Denver Employees Retirement Plan

Steven E. Hutt, Executive Director

777 Pearl Street
Denver, Colorado
80203

Comprehensive Annual Financial Report

Prepared by the Plan's Staff

Fiscal Year Ended December 31, 2005

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

IN MEMORIUM

This 2005 Comprehensive Annual Financial Report

is dedicated to the memory of Thomas S. Moe,

who served Denver citizens with distinction for 21 years

as an outstanding employee of the City and County of Denver

and who served his fellow members of Denver Employees Retirement Plan

as an elected Advisory Committee member for 16 years.

Primary Plan Sponsor

City and County of Denver

Elected Officials

Mayor

Honorable John W. Hickenlooper

Auditor

Honorable Dennis J. Gallagher

City Council Members

District 1	Hon. Rick Garcia
District 2	Hon. Jeanne Faatz
District 3	Hon. Rosemary E. Rodriguez
District 4	Hon. Peggy Lehmann
District 5	Hon. Marcia Johnson
District 6	Hon. Charlie Brown
District 7	Hon. Kathleen MacKenzie
District 8	Hon. Elbra Wedgeworth
District 9	Hon. Judy H. Montero
District 10	Hon. Jeanne Robb
District 11	Hon. Michael B. Hancock
Council at Large	Hon. Carol Boigon
Council at Large	Hon. Doug Linkhart

Table of Contents

Introductory Section

THE PLAN

DENVER EMPLOYEES RETIREMENT PLAN

Steven E. Hutt
Executive Director
777 Pearl Street
Denver, CO 80203
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FAX 303.839.9525
www.derp.org

June 30, 2006

Dear Members of the Denver Employees Retirement Plan and Retirement Board:

I am pleased to present the Comprehensive Annual Financial Report of the Denver Employees Retirement Plan (the Plan) of the City and County of Denver for the fiscal year ended December 31, 2005.

Comprehensive Annual Financial Report This report is an overview intended to give the reader reliable and useful information which will provide assurance that the Plan is in compliance with all legal provisions and the financial position of the Plan remains sound. The Plan's management is responsible for the accuracy of the data contained in this report, and I believe the information included presents fairly the financial status of the Plan as of December 31, 2005, and changes in financial status for the year then ended.

The report consists of five sections: Introductory, Financial, Investment, Actuarial, and Statistical. The Introductory Section includes a list of the members of the Retirement Board and the Advisory Committee, a list of the professionals employed by the Board, and the Plan's organizational structure. The Financial Section incorporates the Management's Discussion and Analysis, the report of the independent certified public accountants and the audited financial statements of the Plan. The Investment Section contains a report on the investment activity, an outline of the investment policies, the investment results, the asset allocation information, the listings of the largest equity and fixed income assets held, as well as, an investment summary. The independent actuary's certification letter, the actuarial assumptions and methods, the schedules of valuation data, and a summary of Plan provisions are presented in the Actuarial Section. The Statistical Section includes information pertaining to the Plan membership.

Internal Control The Plan 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 Plan assets.

Independent Audit The Revised Municipal Code of the City and County of Denver 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 and County of Denver. The Board selected the accounting firm of Grant Thornton LLP to render an opinion as to the fairness of the Plan's 2005 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. The Report of the Independent Certified Public Accountants 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 auditors in the Financial Section of this report.

Plan Profile The Plan was established on January 1, 1963, as a defined benefit plan. Substantially all employees of the City and County of Denver (the City), excluding the employees of the police and fire departments and the Denver Water Board; the Plan staff; and certain employees of the Denver Health and Hospital Authority (DHHA) are covered by the Plan. All active Plan members are required to contribute to Social Security while employed by the City. As of December 31, 2005, there were 8,732 active and 6,002 retired members of the Plan. In addition, there were 303 participants in the Deferred Retirement Option Plans (DROP and DROP II).

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

All Plan related benefit and administrative provisions are currently detailed in Sections 18-391 through 18-432 of the Revised Municipal Code of the City and County of Denver. Any amendments to the Plan must be enacted into ordinance by the Denver City Council and approved by the Mayor of the City and County of Denver.

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. As a part of its 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 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 retirees and their beneficiaries throughout the year.

Investment Performance The Plan follows a strategic asset allocation policy to ensure that investments are diversified. The goal of diversification is to offset any weakness in one investment area with strength in another. This strategy proved successful again in 2005, with the Plan earning an annual investment return of 9.98%, a level of performance near the top of the investment returns earned by all public pension plans throughout the country.

Funded Status By the end of 2005, the pension fund temporarily returned to fully-funded status, as a result of the Plan's recent strong investment performance combined with the changes in funding and benefits initiated in 2004 by the Retirement Board and endorsed by Mayor John Hickenlooper and the Denver City Council. However, a number of factors on the horizon continue to spell caution for the Plan, including changing demographics within the Plan's membership, and projections that the strong investment market returns of the past three years will not continue into the next three years. The Plan continues to maintain its long-term objective of meeting benefit obligations in full as they become due. A history of the Plan's funded status 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, 2004. 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, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which meet or exceed the 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 Denver Employees Retirement Plan has received a Certificate of Achievement for the last 16 years. We believe the Plan's current report continues to meet the Certificate of Achievement program requirements and are submitting it to the GFOA for consideration again this year.

Conclusion I would like to express my appreciation to the Plan staff who served the membership throughout 2005 and prepared this report. A more detailed analysis of the 2005 activity is included in the Management's Discussion and Analysis included in the Financial Section which follows. I hope that readers will find the report easy to read and understand, and will recognize the contributions the Retirement Board, the Advisory Committee, the staff, the investment managers, and others make to ensure the successful operation of the Plan.

Sincerely,

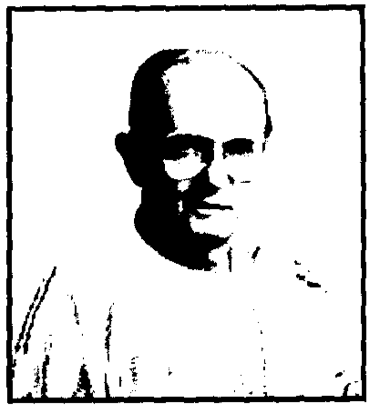
Steven E. Hutt

Steven E. Hutt
Executive Director

Retirement Board

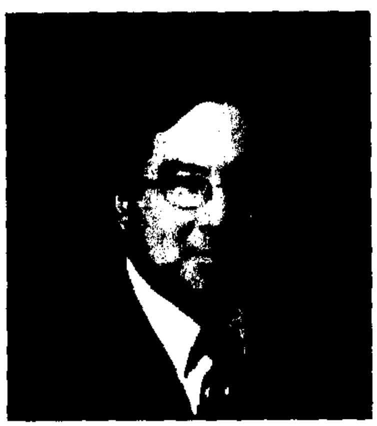
Each member is appointed by the Mayor

Edna G. Doyle
Term expires January 1, 2007



Irving S. Hook, Chair
Term expires January 1, 2011

Bonney A. Lopez
Term expires January 1, 2010



Thomas J. Migaki
Term expires January 1, 2009

Kathy J. Selman
Term expires January 1, 2008

Advisory Committee

Each member is elected by the Plan membership

Adeniyi Kelani, Ph.D.
Term expires May 31, 2006

Thomas S. Moe
Term expires May 31, 2008

Erma D. Zamora
Term expires May 31, 2007

Actuary, Independent Certified Public Accountants, Consultants, and Investment Managers

Actuary

- Towers Perrin

Independent Certified Public Accountan

- Grant Thornton LLP

Consulting Services

- **Performance Evaluation & Investment Consultant**
  Callan Associates Inc.
- **Real Estate Consultant**
  The Townsend Group

Domestic Equity Managers

- Cadence Capital Management
- Northern Trust Global Investments
- Fiduciary Global Advisors
- Independence Investments
- Neuberger Berman, LLC
- Sit Investment Associates, Inc.

International Equity Managers

- Fidelity Investments
- Northern Trust Global Investments
- Templeton Investment Counsel, LLC

Domestic Fixed Income Managers

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

Emerging/Minority Fixed Income Managers

- NCM Capital Management Group, Inc.
- Smith, Graham & Company

Real Estate Managers

- Various group trusts and other managers.

Custodian Bank

- JPMorgan Chase Bank

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver

Employees Retirement Plan,

Colorado

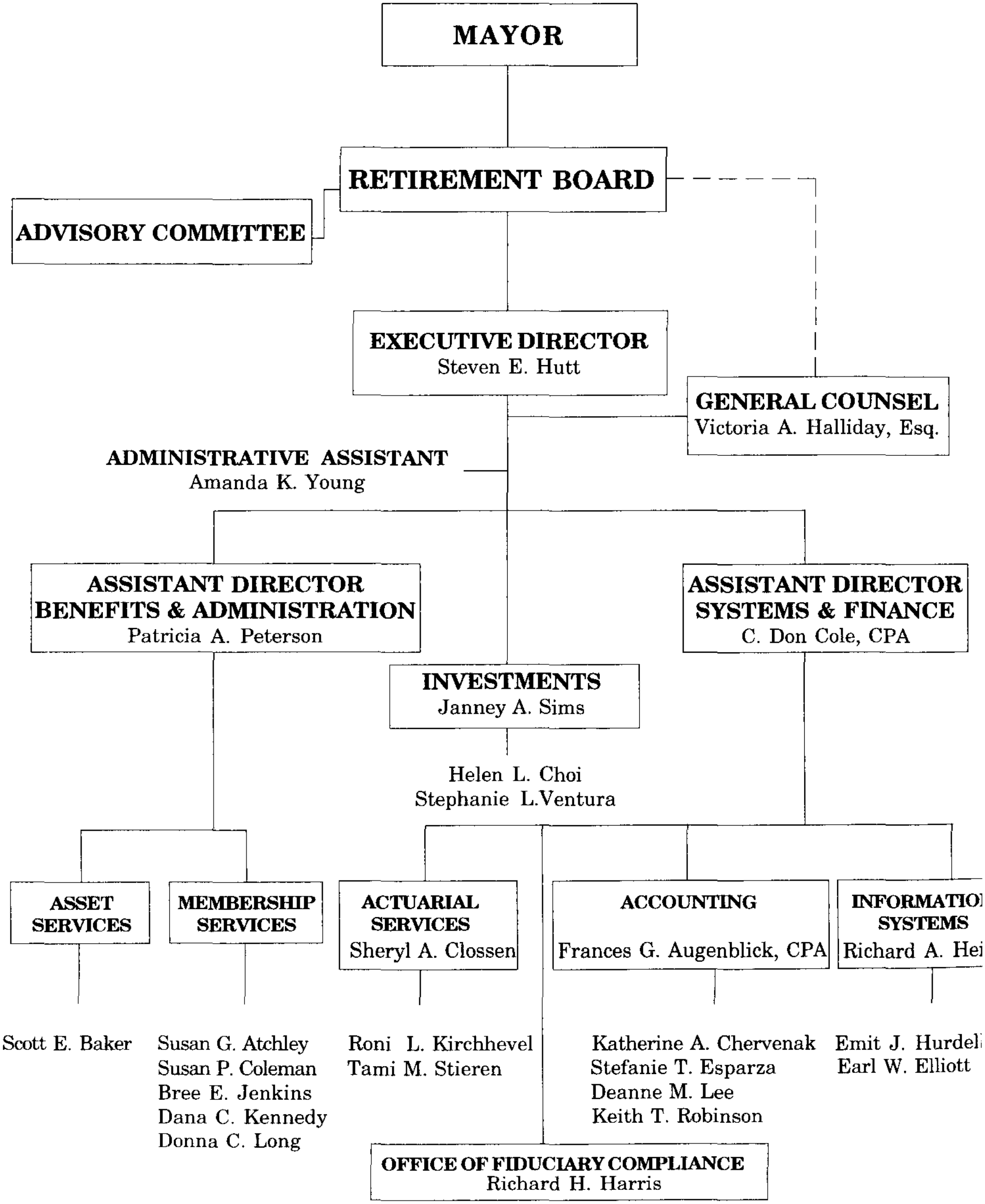
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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

