Denver Employees Retirement Plan

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

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2009

Irving S. Hook
Retirement Board Chairman

Steven E. Hutt
Executive Director

Prepared by the Plan Staff

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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, 2010

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, 2009.

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, 2009, 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 2009 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, 2009, there were 8,614 active and 7,416 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 diversified asset allocation is to provide the highest level of return at an acceptable level of risk. In 2009, the Plan adjusted and further diversified its asset allocation, following the completion of a detailed asset-liability analysis. During 2009, securities markets began to recover from the global financial turmoil that had dramatically affected pension funds and other investors throughout the world. The Plan's investment return for 2009 of 13.68% net of all fees significantly surpassed the Plan's actuarially expected rate of return of 8.0%, allowing the Plan to start to recover some of the investment losses of 2008.

Funded Status The Plan's pension benefit fund ended the year with assets equaling 88.4% 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, 2009 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, 2008. 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 the last 20 years. 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 2009 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,

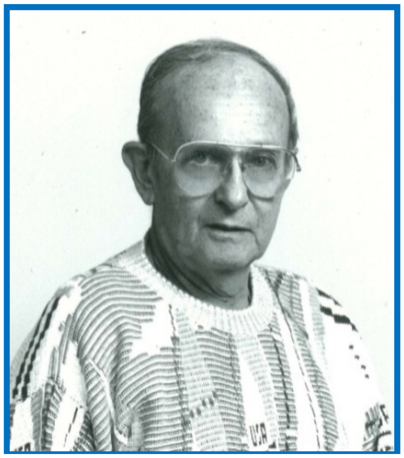
Irving S. Hook
Retirement Board Chairman

Steven E. Hutt
Executive Director

Retirement Board

Each member is appointed by the Mayor of Denver

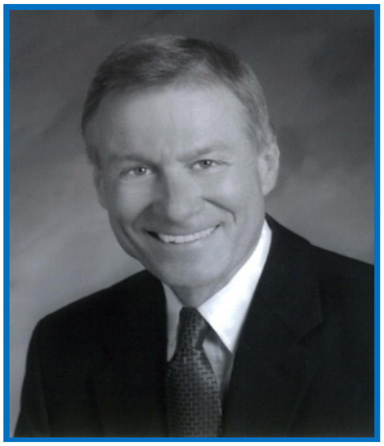
Cheryl Cohen-Vader
Term expires January 1, 2014



Irving S. Hook
Term expires January 1, 2011

Bonney A. Lopez, CPA
Term expired January 1, 2010

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
- Loomis, Sayles & Company, L.P.
- Neuberger Berman, LLC
- Northern Trust Global Investments
- Seix Investment Advisors

Emerging Fixed Income Managers
- NCM Capital Management Group, Inc.
- 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

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, 2008

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.

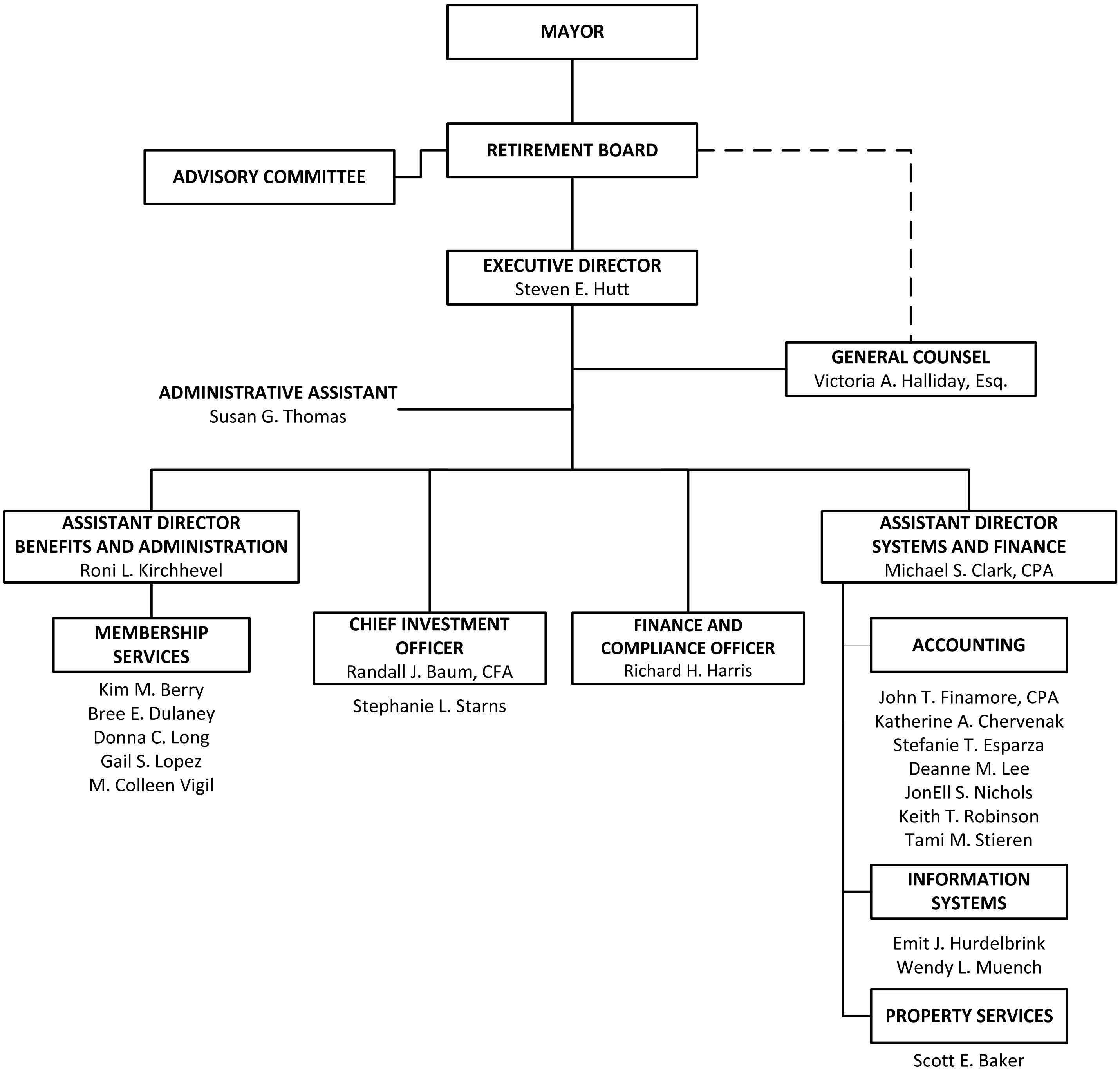
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Jeffrey R. Emer

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, 2009, 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 2008 financial statements and, in our report dated April 22, 2009, 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, 2009, 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 7, 2010

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, 2009. 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, 2009, $1,659,086,663 was held in trust for the payment of benefits and to meet the Plan's future obligations to its members and their beneficiaries.

For 2009, the Plan's total net assets held in trust increased by $133,765,149, an 8.8% increase from the amount of net assets reported at the end of 2008. The overall net increase for 2009 is primarily the result of favorable financial markets.

Additions to the Plan net assets included contributions of $41,006,134 from the City and County of Denver (the City) and $6,672,027 from the Denver Health and Hospital Authority (DHHA). Active members of the Plan contributed $14,141,190, including previously refunded contributions of $609,410. The Plan had net investment earnings of $207,270,884 including net securities lending transaction income of $880,613.

Deductions from the Plan net assets during 2009 totaled $135,325,086. This amount is 4.6% higher than the total 2008 deductions. An increase in benefit payments, due to an increase in the number of retirements and retired members and 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, 2009, the date of the last actuarial valuation, the funded ratio for the pension and health benefits was 91.8% and 69.2%, 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:

1. Statement of Plan Net Assets
2. Statement of Changes in Plan Net Assets
3. Notes to Financial Statements
4. Required Supplementary Information
5. Notes to Required Supplementary Information

The Statement of Plan Net Assets presents the Plan's assets and liabilities as of December 31, 2009, with summarized comparative totals for 2008. This statement reflects the net assets available for benefits in the retirement and the health benefits' funds as of December 31, 2009.

The Statement of Changes in Plan Net Assets shows the additions to and deductions from the Plan's net assets during 2009, with summarized comparative totals for 2008.

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, required supplementary information and notes to 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, 2009, the date of the last actuarial valuation, the pension benefits fund had a funded ratio of 91.8%, or for every dollar of pension benefits due participants, the Plan had approximately $0.92 in actuarial assets available for payment. The health benefits account had a funded ratio of 69.2%, meaning the Plan had approximately $0.69 in actuarial assets available for payment for every dollar of health benefits due.

