore, the Plan has credit risk exposure since the value of collateral of the specified securities held does not exceed the value of the securities lent.

The Plan reports securities loaned as assets on the Statement of Plan Net Assets. Cash received as collateral on securities lending transactions and investments made with that cash are recorded as an asset and liability. Investments purchased with cash collateral are recorded as Securities Lending Collateral with a corresponding liability as Securities Lending Obligations.

Note 9 CAPITAL ASSETS

The Plan's capital assets' activity for the year ended December 31, 2010, was as follows:

	January 1	Additions	Deletions	December 31
Capital assets, not being depreciated				
Land	$ 430,041	$ -	$ -	$ 430,041
Construction in progress	1,901,811	1,159,502	-	3,061,313
Capital assets, being depreciated				
Building	1,136,013	-	-	1,136,013
Furniture and equipment	685,402	18,129	(6,566)	696,965
Total capital assets, being depreciated	1,821,415	18,129	(6,566)	1,832,978
Accumulated depreciation				
Building	(685,753)	(37,522)	-	(723,275)
Furniture and equipment	(622,258)	(13,423)	6,146	(629,535)
Total accumulated depreciation	(1,308,011)	(50,945)	6,146	(1,352,810)
Total capital assets being depreciated, net	513,404	(32,816)	(420)	480,168
Capital assets, net	$ 2,845,256	$ 1,126,686	$ (420)	$ 3,971,522

Notes to Financial Statements

Note 9 CAPITAL ASSETS (continued)

Construction in progress at December 31, 2010, is comprised of a replacement computer system for benefits administration. The 2010 depreciation expense for the pension and health benefit accounts was $48,778 and $2,167, respectively.

Note 10 COMMITMENTS AND CONTINGENCIES

As of December 31, 2010, the Plan had commitments for the future purchase of investments in real estate of $29,543,217, and alternative investments of $120,772,483. The purpose of such commitments is to assist the Plan in maintaining the designed level of exposure to these asset classes. The anticipated pace of funding the commitments coincides with the expected distribution rate of invested assets.

Note 11 OTHER POSTEMPLOYMENT BENEFIT PLAN

Employees of the Plan, along with a portion of the employees of DHHA (those employed prior to 2001 who have elected to remain members of the Plan) and a majority of the employees of the City (certain fire and police personnel are excluded), are participants in the City's health care plan. For active employees participating in the City's health care plan, the employers pay a certain percentage of monthly premiums and the employees pay the remainder of the premium. Vested retired employees participating in the City's health care plan pay 100% of the premium and are eligible for an insurance premium reduction payment from the Plan, see Note 1. In establishing premiums, the active and retired employees from the three employers are grouped together without age-adjustment or differentiation between employers. The premiums are the same for both active and retired employees.

Under GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), an other postemployment benefit plan (OPEB) results when there is an exchange of salaries and benefits for employee services and it is a part of the compensation that employers offer for services received. As the premiums are the same for both active and retired employees participating in the City's health care plan, the active employees are subsidizing the premiums for retired employees. Under GASB 45, this subsidy to the retired employees is considered an implicit rate subsidy, and is considered an OPEB.

Because the implicit rate subsidy OPEB is considered a cost-sharing multiple-employer plan, and because it is administered as an equivalent arrangement, or fully-insured plan as contemplated in GASB 45, an actuarially determined obligation for the OPEB would not be reflected as a liability in the financial statements of the participating employers. The expense related to the implicit rate subsidy OPEB represents the contractually required contributions under the cost-sharing multiple-employer plan. An actuarial valuation on the implicit rate subsidy OPEB is expected to be completed for future years.

Required Supplementary Information

Schedule of Funding Progress

Pension Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll (b-a)/(c)
1/1/05	1,651,090,641	1,665,540,822	14,450,181	99.1%	495,174,860	2.9%
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3	495,285,185	9.5
1/1/07	1,837,476,077	1,862,772,866	25,296,789	98.6	499,462,875	5.1
1/1/08	1,950,010,815	1,985,651,482	35,640,667	98.2	545,835,393	6.5
1/1/09	1,924,991,121	2,095,887,096	170,895,975	91.8	564,986,660	30.2
1/1/10	1,923,560,713	2,176,242,736	252,682,023	88.4	506,045,186	49.9

Health Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
1/1/05	88,527,589	116,567,764	28,040,175	75.9%	495,174,860	5.7%
1/1/06	90,227,891	123,775,074	33,547,183	72.9	495,285,185	6.8
1/1/07	93,089,297	127,133,068	34,043,771	73.2	499,462,875	6.8
1/1/08	96,457,419	128,607,079	32,149,660	75.0	545,835,393	5.9
1/1/09	92,682,144	134,000,558	41,318,414	69.2	564,986,660	7.3
1/1/10	90,414,800	141,642,522	51,227,722	63.8	506,045,186	10.1

Required Supplementary Information

Schedule of Employer Contributions

Pension Benefits

Year beginning January 1	Annual actuarially required contribution (1) (4) (5)	Percentage contributed (5)
2005 (2)	$38,039,016	98.2%
2006	42,277,066	89.4
2007	39,623,830	100.0
2008	41,699,683	100.0
2009	54,392,610	79.3
2010 (3)	48,995,846	86.2

Health Benefits

Year beginning January 1	Annual actuarially required contribution (1) (4) (5)	Percentage contributed (5)
2005 (2)	$3,032,638	100.0%
2006	4,081,627	99.9
2007	3,929,333	100.0
2008	4,532,574	93.9
2009	5,156,984	88.3
2010 (3)	4,290,712	68.2

(1) Employers made contributions based on the legally required rates.
(2) Beginning on January 1, 2005, the employers and employees contributed 8.50% and 2.50%, respectively.
(3) Beginning on January 1, 2010, the employers and employees contributed 8.50% and 4.50%, respectively.
(4) Excludes DHHA supplemental.
(5) Years 2005-2009 have been revised from previously reported amounts to reflect employer-only amounts.

Supporting Schedules

Schedule of Administrative Expenses
Year ended December 31, 2010

Personnel services:	
Salaries	$ 1,365,136
Employee benefits	457,072
Total personnel services	1,822,208
Professional services:	
Actuarial	98,033
Legal	31,806
Retirement board	75,417
Audit	73,500
Medical examination	1,150
Consultation	26,968
Total professional services	306,874
Office operations:	
Plan insurance	56,434
Postage	67,539
Office forms and printing	17,881
Office equipment	38,429
Employee travel and conferences	16,421
Telephone	10,273
Membership education	3,242
Miscellaneous operating	3,237
Personnel services	1,573
Employee education	25,969
Office supplies	9,313
Publications	8,369
Automobile	2,802
Total office operations	261,482
Computer operations:	
Maintenance	22,946
Computer and software leasing	24,426
Supplies	361
Other expenses	7,759
Total computer operations	55,492
Miscellaneous administrative expenses:	
Building operations	174,039
Depreciation expense	50,944
Total miscellaneous administrative expenses	224,983
Total	$ 2,671,039

Supporting Schedules

Schedule of Investment Expenses
Year ended December 31, 2010

Domestic equity portfolio management	$ 1,846,565
Real estate portfolio management	1,571,506
Fixed income portfolio management	614,833
International equity portfolio management	1,524,528
Alternative investment portfolio management	939,126
Other investment related expenses	661,770
Custody	110,000
Total	$ 7,268,328

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Investment Section

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Summit Strategies Group

April 12, 2011

Steven E. Hutt
Executive Director
Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Dear Mr. Hutt:

This letter reviews the performance for the Denver Employees Retirement Plan (DERP) through December 31, 2010.

The DERP investment portfolio returned 14.74% gross of fees for the fiscal year ending December 31, 2010. Performance exceeded DERP's strategic policy benchmark target return of 14.47% and the 12.75% median return of the BNY Mellon Public Fund Universe. In fact, DERP's performance in 2010 ranked in the 18th percentile of the universe, outperforming 82% of other public funds. Primary contributors to the excellent performance in 2010 were small cap domestic equities which earned 29.88%, emerging international markets which earned 28.91%, small cap international stocks with annual returns of 18.10%, energy infrastructure limited partnerships with returns of 20.03%, and the Real Estate portfolio which was up 19.17%. Three of these five contributors were new to the portfolio in 2010 (emerging markets, small cap international, and energy infrastructure).

2010 marked the second consecutive year of double-digit, positive returns for the DERP portfolio; however, the market downturn of 2008 still had a very significant negative impact on trailing period returns. Over the trailing 3 years ended 12/31/10, DERP achieved an annualized return of -0.61%. The trailing 5-year return is better and now stands at 4.53%. The 6.32% return over the last 7 years is better still, while DERP's trailing 10-year annualized return is 4.86%, reflecting the lasting impact of the market downturn of 2001-2002.

It is DERP's goal to seek appropriate returns by the prudent investment of assets. Such investment activities are in accordance with applicable law, modern portfolio theory, and prevailing industry practice, and seek to minimize risk while generating the growth that will assist in paying promised benefits to members and beneficiaries. A study of assets and liabilities is conducted periodically to ensure the mix of investments remains appropriate, and adjustments to the portfolio are made when changes in plan circumstances and/or current capital markets conditions dictate. It is the responsibility of the Retirement Board, with the assistance of Summit Strategies and DERP internal investment staff, to approve a target asset allocation policy, which reflects an appropriate balance between risk and return. A comprehensive study of assets and liabilities was conducted by Summit Strategies in 2009, and annual asset allocation targets are established in March of each year.

The target asset allocation at year-end was comprised of the following indices in the percentages as indicated: Russell 1000 (27%), Russell 2000 (6%), MSCI EAFE (15%), MSCI EAFE Small Cap (4%), MSCI

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Steven E. Hutt
April 12, 2011
Page 2

Emerging Markets (3.5%), Barclays Capital Aggregate Bond (22%), Barclays Capital Ba to B US High Yield (5%), Barclays Capital US TIPS (1.5%), NCREIF Fund Index – Open End Diversified Core Equity (8%); and Alternative Investments (8%).