Executive Director


MAYOR
RETIREMENT BOARD
ADVISORY COMMITTEE
EXECUTIVE DIRECTOR
Steven E. Hutt
GENERAL COUNSEL
Victoria A. Halliday, Esq.
ADMINISTRATIVE ASSISTANT
Amanda K. Young
ASSISTANT DIRECTOR
BENEFITS & ADMINISTRATION
Patricia A. Peterson
ASSISTANT DIRECTOR
SYSTEMS & FINANCE
C. Don Cole, CPA
INVESTMENTS
Janney A. Sims
Helen L. Choi
Stephanie L.Ventura
ASSET SERVICES
Scott E. Baker
MEMBERSHIP SERVICES
Susan G. Atchley
Susan P. Coleman
Bree E. Jenkins
Dana C. Kennedy
Donna C. Long
ACTUARIAL SERVICES
Sheryl A. Clossen
Roni L. Kirchhevel
Tami M. Stieren
ACCOUNTING
Frances G. Augenblick, CPA
Katherine A. Chervenak
Stefanie T. Esparza
Deanne M. Lee
Keith T. Robinson
INFORMATIO
SYSTEMS
Richard A. Hei
Emit J. Hurdel
Earl W. Elliott
OFFICE OF FIDUCIARY COMPLIANCE
Richard H. Harris

Financial Section

Grant Thornton

Accountants and Business Advisors

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Retirement Board of the
Denver Employees Retirement Plan

We have audited the accompanying combining statement of plan net assets of the Denver Employees Retirement Plan (the Plan) as of December 31, 2005, and the related combining 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 2004 financial statements and, in our report dated March 25, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 combining financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2005, and the changes in financial status for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7, effective January 1, 2005 the Plan adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2006, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Grant Thornton LLP
US member of Grant Thornton International

The management's discussion and analysis, schedule of funding progress, schedule of employer contributions and notes to the required supplementary information on pages 16 through 20 and 33 and 34, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 basic financial statements taken as a whole. The accompanying introductory, investment, actuarial and statistical sections, and additional supporting schedules (schedule of administrative expenses and schedule of investment expenses) on pages 35 and 36 are presented for purposes of additional analysis and are not a required part of the Plan's basic financial statements. The additional supporting schedules (schedule of administrative expenses and schedule of investment expenses) on pages 35 and 36 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, investment, actuarial and statistical sections 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.

Grant Thornton LLP

Denver, Colorado
March 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is an analysis and overview of the financial activities of the Denver Employees Retirement Plan for the year ended December 31, 2005. Please refer to the following basic financial statements, the notes to the financial statements, the required supplementary information, and the supporting schedules.

Financial Highlights

As of December 31, 2005, $1,798,484,181 was held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its members and their beneficiaries.

For 2005, the total Plan net assets held in trust increased by $112,197,265 or 6.65% over 2004. Favorable financial markets contributed to the increase.

Additions to Plan net assets included contributions of $35,036,353 from the City and County of Denver and $5,841,106 from the Denver Health and Hospital Authority (DHHA). Active Plan members contributed $12,024,234 and repaid a total of $262,242 in previously refunded contributions. The Plan had a net investment gain of $157,050,475, including net income from securities lending of $101,721. Beginning in October 2005 the Plan entered into a securities lending contract with JP Morgan Chase.

Deductions from Plan net assets for 2005 totaled $98,017,145. An increase in benefit payments contributed to a majority of the 12.42% change from year 2004, primarily due to an increase in the number of retirees.

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, 2005, the date of the last actuarial valuation, the funded ratio for the retirement fund was 99.1% while the funded ratio for the health benefits account was 75.9%.

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 statements include:

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

Management's Discussion and Analysis (continued)

The Combining Statement of Plan Net Assets presents the Plan's assets and liabilities as of December 31, 2005, with comparative totals for 2004. It reflects the net assets available for benefits in the retirement fund and the health benefits account as of December 31, 2005.

The Combining Statement of Changes in Plan Net Assets shows the additions to and deductions from Plan assets during 2005 with comparative totals for 2004.

Both of these statements are in compliance with the Governmental Accounting Standards Board (GASB) Statements, including Nos. 25, 26, 28, 34, and 40. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the Plan's assets and liabilities as of December 31 and the activities which occurred during the year. Both statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates, and have been valued based on independent outside sources. All property and equipment are depreciated over their useful lives. Please 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 to 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, the history of employer and employee contributions, and the notes to the required supplementary schedules.

Supporting Schedules provide a breakdown of the administrative and investment expenses for the year ended December 31, 2005.

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 considers the actuarial assets and actuarial liabilities of the plan. As of January 1, 2005, the date of the last actuarial valuation, the retirement fund had a funded ratio of 99.1% or, for every dollar of benefits due, the Plan has $.99 in assets available for payment. The health benefits account has a funded ratio of 75.9% which means that the Plan has $.76 in assets available for payment for every dollar of benefits due. Financial market conditions also impact the health of the Plan.

On December 31, 2005, the Plan's net assets totaled $1,798,484,181. Of these funds, $83,953,779 represented monies reserved in the Deferred Retirement Option Plan (DROP) and the Amended Deferred Retirement Option Plan (DROP II) accounts.

Management's Discussion and Analysis (continued)

The market positively impacted the Plan during 2005. The Plan Board has developed an investment allocation plan with the help of an outside consultant and continually monitors the Plan's investments. As of December 31, the Plan's net assets were:

	2005	2004	Increase/ (Decrease)	% Change
Cash, short-term investments, and receivables	$ 48,775,371	$ 53,005,585	$ (4,230,214)	-7.98%
Securities lending collateral	279,039,738	-	279,039,738	100.00%
Investments, at fair value	1,762,212,547	1,651,429,546	110,783,001	6.71%
Property, plant & equipment	1,218,517	1,309,447	(90,930)	-6.94%
Total assets	2,091,246,173	1,705,744,578	385,501,595	22.60%
Accounts payable and unsettled securities purchased	13,722,254	19,457,662	(5,735,408)	-29.48%
Securities lending obligations	279,039,738	-	279,039,738	100.00%
Total liablilities	292,761,992	19,457,662	273,304,330	1404.61%
Plan net assets	$ 1,798,484,181	$ 1,686,286,916	$ 112,197,265	6.65%

Reserves

The Plan has established a reserve account for the accumulated DROP benefits. These funds are designated for the individuals who have elected to participate in the DROP program. Upon retirement, the member can elect to receive distributions or keep the accumulated monies with the Plan. The health benefits account is reserved for the payment of a portion of health and dental premiums for participating retirees and their beneficiaries. The remaining assets are available to pay retirement benefits.

Plan Activities

Investment markets were again favorable in 2005 and the Plan investments returned more than 9%. The sum of net investment income and contributions were therefore significantly higher than total plan deductions, and Plan net assets increased by 6.65% accordingly. The total contribution rate increased to 11% from 10% on January 1, 2005, resulting in higher 2005 contributions. Benefit payments increased due to a larger retiree population. For the years ended December 31, the Plan's activities were:

	2005	2004	Increase/ (Decrease)	% Change
Additions				
Contributions	$ 53,163,935	$ 48,792,906	$ 4,371,029	8.96%
Net investment income	157,050,475	172,506,821	(15,456,346)	-8.96%
Total additions, net	210,214,410	221,299,727	(11,085,317)	-5.01%
Deductions				
Benefits	95,422,560	84,856,722	10,565,838	12.45%
Administrative expenses	2,594,585	2,331,599	262,986	11.28%
Total deductions	98,017,145	87,188,321	10,828,824	12.42%
Net increase	112,197,265	134,111,406	(21,914,141)	-16.34%
Beginning net assets	1,686,286,916	1,552,175,510	134,111,406	8.64%
Ending net assets	$ 1,798,484,181	$ 1,686,286,916	$ 112,197,265	6.65%

Management's Discussion and Analysis (continued)

Revenues - Additions to Plan Assets

The monies needed to pay benefits are accumulated from the contributions made from employers, employees, and the income generated from the Plan's investments. Earnings on investments are reported net of investment management expenses. Employer contributions for 2005 totaled $40,877,459 a 5.33% increase due to a change in the contribution rate from 8.0% to 8.5% effective January 1, 2005. During 2005 employees contributed a total of $12,286,476, an increase of 23.08% due to a change in the contribution rate from 2.0% to 2.5%. The Plan's net investment return was 9.5% in 2005 compared to 11.4% in 2004.