On December 31, 2009, the Plan's net assets totaled $1,659,086,663. Of this amount, $98,422,814 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 rebounded in 2009 due to favorable market conditions, regaining some of the ground lost during 2008. As of December 31, the Plan's net assets were:

	2009	2008	Amount of Change	Percentage Change
Assets				
Cash, short-term investments, and receivables	$ 50,146,515	$ 51,554,655	$ (1,408,140)	-2.7%
Securities lending collateral	208,050,981	151,271,779	56,779,202	37.5%
Investments, at fair value	1,619,090,291	1,482,922,796	136,167,495	9.2%
Capital assets, net	2,845,256	1,006,588	1,838,668	182.7%
Total assets	1,880,133,043	1,686,755,818	193,377,225	11.5%
Liabilities				
Accounts payable and unsettled securities purchased	7,266,979	4,053,518	3,213,461	79.3%
Securities lending obligations	213,779,401	157,380,786	56,398,615	35.8%
Total liablilities	221,046,380	161,434,304	59,612,076	36.9%
Plan net assets	$ 1,659,086,663	$ 1,525,321,514	$ 133,765,149	8.8%

Management's Discussion and Analysis

Reserves

The Plan has established a reserve account for accumulated DROP benefits of $98,422,814 as of December 31, 2009. 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 8.8% 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:

	2009	2008	Amount of Change	Percentage Change
Additions				
Contributions	$ 61,819,351	$ 62,604,555	$ (785,204)	-1.3%
Net investment earnings (loss)	207,270,884	(548,779,369)	756,050,253	137.8%
Total additions, net	269,090,235	(486,174,814)	755,265,049	155.3%
Deductions				
Benefits	132,645,820	126,430,117	6,215,703	4.9%
Administrative expenses	2,679,266	2,978,184	(298,918)	-10.0%
Total deductions	135,325,086	129,408,301	5,916,785	4.6%
Change in net assets	133,765,149	(615,583,115)	749,348,264	121.7%
Beginning of year net assets	1,525,321,514	2,140,904,629	(615,583,115)	-28.8%
End of year net assets	$ 1,659,086,663	$ 1,525,321,514	$ 133,765,149	8.8%

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 2009 totaled $47,678,161, which is 1.9% lower than the 2008 amounts contributed, due primarily to lower covered payroll cost in 2009. During 2009, employees contributed a total of $14,141,190; which is an increase of 1.1% over the 2008 amount, due to increases in service buybacks. The Plan's net investment return was approximately 13.7% in 2009 compared to -25.3% in 2008.

	2009	2008	Amount of Change	Percentage Change
Employer contributions	$ 47,678,161	$ 48,616,328	$ (938,167)	-1.9%
Employee contributions	14,141,190	13,988,227	152,963	1.1%
Net appreciation (depreciation) in fair value of investments	164,521,983	(599,567,940)	764,089,923	127.4%
Interest, dividends and real estate/alternative investments income	49,251,343	57,994,161	(8,742,818)	-15.1%
Securities lending transactions income, net	880,613	1,894,183	(1,013,570)	-53.5%
Investment expenses	(7,383,055)	(9,099,773)	1,716,718	-18.9%
Total additions, net	$ 269,090,235	$ (486,174,814)	$ 755,265,049	155.3%

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, 2009, deductions totaled $135,325,086, an increase of 4.6% over the amount of 2008 total deductions. The increase is attributed to higher benefit payments resulting from a larger number of retirements, relatively higher benefits per retiree and the continued net increase in the retiree population.

	2009	2008	Amount of Change	Percentage Change
Benefits	$ 132,195,264	$ 125,913,420	$ 6,281,844	5.0%
Employee refunds	450,556	516,697	(66,141)	-12.8%
Administrative expenses	2,679,266	2,978,184	(298,918)	-10.0%
Total deductions	$ 135,325,086	$ 129,408,301	$ 5,916,785	4.6%

Capital Assets

Capital assets, net of accumulated depreciation, increased $1,838,668 for the year ended December 31, 2009, which is comprised principally of an addition to construction in progress of a replacement computer system for benefits administration, net of depreciation expense of $51,771. 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, 2009, 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, 2009
(with Summarized Comparative Totals for December 31, 2008)

	Pension Benefits	Health Benefits	December 31, 2009	December 31, 2008
Assets				
Cash and short-term investments	$ 41,764,871	$ 1,942,264	$ 43,707,135	$ 42,991,952
Securities lending collateral	198,805,582	9,245,399	208,050,981	151,271,779
Receivables				
Contributions	749,122	34,838	783,960	1,020,722
Unsettled securities sold	290,676	13,518	304,194	1,138,116
Interest and dividends	5,113,428	237,798	5,351,226	6,403,865
Total receivables	6,153,226	286,154	6,439,380	8,562,703
Investments, at fair value				
U.S. Government obligations	136,330,873	6,340,029	142,670,902	137,733,130
Domestic corporate bonds and other fixed income	306,330,306	14,245,806	320,576,112	316,881,615
Domestic stocks	590,532,996	27,462,573	617,995,569	552,007,922
International stocks	328,469,222	15,275,370	343,744,592	213,639,627
Real estate	103,093,612	4,794,339	107,887,951	176,520,180
Alternative investments	82,383,923	3,831,242	86,215,165	86,140,322
Total investments	1,547,140,932	71,949,359	1,619,090,291	1,482,922,796
Capital assets				
Land	410,931	19,110	430,041	430,041
Building and equipment, net of accumulated depreciation	490,589	22,815	513,404	555,824
Construction in progress	1,817,298	84,513	1,901,811	20,723
Total assets	1,796,583,429	83,549,614	1,880,133,043	1,686,755,818
Liabilities				
Unsettled securities purchased	5,046,069	234,666	5,280,735	1,787,268
Securities lending obligations	204,279,442	9,499,959	213,779,401	157,380,786
Accounts payable	1,897,979	88,265	1,986,244	2,266,250
Total liabilities	211,223,490	9,822,890	221,046,380	161,434,304
Net assets held in trust for benefits	$ 1,585,359,939	$ 73,726,724	$ 1,659,086,663	$ 1,525,321,514
Net assets held in trust for pension and health benefits	$ 1,486,937,125	$ 73,726,724	$ 1,560,663,849	$ 1,428,520,134
Net assets held in reserve for DROP and DROP II benefits	98,422,814	-	98,422,814	96,801,380
Net assets held in trust for benefits	$ 1,585,359,939	$ 73,726,724	$ 1,659,086,663	$ 1,525,321,514

See Notes to Financial Statements

Statement of Changes in Plan Net Assets

Year Ended December 31, 2009

(with Summarized Comparative Totals for the Year Ended December 31, 2008)

	Pension Benefits	Health Benefits	Year ended December 31, 2009	Year ended December 31, 2008
Additions				
Contributions				
City and County of Denver, Colorado	$ 37,114,512	$ 3,891,622	$ 41,006,134	$ 41,313,138
Denver Health and Hospital Authority	6,012,552	659,475	6,672,027	7,303,190
Plan members	12,849,520	1,291,670	14,141,190	13,988,227
Total contributions	55,976,584	5,842,767	61,819,351	62,604,555
Investment earnings				
Net appreciation (depreciation) in fair value of investments	157,200,966	7,321,017	164,521,983	(599,567,940)
Interest	24,230,263	1,146,308	25,376,571	30,382,829
Dividends	14,510,927	686,532	15,197,459	16,744,071
Real estate/alternative investments income	8,285,731	391,582	8,677,313	10,867,261
	204,227,887	9,545,439	213,773,326	(541,573,779)
Investment expenses	(7,050,007)	(333,048)	(7,383,055)	(9,099,773)
	197,177,880	9,212,391	206,390,271	(550,673,552)
Securities lending transactions income	1,368,223	64,852	1,433,075	7,221,016
Securities lending transactions expenses				
Borrower rebates	(245,844)	(11,653)	(257,497)	(4,693,569)
Agent fees	(281,617)	(13,348)	(294,965)	(633,264)
	840,762	39,851	880,613	1,894,183
Net investment earnings	198,018,642	9,252,242	207,270,884	(548,779,369)
Total additions, net	253,995,226	15,095,009	269,090,235	(486,174,814)
Deductions				
Retired member benefits	115,199,061	11,003,408	126,202,469	118,871,884
DROP and DROP II benefits paid	5,992,795	-	5,992,795	7,041,536
Refunds of contributions	430,252	20,304	450,556	516,697
Administrative expenses	2,558,311	120,955	2,679,266	2,978,184
Total deductions	124,180,419	11,144,667	135,325,086	129,408,301
Change in net assets	129,814,807	3,950,342	133,765,149	(615,583,115)
Net assets held in trust for benefits				
Beginning of year	1,455,545,132	69,776,382	1,525,321,514	2,140,904,629
End of year	$ 1,585,359,939	$ 73,726,724	$ 1,659,086,663	$ 1,525,321,514

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, 2009, the Plan membership consisted of the following:

	Pension Benefits	Health Benefits
Retirees and beneficiaries currently receiving benefits	7,416	5,317
Retirees and beneficiaries entitled to health benefits but not receiving any	-	2,099
Terminated employees entitled to benefts but not yet receiving them	3,326	3,326
Current employees:		
Vested	5,864	5,864
Non-vested	2,750	2,750
Total	19,356	19,356

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 2009, 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 $2,679,266 in 2009, 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 is based on prices obtained from an approved independent pricing service. Fixed income securities' fair values 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 2009, the Plan realized net losses on the disposition of investments of $(43,186,755). The calculation of realized gains and losses is independent of the calculation of the net appreciation or depreciation 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 (depreciation) in the fair value of investments reported for 2009.