The last 10 years have seen the bursting of 2 bubbles – the Internet bubble in 2000 and the Real Estate bubble in 2008. The subsequent recoveries of 2003-2006 and 2009-2010, while impressive, have not been large enough to undo all of the damage inflicted by these down-turns. As a result, the investment results for the past 10 years did not achieve the fund's actuarial assumption for long-term investment results. The positive, if there is one after a decade like the 2000's, is that expected returns are higher looking forward as investors expect to be rewarded for taking risk.

This does not mean that it will be smooth sailing from here, but it does mean a base for future growth should be established. The long-term results are positive and the hard work of the Board and staff over the past few years positioned the fund to prudently safeguard the assets in a difficult environment. We believe that the fund is in a good position to capture consistent, quality results in the years to come.

Sincerely,

Mark A. Caplinger, CFA
Senior Vice President

Mission Statement

The Denver Employees Retirement Plan (the Plan) was established on January 1, 1963, as a defined benefit pension plan. The Plan Board assumes full and absolute responsibility for establishing, implementing, and monitoring adherence to the pension fund policy. The mission of any fiduciary acting with regard to the management, investment, receipt, or expenditure of the trust assets is to act solely in the interest of the members and their beneficiaries, and to:

(a) Provide benefits to participants and their beneficiaries;

(b) Pay reasonable expenses associated with the administration of the plan;

(c) Invest with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims; and

(d) Diversify the investments so as to minimize the risk of loss and to maximize rate of return.

Investment Responsibilities

The Plan Board is responsible for formulating investment strategies, allocation of assets, and contracting with investment management firms. To assist the Plan Board in overseeing these responsibilities, on February 8, 1989, they formally adopted a written investment manual. The investment manual includes a Statement of Investment Policy and Guidelines, establishes an asset allocation plan, and incorporates individual investment manager guidelines. Changes to the investment manual are formally adopted by the Plan Board.

The investment managers are each responsible for implementing investment strategies in accordance with the stated investment policies, guidelines, and objectives of the Plan. Each manager is responsible for optimizing investment return within their guideline constraints and in the sole interest of the Plan's members and beneficiaries. The Board has directed all investment managers to vote proxies, to vote them with vigor, to vote in the interest of the Plan's members and beneficiaries, and to report annually as to how proxies were voted.

Investment Objectives

As outlined in the Investment Manual, the investment objectives include:

(a) Providing a net realized real rate of return meeting or exceeding the actuarial assumption of eight percent, annualized, over a full market/economic cycle of three to seven years;

(b) Maintaining an efficient portfolio determined by the risk and return concepts of Modern Portfolio Theory; and

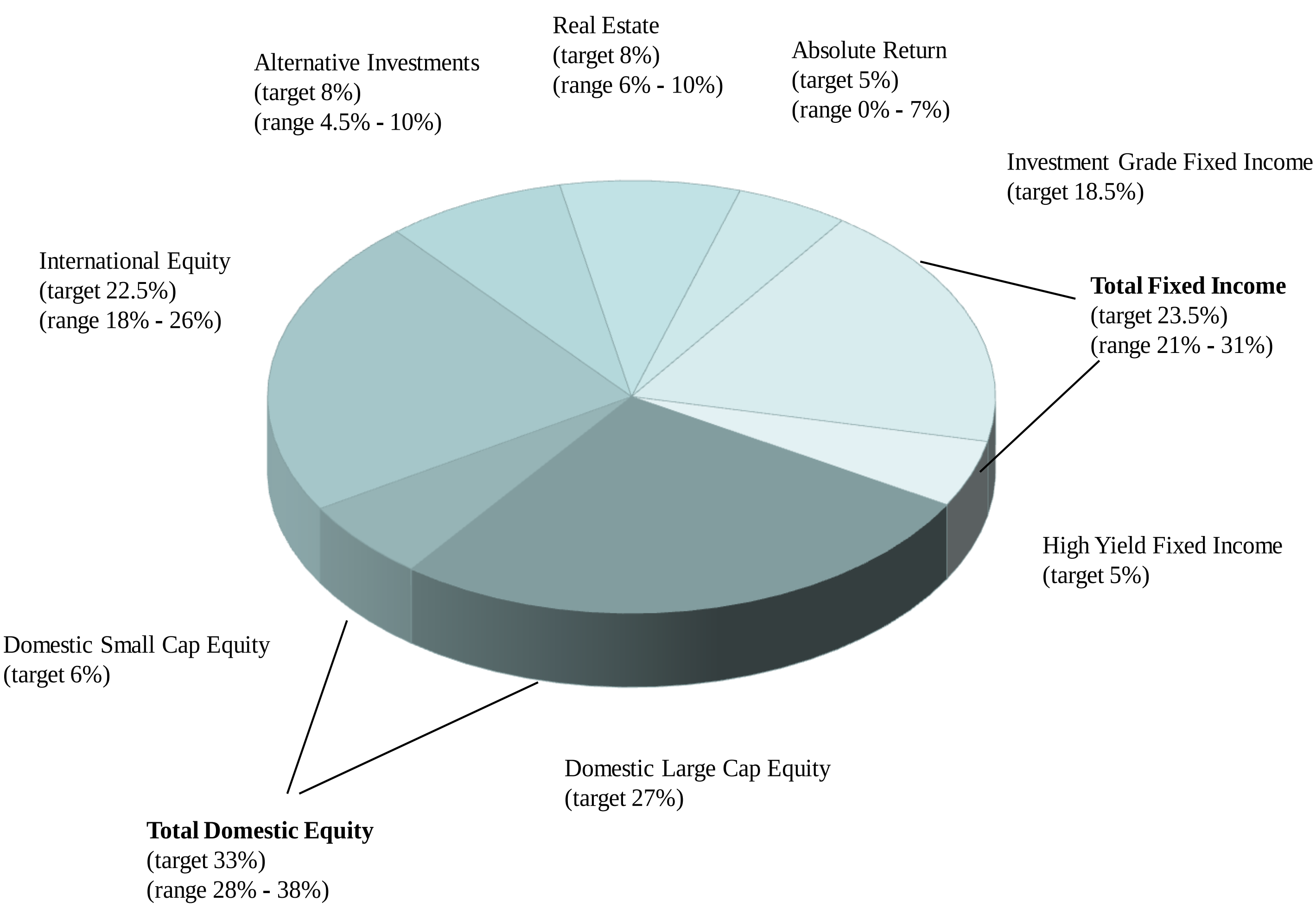
(c) Exceeding the rate of return of that achieved by a passively managed portfolio weighted in the same proportion and at the same risk.

Asset Allocation Target

The Plan Board recognizes that strict adherence to an asset allocation plan has the greatest impact on long-term performance results and is, therefore, the most important decision in the investment process. The risk return profile is maintained by identifying a long-term target strategic asset allocation. Temporary deviations from the targets are held within ranges.

The first formal asset allocation plan was adopted by the Plan Board on April 7, 1989. There have been subsequent asset allocation plans adopted with the most recent being on March 17, 2010. The Plan's investment advisors assisted the Plan Board in developing the latest asset allocation.

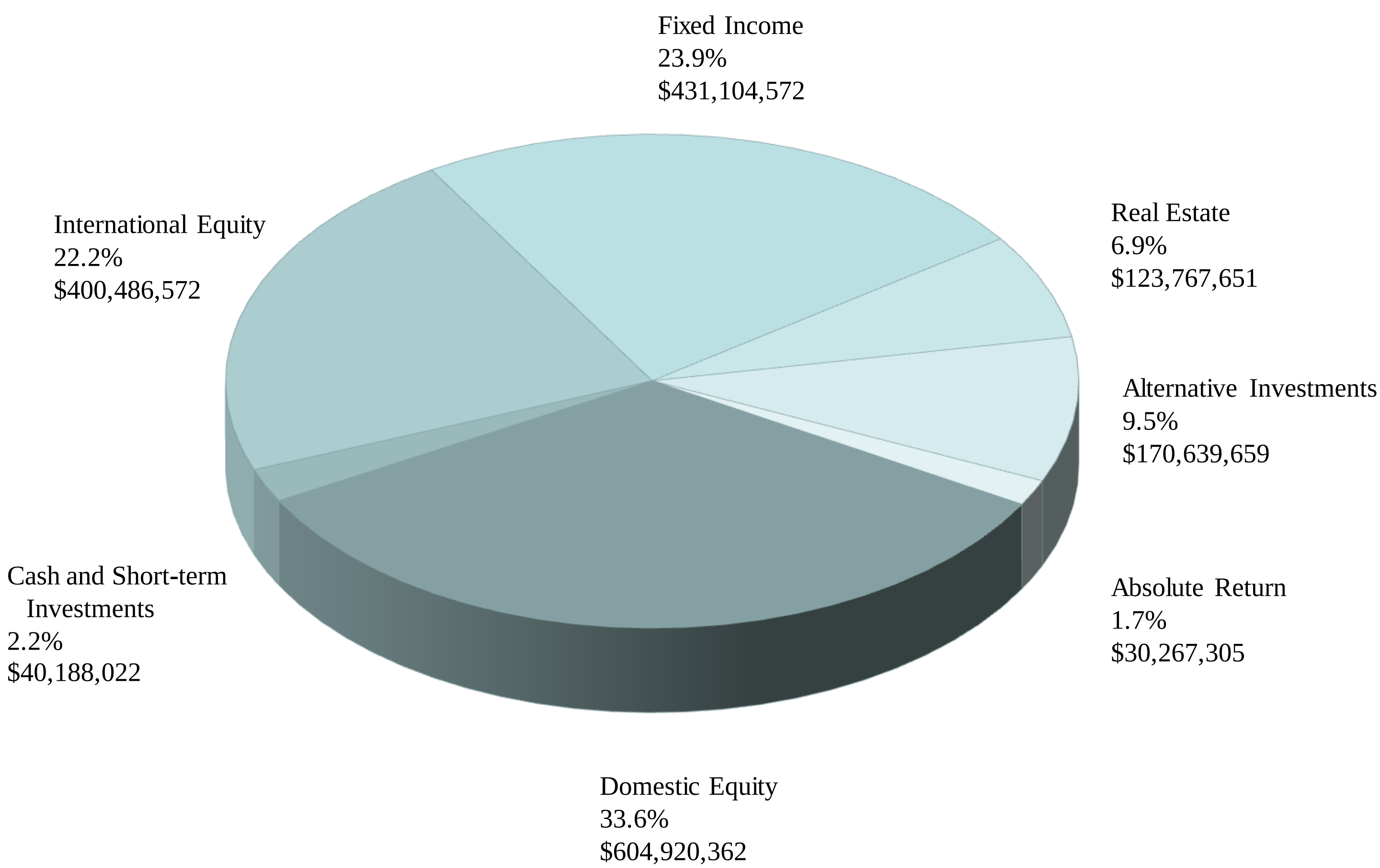
The asset allocation strategy as of December 31, 2010 is depicted in the chart below:



At target, a portfolio so allocated would be expected to achieve an 8.00% return with a standard deviation (risk) of 12.50%.

Asset Allocation by Asset Class

The total market value of the Plan on December 31, 2010, was $1,802,143,029 including cash and investments of $1,801,374,143. At December 31, 2010, the Plan's investment assets were allocated as shown in the following chart:



Asset Target Allocation by Managed Account

A list of investment managers appears in the introductory section of this report. The Plan's Investment Manual identifies the target allocation by managed account and asset style group as follows:

Managed Account	Target Allocation	Asset Style Group	Target Allocation Range
Cadence Capital Management	4.5%	Large Cap Equity (Growth)	4.0% to 6.0%
Northern Trust Global Investments	9.0%	S&P 500 Index	7.0% to 11.0%
Northern Trust Global Investments	9.0%	Large Cap Equity (Value)	7.0% to 11.0%
Sit Investment Associates, Inc.	4.5%	Large Cap Equity (Growth)	4.0% to 6.0%
Franklin Global Advisors	1.5%	Small Cap Equity (Growth)	1.0% to 2.5%
NorthPointe Capital	1.5%	Small Cap Equity (Growth)	1.0% to 2.5%
Neuberger Berman, LLC	3.0%	Small Cap Equity (Value)	2.25% to 5.25%
Northern Trust Global Investments	5.0%	EAFE Index	4.0% to 7.0%
Templeton Investment Counsel, LLC	5.0%	Intl. Equity (Value)	4.0% to 7.0%
Pyramis Global Advisors	5.0%	Intl. Equity (Growth)	4.0% to 7.0%
Dimensional Fund Advisors	4.0%	Intl. Equity (Small Cap)	2.0% to 5.0%
LSV Asset Management	3.5%	Intl. Equity (Emerging Markets)	1.5% to 4.5%
Plan Staff	5.0%	Fixed Income Government	4.5% to 7.0%
Seix Investment Advisors, Inc.	5.0%	Fixed Income High Yield	4.0% to 7.0%
Smith Graham & Company	1.5%	Fixed Income Gov't./Credit	1.0% to 2.5%
Northern Trust Global Investments	12.0%	Barclays Aggregate	11.0% to 14.0%
Prisma Capital Partners	5.0%	Absolute Return	0.0% to 7.0%
Real Estate	8.0%	Real Estate	6.0% to 10.0%
Alternative Investments	8.0%	Energy, Timber, MLP, and Private Equity	4.5% to 10.0%

The Plan staff actively monitors each investment manager for compliance with guidelines. There is no allocation to cash. Each manager is asked to prudently remain fully invested in their asset style group. All allocated but uninvested cash is commingled and actively managed by the Plan staff. Income is removed monthly from each actively managed domestic account and reallocated to underweighted accounts using the asset allocation targets established in the allocation plan. Investment manager, custodian, and consultant fees are aggressively negotiated and reviewed annually. The Plan participates in a commission recapture program with all proceeds deposited in the trust.

The top ten stock and bond holdings as of December 31, 2010, are shown in the following tables:

Top Ten Stock Holdings
December 31 2010

Shares	Stocks	Market Value
18,550	Apple Computers, Inc.	$5,983,488
6,670	Google, Inc.	3,961,780
110,530	Oracle Corporation	3,459,589
21,670	International Business Machines	3,180,289
62,240	Qualcomm, Inc.	3,080,258
109,800	Microsoft Corporation	3,065,616
28,990	Occidental Petroleum Corporation	2,843,919
41,470	Coca-Cola, Inc.	2,727,482
124,010	Intel Corporation	2,607,930
31,170	Schlumberger Corporation	2,602,695

Top Ten Bond Holdings
December 31 2010

Par	Bonds			Market Value
6,700,000	U.S. Treasury Bond	8.125%	due 8/15/2019	$9,334,440
5,500,000	U.S. Treasury Bond	7.500	due 11/15/2016	7,068,765
5,000,000	FNMA Bond	2.625	due 11/20/2014	5,190,100
4,750,000	FHLMC Bond	3.750	due 3/27/2019	4,917,058
3,000,000	U.S. Treasury Bond	Variable	due 1/15/2025	3,873,387
3,560,000	U.S. Treasury Bond	3.625	due 2/15/2020	3,694,604
3,250,000	FNMA Bond	3.250	due 4/9/2013	3,431,220
3,050,000	U.S. Treasury Bond	Variable	due 1/15/2028	3,241,231
3,000,000	U.S. Treasury Note	3.875	due 5/15/2018	3,227,820
2,500,000	FNMA Bond	6.625	due 11/15/2030	3,154,425

Complete listings of stock and bond holdings are available at the Plan’s office.

Investment Performance

The Plan contracts with Summit Strategies Group to measure investment results on a quarterly basis. Returns are calculated using a time-weighted rate of return based on the market value of assets. Returns are reported gross of fees unless otherwise stated. The estimated annualized return from the inception of the Plan on January 1, 1963, to December 31, 2010, is 9.30%. Annualized investment results compared with benchmarks for the year ending December 31, 2010, are as follows:

	Last Year	Last 3 Years	Last 5 Years
Domestic Equity	17.52%	-2.87%	2.81%
Russell 3000	16.93	-2.01	2.74
International Equity	12.17	-5.36	4.49
MSCI EAFE Index	8.21	-6.55	2.94
Fixed Income	8.29	6.73	6.31
Barclays Capital Aggregate Index	6.54	5.90	5.80
Real Estate	19.17	-13.33	-2.68
NCREIF Index	16.36	-9.73	-0.16
Total Portfolio (net of fees)	14.36	-0.98	4.14
Total Portfolio	14.74	-0.61	4.53
Total Fund Policy Index	14.47	-0.31	4.29
Change in Consumer Price Index (CPI-U)	1.64	5.19	11.65

Schedule of Investment Commissions

December 31, 2010

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
BYN CONVERGEX	1,760,846	$46,812	$0.027
LYNCH JONES	1,718,949	44,588	0.026
LIQUIDNET	1,320,540	39,847	0.030
CITATION GROUP	1,535,067	39,200	0.026
CREDIT SUISSE	494,757	16,976	0.034
BARCLAYS	525,163	15,083	0.029
MERRILL LYNCH	496,359	14,764	0.030
OPPENHEIMER	351,981	12,762	0.036
STEPHENS INC.	336,340	11,735	0.035
JEFFERIES & CO.	322,348	11,599	0.036
RBC CAPITAL MARKET	233,656	10,517	0.045
WILLIAM BLAIR	291,560	10,321	0.035
CITIGROUP	252,061	9,113	0.036
SCOTT & STRINGFELLOW	223,519	8,230	0.037
ISI GROUP INC.	252,170	8,043	0.032
KNIGHT SECURITIES	380,917	7,713	0.020
NEEDHAM & COMPANY	235,725	7,643	0.032
RAFFERITY CAPITAL	191,589	7,631	0.040
INSTINET	216,591	7,585	0.035
PIPER JAFFRAY	190,674	6,731	0.035
ROBERT BAIRD	171,218	6,720	0.039
KEYBANC CAPITAL	176,639	6,493	0.037
MORGAN STANLEY	263,968	6,427	0.024
BERNSTEIN	274,610	6,301	0.023
SIDOTI & COMPANY	178,199	6,013	0.034
CANACCORD ADAMS	158,926	5,723	0.036
WEEDEN	172,358	5,704	0.033
CRAIG-HALLUM	144,081	4,924	0.034
GOLDMAN SACHS	275,955	4,861	0.018
PULSE TRADING	245,540	4,707	0.019
UBS SECURITIES	113,106	4,400	0.039
RAYMOND JAMES	118,898	4,304	0.036
BLOOMBERG TRADEBOOK	281,957	4,230	0.015
BEAR STEARNS	108,645	4,077	0.038
COLLINS STEWART	109,561	4,044	0.037
DA DAVIDSON	117,834	4,000	0.034
MACQUARIE SECURITIES	109,960	3,805	0.035
JONES TRADING	128,424	3,719	0.029
COWEN & COMPANY	111,350	3,694	0.033
LAZARD FRERES	89,719	3,414	0.038
LONGBOW	86,408	3,348	0.039
THOMAS WEISEL	76,733	3,060	0.040
STIFEL NICOLAUS	77,283	3,056	0.040

Schedule of Investment Commissions (continued)