	2005	2004	Increase/ (Decrease)	% Change
Employer contributions	$ 40,877,459	$ 38,810,210	$ 2,067,249	5.33%
Employee contributions	12,286,476	9,982,696	2,303,780	23.08%
Net appreciation in fair value of assets	113,415,850	129,686,742	(16,270,892)	-12.55%
Investment income	51,582,657	50,425,859	1,156,798	2.29%
Securities lending income, net	101,721	-	101,721	100.00%
Investment expenses	(8,049,753)	(7,605,780)	(443,973)	5.84%
Total additions, net	$ 210,214,410	$ 221,299,727	$ (11,085,317)	-5.01%

Expenses - Deductions from Plan Net Assets

The Plan provides a lifetime benefit to its retired members, survivor benefits, disability benefits, and retiree health and dental benefits. Annual Plan expenditures include retirement benefits, DROP distributions, refunds of employee contributions, and administrative expenses. For the year ended December 31, 2005, these costs totaled $98,017,145, representing a 12.42% increase over 2004. A majority of the increase is attributed to increased benefit payments resulting from an increase in the number of retirements and DROP distributions.

	2005	2004	Increase/ (Decrease)	% Change
Benefits	$ 95,255,208	$ 84,770,357	$ 10,484,851	12.37%
Employee refunds	167,352	86,365	80,987	93.77%
Administrative expenses	2,594,585	2,331,599	262,986	11.28%
Total deductions	$ 98,017,145	$ 87,188,321	$ 10,828,824	12.42%

Management's Discussion and Analysis (continued)

Requests for Information

This discussion and analysis is designed to provide the Plan Board, the employers, and the membership with an overview of the Plan's financial position as of December 31, 2005, 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 addressed to:

Denver Employees Retirement Plan
777 Pearl Street
Denver, CO 80203

Combining Statement of Plan Net Assets

December 31, 2005 (With Summarized Comparative Totals for December 31, 2004)

Assets	Retirement	Health Benefits	2005 Total	2004 Total
Cash and short-term investments (note 7)	$ 39,114,263	$ 2,024,396	$ 41,138,659	$ 42,451,954
Securities lending collateral (note 8)	265,308,445	13,731,293	279,039,738	-
Total cash and short term investments	304,422,708	15,755,689	320,178,397	42,451,954
Receivables:				
Employer contributions	604,324	63,437	667,761	650,943
Unsettled securities sold	1,267,880	65,620	1,333,500	4,364,444
Interest and dividends	5,358,135	277,316	5,635,451	5,538,244
Total receivables	7,230,339	406,373	7,636,712	10,553,631
Investments, at fair value (notes 2d and 7)				
U.S. Government obligations	175,388,893	9,077,420	184,466,313	175,133,330
Domestic corporate bonds and other fixed income	256,896,770	13,295,938	270,192,708	272,568,469
Domestic stocks	718,988,337	37,211,929	756,200,266	702,423,057
International stocks	300,806,808	15,568,544	316,375,352	311,058,185
Real estate	175,598,063	9,088,246	184,686,309	151,897,578
Other investments	47,816,795	2,474,804	50,291,599	38,348,927
Total investments	1,675,495,666	86,716,881	1,762,212,547	1,651,429,546
Property and equipment, at cost, net of accumulated depreciation of $1,063,743 and $963,264 at December 31, 2005 and 2004, respectively (notes 2e and 9)	1,158,555	59,962	1,218,517	1,309,447
Total assets	1,988,307,268	102,938,905	2,091,246,173	1,705,744,578
Liabilities				
Unsettled securities purchased	10,544,333	545,732	11,090,065	17,358,605
Securities lending obligations (note 8)	265,308,445	13,731,293	279,039,738	-
Accounts payable	2,502,662	129,527	2,632,189	2,099,057
Total liabilities	278,355,440	14,406,552	292,761,992	19,457,662
Net assets held in trust for benefits (see schedule of funding progress)	$ 1,709,951,828	$ 88,532,353	$ 1,798,484,181	$ 1,686,286,916
Net assets held in trust for pension and health benefits	$ 1,625,998,049	$ 88,532,353	$ 1,714,530,402	$ 1,616,419,244
Net assets held in reserve for DROP and DROP II benefits (notes 4 and 5)	83,953,779	-	83,953,779	69,867,672
Net assets held in trust for benefits (see schedule of funding progress)	$ 1,709,951,828	$ 88,532,353	$ 1,798,484,181	$ 1,686,286,916

The accompanying notes are an integral part of this statement.

Combining Statement of Changes in Plan Net Assets

Year Ended December 31, 2005 (With Summarized Comparative Totals for the Year Ended December 31, 2004)

Additions	Retirement	Health Benefits	2005 Total	2004 Total
Contributions (note 3):				
City and County of Denver, Colorado	$ 32,010,486	$ 3,025,867	$ 35,036,353	$ 33,108,098
Denver Health and Hospital Authority	5,336,647	504,459	5,841,106	5,702,112
Plan members	11,248,020	1,038,456	12,286,476	9,982,696
Total contributions	48,595,153	4,568,782	53,163,935	48,792,906
Investment income:				
Net appreciation in fair value of Plan investments	107,784,382	5,631,468	113,415,850	129,686,742
Interest	22,476,832	1,182,907	23,659,739	22,592,331
Dividends	14,258,084	750,727	15,008,811	16,863,360
Real estate/other investments income	12,269,977	644,130	12,914,107	10,970,168
	156,789,275	8,209,232	164,998,507	180,112,601
Less: investment expenses	7,648,472	401,281	8,049,753	7,605,780
Net income from investment activities	149,140,803	7,807,951	156,948,754	172,506,821
Securities lending income	1,302,375	67,653	1,370,028	-
Less: Borrower rebates	1,164,236	60,476	1,224,712	-
Less: Agent fees	41,442	2,153	43,595	-
Net income from securities lending (note 8)	96,697	5,024	101,721	-
Net investment income	149,237,500	7,812,975	157,050,475	172,506,821
Total additions, net	197,832,653	12,381,757	210,214,410	221,299,727
Deductions				
Retired member benefits	81,458,483	9,201,577	90,660,060	82,465,999
DROP and DROP II benefits paid (notes 4 and 5)	4,595,148	-	4,595,148	2,304,358
Refunds of contributions	159,000	8,352	167,352	86,365
Administrative expenses	2,464,874	129,711	2,594,585	2,331,599
Total deductions	88,677,505	9,339,640	98,017,145	87,188,321
Net increase	109,155,148	3,042,117	112,197,265	134,111,406
Net assets held in trust for benefits:				
Beginning of year	1,600,796,680	85,490,236	1,686,286,916	1,552,175,510
End of year	$ 1,709,951,828	$ 88,532,353	$ 1,798,484,181	$ 1,686,286,916

The accompanying notes are an integral part of this statement.

Notes to Combining Financial Statements

December 31, 2005

(1) PLAN DESCRIPTION

The Denver Employees Retirement Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan 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. All risks and costs are shared by the City and County of Denver and DHHA. There is a single actuarial evaluation performed annually. The Plan has separate legal standing and is fiscally independent of the City and County of Denver. All assets of the Plan are funds held in trust by the Plan for members of the Plan for the exclusive purpose of paying pension and post-retirement health benefits to eligible members.

Substantially all of the general employees of the City and County of Denver, some employees of DHHA, and all employees of the Plan are covered under the Plan. However, the employees of the police department, the fire department and the Denver Water Board are covered by separate retirement systems. At December 31, 2005, the Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	6,002
Deferred Retirement Option Plan (DROP and DROP II) participants	303
Terminated employees entitled to benefits but not yet receiving such benefits	3,155
Current employees:	
Vested	6,657
Non-vested	2,075
Total	18,192

The Plan has separate legal standing and, based upon the criterion of financial accountability as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* may be considered a component unit of the City and County of Denver financial reporting entity. The Plan's financial information is included in the financial statements of the City and County of Denver.

The following brief description of the Plan is provided for general information purposes only. Sections 18-401 through 18-433.4 of the Revised Municipal Code of the City and County of Denver should be referred to for a complete description of the Plan.

The Plan provides retirement benefits plus death and disability benefits for its members and their beneficiaries. Employees who retire at or after age 65 (or at age 55 if the sum of the employee's age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to as much as 2.00% of their final average salary for each year of credited service, payable monthly for life. Effective for new members hired after September 1, 2004, the Plan formula multiplier was reduced from 2.00% to 1.50%.

Notes to Combining Financial Statements

December 31, 2005

(1) PLAN DESCRIPTION (continued)

Final average salary is based on the employee's highest salary during a 36-consecutive-month period of credited service. Employees with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. 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 Plan also offers post-retirement health benefits as described in note 10.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

As defined by principles established by the GASB, the financial reporting entity consists of a primary organization and its component units which are legally separate organizations for which the officials of the primary unit are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board and either (a) the ability to impose its will on the organization or (b) the possibility that the component unit will provide a specific financial benefit or impose a specific financial burden on the primary unit, or

2. Fiscal dependency on the primary unit.

Based on the above criteria, there are no other entities that the Plan is required to include within its financial reporting entity.

(b) Basis of Accounting and Presentation

The accompanying combining financial statements are prepared using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements combine the financial activities of the retirement fund and the health benefits account and are in compliance with GASB Statements, including Nos. 25, 26, 28, 34, and 40, which include reporting requirements for public employee retirement systems. Employer and employee contributions and investment income 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.

(c) 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 trustee of the Plan are paid from the assets of the Plan. Such amounts totaled $2,594,585 in 2005, and are included in administrative expenses in the accompanying statement of changes in plan net assets.

Notes to Combining Financial Statements

December 31, 2005

(d) 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 security fair values are based on information provided by the Interactive Data Services Inc. (IDSI). Fair values of real estate and other investments are determined by independent periodic appraisals of properties included in the applicable investment trust. Short-term investments, with the exception of international funds, are recorded at historical cost which approximates fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the trade date.

For 2005, the Plan realized net gains on the disposition of investments of $68,800,851. The calculation of realized gains and losses is independent of the calculation of the net appreciation in the fair value of Plan 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 or depreciation in the fair value of investments reported for 2005.