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

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.

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, 2008, 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.

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 2009, the actuarially determined contribution rates, expressed as a percentage of covered payroll, for the pension and health benefits were 11.99% and

Notes to Financial Statements

Note 3 CONTRIBUTIONS (continued)

1.05%, respectively, for a combined total of 13.04%. The City enacted Ordinance No. 632 in 2009 to re-set the combined total contribution rate to 13.00% effective January, 2010. In 2009, employers contributed a total of 8.50% of covered payroll and employees made a pre-tax contribution of 2.50% in accordance with Section 18-407 of the City's Revised Municipal Code. The employees' contribution was handled as a payroll deduction and was transmitted to the Plan with the employers' contribution. During 2009, the employers contributed $43,127,064 for pension benefits and $4,551,097 for health benefits while the employees contributed a total of $12,849,520 for pension benefits and $1,291,670 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 2009, in accordance with the January 1, 2009, actuarially determined contribution requirements, the total required contribution was $73,665,255 ($53,822,500 of normal cost and $13,894,397 amortization of the unfunded actuarial accrued liability for pension benefits; $2,567,300 of normal cost and $3,381,058 amortization of the unfunded actuarial accrued liability for health benefits) based on a rate of 13.04% of projected payroll. The actual contribution was $61,209,941 using a rate of 11.00% of covered payroll, which when combined with the members' repayments of $609,410, discussed below, resulted in total contributions of $61,819,351. In accordance with a separate agreement between DHHA and the Plan, DHHA was to make a supplemental contribution in the amount of $1,987,806, which is included in the total contributions amount. As of December 31, 2009, DHHA had not paid the entire supplemental contribution due for 2008 or 2009, therefore $783,960 is recorded in the accompanying financial statements as contributions receivable. During April 2010, DHHA paid the entire amount of the contributions receivable.

During 2009, employee contributions totaled $14,141,190 and were allocated to pension and health benefits in the same manner as the employers' contributions. Regular employee contributions were not 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 $609,410 under these provisions during 2009.

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, 2009, there were no remaining DROP participants. During 2009, a total of $7,361,871 in interest was credited to members' DROP accounts. During 2009, a total of $5,340,366 was distributed from the DROP accounts to members who had retired and exited DROP. As of December 31, 2009, the reserve for DROP payments was $93,871,760.

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, 2009, there were no remaining DROP II participants. A total of $252,360 in interest was credited to members' DROP II accounts during 2009. Also during 2009, a total of $652,429 was distributed to members who had exited DROP II. As of December 31, 2009, the reserve for DROP II payments was $4,551,054.

Note 6 FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2009, was as follows:

	Pension Benefits	Health Benefits
Actuarial accrued liability (AAL)	$2,095,887,096	$134,000,558
Actuarial value of Plan assets	1,924,991,121	92,682,144
Unfunded AAL	170,895,975	41,318,414
Funded ratio (actuarial value of Plan assets/AAL)	91.8%	69.2%
Covered payroll (active Plan members)	$564,986,660	$564,986,660
Unfunded AAL as a percentage of covered payroll	30.2%	7.3%

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, 2009, actuarial valuation, the projected unit credit valuation method was used. The actuarial value of pension and health benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over approximately a five-year period. 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 determined solely by the member's age and years of service. The amortization period at December 31, 2009 was 30 years using a level dollar, open basis, amortization method. 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.

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 in excess of 3% per year 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 54.5%, fixed income 28%, real estate 10%, and alternative investments 7.5%. At December 31, 2009, the Plan's deposit and investment balances were as follows:

	Fair Value
U.S. Treasury securities	$ 129,516,891
U.S. agency securities	13,154,011
Corporate and mortgage bonds	320,576,112
Domestic stocks	617,995,569
International stocks	343,744,592
Real estate	107,887,951
Alternative Investments	86,215,165
Cash and short-term investments	43,707,135
Total	$ 1,662,797,426

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 B- or above. The high yield manager is also permitted to invest 5% of its portfolio temporarily in bonds rated CCC or lower. 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, 2009:

S&P	Moody's	Asset Backed	Corporate Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 3,373,473	$ 5,274,402	$ 71,230,611	$ 79,878,486
AAA	A1 to Aa3	237,980	-	31,298	269,278
AAA	NR	304,522	-	2,312,018	2,616,540
AA+ to AA-	A1 to Aa3	-	13,961,206	1,020,488	14,981,694
A+ to A-	A1 to Baa2	546,620	65,188,094	5,201,869	70,936,583
BBB+ to BBB-	A3 to Baa3	1,850,775	48,160,486	949,536	50,960,797
BB+ to BB-	B1 to Ba3	1,262,269	37,173,854	-	38,436,123
B+ to B-	B1 to Caa1	497,797	51,344,937	-	51,842,734
CCC+ to CCC	B3	184,179	2,055,700	1,234,903	3,474,782
NR	Aaa to Baa2	621,874	947,392	3,188,748	4,758,014
NR	NR	-	2,421,081	-	2,421,081
		$ 8,879,489	$ 226,527,152	$ 85,169,471	$ 320,576,112

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, 2009, 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, 2009, 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 – one to eight 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, 2009, 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	$ 129,516,891	$ 4,382,499	$ 57,360,910	$ 50,199,696	$ 17,573,786
U.S. agency securities	13,154,011	120,626	6,356,989	3,618,780	3,057,616
Asset backed	8,879,489	-	4,202,806	1,844,674	2,832,009
Corporate bonds	226,527,152	2,384,176	97,284,055	100,413,636	26,445,285
Mortgage backed	85,169,471	4,993,883	18,629,974	15,679,307	45,866,307
Total	$ 463,247,014	$ 11,881,184	$ 183,834,734	$ 171,756,093	$ 95,775,003

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 15% to 19% 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, 2009:

	Foreign Currency	U.S. Dollars
Equities:	Euro	$ 116,978,504
	British Pound	72,387,021
	Brazilian Real	531,364
	Canadian Dollar	2,922,521
	Japanese Yen	55,038,147
	Swiss Franc	25,797,591
	Australian Dollar	19,966,334
	Hong Kong Dollar	8,703,696
	Swedish Krona	6,985,033
	Singapore Dollar	7,694,785
	Norwegian Krone	4,548,224
	Danish Krone	1,926,411
	Chinese Yuan	3,212
	New Zealand Dollar	227,134
		323,709,977
Cash:	British Pound	183,567
	Hong Kong Dollar	7,618
	Singapore Dollar	20,741
	Swedish Krona	22
	Canadian Dollar	14
	Swiss Franc	54,166
	Japanese Yen	68,842
	Euro	365,635
		700,605
Total		$ 324,410,582

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, 2009, the fair value of underlying securities lent was $243,865,082. The fair value of associated collateral was $245,389,343; of this amount,

Notes to Financial Statements

Note 8 SECURITIES LENDING TRANSACTIONS (continued)

$208,050,981 represents the fair value of cash collateral and $37,338,362 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 $5,728,420 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, 2009, was as follows:

	January 1	Additions	Deletions	December 31
Capital assets, not being depreciated				
Land	$ 430,041	$ -	$ -	$ 430,041
Construction in progress	20,723	1,881,088	-	1,901,811
Capital assets, being depreciated				
Building	1,136,013	-	-	1,136,013
Furniture and equipment	676,406	9,351	(355)	685,402
Total capital assets, being depreciated	1,812,419	9,351	(355)	1,821,415
Accumulated depreciation				
Building	(648,231)	(37,522)	-	(685,753)
Furniture and equipment	(608,364)	(14,249)	355	(622,258)
Total accumulated depreciation	(1,256,595)	(51,771)	355	(1,308,011)
Total capital assets being depreciated, net	555,824	(42,420)	-	513,404
Capital assets, net	$ 1,006,588	$ 1,838,668	$ -	$ 2,845,256

Construction in progress at December 31, 2009 is comprised of a replacement computer system for benefits administration. The 2009 depreciation expense for the pension and health benefit accounts was $49,441 and $2,330, respectively.