December 31, 2009

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
ELECTRONIC SPEC	109,866	$3,018	$0.027
MORGAN KEEGAN	81,960	2,972	0.036
KING, C L	87,416	2,814	0.032
CANTOR FITZGER	106,998	2,788	0.026
JMP SECURITIES	68,954	2,758	0.040
US CLEARING INSTITUTE	68,470	2,739	0.040
BROAD COURT	68,890	2,660	0.039
MIDWOOD SECURITIES	70,325	2,497	0.036
SOLEIL SECURITIES	66,523	2,368	0.036
FIRST UNION CAPITAL	76,601	2,352	0.031
NOMURA	80,971	2,342	0.029
LEK SECURITIES	63,217	2,329	0.037
AVONDALE SECURITIES	67,295	2,198	0.033
BOENNING & SCATTERGOOD	61,640	2,168	0.035
DEUTSCHE	52,630	2,058	0.039
ICAP CORPORATION	176,983	2,126	0.012
BAYPOINT TRADING	54,973	1,980	0.036
NATIONAL FINANCIAL	80,592	1,900	0.024
BANNOCKBURN	47,320	1,891	0.040
NORTHLAND	56,528	1,851	0.033
JANNEY MONTGOMERY SCOTT	52,410	1,814	0.035
GLOBAL HUNTERS	56,275	1,791	0.032
SJ LEVINSON	53,830	1,788	0.033
LEERINK SWANN	47,052	1,785	0.038
SUNTRUST BANK	46,373	1,758	0.038
STATE STREET	58,211	1,746	0.030
FRIEDMAN BILLINGS	48,151	1,717	0.036
MERRIMAN CURHAN	55,982	1,679	0.030
KEEFE BRUYETTE	38,898	1,556	0.040
All other brokers (each at $1,500 or less)	621,308	22,777	0.037
TOTAL	17,548,826	$530,137	$0.030

Total recaptured commissions for 2010 were $25,850.

Schedule of Investment Fees

December 31, 2010

Externally Managed Portfolios	Assets Under Management	Fees
U.S. Equities:		
Actively Managed :		
Large Cap	$ 159,881,594	$ 743,180
Small Cap	112,511,565	996,633
Passively Managed	332,527,203	106,752
International Equities:		
Actively Managed	310,834,712	1,459,433
Passively Managed	89,651,859	65,095
Fixed Income:		
Actively Managed	106,465,295	557,103
Passively Managed	244,959,267	57,730
Real Estate:		
Fees netted with earnings	38,953,424	549,608
Fees paid separately	84,814,227	1,021,898
Absolute Return:		
Fees paid separately	30,267,305	-
Alternative Investments:		
Fees netted with earnings	37,106,423	359,748
Fees paid separately	133,532,236	579,378
	$ 1,681,505,110	$ 6,496,558

Other Investment Services	
Custody Fees	$ 110,000
Other investment related expenses (net of commission recapture)	661,770

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Actuarial Section

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GRS
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June 3, 2011

Board of Trustees
Denver Employees Retirement Plan
777 Pearl St
Denver, CO 80203

Re: Denver Employees Retirement Plan Actuarial Valuation as of January 1, 2010

Dear Board Members:

The results of the January 1, 2010 Annual Actuarial Valuation of the Denver Employees Retirement Plan (DERP) are presented in this report. The purpose of the valuation was to measure the Plan's funding progress and to determine the employer contribution rate, for the next fiscal year.

Regarding the contribution rate for the next fiscal year (2010), there is a significant increase in the Actuarially Required Contribution. This is due to the market events of 2008. The Actuarial Value of Assets decreased as the 2008 asset losses continue to be recognized, resulting in a significant increase in the Unfunded Actuarial Accrued Liability. The Total Computed Contribution Rate has risen from 13.04% for 2009 to 15.03% for 2010. The Total Contribution Amount has increased from $73.7M to $76.1M, a 3.3% increase. Receiving this contribution is actuarially necessary to help improve and stabilize the funded status of the Pension and Retiree Medical Plans and strengthen their actuarial soundness.

The valuation was based upon information, furnished by DERP, concerning Plan benefits, financial transactions, active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events for the Pension Plan, Retiree Medical Plan, and Denver Health and Hospital Authority (DHHA). We believe that the assumptions and methods used in this report are reasonable and appropriate for the purpose for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

If there is other information that you need in order to make an informed decision regarding the matters discussed in this report, please contact us.

We certify that the information contained in this report is accurate and fairly presents the actuarial position of DERP as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Board of Trustees
June 3, 2011
Page 2

The undersigned actuaries are independent of the plan sponsor and meet the Qualification Standards of the American Academy of Actuaries.

Respectfully submitted,

Leslie L. Thompson

Diane L. Hunt

Leslie L. Thompson, FSA, FCA, EA, MAAA
Senior Consultant

Diane L. Hunt, FSA, FCA, EA, MAAA
Consultant

Valuation Methods

***Actuarial Cost Method* - The Projected Unit Credit (PUC) Cost Method** was used in the valuation.

The Projected Unit Credit Cost Method develops a normal cost and an accrued liability based on the benefit accrued as of the valuation date.

The normal cost is the value of the benefit that accrued during the year. The benefit accrued during the year is the retirement benefit based on pay projected to a member's retirement date, based on service accrued as of the valuation date.

The accrued liability could be viewed as the sum of all past normal costs. Thus, the accrued liability grows in proportion to the growth in the projected-pay accrued benefit.

Finally, for all funding methods, the present value of benefits is equal to the accrued liability plus the present value of future normal costs.

***Financing of Unfunded Actuarial Accrued Liabilities* -** Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Deferred Retirement Option Plan (DROP) and DROP II – The DROPs are closed and no new members are assumed to enter either of the two DROPs. For members who were in DROP and remain employed upon their exit of the DROP program, their accrued liability is calculated as the value of their deferred benefit based on compensation and service earned before their DROP participation plus the value of their additional benefit earned based on compensation and service accrued after their DROP participation ended, as well as their accrued DROP balance. Further detail describing the DROPs can be found in the Plan Provisions section of this report.

***Actuarial Value of Assets* –** The Actuarial Value of Assets recognizes 20% of the difference between the projected actuarial value and the market value at the valuation date. Effective January 1, 2009, this value is no longer constrained to a range of 80% to 120% of the market value of assets as of the valuation date. This method has the effect of smoothing volatility in investment returns. Returns are measured net of all administrative and investment expenses.

Development of Amortization Payment

Determination of UAAL Contribution Rate

The unfunded accrued liability as of January 1, 2010 is calculated as of the beginning of the fiscal year for which employer contributions are being calculated.

The unfunded accrued liability is amortized over the appropriate period to determine the amortization payment. This payment is divided by the projected fiscal year payroll to determine the amortization payment as a percentage of active member payroll.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Both the economic and decrement assumptions were established following the January 1, 2009 actuarial valuation.

Changes to Actuarial Assumptions

There have been changes to the actuarial assumptions as of the valuation date for the retirement and termination rates for DHHA members.

Based on discussions with the Plan's staff and consistent with City budget constraints for 2010, the valuation assumes that there will be no pay increases in 2010. This assumption produced a gain of $23 million in the retirement benefit plan. Departures from this assumption will cause a gain or loss in next year's valuation. A change in the retirement and termination assumptions for the DHHA members resulted in a decrease in liabilities of $2,874,800.

Economic Assumptions

The investment return rate assumed in the valuations is 8.00% per year, compounded annually (net of investment and administrative expenses).

The **Wage Inflation Rate** assumed in this valuation was 3.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 8.00% investment return rate translates to an assumed real rate of return over wage inflation of 5.00%.

Pay increase assumptions for individual active members are shown for sample ages on the following page. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.00% recognizes wage inflation, productivity increases, and other macroeconomic forces.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

	% Increase in Salary for the Year		
Sample Ages	**Merit and Seniority**	**Base (Economic)***	**Increase for the Year**
20	3.30%	3.00%	6.30%
25	3.30%	3.00%	6.30%
30	3.00%	3.00%	6.00%
35	2.20%	3.00%	5.20%
40	1.70%	3.00%	4.70%
45	1.20%	3.00%	4.20%
50	0.70%	3.00%	3.70%
55	0.00%	3.00%	3.00%
60	0.00%	3.00%	3.00%
65	0.00%	3.00%	3.00%

** Includes 3.00% for price inflation*

Demographic Assumptions

The post-employment and beneficiary mortality table was 100% of the 1994 Group Annuity Mortality Table. This assumption is used to measure the probabilities of dying after leaving employment as a vested terminated member/retiree or beneficiary.

	% Dying Within Next Year Non-Disabled	
Ages	**Men**	**Women**
50	0.26%	0.14%
55	0.44%	0.23%
60	0.80%	0.44%
65	1.45%	0.86%
70	2.37%	1.37%
75	3.72%	2.27%
80	6.20%	3.94%

GRS

The active mortality table was 65% of the 1994 Group Annuity Mortality Table. This assumption is used for active members to measure the probability of dying before retirement or termination of employment.