(e) Property and Equipment

Property and equipment is recorded at historical cost. Depreciation on property and equipment is calculated using the straight-line method over the following estimated useful lives:

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

(f) 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. The trust is 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.

(g) 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 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.

Notes to Combining Financial Statements

December 31, 2005

(h) Prior-Year Summarized Totals

The financial statements include certain prior year summarized comparative information in total, but do not present detail for the retirement fund or health benefits account. 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, 2004, from which the summarized information was derived.

(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 2005, the actuarially determined contribution rates for the pension and health benefits were 9.84% and 0.95%, respectively. The employers contributed a total of 8.50% of covered payroll and employees made a pre-tax contribution of 2.50% in accordance with Section 18-408 of the Revised Municipal Code of the City and County of Denver, Colorado. The employees' contribution was handled as a payroll deduction and was transmitted to the Plan with the employers' 8.50% contribution. During 2005, the employers contributed $37,347,133 for pension benefits and $3,530,326 for health benefits while the employees contributed a total of $11,248,020 for pension benefits and $1,038,456 for health benefits.

An actuarial valuation is performed annually by an independent actuarial consultant to determine that employer contributions are sufficient to provide funds for future Plan benefits and to evaluate the funded status of the Plan.

For 2005, in accordance with the January 1, 2005, actuarially determined contribution requirements, the total required contribution was $53,457,557 ($47,535,246 of normal cost and $1,199,078 representing the amortization of the unfunded actuarial accrued liability for pension benefits; $2,396,456 of normal cost and $2,326,777 representing amortization of the unfunded actuarial accrued liability for the health benefits account) based on a rate of 10.79% of projected payroll. The actual contribution was $52,901,693 using a rate of 11.00% of covered payroll, which, when combined with the members' repayments of $262,242, discussed below, resulted in total contributions of $53,163,935.

During 2005, employee contributions totaled $12,024,234 and were allocated to pension and health benefits in the same manner as the employers' contributions. Any employee who made contributions after September 30, 2003, and is not vested upon leaving covered service may request a refund of those contributions. Once employees are vested, a refund of contributions is generally not permitted by Ordinance. Regular employee contributions were not allowed between January 1, 1979, and September 30, 2003. However, as permitted by Ordinance, members are permitted to repay contributions to reinstate service credits for periods prior to January 1, 1979. During 2005 members repaid $262,242 under this provision. If an employee left covered employment, accumulated employee contributions, if any, plus 3.0% interest could be refunded to the employee. Eligible active members may also purchase permissive service credits in accordance with the Internal Revenue Code, as well as, a maximum of five years of nonqualified service credits.

Notes to Combining Financial Statements
December 31, 2005

(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 (4) years. After April 30, 2003, no active member whose actual and effective date of retirement was 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 continues to work for the employer, earning a regular salary. The monthly retirement benefits are 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. Sections 18-423 through 18-431 of the Revised Municipal Code of the City and County of Denver, Colorado, should be referred to for more complete information on the Deferred Retirement Option Plan. Upon retirement, members have access to the funds accumulated during their participation in DROP. As of December 31, 2005, there were 264 DROP participants. During the year, 135 participants exited DROP and 71 participants returned to active status. During 2005, a total of $17,208,646, representing $11,227,361 in benefit payments and $5,981,285 in interest payments, was credited to members' DROP accounts. A total of $4,308,617 was distributed from the DROP accounts to members who had retired and exited DROP. As of December 31, 2005, the reserve for DROP payments was $80,373,019.

(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 (5) years. While participating in DROP II, the member continues to work for the employer, earning a regular salary. The member's monthly retirement benefits are 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 three (3) percent per annum and not more than the Plan's current, annual actuarial assumed rate of return. Section 18-432 through 18-432.7 of the Revised Municipal Code of the City and County of Denver should be referred to for more complete information on the Amended Deferred Retirement Option Plan. Upon exiting DROP II, members have access to the funds accumulated during their participation in DROP II. On December 31, 2005, there were 39 DROP II participants. During 2005 13 participants exited the program. During 2005, a total of $1,472,609, representing $1,263,283 in benefit payments and $209,326 in interest payments, was credited to members' DROP II accounts. A total of $286,531 was distributed to members who had exited DROP II in 2005. As of December 31, 2005, the reserve for DROP II payments was $3,580,760.

(6) PLAN AMENDMENTS

Effective January 1, 2005, the employer and employee contributions were changed to 8.50% and 2.50% from 8.0% and 2.0%, respectively.

See Note 10 for amendments to the Health Benefits Account, if any.

Notes to Combining Financial Statements

December 31, 2005

(7) DEPOSIT AND INVESTMENT RISK

Effective January 1, 2005, the Plan adopted Governmental Accounting Standards Board Statement No. 40 (GASB40), *Deposit and Investment Risk Disclosures.* In accordance with the disclosure requirements of GASB 40, 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. The assets that are exposed to interest rate risk and the types of credit risk described above include $41,138,659 of cash and short-term investments, $184,466,313 of U.S. Government obligations, and $270,192,708 of fixed income investments.

(a) Credit Risk – To mitigate the risk that issuers or other counterparties to an investment will not fulfill their obligations, our investment policy specifically states that the Plan's fixed income investment managers, excluding the Plan's high yield manager, invest only in securities that are rated at Baa3 or higher by Moodys or BBB- or higher by Standard & Poors. The investment policy is appropriately less stringent for the Plan's single high yield investment manager who is permitted to invest in securities rated B- or higher by Standard & Poors. Although the high yield manager is permitted to invest 5% of its portfolio or .3% of total Plan assets in securities rated CCC by Standard & Poors, this manager has not invested in such securities. The adjacent table provides information on the credit ratings associated with the Plan's investment in cash and debt securities.

Credit Risk

	S&P	Moody's	Fair Value
Cash and Deposits			$ 32,182,097
			-
Commercial Paper	AAA	Aaa	8,956,562
Asset Backed	AAA	Aaa	7,227,599
	A	Aa3	348,786
	NR	NR	405,670
			7,982,055
Mortgage Bonds	AAA	VAR	4,587,297
	BB-	NR	1,077,565
	NR	Aaa	880,932
			6,545,794
Agency Backed Bonds	AAA	Aaa	47,807,458
	A-1	P-1	990,630
	AA-	Aa2	1,725,126
			50,523,214
Sovereign Debt	BBB	Baa1	306,125
Mortgage Backed	AAA	Aaa	33,573,395
Corporate Bonds	AAA	Aaa	3,883,445
	AA	Aa2	6,931,594
	AA-	A1-Aa3	5,235,638
	A+	A1-Baa1	16,468,700
	A	A1-Aa3	27,100,772
	A-	A1-Baa2	11,034,827
	BBB+	A1-Baa3	8,390,634
	BBB	A3-Baa3	8,871,441
	BBB-	Ba1-Baa3	5,628,480
	B	B2	217,956
	BB+	Ba1-Baa3	28,190,949
	BB	Ba1-Ba3	11,339,984
	BB-	B1-Ba3	16,794,758
	B+	VAR	15,862,763
	B	B1-Ba3	14,114,583
	B-	B1-Ba3	7,983,227
	NR	NR	281,739
			188,331,490
			-
US Government	AAA	Aaa	154,030,086
	A-1	P-1	13,366,862
			167,396,948
			-
Total			$ 495,797,680

Notes to Combining Financial Statements

December 31, 2005

(7) DEPOSIT AND INVESTMENT RISK (continued)

(b) 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 12/31/05 the Plan's five largest fixed income investments in the securities of a single issuer were as shown in the following table.

Security Description	Fair Value	% of Managed Assets
U.S. Treasury Note 2.250% 02-15-07	$19,317,613	1.08%
GNMA PL 550718 5.000% 11-15-35	$13,815,125	0.77%
U.S. Treasury Bond 8.125% 08-15-19	$ 9,089,488	0.51%
U.S. Treasury Note 3.625% 01-15-10	$ 8,485,761	0.47%
U.S. Treasury Bond 7.500% 11-15-16	$ 6,908,495	0.38%

(c) Custodial Credit Risk – In the event of a failure of a financial institution or counterparty, the custodial credit risk is the risk that the Plan would not be able to recover its deposits, investments or collateral securities that are in the possession of an outside party. At December 31, 2005, the Plan had $1,590,449 in uninsured and uncollateralized deposits.

(d) Interest Rate Risk – As a means of limiting the Plan's exposure to fair value losses due to rising interest rates, the Plan's Investment Policy provides guidelines regarding the durations of the individually managed portfolios. At December 31, 2005, the Plan's fixed income investments had the following maturities by investment type.

		Investment Maturities in Years			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Cash and Deposits	$ 32,182,097	$ 32,182,097	$ -	$ -	$ -
Commercial Paper	8,956,562	8,956,562	-	-	-
Asset Backed	7,982,055	-	3,341,664	3,309,129	1,331,262
Mortgage Bonds	6,545,794	-	-	626,282	5,919,512
Corporate Bonds	188,331,490	3,328,286	76,036,333	85,065,699	23,901,172
Agency Backed Bonds	50,523,214	1,072,575	31,883,670	9,181,585	8,385,384
Sovereign Debt	306,125	-	306,125	-	-
US Government	167,396,948	13,559,746	68,406,351	42,648,628	42,782,223
Mortgage Backed	33,573,395	-	-	-	33,573,395
Total	$ 495,797,680	$ 59,099,266	$ 179,974,143	$ 140,831,323	$ 115,892,948

Notes to Combining Financial Statements

December 31, 2005

(7) DEPOSIT AND INVESTMENT RISK (continued)

(e) 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 17% of total investments to be invested in non-US equities. The following positions represent the Plan's exposure to foreign currency risk as of December 31, 2005.

	Foreign Currency	U.S. Dollars
Equities	Euro	$ 103,421,782
	British Pound	73,869,588
	Japanese Yen	69,542,651
	Swiss Franc	20,108,058
	Australian Dollar	12,722,804
	Swedish Krona	10,937,952
	Hong Kong Dollar	7,070,878
	Norwegian Krone	5,146,459
	Singapore Dollar	3,455,785
	Canadian Dollar	3,287,002
	Danish Krone	2,681,420
	Taiwan Dollar	229,703
	South African Rand	229,703
	New Zealand Dollar	187,256
Subtotal		312,891,040
Cash	Australian Dollar	19,428
Foreign Deposits and Investments		$ 312,910,468

(8) SECURITIES LENDING

In September 2005, the Plan's board formally authorized the Plan's participation 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 Plan has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine 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. At December 31, 2005, the Plan has no credit risk exposure since the collateral held exceeds the value of the securities lent. The Plan is fully indemnified by its custodial bank against any losses incurred as a result of borrowers default.