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)
1/1/04	$1,572,938,437	$1,604,530,172	$31,591,735	98.0%	$506,517,465	6.2%
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

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)
1/1/04	$87,110,400	$105,478,904	$18,368,504	82.6%	$506,517,465	3.6%
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

Required Supplementary Information

Schedule of Employer Contributions

Pension Benefits

Year beginning January 1	Annual actuarially required contribution [1][3]	Percentage contributed
2004	$51,480,166	87.2%
2005 [2]	48,734,324	99.7
2006	53,427,749	92.2
2007	50,536,315	100.0
2008	54,668,084	100.0
2009	67,716,897	82.7

Health Benefits

Year beginning January 1	Annual actuarially required contribution [1][3]	Percentage contributed
2004	$4,072,025	96.5%
2005 [2]	4,723,233	96.7
2006	5,292,244	99.5
2007	5,475,322	100.0
2008	5,210,545	100.0
2009	5,948,358	98.2

(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) Excludes DHHA supplemental.

Supporting Schedules

Schedule of Administrative Expenses
Year ended December 31, 2009

Personnel services:	
Salaries	$ 1,449,079
Employee benefits	400,720
Total personnel services	1,849,799
Professional services:	
Actuarial	131,176
Legal	63,465
Retirement board	43,473
Audit	36,900
Consultation	5,956
Total professional services	280,970
Office operations:	
Plan insurance	48,093
Postage	56,277
Office forms and printing	24,338
Office equipment	41,613
Employee travel and conferences	13,862
Telephone	9,397
Membership education	5,508
Miscellaneous operating	8,303
Personnel services	29,350
Employee education	20,520
Office supplies	11,408
Publications	10,865
Automobile	3,906
Total office operations	283,440
Computer operations:	
Maintenance	8,316
Computer and software leasing	41,622
Supplies	5,024
Other expenses	8,055
Total computer operations	63,017
Miscellaneous administrative expenses:	
Building operations	150,269
Depreciation expense	51,771
Total miscellaneous administrative expenses	202,040
Total	$ 2,679,266

Supporting Schedules

Schedule of Investment Expenses
Year ended December 31, 2009

Domestic equity portfolio management	$ 2,065,055
Real estate portfolio management	1,699,224
Fixed income portfolio management	970,435
International equity portfolio management	1,044,989
Alternative investment portfolio management	933,922
Other investment related expenses	559,430
Custody	110,000
Total	$ 7,383,055

Investment Section

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Summit Strategies Group

May 26, 2010

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) for the year ended December 31, 2009.

The DERP investment portfolio returned 14.17% gross of fees for the fiscal year ending December 31, 2009. Performance is determined using a time-weighted calculation methodology. Performance fell short of DERP's strategic policy benchmark target return of 17.40% and the 19.66% median return of the Russell-Mellon Public Fund Universe. Despite the shortfall in 2009, performance continues to outpace the benchmark and peers for the trailing 5- and 7-year periods.

Even though markets recovered somewhat in 2009, the market downturn of 2008 had a very significant negative impact on trailing period returns, affecting the 3- and 5-year figures. Over the trailing 3 years ended 12/31/09, DERP achieved an annualized return of -1.64%. The trailing 5-year return now stands at 3.65%. The 7.01% return over the last 7 years is more in line with long-term expectations, while DERP's trailing 10-year annualized return is 3.32%, reflecting the lasting impact of the market downturn of 2000-2002. Many are calling the 2000's the "Lost Decade" of stock market returns.

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, which led to modifications of DERP's asset allocation policy by the Retirement Board.

The target asset allocation at year-end was comprised of the following indices in the percentages as indicated: S&P 500 (28%), Russell 2000 (6.5%), MSCI EAFE (15%), MSCI World ex US Small Cap (2.5%), MSCI Emerging Markets (2.5%), Barclays Capital Aggregate Bond (21.5%), Merrill Lynch

High Yield Bond Cash Pay (5%), Barclays Capital US TIPS (1.5%), NCREIF Property Index (10%); and Alternative Investments (7.5%).

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 2010 will be positive or that the losses from 2008 will be recouped quickly, 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,

Timothy S. Sant, 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 in excess of three 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 the Capital Market Line; and

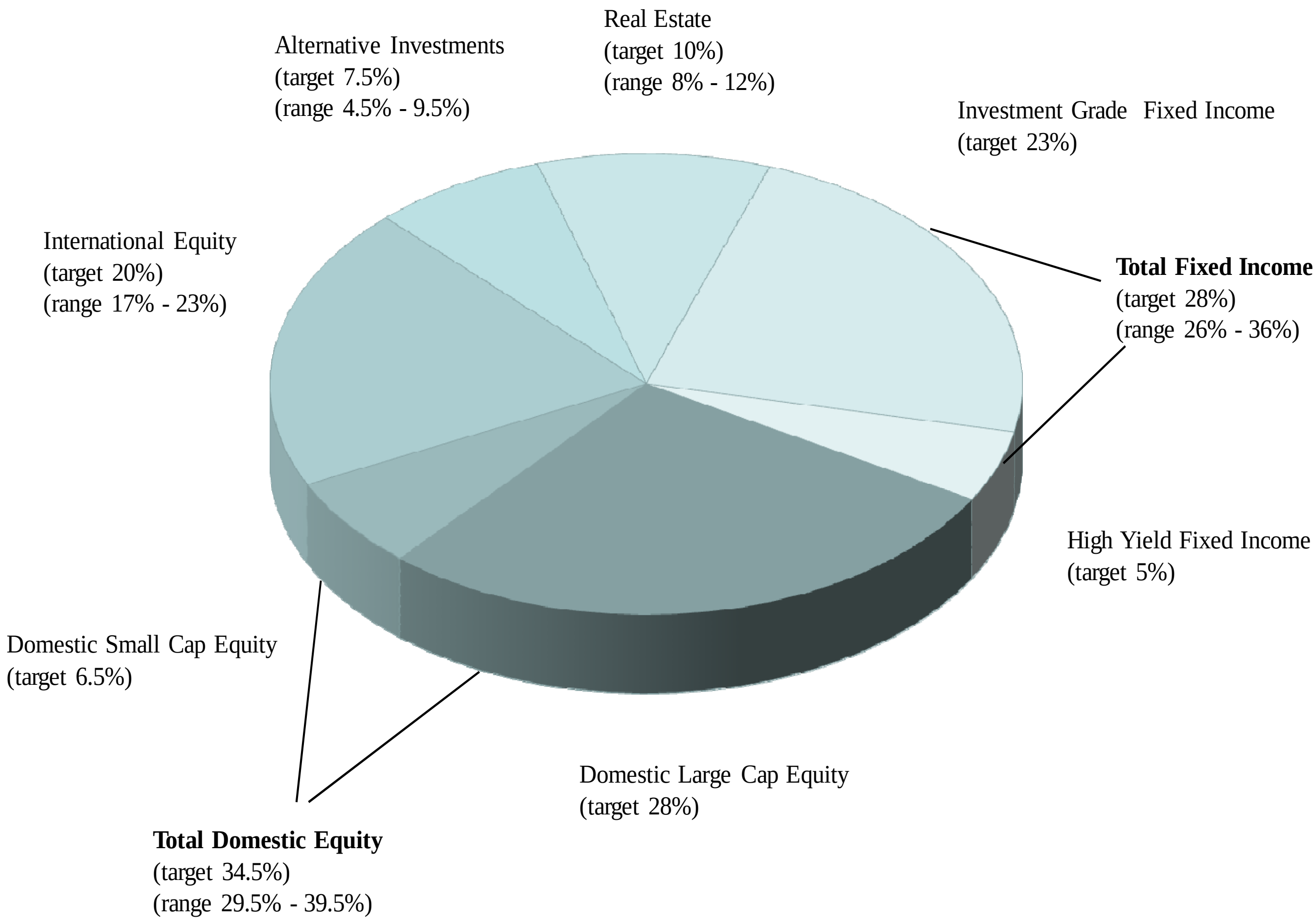
(c) Exceeding the rate of return of that achieved by a passively managed portfolio weighted in the same proportion and at the same risk.

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 April 17, 2009. The Plan's investment advisors assisted the Plan Board in developing the latest asset allocation.