	% Dying Within Next Year Non-Disabled	
Ages	**Men**	**Women**
20	0.03%	0.02%
25	0.04%	0.02%
30	0.05%	0.02%
35	0.06%	0.03%
40	0.07%	0.05%
45	0.10%	0.06%
50	0.17%	0.09%

The disabled mortality table for disabled retirees, the probabilities of dying at sample attained ages were as follows:

	% Dying Within Next Year Disabled	
Ages	**Men**	**Women**
50	3.16%	3.16%
55	3.78%	3.78%
60	4.25%	4.25%
65	5.12%	5.12%
70	6.75%	6.75%
75	8.28%	8.28%
80	10.77%	10.77%

Denver Employees Retirement Plan

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Non Hospital		
	Percent of Eligible Active Members Retiring Within Next Year	
Ages	Early Retirement	Normal Retirement
55	2.50%	N/A
56	3.00%	N/A
57	3.50%	N/A
58	4.00%	N/A
59	4.50%	N/A
60	5.00%	N/A
61	7.50%	N/A
62	10.00%	N/A
63	12.50%	N/A
64	12.50%	N/A
65	N/A	20.00%
66	N/A	15.00%
67	N/A	15.00%
68	N/A	15.00%
69	N/A	15.00%
70	N/A	100.00%

Hospital		
	Percent of Eligible Active Members Retiring Within Next Year	
Ages	Early Retirement	Normal Retirement
55	2.50%	N/A
56	3.00%	N/A
57	3.50%	N/A
58	4.00%	N/A
59	4.50%	N/A
60	5.00%	N/A
61	7.50%	N/A
62	10.00%	N/A
63	12.50%	N/A
64	12.50%	N/A
65	N/A	20.00%
66	N/A	15.00%
67	N/A	15.00%
68	N/A	15.00%
69	N/A	15.00%
70	N/A	15.00%
71	N/A	15.00%
72	N/A	15.00%
73	N/A	15.00%
74	N/A	15.00%
75	N/A	100.00%

	Percent of Eligible Active Members Retiring Within Next Year
Ages	**Rule of 75 Retirement**
NAR*	20.00%
NAR+1	10.00%
NAR+2	10.00%
NAR+3	10.00%
NAR+4	10.00%
NAR+5	10.00%
NAR+6	10.00%
NAR+7	10.00%
NAR+8	40.00%
NAR+9	40.00%
NAR+10	40.00%

*NAR, Normal Age at Retirement, is defined as the first age at which a member is eligible to retire under the Rule of 75 (Refer to Section G). Rates continue at 40.00% until member reaches age 70 for Non-Hospital employees and age 75 for Hospital employees, then retirement rate assumption is 100.00% thereafter.

Rates of separation from active membership are shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability).

Non Hospital		
	Select Period	
	% of Active Members Separating Within Next Year	
Years of Service	**Men**	**Women**
1	17.75%	20.89%
2	15.26%	18.01%
3	13.12%	15.53%
4	11.28%	13.39%
5	9.70%	11.55%
6	8.34%	9.96%
7	7.17%	8.59%
8	6.17%	7.41%
9	5.30%	6.39%

GRS

Non Hospital		
	Ultimate Rates	
	% of Active Members Separating Within Next Year*	
Ages	Men	Women
25	13.89%	14.26%
30	10.33%	11.75%
35	7.69%	9.30%
40	5.67%	7.17%
45	4.07%	5.35%
50	2.78%	3.81%
55	1.72%	2.49%
60	0.83%	1.37%
64	0.22%	0.58%

*Members with 10 or more years of service

Hospital		
	% of Active Members Separating Within Next Year	
Ages	Men	Women
25	18.14%	17.51%
30	14.84%	15.41%
35	12.92%	11.61%
40	10.42%	8.40%
45	7.97%	5.60%
50	4.40%	5.60%
55	1.10%	5.60%
60	1.10%	5.60%
64	1.10%	5.60%

For inactive members, the assumed age at retirement is age 65. If an inactive member is not vested, the liability valued is their employee contributions with interest.

Rates are not applied after the member is eligible for reduced or unreduced retirement benefits.

Rates of disability among active members are shown below for selected ages (10% of the disabilities are assumed to be duty-related and 90% are assumed to be non-duty related):

	% Becoming Disabled Within Next Year	
Ages	**Men**	**Women**
20	0.00%	0.02%
25	0.00%	0.02%
30	0.00%	0.02%
35	0.00%	0.03%
40	0.01%	0.06%
45	0.01%	0.12%
50	0.03%	0.24%
55	0.04%	0.40%
60	0.07%	0.60%
65	0.10%	0.90%

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses The investment return assumption is intended to be the return net of investment and administrative expenses.

Benefit Service Exact Fractional service is used to determine the amount of benefit payable.

COLA None assumed.

Decrement Operation All decrements other than withdrawal are in force during retirement eligibility.

Decrement Timing Decrements of all types are assumed to occur mid-year.

Eligibility Testing Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Incidence of Contributions Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

Marriage Assumption	75.00% of males and 60.00% of females are assumed to be married for purposes of death-in-service benefits and 75.00% of males and 60.00% of females are assumed to be married for purposes of retiree medical benefits. Male spouses are assumed to be 3 years older than female spouses for active member valuation purposes.
Normal Form of Benefit	A straight life benefit is the normal form of benefit.
Pay Increase Timing	Beginning of year. This is equivalent to assuming that reported pays represent annualized rates of pay on the valuation date.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.
Terminal Pay	Unused sick and vacation hours are converted into pay at retirement, death, disability or termination. That converted amount is included in the Final Average Compensation (FAC). The valuation accounts for this by assuming the FAC will be increased by 5.00% for active retirement benefits and increase by 2.25% for active ordinary death and termination benefits.
Retiree Medical Election Percentage	It is assumed that 85% of members who retire elect medical benefits, 30% of members who terminate elect medical benefits, 80% of beneficiaries elect medical benefits, and 80% of members who leave as disabled members elect retire medical benefits.

Analysis of Financial Experience

Composite Gain (Loss) for the Years Ending December 31, 2005 through 2009

Retirement Benefits

Type of Activity:	**2009**	**2008**	**2007**	**2006**	**2005**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	$ (6,092,100)	$ (13,721,100)	$ (33,977,800)	$ (12,590,978)	$ (15,368,607)
2. New Entrants	(1,349,200)	(2,320,600)	(2,162,300)	(1,231,666)	(1,032,441)
3. Investment Income	(86,709,900)	(119,838,500)	22,982,500	14,392,526	(6,314,252)
Gain (Loss)	(94,151,200)	(135,880,200)	(13,157,600)	569,882	(22,715,300)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	25,945,200	-	3,146,700	30,179,431	(5,576,536)
Changes in Plan Provisions	-	-	-	-	-
Total Non-recurring Items	25,945,200	-	3,146,700	30,179,431	(5,576,536)
Composite Gain (Loss) During Year	$ (68,206,000)	$ (135,880,200)	$ (10,010,900)	$ 30,749,313	$ (28,291,836)

Health Benefits

Type of Activity:	**2009**	**2008**	**2007**	**2006**	**2005**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	$ (5,842,600)	$ (3,660,100)	$ 1,883,600	$ (1,039,996)	$ (4,381,953)
2. New Entrants	(40,900)	(93,400)	(111,300)	(69,997)	(62,118)
3. Investment Income	(4,252,500)	(5,825,700)	1,113,000	646,185	(423,884)
Gain (Loss)	(10,136,000)	(9,579,200)	2,885,300	(463,808)	(4,867,955)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	138,600	-	(1,549,200)	-	(420,884)
Changes in Plan Provisions	-	-	-	-	-
Total Non-recurring Items	138,600	-	(1,549,200)	-	(420,884)
Composite Gain (Loss) During Year	$ (9,997,400)	$ (9,579,200)	$ 1,336,100	$ (463,808)	$ (5,288,839)

Schedule of Retirees and Beneficiaries [1]

Valuation Date	Number Added Since Last Valuation Date	Allowances for Additional Retirees and Beneficiaries	Number Removed Since Last Valuation Date	Allowances for Retirees and Beneficiaries Removed	Number	Pension Benefit Amount	Average Annual Benefit	Percent Increase in Average Benefit
1/1/05	313	$5,270,864	132	$978,089	6,200	$91,229,518	$14,714	1.8%
1/1/06	321	5,228,193	216	3,632,153	6,305	93,261,687	14,792	0.5
1/1/07	404	8,143,129	313	4,219,485	6,396	97,109,973	15,183	2.6
1/1/08	477	9,023,888	259	4,376,599	6,614	101,802,055	15,392	1.4
1/1/09	474	9,536,489	215	2,245,574	6,873	109,243,231	15,895	3.3
1/1/10	733	17,229,892	183	1,847,244	7,423	124,695,435	16,799	5.7

(1) Includes DROP retirees.

Schedule of Active Members [2]

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase in Average Earnings
1/1/05	8,634	$460,341,857	$53,317	1.0%
1/1/06	8,732	475,500,445	54,455	2.1
1/1/07	8,988	489,447,759	54,456	0.0
1/1/08	9,304	543,728,238	58,440	7.3
1/1/09	9,323	542,913,194	58,234	-0.4
1/1/10	8,604	506,045,186	58,815	1.0

(2) This schedule does not include participants in DROP and DROP II.

Solvency Test

	Actuarial Accrued Liabilities					Portion of Accrued Liabilities Covered by Valuation Assets		
	(1)	(2)	(3)					
Valuation Date	Retirees and Beneficiaries	Terminated Vested Members	Active Members		Valuation Assets	(1)	(2)	(3)
1/1/05	$928,598,346	$90,906,316	$646,036,160	(a)	$1,651,090,641	100%	100%	98%
1/1/06	971,604,541	100,574,234	710,326,168	(b)	1,735,208,838	100	100	93
1/1/07	1,017,987,597	105,533,885	739,251,384	(c)	1,837,476,077	100	100	97
1/1/08	1,068,882,528	112,973,265	803,795,689	(d)	1,950,010,815	100	100	96
1/1/09	1,135,549,357	120,295,849	840,041,890	(e)	1,924,991,121	100	100	80
1/1/10	1,290,661,062	123,892,229	761,689,445	(f)	1,923,560,713	100	100	67

(a) Includes DROP accounts of $69,867,672.
(b) Includes DROP accounts of $83,953,779.
(c) Includes DROP accounts of $92,848,939.
(d) Includes DROP accounts of $96,066,783.
(e) Includes DROP accounts of $96,801,380.
(f) Includes DROP accounts of $98,422,814.