Notes to Combining Financial Statements

December 31, 2005

(9) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, is as follows:

	01/01/05	Additions	Deletions	12/31/05
Capital Assets				
Land	$ 430,041	$ -	$ -	$ 430,041
Building	1,113,863	4,260	-	1,118,123
Furniture and equipment	728,807	22,435	17,146	734,096
Total capital assets	2,272,711	26,695	17,146	2,282,260
Accumulated depreciation				
Building	(495,349)	(37,211)	-	(532,560)
Furniture and equipment	(467,915)	(72,259)	(8,991)	(531,183)
Total accumulated depreciatio	(963,264)	(109,470)	(8,991)	(1,063,743)
Net capital assets	$ 1,309,447	$ (82,775)	$ 8,155	$ 1,218,517

The 2005 depreciation expense for the retirement fund and the health insurance account was $104,071 and $5,399, respectively.

10) HEALTH BENEFITS

A health benefits account was established by City ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits, to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and Plan members awaiting approval of retirement applications. For 2005, the health insurance premium reduction was $12.50 per month per year of service for retired participants under the age of 65 and $6.25 per month per year of service for retirees aged 65 and older. The health insurance premium reduction can be applied to the payment of medical and/or dental insurance premiums. The benefit recipient pays the remaining portion of the premium.

Funding commenced January 1, 1991. For 2005, the percentage of contributions allocated to the health benefits account was 0.95% of gross compensation of all active members.

There were 8,734 active employees at December 31, 2005, for whom the employer made contributions to the health benefits account. The actuarially determined contribution during 2005 was $4,723,233 and the actual contribution was $4,568,782.

Notes to Combining Financial Statements

December 31, 2005

(10) HEALTH BENEFITS (continued)

At December 31, 2005, the Health Benefits account membership consisted of the following:

Retirees and beneficiaries currently receiving health insurance premium reductions	4,298
Retirees and beneficiaries entitled to health insurance premium reductions but not receiving any reductions	1,704
Terminated employees who will be eligible for health insurance premium reduction upon retirement	3,155
Deferred Retirement Option Plan (DROP and DROP II) participants	303
Current employees:	
Vested	6,657
Non-vested	2,075
Total	18,192

Required Supplementary Information

Schedule of Funding Progress

Retirement Fund

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)-entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll(c)	UAAL as a percentage of covered payroll (b-a)/(c)
1-1-00	$ 1,288,567,879	$ 1,240,138,714	$ (48,429,165)	103.9%	$ 439,049,750	0.0%
1-1-01	1,397,491,574	1,349,865,371	(47,626,203)	103.5	474,440,780	0.0
1-1-02	1,459,257,726	1,466,105,079	6,847,353	99.5	501,124,400	1.4
1-1-03	1,503,222,742	1,478,355,657	(24,867,085)	101.7	508,010,450	0.0
1-1-04	1,572,938,437	1,604,530,172	31,591,735	98.0	501,966,050	6.3
1-1-05	1,651,090,641	1,665,540,822	14,450,181	99.1	485,003,210	3.0

Health Benefits Account

Actuarial valuation date	Actuarial value of assets (a)	Actuarial liability (AAL)-entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll(c)	UAAL as a of covered payroll (b-a)/(c)
1-1-00	$ 71,604,593	$ 101,856,283	$ 30,251,690	70.3%	$ 439,049,750	6.9%
1-1-01	79,448,655	110,611,890	31,163,235	71.8	474,440,780	6.6
1-1-02	85,000,482	99,716,089	14,715,607	85.2	501,124,400	2.9
1-1-03	85,029,257	96,437,491	11,408,234	88.2	508,010,450	2.2
1-1-04	87,110,400	105,478,904	18,368,504	82.6	501,966,050	3.7
1-1-05	88,527,589	116,567,764	28,040,175	75.9	485,003,210	5.8

See accompanying notes to required supplementary information.

Required Supplementary Information

Schedule of Employer Contributions

Retirement Fund

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed (2)
	2000	$40,438,762	100.0%
	2001	43,724,717	100.0
	2002	49,066,955	96.3
(3)	2003	47,435,946	96.2
	2004	51,480,166	86.6
(4)	2005	48,734,324	99.7

Health Benefits Account

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed (2)
	2000	$5,683,070	100.0%
	2001	6,008,557	100.0
	2002	3,660,585	97.1
(3)	2003	4,710,070	97.0
	2004	4,072,025	96.5
(4)	2005	4,723,233	96.7

(1) Employers made contributions based on the legally required rates.
(2) Contributions in excess of annual required contributions are presented as 100%.
(3) The employers contributed 10% of covered payroll through September 30, 2003. Beginning on October 1, 2003, the employers contributed 8.00% and the employees contributed 2.00% of covered salary.
(4) Beginning on January 1, 2005, the employers and employees contributed 8.50% and 2.50% respectively.

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated and apply to both the Retirement Fund and the Health Benefits Account. Additional information as of the latest actuarial valuation follows:

Valuation Date	01-01-05
Actuarial cost method	Projected unit credit
Remaining amortization period	29 years
Amortization method	Level dollar, open basis
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.1 – 8.7%
Includes inflation at	4.0%
Cost of living adjustments	None
Health Insurance Benefit Inflation	0%

Supporting Schedules
Schedule of Administrative Expenses
Year ended December 31, 2005

Operating Expenses	
Personnel services	
Salaries	$1,469,856
Employee benefits	408,371
Total personnel services	1,878,227
Professional services	
Actuarial	75,856
Legal	56,738
Retirement board	30,987
Audit	28,083
Consultation	3,523
Medical examination	3,320
Total professional services	198,507
Office operations	
Plan insurance	43,109
Postage	41,524
Office forms and printing	32,099
Office equipment	20,745
Employee travel and conference	11,549
Telephone	10,936
Membership education	9,237
Miscellaneous operating	9,005
Personnel services	8,710
Employee education	7,056
Office supplies	6,716
Publications	6,708
Auto	4,803
Total office operations	212,197
Computer operations	
Computer and software leasing	43,727
Computer supplies	6,667
Other computer expenses	6,021
Total computer operations	56,415
Total operating expenses	2,345,346
Miscellaneous administrative expenses	
Building operations	139,769
Depreciation expense	109,470
Total miscellaneous administrative expenses	249,239
Total administrative expenses	$2,594,585

Supporting Schedules
Schedule of Investment Expenses
Year ended December 31, 2005

Domestic equity portfolio management	$2,907,715
Real estate portfolio management	1,996,155
International equity portfolio management	1,135,485
Fixed income portfolio management	1,002,857
Alternative investment portfolio management	496,605
Other investment related expenses	322,788
Custody	188,148
Total investment management expenses	$8,049,753

Investment Section

CALLAN ASSOCIATES INC.

May 29, 2006

MICHAEL J. O'LEARY, JR., CFA
EXECUTIVE VICE PRESIDENT

CAI

SAN FRANCISCO

NEW YORK

CHICAGO

ATLANTA

DENVER

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, 2005.

Callan Associates Inc. (Callan) independently calculates time-weighted performance statistics based ultimately on underlying custodial data. The performance calculations were made using a time-weighted return methodology based upon market values. Callan Associates Inc. serves as DERP's independent investment consultant and evaluates the System's performance in relation to market benchmarks, appropriate manager peer groups and other public pension funds.

DERP's primary investment objective is to prudently and expertly invest assets, in accordance with governing law and industry practices, in a manner that will help ensure DERP's ability to pay promised benefits to its members and their beneficiaries. In pursuit of this objective, the DERP Board periodically evaluates liabilities, expected contributions, and potential earnings. This analysis is used to consider a wide range of potentially viable investment strategies. The Board selects a strategic investment policy that balances long-term growth potential and acceptable risk. A policy benchmark is constructed that mirrors DERP's strategic asset allocation policy. This policy benchmark is a custom index comprised of equity, fixed income, and real estate market indices weighted in the same proportions as DERP's investment policy.

Market Environment

For the third consecutive year, the domestic equity markets extended their positive total returns but in a modest manner. The S&P 500 rose 4.91%, the Dow was up a modest 1.72% and the NASDAQ advanced only 2.13%.

Despite solid earnings and economic growth, escalating oil prices and the Iraq war plagued US markets all year. Not surprisingly, energy was the best performing sector of the S&P 500 for 2005.

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Within the fixed income market, the Lehman Aggregate posted a return of only 2.43% for the year. Credit bonds (1.96%) trailed government bonds (2.65%) as interest rates, particularly at the shorter end of the maturity spectrum, rose sharply through the year.

The resurgence in the overseas stock markets that began in the 2003 continued through 2004 and 2005. Measured in U.S. dollar terms, international stocks outperformed domestic stock indices by a wide margin despite the fact that the dollar appreciated in value. The MSCI-EAFE advanced 13.54% for the year. Measured in local currency terms, the EAFE index gained only a very strong 29.00%. Emerging markets continued to surge as evidenced by the MSCI-Emerging Markets Index that advanced 34.54.

DERP Performance

For the calendar year, DERP's total fund had a time-weighted total return of positive 9.98%. DERP's performance exceeded the return of the Callan Public Fund Database median of 7.43%. It nicely exceeded the Plan's strategic policy benchmark target return of 7.51%. The policy benchmark at year-end was comprised of the following indices in the percentages as indicated: S&P 500 (34%); MSCI EAFE (17%); Lehman Brothers Aggregate Bond (21%); NCREIF Total Property (10%); Russell 2000 (8%), Merrill Lynch High Yield Bond Cash Pay (6%) and Alternative Investments (4%). Over the trailing three years ended 12/31/05, DERP achieved a positive annualized return of 13.89%. The trailing 5-year return now stands at 5.18% despite including a portion of the 2000-2002 bear market. DERP's trailing 10-year annualized return was a very attractive and competitive 8.94%.