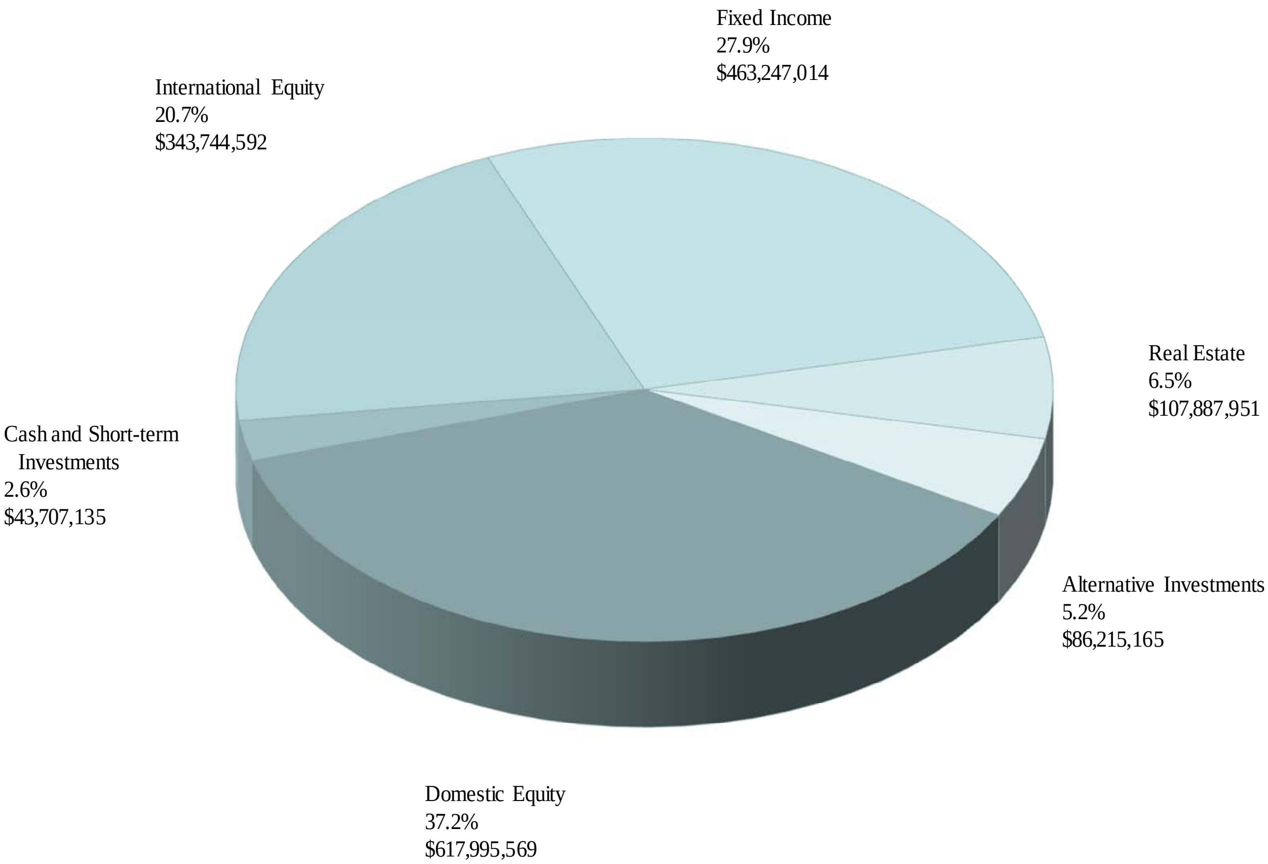
The asset allocation strategy as of December 31, 2009 is depicted in the chart below:



At target, a portfolio so allocated would be expected to achieve an 8.12% return with a standard deviation (risk) of 12.61%.

Asset Allocation by Asset Class

The total market value of the Plan on December 31, 2009, was $1,659,086,663 including investments of $1,662,797,426. At December 31, 2009, 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	4.5%	Large Cap Equity (Growth)	4.0% to 6.0%
Northern Trust Investments	10.0%	S&P 500 Index	8.0% to 12.0%
Northern Trust Investments	9.0%	Russell 1000 (Value)	8.0% to 11.0%
Sit Investment Assoc.	4.5%	Large Cap Equity (Growth)	4.0% to 6.0%
Franklin Global Advisors	1.6%	Small Cap Equity (Growth)	1.0% to 2.5%
NorthPointe Capital	1.6%	Small Cap Equity (Growth)	1.0% to 2.5%
Neuberger Berman	3.3%	Small Cap Equity (Value)	2.3% to 5.3%
Northern Trust Investments	5.0%	EAFE Index	4.0% to 7.0%
Templeton Investment Counsel	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	2.5%	Intl. Equity (Small Cap)	1.0% to 3.5%
LSV Asset Management	2.5%	Intl. Equity (Emerging Markets)	1.0% to 3.5%
Plan Staff	5.0%	Barclays Capital Gov. Index	4.5% to 7.0%
Loomis Sayles	5.0%	Barclays Capital Gov./Cr. Index	4.5% to 7.0%
NCM Capital Management	1.5%	Barclays Capital Gov./Cr. Index	1.0% to 2.5%
Seix Advisors	5.0%	Merrill Lynch High Yield	4.5% to 7.0%
Smith Graham	1.5%	Barclays Capital Gov./Cr. Index	1.0% to 2.5%
Neuberger Berman	5.0%	Barclays Capital Gov./Cr. Int. Index	4.5% to 7.0%
Northern Trust Investments	5.0%	Barclays Capital Gov./Cr. Index	4.5% to 7.0%
Real Estate	10.0%	Real Estate	8.0% to 12.0%
Alternative Investments	7.5%	Energy, Timber, and Private Equity	4.5% to 9.5%

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, 2009, are shown in the following tables:

Top Ten Stock Holdings
December 31 2009

Shares	Stocks	Market Value
27,920	International Business Machines	$3,654,728
150,400	Cisco Systems, Inc.	3,600,576
5,750	Google, Inc.	3,564,885
15,330	Apple Computers, Inc.	3,232,484
120,400	Oracle Corporation	2,954,616
91,040	Microsoft Corporation	2,775,810
60,000	Qualcomm, Inc.	2,775,600
46,750	Wal-Mart Stores, Inc.	2,498,788
39,670	McDonald’s Corporation	2,476,995
50,230	Philip Morris International, Inc.	2,420,584

Top Ten Bond Holdings
December 31 2009

Par	Bonds			Market Value
8,100,000	U.S. Treasury Bond	8.125%	due 8/15/2019	$10,902,114
5,500,000	U.S. Treasury Bond	7.500	due 11/15/2016	6,931,265
5,690,000	U.S. Treasury Note	2.375	due 1/15/2017	6,587,700
5,780,000	U.S. Treasury Note	1.125	due 12/15/2011	5,782,023
4,170,000	U.S. Treasury Note	2.625	due 7/15/2017	4,783,269
4,750,000	FNMA Bond	3.750	due 3/27/2019	4,656,473
3,985,000	U.S. Treasury Note	4.750	due 5/15/2014	4,384,735
4,365,000	U.S. Treasury Note	1.375	due 9/15/2012	4,344,528
4,085,000	FNMA Bond	5.500	due 1/1/2040	4,275,851
3,525,000	U.S. Treasury Note	1.625	due 1/15/2015	4,150,314

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, 2009, is 8.96%. Annualized investment results compared with benchmarks for the year ending December 31, 2009, are as follows:

	Last Year	Last 3 Years	Last 5 Years
Domestic Equity	25.94%	-4.78%	1.41%
Russell 3000	28.34	-5.42	0.76
International Equity	30.64	-4.90	4.83
MSCI EAFE Index	35.72	-4.80	4.53
Fixed Income	14.30	6.16	5.20
Barclays Capital Aggregate Index	13.84	6.00	5.24
Real Estate	-37.46	-14.30	-1.98
NCREIF Index	-16.85	-3.41	4.75
Total Portfolio (net of fees)	13.68	-2.03	3.27
Total Portfolio	14.17	-1.64	3.65
Total Fund Policy Index	17.40	-1.61	3.37
Change in Consumer Price Index (CPI-U)	-0.36	6.80	13.57