A short-term solvency test is one means of checking a plan's progress under its funding program. In a short-term solvency test, a plan's assets are compared with the accrued liabilities of the plan. The liabilities are ranked, with (1) representing the liabilities of present retired lives, (2) terminated vested members liabilities, and (3), the liabilities for service already rendered by active members. For DERP, the liabilities for the retired members and the terminated vested members are fully covered by the valuation assets, and the liabilities for service already rendered by active members is partially covered by the remainder of the valuation assets.

Summary of Principal Plan Provisions [1]

Retirement Program

The Plan is a defined benefit pension plan that was established on January 1, 1963. The purpose of the Plan is to provide benefits for its members and beneficiaries upon retirement, disability, or death. The Plan was designed to be supplemented by a member's Social Security benefits and/or other retirement investments.

Contributions

In 2010, the City, the Plan for its staff, and DHHA contributed amounts equal to 8.5% of each member employee's gross salary to the trust fund. The employees contributed 4.5% of their gross salary, on a pretax basis, through payroll deductions. The employer and employee contributions, plus income from investments, fund the retirement benefits for employees and their beneficiaries. Effective January 1, 2011, the participating employers contribute 9.5% of each member employee's gross salary and employees contribute 5.5% of their gross salary to the trust fund.

Retirement Benefits

Calculation of Retirement Benefits

For active members employed by the City, the Plan, and DHHA prior to September 1, 2004, the retirement benefit calculation is 2.0% of the member's average monthly salary (AMS), based upon the highest 36 consecutive months' salary with an employer covered by this retirement plan, times years of credited service. For members who were originally hired or re-hired on or after September 1, 2004, the retirement benefit is based on 1.5% of the AMS times years of credited service. The vesting requirement is five years of credited service. In accordance with certain restrictions, active, vested members may purchase additional service. Retirement benefits from the Plan are payable in the form of a life annuity.

Normal Retirement

Normal retirement becomes effective the first day of any month after the member reaches 65 and terminates employment with the City, the Plan, or DHHA. There are no service requirements for this benefit.

Normal Retirement - Rule-of-75

The Rule-of-75 enables a member to retire as early as age 55 without a benefit reduction, provided the combined credited service and age at termination equals or exceeds 75.

Early Retirement

A member may retire early upon reaching age 55 and with a minimum of five years credited service. Benefits are determined in accordance with the above calculation based on credited service to the early retirement date, reduced by 3.0% per year for each year under age 65.

Deferred Retirement

Following the month of application, a member with a minimum of five years credited service that has terminated employment with the City, the Plan, or DHHA may elect to receive a benefit upon reaching age 55 or older. Calculation of a deferred benefit is based on the member's age at the time of application for retirement benefits, AMS, and credited service earned as an employee of one of the respective employers. If a member should die prior to receiving a monthly deferred retirement benefit, a spouse or, if not married, children under age 21 may be eligible for a benefit.

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[1] This summary is provided for general information purposes only and does not constitute legal advice. For detailed information about the Plan, refer to the Plan's Retirement Handbook.

Summary of Principal Plan Provisions [1]

Maximum Lifetime Benefit

This option provides a maximum lifetime benefit to the member and ceases upon the member's death. If the member is married and chooses the maximum lifetime benefit, the spouse must formally forfeit all rights to any lifetime monthly benefit from the Plan at the time the selection is made.

Joint and Survivor Options

The Plan also provides a joint and survivor benefit option. Under this benefit option the member will receive a reduced lifetime monthly benefit in order to provide a lifetime monthly benefit for a beneficiary. If the member is married, the spouse must be the designated beneficiary unless the spouse formally forfeits these rights and consents to the designation of another beneficiary.

Disability Retirement - On-the-Job

If a member should become permanently disabled in connection with the member's employment, the member may be eligible for an on-the-job disability retirement benefit. This benefit would be based on the higher of 20 years credited service or actual service plus 10 years. In either case, the credited service cannot exceed the service that the member would have earned at age 65. There are no minimum years of service requirements for this benefit. The member must meet all City ordinance requirements to qualify for an on-the-job disability.

Disability Retirement - Off-the-Job

A permanent disability not directly connected to the job will be classified as an off-the-job disability. The off-the-job disability benefit is 75.0% of the benefit calculated for an on-the-job disability. The member must be vested and meet all requirements per City ordinance.

Death Benefit before Retirement

If an active member should die while employed with the City, the Plan or DHHA, there are death benefits available for the member's beneficiary. If the member is married, the member's spouse will receive a lifetime benefit unless the spouse had formally waived this right and consented to another designated beneficiary. If there is no spouse, any children under the age of 21 will receive a benefit until they reach age 21. If the member is unmarried and has no children under 21, the designated beneficiary will receive the lifetime monthly benefit.

On-the-Job Death

If a death is classified as on-the-job, the member's beneficiary will receive a lifetime monthly benefit calculated at the higher of 15 years service or actual service plus 5 years. In either case, the credits may not exceed service which would have been earned by the member at age 65.

Off-the-Job Death

If a death is classified as off-the-job, the member's beneficiary will receive a lifetime monthly benefit that is 75.0% of the on-the-job death benefit. There are no minimum service requirements for this benefit.

[1] This summary is provided for general information purposes only and does not constitute legal advice. For detailed information about the Plan, refer to the Plan's Retirement Handbook.

Summary of Principal Plan Provisions [1]

Death Benefit after Retirement

Lump-Sum Death Benefit

A lump-sum death benefit is available to members who retire directly from active service. This single payment will be paid to the member's beneficiary or estate if the designated beneficiary is no longer living. The death benefit for Normal, Rule-of-75, or Disability (after age 65) Retirement is $5,000.

Health Insurance after Retirement

The Plan offers health, dental and vision insurance options for retired members and their family. The Plan contributes a portion of the monthly health, dental and vision insurance premiums based on the member's years of credited service and age. For members under age 65, the benefit is $12.50 per year of credited service and for members over age 65, the benefit is $6.25 per year of credited service.

[1] This summary is provided for general information purposes only and does not constitute legal advice. For detailed information about the Plan, refer to the Plan's Retirement Handbook.

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Statistical Section

This section of the Plan's comprehensive annual financial report presents detailed information to assist the reader in understanding what the information in the financial statements, note disclosures, and required supplementary information indicate about the Plan's overall financial status.

Changes in Net Assets

Last Ten Fiscal Years

	2001	2002	2003	2004	2005
Pension Benefits					
Additions:					
Member contributions[1]	$ 92,495	$ 93,905	$ 2,457,661 [2]	$ 9,197,797	$ 11,248,020 [3]
Employer contributions[1]	43,898,497	47,244,972	43,441,450	35,666,583	37,347,133
Investment earnings (net of expenses)	(85,618,821)	(117,388,491)	242,309,261	163,674,788	149,237,500
Total additions to Plan net assets	(41,627,829)	(70,049,614)	288,208,372	208,539,168	197,832,653
Deductions:					
Benefit payments	67,208,148	62,319,926	67,869,193	76,355,138	86,053,631
Refunds	23,853	14,325	20,800	81,937	159,000
Administrative expenses	1,918,365	1,955,993	2,098,088	2,211,322	2,464,874
Total deductions from Plan net assets	69,150,366	64,290,244	69,988,081	78,648,397	88,677,505
Change in net assets	$ (110,778,195)	$ (134,339,858)	$ 218,220,291	$ 129,890,771	$ 109,155,148
Health Benefits					
Additions:					
Member contributions[1]	$ -	$ -	$ 218,967	$ 784,899	$ 1,038,456
Employer contributions[1]	6,213,943	3,556,073	4,348,924	3,143,627	3,530,326
Investment earnings (net of expenses)	(4,910,543)	(6,766,350)	13,503,048	8,832,033	7,812,975
Total additions to Plan net assets	1,303,400	(3,210,277)	18,070,939	12,760,559	12,381,757
Deductions:					
Benefit payments	5,672,171	6,561,307	7,588,370	8,415,219	9,201,577
Refunds	-	-	-	4,428	8,352
Administrative expenses	110,628	112,517	117,418	120,277	129,711
Total deductions from Plan net assets	5,782,799	6,673,824	7,705,788	8,539,924	9,339,640
Change in net assets	$ (4,479,399)	$ (9,884,101)	$ 10,365,151	$ 4,220,635	$ 3,042,117

(1) Employer and employee contributions are made in accordance with rates set by City ordinance. The contribution rate has been actuarially determined by an independent acturary to be sufficient to accumulate assets necessary to pay the actuarial liability when due.

(2) The employers contributed amounts equal to 10% of covered payroll through September 30, 2003. Beginning on October 1, 2003, the employers reduced their contribtion to 8.0% and employees began making a 2.0% contribution.

(3) Effective January 1, 2005, the employer and employee contributions increased to 8.5% and 2.5%, respectively.

(4) Effective January 1, 2010, the employee's contribution increased to 4.5%.