In total, DERP's U.S. equity composite advanced 9.71% in 2005. This was better than both the S&P 500 and Russell 3000 stock indices (up 4.91% and 6.12% respectively for the year). DERP uses both passive (index portfolios) and active managers. DERP diversifies assets by the investment style utilized by the active managers and also diversifies by capitalization (size). On balance, calendar 2005 was a good year for the equity component of the portfolio. DERP's large cap actively managed portfolios outperformed their benchmarks. DERP's value oriented small cap manager also registered better than benchmark returns, while the small cap growth oriented manager under-performed its benchmark. Stock index portfolios (both domestic and international) met their objectives.

DERP's broad diversification was a primary driver in the achievement of strong absolute performance results for calendar 2005. DERP's meaningful commitment to international equities helped performance. Since international equities outpaced domestic equities, the inclusion of international helped total fund performance. Specifically, DERP's international equity composite posted a full year return of 14.02%. This was slightly better than the MSCI EAFE Index return of 13.54% and well above the return of the domestic equity market.

DERP's fixed income composite registered a positive total return of 2.74% for the year. This return compares favorably with the Lehman Aggregate Bond Index (2.43%), a broad measure of the investment-grade bond market. This result was largely attributable to DERP's diversification into the high yield sector of the bond market. While more volatile than investment grade bonds, the high yield instruments helped returns in 2003, 2004 and 2005.

In summary, calendar 2005 was another strong year that, combined with 2003 and 2004, offset the well below historic average returns of the three preceding challenging years. Long-term results continue to outpace your actuarial discount assumption.

Sincerely,

Michael

Michael J. O'Leary, Jr., CFA
Executive Vice President

This section was prepared by the Plan's Staff.

Mission

The Denver Employees Retirement Plan was established on January 1, 1963, as a defined benefit plan. The 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, retired 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 the rate of return.

Investment Responsibilities

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

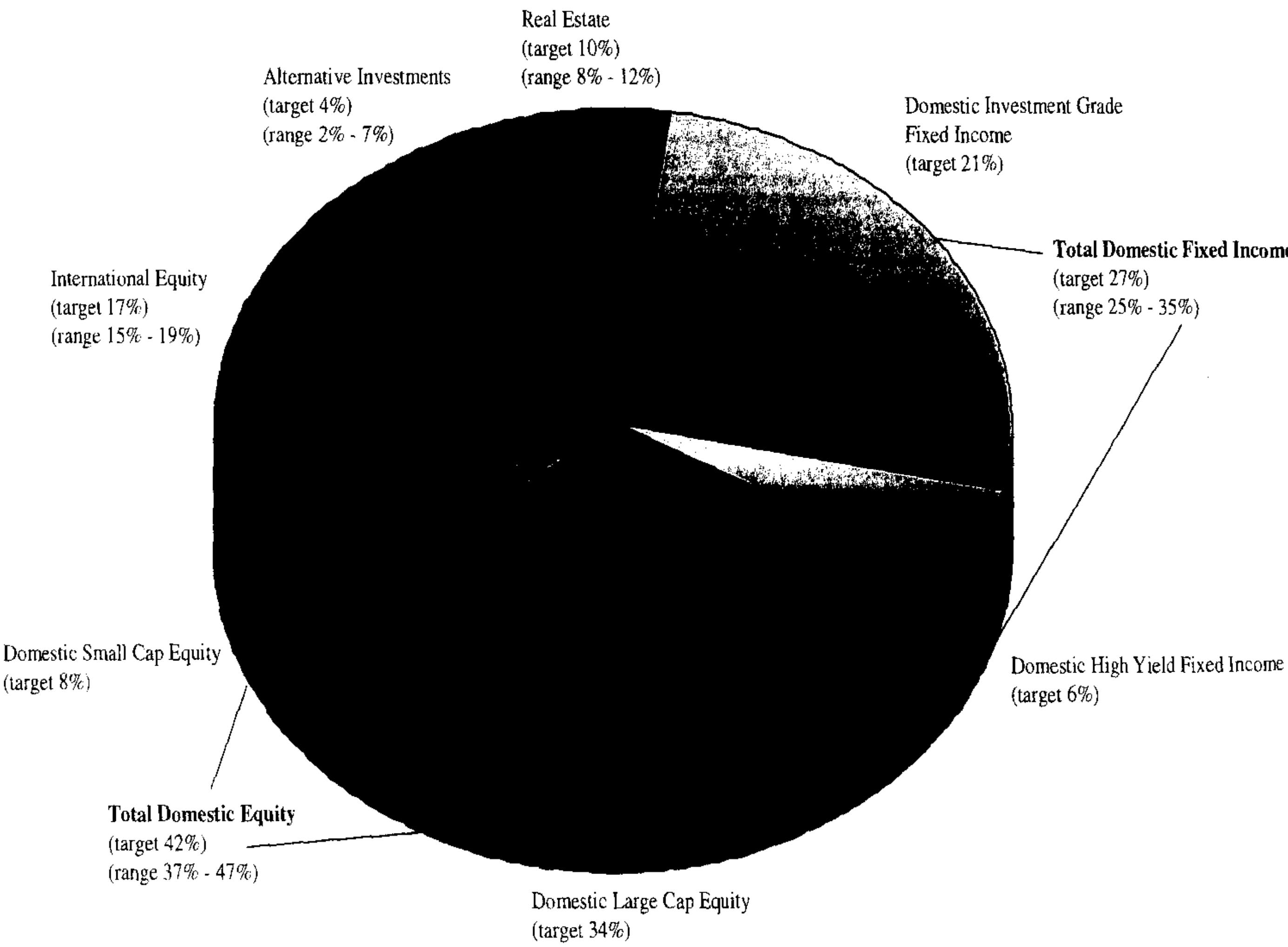
(a) providing a net realized real rate of return in excess of three percent, annualized, over a full market/ economic cycle of three to seven years;
(b) maintaining an efficient portfolio determined by the risk and return concepts of the Capital Market Line; and
(c) exceeding the rate of return of that achieved by a passively managed portfolio weighted in the same proportion and at the same risk.

Asset Allocation Target

The 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 Board on April 7, 1989. There have been subsequent asset allocation plans adopted with the most recent being on April 20, 2005. Callan Associates Inc. assisted the Board in developing the latest asset allocation.

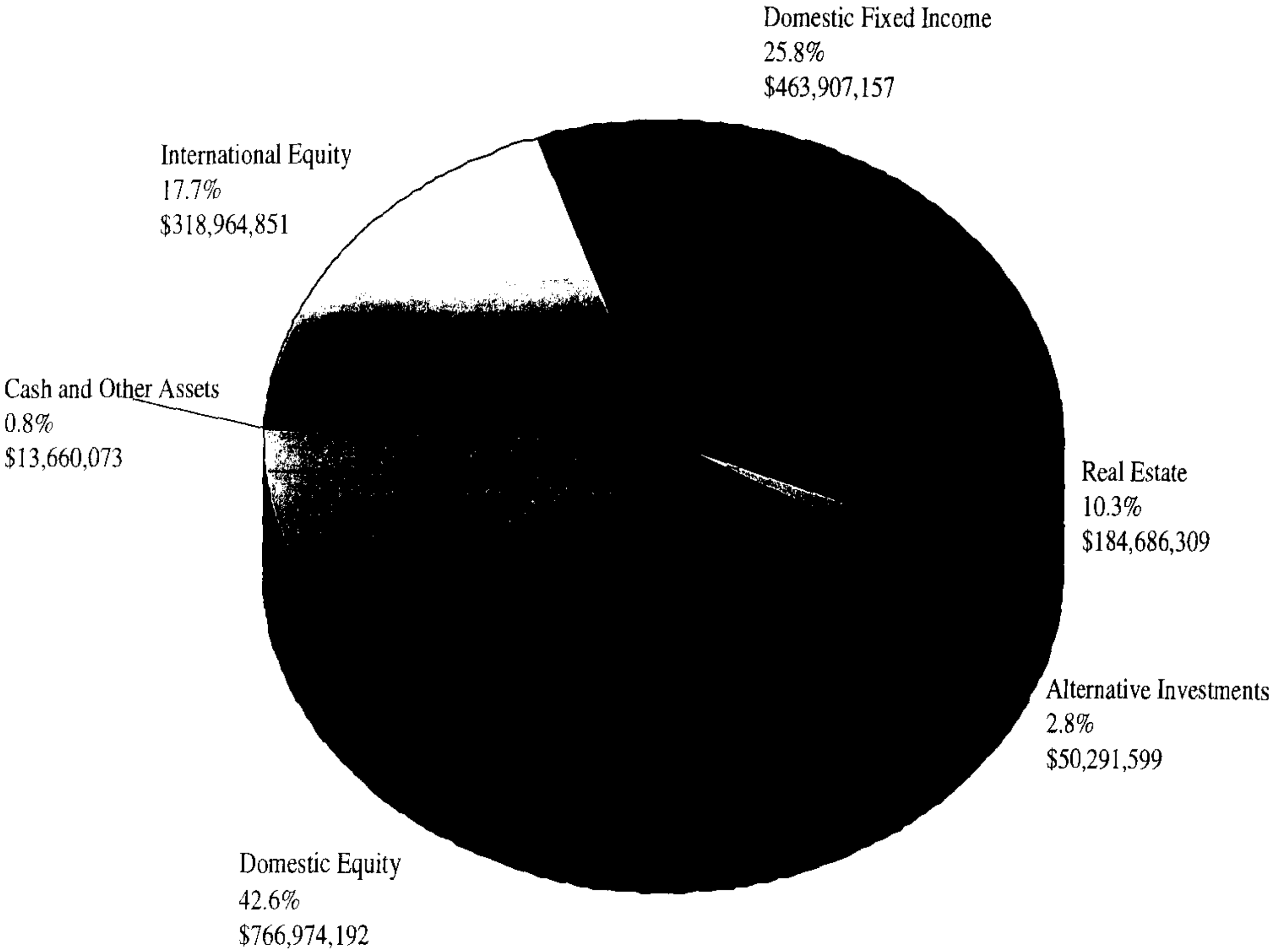
The current asset allocation strategy is shown below:



At target, a portfolio so allocated would be expected to achieve a 8.01% return with a standard deviation (risk) of 12.75%.