Schedule of Investment Commissions
December 31, 2009

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
EXECUTION SERVICES	2,057,400	$82,296	$0.040
GOLDMAN SACHS	1,669,636	64,099	0.038
MERRILL LYNCH	2,250,569	63,435	0.028
LYNCH JONES	2,302,195	58,318	0.025
LIQUIDNET	1,957,337	56,781	0.029
BANK OF NEW YORK	1,408,147	35,643	0.025
PERSHING & CO.	781,326	25,928	0.033
JEFFERIES & CO.	691,621	24,326	0.035
BLOOMBERG TRADE	1,091,089	16,078	0.015
OTA LIMITED	413,290	14,306	0.035
RBC CAPITAL MARKET	338,046	13,760	0.041
OPPENHEIMER	381,789	12,643	0.033
CHASE SECURITIES	522,948	12,080	0.023
WILLIAM BLAIR	318,934	11,703	0.037
STIFEL NICHOLAS	344,911	11,249	0.033
BNY-ESI & CO.	266,600	10,664	0.040
SIDOTI & COMPANY	265,732	10,540	0.040
BARCLAYS	278,500	9,840	0.035
BAIRD (ROBERT)	240,618	9,246	0.038
KNIGHT SECS	350,613	8,465	0.024
FIRST BOSTON	213,620	8,458	0.040
CITIGROUP	225,366	8,416	0.037
MORGAN STANLEY	321,934	8,221	0.026
BAYPINT TRADING	250,298	7,491	0.030
CREDIT SUISSE	216,488	7,390	0.034
INSTINET CORP.	200,721	7,255	0.036
PIPER JAFFRAY	178,009	7,061	0.040
WEEDEN	189,354	6,722	0.036
CANTOR FITZGER	232,111	6,687	0.029
PORTWARE	292,122	6,668	0.023
RAYMOND JAMES	178,261	6,659	0.037
UBS SECURITIES	211,173	6,598	0.031
SCOTT & STRINGFELLOW	171,063	6,189	0.036
COWEN & CO.	146,839	5,594	0.038
BERNSTEIN	211,889	5,571	0.026
WACHOVIA	152,626	5,484	0.036
NEEDHAM	148,432	5,399	0.036
CANACCORD ADAMS	162,925	5,295	0.033
CL KING	167,638	5,281	0.032
BMO CAPITAL	135,537	4,808	0.036
KEYBANC CAPITAL	124,397	4,794	0.039
DEUTSCHE BANK	249,388	4,789	0.019
LAZARD FRERES	119,689	4,672	0.039

Schedule of Investment Commissions (continued)

December 31, 2009

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
SUNTRUST BANK	131,378	4,637	$0.035
SOLEIL SECURITIES	130,592	4,392	0.034
PACIFIC CREST	124,875	4,325	0.035
JMP SECURITIES	121,169	4,324	0.036
CRAIG-HALLUM	108,154	4,164	0.039
WEDBUSH	112,857	3,868	0.034
CHAPDELAINE	104,610	3,843	0.037
LEERINK SWANN	107,210	3,746	0.035
STEPHENS INC.	226,736	3,610	0.016
ISI GROUP	95,888	3,582	0.037
BEAR STEARNS	113,840	3,512	0.031
NORTHLAND	102,885	3,410	0.033
COLLINS STEWART	84,447	3,324	0.039
STATE STREET	106,903	3,207	0.030
MORGAN KEEGAN	91,734	3,017	0.033
SJ LEVINSON	121,870	3,010	0.025
BASS TRADING	69,408	2,856	0.041
THOMAS WEISEL	72,313	2,838	0.039
KAUFMAN BROTHERS	79,676	2,798	0.035
D. DAVIDSON & CO.	75,818	2,680	0.035
MIDWOOD SECURITIES	75,771	2,488	0.033
LONGBOW	80,690	2,421	0.030
KEEFE BRUYETTE	70,517	2,420	0.034
ROTH CAPITAL	70,009	2,417	0.035
JANNEY MONTGOMERY SCOTT	85,766	2,404	0.028
W.J BLUM & CO.	88,020	2,364	0.027
FRIEDMAN, BILLINGS	112,690	2,168	0.019
FIRST CLEARING	66,063	2,115	0.032
CLEARVIEW	51,800	2,072	0.040
PULSE TRADING	115,910	2,054	0.018
AVIAN SECURITY	67,802	2,048	0.030
AVONDALE SECURITIES	47,339	1,894	0.040
STERNE AGREE	68,473	1,737	0.025
BNY CONVERGEX	69,654	1,550	0.022
All other brokers ($1,500 or less)	760,215	20,264	0.027
TOTAL	26,444,263	$818,460	0.031

Total recaptured commissions for 2009 were $117,982.

Schedule of Investment Fees

December 31, 2009

Externally Managed Portfolios	Assets under Management	Fees
U.S. Equities:		
Actively Managed :		
Large Cap	$ 156,035,738	$ 980,383
Small Cap	130,869,700	1,008,822
Passively Managed	331,090,131	75,850
International Equities:		
Actively Managed	235,438,777	990,813
Passively Managed	108,305,815	54,176
Fixed Income:		
Actively Managed	306,300,249	944,869
Passively Managed	82,058,495	25,566
Real Estate:		
Fees netted with earnings	32,629,220	681,602
Fees paid separately	75,258,731	1,017,622
Alternative Investments:		
Fees netted with earnings	23,100,848	495,815
Fees paid separately	63,114,317	438,107
	$ 1,544,202,021	$ 6,713,625

Other Investment Services		
Custody Fees		$ 110,000
Other investment related expenses (net of commission recapture)		559,430

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Actuarial Section

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
7900 East Union Avenue
Suite 1100
Denver, CO 80237-2746
303.217.7600 phone
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www.gabrielroeder.com

May 26, 2010

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

Re: Denver Employees Retirement Plan Actuarial Valuation as of January 1, 2009

Dear Board Members:

The results of the January 1, 2009 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, as a percent of active member payroll, for the next fiscal year. This meets the financial and funding objective of the Retirement Board to ensure that the Plan provides adequate funding as a percent of active member payroll.

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.

The combined member and employer contributions are intended to be sufficient to pay the normal cost (NC) and to amortize the Unfunded Actuarial Accrued Liability (UAAL) over a period of 30 years from the valuation date.

Board of Trustees
May 26, 2010
Page 2

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of DERP. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Numbers 25 and 43.

GRS has prepared the following supporting schedules for inclusion in the Actuarial section of this report:

- Summary of Actuarial Assumptions and Methods
- Analysis of Financial Experience
- Schedule of Retirees and Beneficiaries
- Schedule of Active Members
- Solvency Test
- Summary of Principal Plan Provisions

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. The Retirement Board sets the actuarial assumptions and methods taking into account recommendations made by the plan's actuary and other advisors.

In addition to the actuarial assumptions, the actuary also makes use of an Actuarial Cost Method to allocate costs to particular years. DERP uses the Projected Unit Credit method. This method determines an accrued liability based on projected compensation, and uses service to the valuation date. The unfunded accrued liability is then "paid off" over an open period of 30 years. Gains and loss are reflected in the unfunded actuarial accrued liability.

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

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

Diane L. Hunt

Diane L. Hunt, FSA, EA, MAAA
Consultant

Gabriel Roeder Smith & Company

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 the termination of their DROP participation, 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. For members currently in DROP II, they are valued as retirees with an accrued liability based on their current benefit plus the value of their accrued DROP II balances. 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. 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, 2009 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.

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 rated 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%

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:

Ages	Percent of Eligible Active Members Retiring Within Next Year	
	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%

Ages	Percent of Eligible Active Members Retiring Within Next Year
	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 is defined as the first age at which a member is eligible to retire under the Rule of 75 (Refer to Plan Provisions section). Rates continue at 40.00% until member reaches age 70, then retirement rate assumption is 100.00% at age 70.

GRS

Denver Employees Retirement Plan

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).

Years of Service	Select Period % of Active Members Separating Within Next Year	
	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%

Ages	Ultimate Rates % of Active Members Separating Within Next Year*	
	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

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.

GRS

Denver Employees Retirement Plan

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.

Forfeitures For vested separations from service, it is assumed that none of the members separating will withdraw their contributions and forfeit an employer financed benefit.

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.

GRS

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	Members may convert a portion of unused sick and vacation hours 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.

Analysis of Financial Experience

Composite Gain (Loss) for the Years Ending December 31, 2004 through 2008

Retirement Benefits

Type of Activity:	**2008**	**2007**	**2006**	**2005**	**2004**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	$ (13,721,100)	$ (33,977,800)	$ (12,590,978)	$ (15,368,607)	$ 13,450,464
2. New Entrants	(2,320,600)	(2,162,300)	(1,231,666)	(1,032,441)	(3,888,285)
3. Investment Income	(119,838,500)	22,982,500	14,392,526	(6,314,252)	(12,573,490)
Gain (Loss)	(135,880,200)	(13,157,600)	569,882	(22,715,300)	(3,011,311)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	-	3,146,700	30,179,431	(5,576,536)	31,146,213
Changes in Plan Provisions	-	-	-	-	-
Total Non-recurring Items	-	3,146,700	30,179,431	(5,576,536)	31,146,213
Composite Gain (Loss) During Year	$ (135,880,200)	$ (10,010,900)	$ 30,749,313	$ (28,291,836)	$ 28,134,902

Health Benefits

Type of Activity:	**2008**	**2007**	**2006**	**2005**	**2004**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	$ (3,660,100)	$ 1,883,600	$ (1,039,996)	$ (4,381,953)	$ (8,153,114)
2. New Entrants	(93,400)	(111,300)	(69,997)	(62,118)	(82,262)
3. Investment Income	(5,825,700)	1,113,000	646,185	(423,884)	(759,338)
Gain (Loss)	(9,579,200)	2,885,300	(463,808)	(4,867,955)	(8,994,714)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	-	(1,549,200)	-	(420,884)	(398,966)
Changes in Plan Provisions	-	-	-	-	-
Total Non-recurring Items	-	(1,549,200)	-	(420,884)	(398,966)
Composite Gain (Loss) During Year	$ (9,579,200)	$ 1,336,100	$ (463,808)	$ (5,288,839)	$ (9,393,680)

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
1/1/04	547	$11,847,545	241	$1,904,103	6,019	$87,006,673	$14,455	7.2%
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)Includes DROP retirees.