2006	2007	2008	2009	2010	
$ 11,436,362	$ 11,979,390	$ 12,804,873	$ 12,849,520	$ 21,139,754	(4)
37,809,048	40,955,026	44,362,545	43,127,064	42,228,203	
234,113,308	199,977,322	(523,370,681)	198,018,642	217,566,113	
283,358,718	252,911,738	(466,203,263)	253,995,226	280,934,070	
95,436,244	104,926,801	115,090,867	121,191,856	137,392,322	
209,412	390,158	492,692	430,252	666,009	
2,618,710	2,469,185	2,839,820	2,558,311	2,555,677	
98,264,366	107,786,144	118,423,379	124,180,419	140,614,008	
$ 185,094,352	$ 145,125,594	$ (584,626,642)	$ 129,814,807	$ 140,320,062	
$ 1,187,939	$ 1,297,609	$ 1,183,354	$ 1,291,670	$ 1,950,508	
4,075,768	4,504,640	4,253,783	4,551,097	2,924,858	
11,955,835	10,012,367	(25,408,688)	9,252,242	9,714,426	
17,219,542	15,814,616	(19,971,551)	15,095,009	14,589,792	
9,933,174	10,612,929	10,822,553	11,003,408	11,708,006	
10,705	19,489	24,005	20,304	30,120	
133,977	123,382	138,364	120,955	115,362	
10,077,856	10,755,800	10,984,922	11,144,667	11,853,488	
$ 7,141,686	$ 5,058,816	$ (30,956,473)	$ 3,950,342	$ 2,736,304	

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

	2001	2002	2003	2004	2005
Age and Service Benefits:					
Retirees	$ 48,762,123	$ 52,217,021	$ 55,940,266	$ 62,377,101	$ 9,452,844
Survivor	2,726,821	3,055,528	3,303,251	3,487,000	3,723,260
Death in Service Benefits	2,003,243	2,147,646	2,328,352	2,504,738	2,766,450
Disability Benefits:					
Retirees:					
On-the-Job	443,733	587,789	514,618	604,324	571,189
Off-the-Job	2,165,980	2,347,540	2,639,992	2,868,523	2,871,960
Survivors	550,044	582,711	586,217	653,459	797,577
Lump Sum Death Benefits	1,020,755	946,180	893,150	1,555,635	1,275,203
Pension Benefits' Refunds	23,853	14,325	20,800	81,937	159,000
Health Benefits' Refunds	-	-	-	4,428	8,352
DROP Benefits	74,353	435,511	1,653,347	2,304,358	4,595,148
Pension Benefits	57,672,699	61,884,415	66,205,846	74,050,780	81,458,483
Health Benefits	5,672,171	6,561,307	7,588,370	8,415,219	9,201,577

2006	2007	2008	2009	2010
$ 77,386,468	$ 85,768,809	$ 94,138,108	$ 100,395,696	$ 114,044,816
4,057,908	4,342,907	4,772,142	5,050,283	5,415,206
2,802,956	2,905,886	3,118,334	3,347,207	3,636,127
581,664	607,662	695,022	646,932	769,792
2,986,632	3,115,834	3,257,205	3,377,520	3,712,434
874,519	927,141	1,012,571	1,071,358	1,124,708
996,348	1,199,236	1,055,949	1,310,065	1,376,342
209,412	390,158	492,692	430,252	666,009
10,705	19,489	24,005	20,304	30,120
5,749,749	6,059,326	7,041,536	5,992,795	7,312,897
89,686,495	98,867,475	108,049,331	115,199,061	130,079,425
9,933,174	10,612,929	10,822,553	11,003,408	11,708,006

Schedule of Retired Members by Type of Benefit - Pension

December 31, 2010

Amount of Monthly Benefit	Number of Retirees	Type of Retirement*							Option Selected**			
		1	2	3	4	5	6	7	1	2	3	4
$1- 50	116	40	76						115	1		
51- 100	123	16	89			1	17		89	25	5	4
101- 150	209	23	154	1		5	26		132	59	6	12
151- 200	206	13	163			6	22	2	129	53	7	17
201- 250	233	28	176			6	18	5	140	70	5	18
251- 300	229	19	154	1	2	19	31	3	141	66	4	18
301- 350	239	31	147		3	21	25	12	153	55	13	18
351- 400	183	25	114	1	8	15	16	4	113	49	1	20
401- 450	188	29	117	1	6	11	20	4	109	44	8	27
451- 500	206	41	105	1	11	17	26	5	125	46	11	24
501- 600	390	97	186	3	24	19	42	19	230	85	24	51
601- 700	333	125	115	2	27	15	35	14	202	73	20	38
701- 800	310	119	99	3	24	14	38	13	174	79	22	35
801- 900	299	140	74	3	20	17	37	8	174	70	18	37
901- 1,000	252	152	38	2	21	10	21	8	138	59	20	35
1,001-1,100	292	177	56	2	14	6	25	12	152	74	25	41
1,101-1,200	270	172	33	1	19	10	22	13	143	86	15	26
1,201-1,300	253	173	26	1	12	10	26	5	126	70	16	41
1,301-1,400	237	177	20	3	14	1	16	6	133	52	16	36
1,401-1,500	234	176	19	1	9	8	15	6	126	52	20	36
1,501-1,600	197	162	13	3	4	4	10	1	105	47	24	21
1,601-1,700	186	154	12		6	6	6	2	96	38	22	30
1,701-1,800	170	148	3	1	4	2	9	3	93	32	21	24
1,801-1,900	170	146	9		6	3	5	1	94	29	18	29
1,901-2,000	150	136	2		4	2	5	1	67	39	11	33
2,001-2,500	647	562	15	5	17	10	30	8	305	177	66	99
2,501-3,000	450	425	2	5	6	2	8	2	206	108	41	95
3,001-3,500	334	313	3	3	1	6	7	1	159	92	26	57
3,501-4,000	200	193	2		1	2	1	1	94	57	16	33
4,001-4,500	113	107	1		1	3	1		44	27	7	35
$4,501- over	187	183	1		1	1	1		74	51	24	38
Totals	7,606	4,302	2,024	43	265	252	561	159	4,181	1,865	532	1,028

* Type of Retirement:
1. Normal Retirement for Age and Service
2. Early Retirement
3. Disability – On-the-Job
4. Disability – Off-the-Job
5. Survivor Payment – Death in Service
6. Survivor Payment – Normal or Early Retirement
7. Survivor Payment – Disability Retirement

**Option Selected:
1. Life
2. 100% Joint and Survivor
3. 75% Joint and Survivor
4. 50% Joint and Survivor

Schedule of Retired Members by Type of Benefit - Health Insurance Reduction

December 31, 2010

[1] Under 65 years of age			[2] Over 65 years of age	
Amount of Reduction Eligible to Receive	Number of Retirees		Amount of Reduction Eligible to Receive	Number of Retirees
$12.50 - 50.00	141		$6.25 - 50.00	245
51.00 - 100.00	171		51.00 - 100.00	681
101.00 - 150.00	202		101.00 - 150.00	899
151.00 - 200.00	351		151.00 - 200.00	838
201.00 - 250.00	354		201.00 - 250.00	263
251.00 - 300.00	344		251.00 - 300.00	47
301.00 - 350.00	419		301.00 - 350.00	18
351.00 - 400.00	271		351.00 - 400.00	7
401.00 - 450.00	44		401.00 - 450.00	2
451.00 - 500.00	19		451.00 - 500.00	2
501.00 - 550.00	5		501.00 - 550.00	-
551.00 - 600.00	5		551.00 - 600.00	2
601.00 - 650.00	7		$601.00 - over	2
651.00 - 700.00	7			
701.00 - 750.00	3			
751.00 - 800.00	3			
$801.00 - over	4			
Total	2,350		Total	3,006

Type of Benefit:

[1] Under 65 years of age participants are eligible for health/dental insurance premium reduction equal to $12.50 for each year of service.

[2] Over 65 years of age participants are eligible for health/dental insurance premium reduction equal to $6.25 for each year of service.

Note: In some instances, the years of service of spouses may have been combined when determining the amount of benefit.

Schedule of Retired Members by Attained Age and Type of Pension Benefit

December 31, 2010

		Type of Retirement*						
Age	Number of Retirees/ Beneficiary	1	2	3	4	5	6	7
01-24	24					16	2	6
25-29	6					1		5
30-34	15					1	1	13
35-39	17				2	3	5	7
40-44	28	1			6	10	7	4
45-49	34	1	1		8	13	7	4
50-54	97	5		2	40	21	18	11
55-59	1,194	547	490	12	51	33	37	24
60-64	1,740	1,008	554	10	67	35	50	16
65-69	1,364	867	341	2	43	27	59	25
70-74	1,023	660	202	8	24	29	81	19
75-79	803	531	131	4	12	19	95	11
80-84	624	385	100	3	9	23	99	5
85-89	424	185	152	1	2	14	63	7
90-94	171	88	44	1	1	7	28	2
95 and up	42	23	10				9	
Totals	7,606	4,301	2,025	43	265	252	561	159

*Type of Retirement:

1. Normal Retirement for Age and Service
2. Early Retirement
3. Disability – On-the-Job
4. Disability – Off-the-Job
5. Survivor Payment – Death in Service
6. Survivor Payment – Normal or Early Retirement
7. Survivor Payment – Disability Retirement