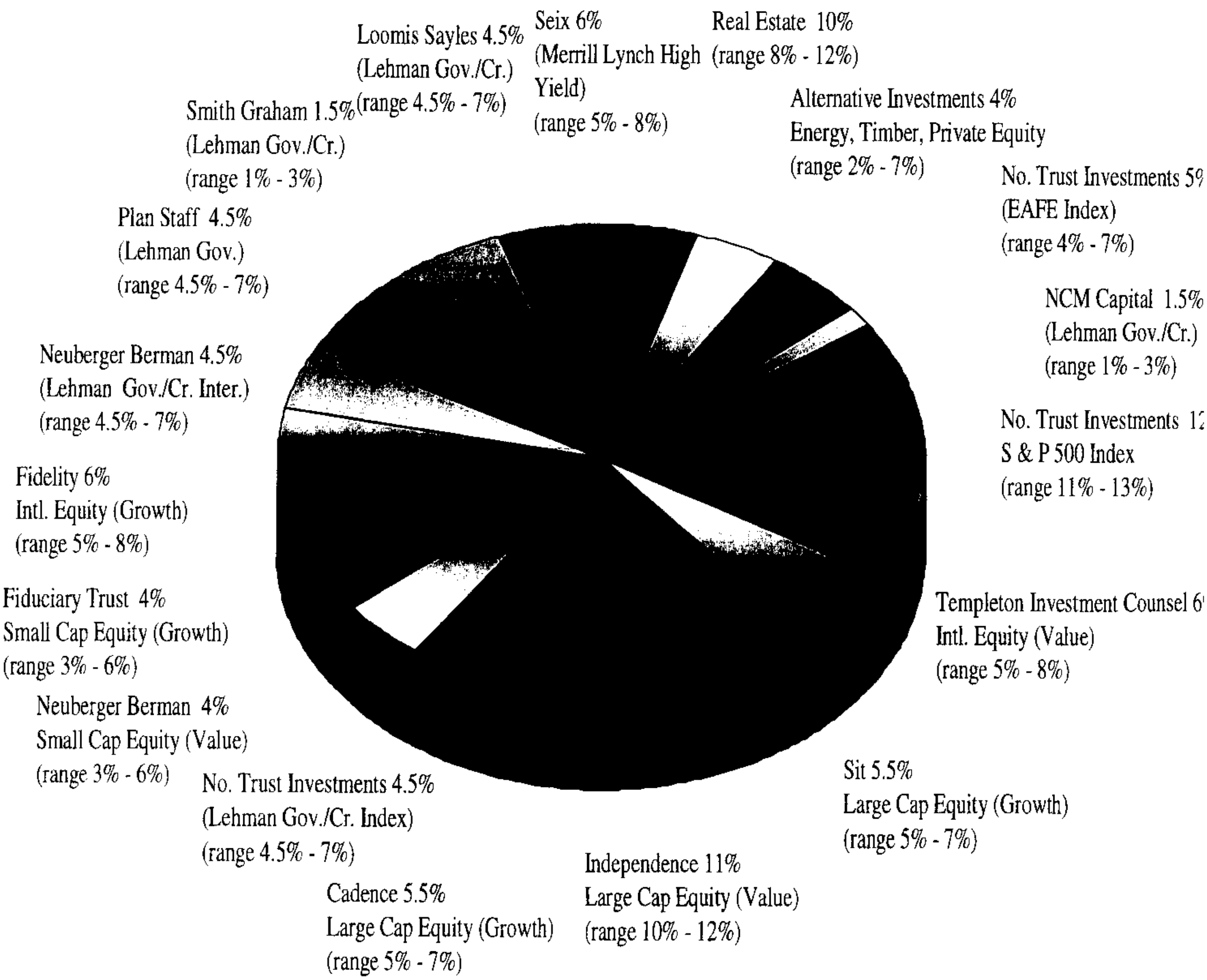
Asset Allocation by Asset Class

The total market value of the Plan on December 31, 2005, was $1,798,484,181. At December 31, 2005, the Plan's assets were allocated as shown in the graph below:



Asset Target Allocation by Managed Account

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



The Plan's investment 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, 2005, are shown below:

Top Ten Stock Holdings
December 31, 2005

Shares	Stocks	Market Value
185,316	Citigroup	$8,993,385
206,000	General Electric Co.	7,220,300
119,700	Exxon Mobil Corporation	6,723,549
112,900	ConocoPhillips	6,568,522
146,683	XTO Energy, Inc.	6,445,236
91,318	American International Group	6,230,627
229,400	Microsoft Corporation	5,998,810
71,500	Wellpoint, Inc.	5,704,985
74,780	Prudential Financial	5,473,148
234,480	Pfizer, Inc.	5,468,074

A complete listing of stock holdings is available at the Plan offices.

Top Ten Bond Holdings
December 31, 2005

Par	Bonds			Market Value
$19,790,000	U.S. Treasury Note	2.250%	due 02/15/07	$19,317,613
13,990,000	GNMA Pool 550718	5.000%	due 11/15/35	13,815,125
6,700,000	U.S. Treasury Bond	8.125%	due 08/15/19	9,089,488
8,725,000	U.S. Treasury Note	3.625%	due 01/15/10	8,485,761
5,500,000	U.S. Treasury Bond	7.500%	due 11/15/16	6,908,495
6,300,000	U.S. Treasury Note	5.625%	due 02/15/06	6,311,844
6,020,000	U.S. Treasury Note	4.500%	due 11/15/15	6,069,364
5,000,000	U.S. Treasury Note	4.375%	due 12/31/07	4,997,460
4,420,000	U.S. Treasury Bond	5.375%	due 02/15/31	4,964,898
4,000,000	FNMA Bond	5.750%	due 02/15/08	4,080,000

A complete listing of bond holdings is available at the Plan offices.

Investment Performance

The Plan contracts with Callan Associates and the Townsend Group to measure investment results on a quarterly basis. The returns are calculated using a time-weighted rate of return based on the market value of assets in accordance with AIMR's Performance Presentation Standards. Returns are reported gross of fees. The estimated annualized return from the inception of the Plan on January 1, 1963, to December 31, 2005, is 9.49%. Annualized investment results for the year ending December 31, 2005, are as follows:

	Last year	Last 3 years	Last 5 years
Domestic Equity	9.71%	17.06%	1.68%
S & P 500 Index	4.91	14.39	0.54
International Equity	14.02	23.11	3.67
MSCI EAFE Index	13.54	23.68	4.55
Fixed Income	2.74	4.22	6.38
Lehman Aggregate Index	2.43	3.62	5.87
Real Estate	20.60	14.86	11.82
NCREIF Index	20.06	14.42	11.40
Cash	3.31	1.94	2.38
T-Bills	3.07	1.84	2.34
Total Portfolio	9.98	13.89	5.18
Median Callan Public Fund	7.43	13.15	5.33
Consumer Price Index	3.40	2.86	2.52

Schedule of Investment Commissions

December 31, 2005

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
ABEL NOSER	661,066	33,053	0.050
ADAMS HARKNESS	215,240	10,762	0.050
ALPHA MGMT	226,400	11,057	0.049
AMERIC GROWTH	53,300	2,555	0.048
AVIAN SECURITY	176,700	7,068	0.040
BAIRD (ROBERT)	196,770	8,787	0.045
BANC OF AMERICA	53,080	2,313	0.044
BEAR STEARNS	828,370	36,909	0.045
BERNSTEIN	390,750	18,358	0.047
BK OF NEW YORK	34,010	1,701	0.050
BLEICHRODER	30,050	1,503	0.050
BNY-ESI & CO	516,370	25,474	0.049
BRIDGE TRADING	583,800	24,992	0.043
BROADCORT ML	366,050	16,740	0.046
CANTOR FITZGER.	424,520	15,332	0.036
CHAPDELAINE	202,190	10,110	0.050
CHASE SECURITIES	127,830	6,370	0.050
CIBC WORLD MKT	145,080	7,234	0.050
CITIGROUP	153,730	4,634	0.030
COMPASS PT RESEARCH	257,310	10,550	0.041
COWEN & CO.	473,630	21,622	0.046
CRAIG-HALLUM	322,600	10,108	0.031
DOUGHERTY & CO	58,800	2,940	0.050
EDWARDS (AG)	41,670	2,014	0.048
EXECUTION SVCS	1,004,480	40,179	0.040
FIRST ALBANY	208,420	9,742	0.047
FIRST BOSTON	703,476	29,451	0.042
FOX PITT KELTON	31,960	1,542	0.048
FRIEDMAN BILLING	126,480	5,030	0.040
FULCRUM GLOBAL	40,680	1,935	0.048
GERSON LEHRMAN	46,000	1,840	0.040
GOLDMAN SACHS	732,794	31,219	0.043
HAMBRECHT	35,400	1,770	0.050
HOWARD WEIL	207,300	9,520	0.046
INSTINET CORP.	2,044,002	36,304	0.018
INVESTMENT TECH	61,900	2,476	0.040
ISI GROUP	38,600	1,864	0.048
ITG SECURITIES	449,690	6,832	0.015
IVY SECURITIES	66,900	2,676	0.040
J.W. WILSON	198,180	7,417	0.037
JANNEY MONTGOMERY	86,350	3,813	0.044
JEFFERIES & CO.	819,145	35,169	0.043
JMP SECURITIES	33,300	1,665	0.050
JONES & ASSOCIATES	167,800	4,059	0.024
KAUFMAN BROTHER	244,800	10,330	0.042
KEEFE BRUYETTE	564,330	23,511	0.042
LA BRANCHE FIN	82,360	2,658	0.032

Schedule of Investment Commissions (continued)