Schedule of Active Members[2]

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase in Average Earnings
1/1/04	8,868	$467,911,855	$52,764	2.4%
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

(2)This schedule does not include DROP participants.

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)
1/1/04	$864,664,959	$82,061,381	$657,803,832	(a)	$1,572,938,437	100%	100%	95%
1/1/05	928,598,346	90,906,316	646,036,160	(b)	1,651,090,641	100	100	98
1/1/06	971,604,541	100,574,234	710,326,168	(c)	1,735,208,838	100	100	93
1/1/07	1,017,987,597	105,533,885	739,251,384	(d)	1,837,476,077	100	100	97
1/1/08	1,068,882,528	112,973,265	803,795,689	(e)	1,950,010,815	100	100	96
1/1/09	1,135,549,357	120,295,849	840,041,890	(f)	1,924,991,121	100	100	80

(a) Includes DROP accounts of $48,012,526.
(b) Includes DROP accounts of $69,867,672.
(c) Includes DROP accounts of $83,953,779.
(d) Includes DROP accounts of $92,848,939.
(e) Includes DROP accounts of $96,066,783.
(f) Includes DROP accounts of $96,801,380.

A short-term solvency test is one means of checking a retirement plan's progress under its funding program. In a short-term solvency test, a plan's assets are compared with the accrued liabilities. In a plan that uses level percent of payroll financing, the liabilities of present retired lives (liability 1) and terminated vested members (liability 2) will be fully covered by the present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if a plan has been using level percent of payroll financing, the funded portion of liability 3 will increase over time.

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 2009, 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 2.5% 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, 2010, employees contribute 4.5% of their gross salary.

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. 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 may be eligible for a 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]

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 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 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 service requirements for this benefit.

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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 the member's 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.

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

	2000	2001	2002	2003	2004
Pension Benefits					
Additions:					
Member contributions[1]	$ 182,408	$ 92,495	$ 93,905	$ 2,457,661	[2] $ 9,197,797
Employer contributions[1]	41,655,778	43,898,497	47,244,972	43,441,450	35,666,583
Investment earnings (net of expenses)	(20,894,287)	(85,618,821)	(117,388,491)	242,309,261	163,674,788
Total additions to Plan net assets	20,943,899	(41,627,829)	(70,049,614)	288,208,372	208,539,168
Deductions:					
Benefit payments	52,989,910	67,208,148	62,319,926	67,869,193	76,355,138
Refunds	18,271	23,853	14,325	20,800	81,937
Administrative expenses	1,982,906	1,918,365	1,955,993	2,098,088	2,211,322
Total deductions from Plan net assets	54,991,087	69,150,366	64,290,244	69,988,081	78,648,397
Change in net assets	$ (34,047,188)	$ (110,778,195)	$ (134,339,858)	$ 218,220,291	$ 129,890,771
Health Benefits					
Additions:					
Member contributions[1]	$ -	$ -	$ -	$ 218,967	$ 784,899
Employer contributions[1]	5,788,300	6,213,943	3,556,073	4,348,924	3,143,627
Investment earnings (net of expenses)	(1,199,938)	(4,910,543)	(6,766,350)	13,503,048	8,832,033
Total additions to Plan net assets	4,588,362	1,303,400	(3,210,277)	18,070,939	12,760,559
Deductions:					
Benefit payments	4,866,777	5,672,171	6,561,307	7,588,370	8,415,219
Refunds	-	-	-	-	4,428
Administrative expenses	112,410	110,628	112,517	117,418	120,277
Total deductions from Plan net assets	4,979,187	5,782,799	6,673,824	7,705,788	8,539,924
Change in net assets	$ (390,825)	$ (4,479,399)	$ (9,884,101)	$ 10,365,151	$ 4,220,635

[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.

2005		2006	2007	2008	2009
$ 11,248,020	(3)	$ 11,436,362	$ 11,979,390	$ 12,804,873	$ 12,849,520
37,437,133		37,809,048	40,955,026	44,362,545	43,127,064
149,237,500		234,113,308	199,977,322	(523,370,681)	198,018,642
197,922,653		283,358,718	252,911,738	(466,203,263)	253,995,226
86,053,631		95,436,244	104,926,801	115,090,867	121,191,856
159,000		209,412	390,158	492,692	430,252
2,464,874		2,618,710	2,469,185	2,839,820	2,558,311
88,677,505		98,264,366	107,786,144	118,423,379	124,180,419
$ 109,245,148		$ 185,094,352	$ 145,125,594	$ (584,626,642)	$ 129,814,807
$ 1,038,456		$ 1,187,939	$ 1,297,609	$ 1,183,354	$ 1,291,670
3,530,326		4,075,768	4,504,640	4,253,783	4,551,097
7,812,975		11,955,835	10,012,367	(25,408,688)	9,252,242
12,381,757		17,219,542	15,814,616	(19,971,551)	15,095,009
9,201,577		9,933,174	10,612,929	10,822,553	11,003,408
8,352		10,705	19,489	24,005	20,304
129,711		133,977	123,382	138,364	120,955
9,339,640		10,077,856	10,755,800	10,984,922	11,144,667
$ 3,042,117		$ 7,141,686	$ 5,058,816	$ (30,956,473)	$ 3,950,342

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

	2000	2001	2002	2003	2004
Age and Service Benefits:					
Retirees	$ 44,433,446	$ 48,762,123	$ 52,217,021	$ 55,940,266	$ 62,377,101
Survivor	2,440,347	2,726,821	3,055,528	3,303,251	3,487,000
Death in Service Benefits	1,879,220	2,003,243	2,147,646	2,328,352	2,504,738
Disability Benefits:					
Retirees:					
On-the-Job	395,915	443,733	587,789	514,618	604,324
Off-the-Job	2,002,129	2,165,980	2,347,540	2,639,992	2,868,523
Survivors	466,857	550,044	582,711	586,217	653,459
Lump Sum Death Benefits	1,371,996	1,020,755	946,180	893,150	1,555,635
Pension Benefits' Refunds	18,271	23,853	14,325	20,800	81,937
Health Benefits' Refunds	-	-	-	-	4,428
DROP Benefits [1][2]	-	74,353	435,511	1,653,347	2,304,358
Pension Benefits	52,989,910	57,672,699	61,884,415	66,205,846	74,050,780
Health Benefits	4,866,777	5,672,171	6,561,307	7,588,370	8,415,219

[1] Effective January 1, 2001, the Plan implemented the Deferred Retirement Option Plan (DROP).

[2] Effective May 1, 2003, the Plan implemented the amended Deferred Retirement Option Plan (DROP II).

2005	2006	2007	2008	2009
$ 69,452,844	$ 77,386,468	$ 85,768,809	$ 94,138,108	$ 100,395,696
3,723,260	4,057,908	4,342,907	4,772,142	5,050,283
2,766,450	2,802,956	2,905,886	3,118,334	3,347,207
571,189	581,664	607,662	695,022	646,932
2,871,960	2,986,632	3,115,834	3,257,205	3,377,520
797,577	874,519	927,141	1,012,571	1,071,358
1,275,203	996,348	1,199,236	1,055,949	1,310,065
159,000	209,412	390,158	492,692	430,252
8,352	10,705	19,489	24,005	20,304
4,595,148	5,749,749	6,059,326	7,041,536	5,992,795
81,458,483	89,686,495	98,867,475	108,049,331	115,199,061
9,201,577	9,933,174	10,612,929	10,822,553	11,003,408