Average Monthly Benefit Payment – Pension

Last Ten Fiscal Years

Retirement Effective Date for the Years Ended December 31	Years of Credited Service 0-5	6-10	11-15	16-20	21-25	26-30	31+	Total
2001								
Average Monthly Benefit	$136.18	$375.02	$738.20	$1,381.98	$2,191.11	$3,014.21	$3,033.24	$2,210.50
Mean Final Average Monthly Salary	$3,076.89	$3,605.96	$3,717.92	$4,261.20	$5,010.69	$5,526.33	$4,801.42	$4,737.27
Number of Retirees	4	47	48	81	100	140	148	568
2002								
Average Monthly Benefit	$5.31	$330.93	$743.84	$1,237.29	$1,927.91	$2,615.87	$3,255.39	$1,754.06
Mean Final Average Monthly Salary	$480.59	$3,242.39	$3,710.53	$3,900.95	$4,490.34	$4,821.29	$5,110.39	$4,246.26
Number of Retirees	2	57	62	60	70	76	67	394
2003								
Average Monthly Benefit	$340.96	$414.46	$850.92	$1,656.35	$2,208.37	$2,762.79	$3,316.91	$1,932.89
Mean Final Average Monthly Salary	$3,428.78	$3,683.47	$4,223.41	$5,129.96	$4,969.14	$5,199.59	$5,144.78	$4,761.60
Number of Retirees	5	61	74	81	60	88	82	451
2004								
Average Monthly Benefit	$235.47	$408.91	$809.39	$1,274.68	$2,083.56	$2,325.80	$3,084.75	$1,487.81
Mean Final Average Monthly Salary	$2,883.01	$3,821.80	$4,337.81	$4,537.74	$4,952.69	$4,511.64	$5,025.66	$4,434.07
Number of Retirees	1	75	39	43	41	39	38	276
2005								
Average Monthly Benefit	$157.05	$413.42	$723.78	$1,299.63	$1,531.58	$2,327.17	$3,307.38	$1,367.83
Mean Final Average Monthly Salary	$2,787.43	$3,991.64	$3,993.72	$4,294.89	$4,161.50	$4,599.48	$5,446.68	$4,305.44
Number of Retirees	7	81	52	48	40	36	42	306
2006								
Average Monthly Benefit	$241.12	$380.82	$798.58	$1,640.94	$2,061.07	$2,498.79	$3,358.99	$1,612.03
Mean Final Average Monthly Salary	$1,116.33	$3,672.48	$4,061.86	$5,301.29	$5,103.43	$7,480.71	$5,453.33	$4,562.89
Number of Retirees	7	86	71	59	50	44	63	380
2007								
Average Monthly Benefit	$52.26	$406.89	$668.51	$1,306.00	$1,802.38	$2,500.82	$3,146.99	$1,525.70
Mean Final Average Monthly Salary	$2,936.27	$3,784.99	$3,637.37	$4,493.97	$4,707.83	$4,897.62	$5,052.79	$4,372.90
Number of Retirees	1	88	56	68	55	50	61	379
2008								
Average Monthly Benefit	$758.53	$444.21	$844.40	$1,584.03	$2,316.39	$2,603.67	$3,369.03	$1,621.69
Mean Final Average Monthly Salary	$2,053.60	$3,781.87	$4,450.86	$4,998.35	$5,568.83	$5,209.11	$5,532.95	$4,742.67
Number of Retirees	3	94	63	72	44	55	46	377
2009								
Average Monthly Benefit	$170.48	$371.43	$861.17	$1,646.28	$2,171.89	$2,631.60	$3,380.10	$1,960.51
Mean Final Average Monthly Salary	$3,651.81	$3,179.39	$4,348.20	$5,337.72	$5,432.91	$5,123.81	$5,359.29	$4,883.90
Number of Retirees	5	93	77	114	126	73	142	630
2010								
Average Monthly Benefit	$211.53	$369.70	$979.86	$1,527.63	$2,163.74	$2,606.62	$3,138.77	$1,569.19
Mean Final Average Monthly Salary	$3,293.07	$3,738.27	$5,649.60	$5,459.85	$5,761.51	$5,114.12	$5,862.78	$5,152.88
Number of Retirees	5	72	63	74	40	33	48	335

Average Monthly Benefit Payment – Health Benefits Reduction
Last Five Fiscal Years

	Years of Credited Service							
As of December 31:	**1-5**	**6-10**	**11-15**	**16-20**	**21-25**	**26-30**	**31+**	**Total**
2006								
Total Eligible Reduction Amount	$3,531	$30,738	$68,931	$125,975	$183,056	$230,344	$296,069	$938,644
Average Monthly Benefit Paid	$36.36	$62.47	$95.70	$145.35	$191.33	$245.71	$292.40	$186.00
Number of Retirees	89	423	608	780	876	872	897	4,545
2007								
Total Eligible Reduction Amount	$3,775	$30,788	$66,525	$127,688	$189,438	$239,006	$317,100	$974,320
Average Monthly Benefit Paid	$37.58	$62.76	$97.04	$145.41	$191.21	$246.67	$303.49	$190.26
Number of Retirees	96	432	599	794	915	910	957	4,703
2008								
Total Eligible Reduction Amount	$3,263	$33,463	$69,656	$139,150	$191,944	$245,413	$330,750	$1,013,638
Average Monthly Benefit Paid	$36.25	$71.05	$190.18	$161.05	$201.83	$256.98	$326.83	$190.26
Number of Retirees	90	471	638	864	951	955	1,012	4,981
2009								
Total Eligible Reduction Amount	$3,313	$35,381	$75,444	$154,194	$213,188	$256,800	$375,813	$1,114,131
Average Monthly Benefit Paid	$36.40	$72.50	$110.78	$165.44	$209.01	$260.18	$336.15	$209.54
Number of Retirees	91	488	681	932	1,020	987	1,118	5,317
2010								
Total Eligible Reduction Amount	$3,506	$34,006	$75,925	$157,556	$209,787	$252,344	$377,131	$1,110,255
Average Monthly Benefit Paid	$36.91	$69.97	$110.20	$164.12	$206.48	$255.41	$336.12	$207.29
Number of Retirees	95	486	689	960	1,016	988	1,122	5,356

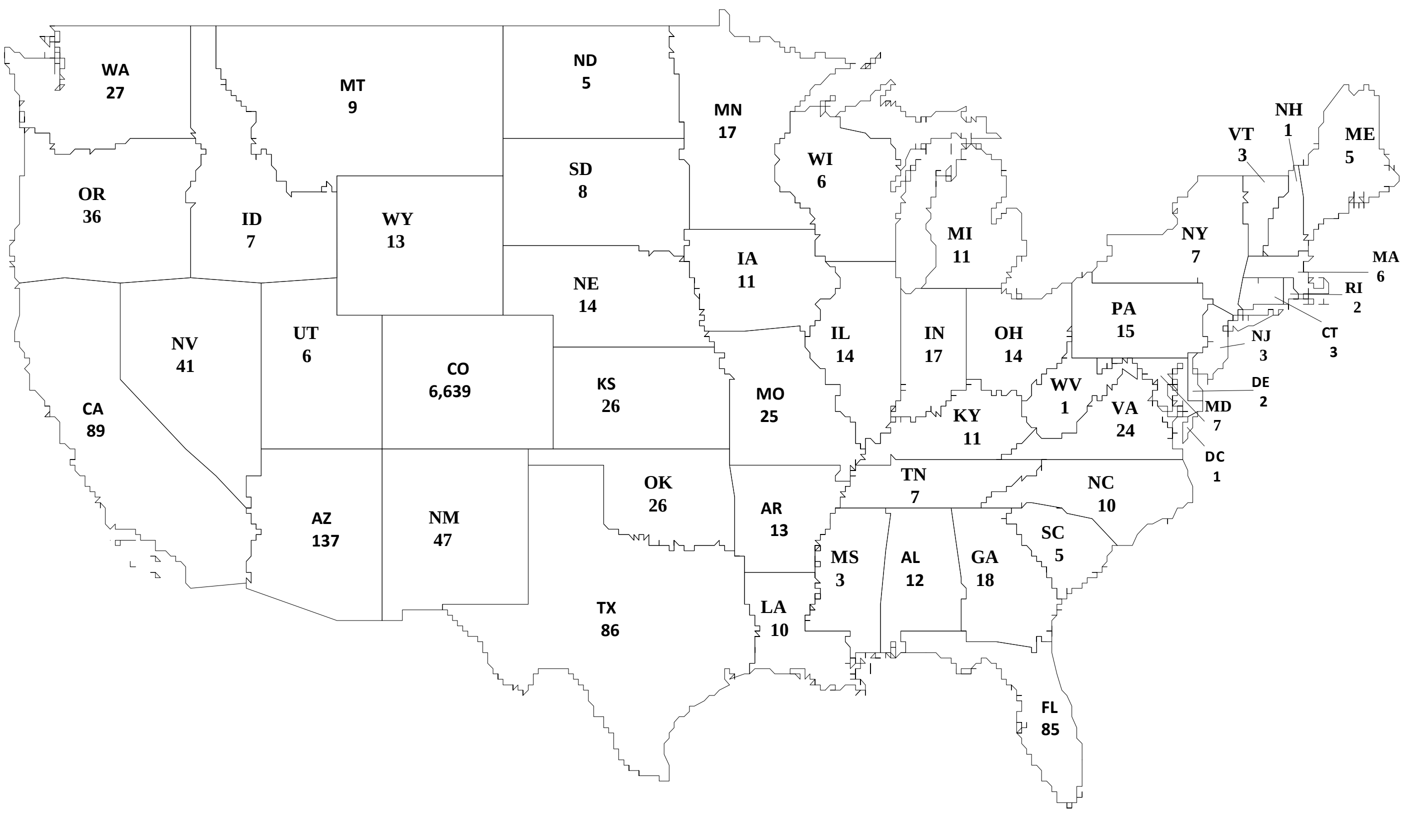
Note: Only five years of data are available because 2006 is the first year the information was captured.

Principal Participating Employers
Current Year and Nine Years Ago

	2010			2001		
	Covered Employees	**Rank**	**Percentage of Total System**	**Covered Employees**	**Rank**	**Percentage of Total System**
Pension Benefits						
Participating Government:						
City and County of Denver	17,702	1	91.5%	16,139	1	87.5%
Denver Health and Hospital Authority	1,650	2	8.5%	2,305	2	12.5%
Total	19,352		100.0%	18,444		100.0%
Health Benefits						
Participating Government:						
City and County of Denver	17,702	1	91.5%	16,139	1	87.5%
Denver Health and Hospital Authority	1,650	2	8.5%	2,305	2	12.5%
Total	19,352		100.0%	18,444		100.0%

Location of Plan Retirees

Total Number of Retirees – 7,606



Other Countries	
Australia	1
Bulgaria	1
Canada	1
Chile	1
Israel	3
Mexico	4
New Zealand	3
Poland	1
Puerto Rico	1
Scotland	1

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