Schedule of Retired Members by Type of Benefit - Pension

December 31, 2009

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	121	39	82						119	2		
51- 100	131	16	98			1	16		97	25	5	4
101- 150	202	23	148	1		4	26		128	54	8	12
151- 200	198	15	152			6	23	2	121	53	7	17
201- 250	227	29	168			6	19	5	140	66	4	17
251- 300	226	22	150	2	2	20	28	2	143	61	3	19
301- 350	235	35	138		3	22	25	12	151	54	13	17
351- 400	182	25	114	1	7	16	15	4	115	48	1	18
401- 450	190	29	119	1	6	13	18	4	114	41	9	26
451- 500	200	47	99	1	11	13	23	6	119	50	8	23
501- 600	379	98	180	3	24	17	38	19	230	80	21	48
601- 700	331	128	105	2	30	16	38	12	196	74	21	40
701- 800	307	124	93	3	23	15	35	14	176	78	23	30
801- 900	301	145	71	3	20	17	38	7	175	71	17	38
901- 1,000	249	153	35	2	22	10	19	8	136	58	20	35
1,001-1,100	287	186	46	2	13	6	23	11	149	73	28	37
1,101-1,200	275	176	35	1	19	9	23	12	144	87	15	29
1,201-1,300	242	174	20	1	12	10	21	4	118	68	15	41
1,301-1,400	234	179	18	3	13	1	15	5	131	50	17	36
1,401-1,500	232	179	14	1	8	7	17	6	120	54	20	38
1,501-1,600	187	156	11	3	4	5	8		101	41	23	22
1,601-1,700	178	153	9		4	6	4	2	96	33	20	29
1,701-1,800	167	149	3	1	3	2	7	2	89	35	20	23
1,801-1,900	164	147	6		3	2	5	1	92	26	16	30
1,901-2,000	141	127	2		4	2	5	1	64	36	11	30
2,001-2,500	645	566	15	4	17	10	26	7	309	175	62	99
2,501-3,000	441	414	5	5	6	3	5	3	188	119	44	90
3,001-3,500	304	285	4	1		8	6		147	82	22	53
3,501-4,000	172	167	1		1	1	1	1	77	51	14	30
4,001-4,500	102	98	1			3			42	21	9	30
$4,501- over	166	163	1		1		1		66	46	19	35
Totals	7,416	4,247	1,943	41	256	251	528	150	4,093	1,812	515	996

* 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, 2009

(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	-		$6.25 - 50.00	231
51.00 - 100.00	151		51.00 - 100.00	664
101.00 - 150.00	182		101.00 - 150.00	860
151.00 - 200.00	198		151.00 - 200.00	804
201.00 - 250.00	355		201.00 - 250.00	260
251.00 - 300.00	370		251.00 - 300.00	48
301.00 - 350.00	364		301.00 - 350.00	16
351.00 - 400.00	437		351.00 - 400.00	7
401.00 - 450.00	268		401.00 - 450.00	2
451.00 - 500.00	54		451.00 - 500.00	2
501.00 - 550.00	12		501.00 - 550.00	-
551.00 - 600.00	4		551.00 - 600.00	2
601.00 - 650.00	8		$601.00 - over	2
651.00 - 700.00	7			
701.00 - 750.00	3			
751.00 - 800.00	2			
$801.00 - over	4			
Total	2,419		Total	2,898

Type of Benefit:

(1) Under 65 years of age participants are eligible for health insurance reduction equal to $12.50 for each year of service.

(2) Over 65 years of age participants are eligible for health insurance 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, 2009

Age	Number of Retirees/ Beneficiary	Type of Retirement* 1	2	3	4	5	6	7
01-24	24					16	2	6
25-29	4							4
30-34	10					1	1	8
35-39	15				2	4	3	6
40-44	25	1			7	9	5	3
45-49	38	1	1		8	14	8	6
50-54	97	3	1	4	38	20	19	12
55-59	1,265	621	489	12	56	36	29	22
60-64	1,647	973	508	5	61	34	47	19
65-69	1,291	840	299	3	42	25	59	23
70-74	1,004	638	216	7	18	29	77	19
75-79	788	532	119	5	12	21	91	8
80-84	587	351	97	3	9	23	96	8
85-89	429	184	161	2	3	13	62	4
90-94	155	81	41			6	25	2
95 and up	37	22	11				4	
Totals	7,416	4,247	1,943	41	256	251	528	150

*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	Years of Credited Service							
for the Years Ended December 31	0-5	6-10	11-15	16-20	21-25	26-30	31+	Total
2000								
Average Monthly Benefit	$11.03	$273.70	$640.40	$999.39	$1,710.15	$2,455.01	$2,662.21	$1,575.32
Mean Final Average Monthly Salary	$501.64	$2,555.12	$3,408.69	$3,569.74	$4,108.76	$4,767.32	$4,334.71	$3,827.91
Number of Retirees	9	37	51	35	52	67	59	310
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

Average Monthly Benefit Payment – Health Benefits Reduction

Last Four 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

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

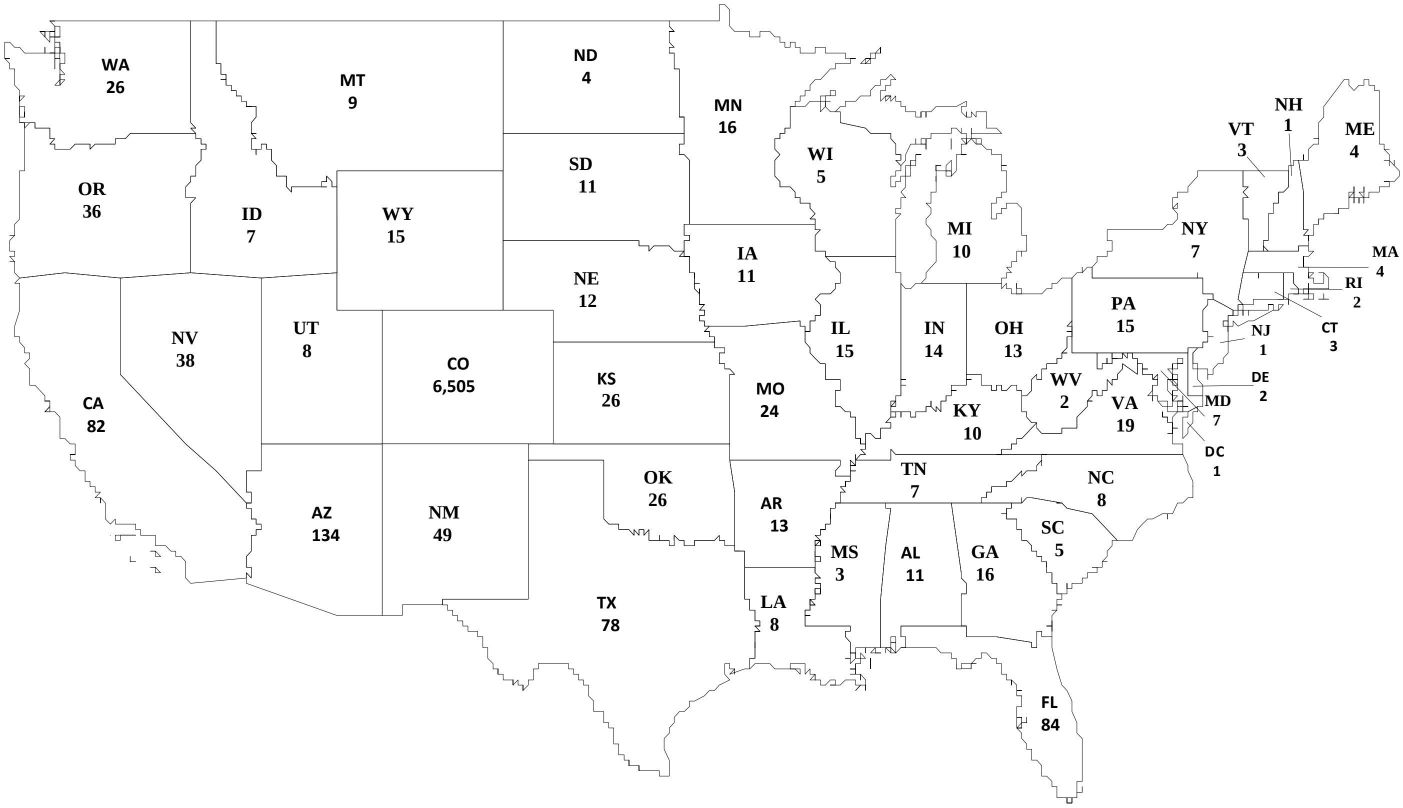
Principal Participating Employers

Current Year and Nine Years Ago

	2009			2000		
	Covered Employees	**Rank**	**Percentage of Total System**	**Covered Employees**	**Rank**	**Percentage of Total System**
Pension Benefits						
Participating Government:						
City and County of Denver	17,669	1	91.3%	16,152	1	86.7%
Denver Health and Hospital Authority	1,687	2	8.7%	2,478	2	13.3%
Total	19,356		100.0%	18,630		100.0%
Health Benefits						
Participating Government:						
City and County of Denver	17,669	1	91.3%	16,152	1	86.7%
Denver Health and Hospital Authority	1,687	2	8.7%	2,478	2	13.3%
Total	19,356		100.0%	18,630		100.0%

Location of Plan Retirees

Total Number of Retirees – 7,416



Other Countries	
Australia	2
Bulgaria	1
Chile	1
France	1
Germany	1
Guam	1
Israel	3
Mexico	3
New Zealand	3
Puerto Rico	1

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