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
LAZARD FRERES	46,480	2,227	0.048
LEERINK SWANN	144,300	6,379	0.044
LEGG MASON WOOD	113,800	5,679	0.050
LEHMAN BROTHERS	147,750	7,223	0.049
LIQUIDNET	174,290	4,721	0.027
LYNCH JONES	259,050	12,953	0.050
MERRILL LYNCH	1,139,846	53,479	0.047
MIDWEST RESEARCH	219,370	10,414	0.047
MORGAN J.P.	69,500	3,101	0.045
MORGAN KEEGAN	180,570	5,908	0.033
MORGAN STANLEY	82,000	2,683	0.033
NEEDHAM	374,930	16,203	0.043
OPPENHEIMER	113,577	5,679	0.050
OTA LIMITED	377,640	16,920	0.045
PERSHING & CO	320,800	12,832	0.040
PETRIE PARKMAN	131,910	5,486	0.042
PIPER JAFFRAY	331,200	15,049	0.045
PORTWARE	304,300	4,500	0.015
PRUDENTIAL SECURITIES	428,570	19,506	0.046
PULSE TRADING	405,700	10,287	0.025
RAYMOND JAMES	393,150	15,163	0.039
RBC CAPITAL MKT	401,700	16,440	0.041
ROBINSON-HUMPHREY	86,810	4,111	0.047
ROSENBLATT	68,200	2,728	0.040
ROTH CAPITAL	33,600	1,680	0.050
RV KUHNS - BRCT	238,050	11,903	0.050
SALOMON/SMITH	168,388	7,544	0.045
SANDLER ONEILL	308,055	14,365	0.047
SIDOTI & COMPANY	384,690	15,838	0.041
SIMMONS & CO	149,200	7,183	0.048
SOUTHWEST SECURITIES	105,700	4,707	0.045
STEPHENS INC	165,660	7,676	0.046
THINKEQUITY	213,300	9,538	0.045
THOMAS WEISEL	376,530	15,237	0.040
UBS WARBURG	640,360	25,183	0.039
UNTERBERG HARRIS	66,990	2,642	0.039
W.J BLUM & CO	59,740	2,311	0.039
WACHOVIA	281,300	13,153	0.047
WEDBUSH	81,600	3,600	0.044
WEEDEN	259,230	12,962	0.050
WILLIAM BLAIR	236,600	10,073	0.043
All other brokers ($1,500 or less)	771,043	32,313	0.042
TOTAL	**25,389,142**	**1,020,753**	**0.040**

Total recaptured commissions for 2005 were $178,812.95.

Schedule of Investment Management Fees

December 31, 2005

Fees on Externally Managed Portfolios

	Assets under Management	Fees
U.S. Equities		
Actively Managed		
Large Cap	$ 396,571,995	$ 1,383,501
Small Cap	160,045,541	1,465,565
Passively Managed	199,582,730	58,649
International Equities		
Actively Managed	225,058,390	1,073,157
Passively Managed	93,628,016	62,328
U.S. Fixed Income		
Actively Managed	304,068,884	1,000,486
Passively Managed	75,512,938	23,973
Real Estate		
Fees are netted with earnings	53,938,073	588,587
Fees are paid separately	130,754,236	1,316,718
Alternative Investments		
Fees are netted with earnings	25,411,342	173,072
Fees are paid separately	24,880,257	323,532
	$ 1,689,452,402	$ 7,469,568

Other Investment Service Fees

Custodial Fees	$ 188,148
Investment Consultant Fees	90,850
Performance Measurement	(75,772)

Actuarial Section

TOWERS PERRIN

HR SERVICES

May 30, 2006

Retirement Board
Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Dear Members of the Board:

An actuarial valuation of the Denver Employees Retirement Plan is completed annually. The most recent valuation was performed as of January 1, 2005.

The actuarial cost method used to determine the contribution requirements was the projected unit credit actuarial cost method. The required contribution was determined as the amount sufficient to fund the normal cost and amortize the unfunded actuarial accrued liability over thirty years as of January 1, 2004. Gains and losses are reflected in the unfunded actuarial accrued liability.

The financial objective of the Retirement Board is to ensure that the Employer's contributions to the Plan provides adequate level funding, as a percentage of active member payroll, to pay future benefits. The January 1, 2005 valuation indicates that the current contribution rate is sufficient to pay the Plan's normal cost and amortize the unfunded actuarial liability over the scheduled period.

The actuarial value of assets is determined using a method designed to temper fluctuation in the market value of assets. Twenty percent of the difference between a projected actuarial value and the market value is added to the projected actuarial value to obtain the actuarial value of assets.

Significant changes in Plan provisions made during the last three years include retiree medical coverage for out-of-network retirees, effective January 1, 2005. This plan change was reflected in the 2004 actuarial valuation. In addition, the plan formula multiplier for employees hired on or after September 1, 2004, has decreased from 2.0% to 1.5% and was recognized in the 2005 actuarial valuation.

Park Central - Tower 3, 1515 Arapahoe Street, Suite 800, Denver, CO 80202-2123
tel 303.628.4000 fax 303.628.4090 www.towersperrin.com

Members of the Retirement Board
May 30, 2006
Page 2.

TOWERS PERRIN
HR SERVICES

The valuation assumptions are adopted by the Retirement Board based on the actuary's recommendations. Effective January 1, 2005, the salary scale was decreased 1.0% at each age from the prior year's salary scale. The Mortality Table was changed from the 1983 Group Annuity Mortality (GAM) Table to a 50/50 blend of the 1983 GAM Table and the 1994 GAM Table. Experience Investigations are performed periodically by the actuary to review the assumptions. The assumptions are selected to reflect actual past experience and to recognize developing trends which are likely to affect future experience. With the exception of the change in the assumed investment return, no changes in assumptions were made as a result of the most recent Investigation for the period from 1998 to 2001. The assumptions and methods used for funding purposes meet the requirements for financial disclosures as described in GASB Statement No. 25.

Data used for the actuarial valuation is supplied by the Executive Director. The data is thoroughly examined by the actuary for reasonableness and consistency with prior years' data. The Schedules of Funding Progress and Employer Contributions in the Financial Section of this report have been developed from data in the actuarial reports and are reasonable and consistent.

Towers Perrin 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

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Members of the Retirement Board
May 30, 2006
Page 3.

TOWERS
PERRIN
HR SERVICES

On the basis of the January 1, 2005 valuation, it is our opinion that the current financial condition and operation of the Retirement Plan are sound.

Sincerely,

Principal

TFM:sia

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Summary of Actuarial Methods and Assumptions as of January 1, 2005

A. Actuarial Methods

Calculation of Normal Cost and Actuarial Accrued Liability: The method used to determine the normal cost and actuarial accrued liability was the Projected Unit Credit Actuarial Cost Method described below.

Projected Unit Credit Actuarial Cost Method

Projected benefits at assumed retirement ages were determined for all active participants under age 70, using the actuarial assumptions shown below (section B). The actuarial accrued liability for active participants was determined as the portion of projected benefits attributable to service as of the valuation date. The normal cost for active participants was determined as the portion of projected benefits attributable to service in the year commencing on the valuation date.

The actuarial accrued liability for retired participants and their beneficiaries currently receiving benefits, active participants age 70 and over, terminated vested participants and disabled participants not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No normal costs are now payable for these participants.

Calculation of the Actuarial Value of Assets: The actuarial value of assets is calculated according to the following method:

A projected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (and assuming return on assets equal to the valuation interest rate) for the year ended on the valuation date. Twenty percent (20%) of the difference between the projected actuarial value and the market value at the valuation date is added to the projected actuarial value, and the result is constrained to a range of 80% to 120% of the market value at the valuation date to obtain the actuarial value of assets.

B. Actuarial Assumptions

- Investment return, year — 8.00% per net of expenses
- Salary increases — Rates set forth in Exhibit A
- Mortality
  - preretirement healthy — 50% recognition of 1983 Group Annuity Mortality Table blended with 50% recognition of 1994 Group Annuity Mortality Table. Exhibit B
  - postretirement healthy — 50% recognition of 1983 Group Annuity Morrtality Table blended with 50% recognition of 1994 Group Annuity Mortality Table. Exhibit B
  - disabled — Life expectancies of disabled pensioners correspond to the 1983 Railroad Board Disabled Mortality Table. Sample mortality rates are as follows:

	Per 100 Participants				
Age	20	30	40	50	60
Rate	1.06	1.06	1.35	3.16	4.25

- Termination — Rates set forth in Exhibit C

Summary of Actuarial Assumptions and Methods

(Adopted as of January 1, 1998)

B. Actuarial Assumptions (continued)

◆ Disability	Rates set forth in Exhibit D
◆ Retirement	Rates set forth in Exhibit D
◆ Form of Payment	Life annuity.
◆ Proportion of participants with spouses	75% of male and 60% of female participants are assumed to be married with spouses assumed to be the same age.
◆ Covered Payroll	Prior year's earnings projected with one year's salary scale.
	participants) valuation earnings.
◆ Retiree Medical Plan Participation:	
- current retirees without coverage	0%
- actives	80% from disability or death; 85% from retirement; 30% from termination
- terminated vested	30%
- DROP participants	85%

C. Sources of Valuation Data

1. **Participant Data:** The primary source of participant data for the current valuation is a census of all participants as of December 31, 2004, supplied by the Executive Director.
2. **Asset Data:** The audit report as of December 31, 2004, was relied upon by Towers Perrin in the preparation of actuarial value of assets.
3. **Benefits Valued:** The benefits valued included all of those summarized in the Plan Provisions.

D. Changes in Actuarial Methods and Assumptions Since Prior Year

The salary scale has decreased 1% at each age from the prior year's salary scale. The Mortality Table was changed from the 1983 Group Annuity Mortality (GAM) Table to a 50% blend of the 1983 GAM Table and a 50% blend of the 1994 GAM Table.

Exhibit A

Salary Increases

Age	Percentage Increase in the Year	Ratio of Salary at Age 65 to Current Salary
25	7.7 %	6.96
30	6.7	4.90
35	5.8	3.60
40	5.2	2.75
45	4.7	2.16
50	4.3	1.73
55	3.9	1.41
60	3.4	1.17
65	3.0	1.00

Summary of Actuarial Assumptions and Methods

Exhibit B

Mortality Assumptions
1983 Group Annuity Mortality
Annual Rate per 1,000 Participants

Age	Male	Female
25	0.464	0.253
30	0.607	0.342
35	0.860	0.476
40	1.238	0.665
45	2.183	1.010
50	3.909	1.647
55	6.131	2.541
60	9.158	4.241
65	15.592	7.064
70	27.530	12.385
75	44.597	23.992
80	74.070	42.945

Mortality Assumptions
1994 Group Annuity Mortality
Annual Rate per 1,000 Participants

Age	Male	Female
25	0.661	0.291
30	0.801	0.351
35	0.851	0.478
40	1.072	0.709
45	1.578	0.973
50	2.579	1.428
55	4.425	2.294
60	7.976	4.439
65	14.535	8.636
70	23.730	13.730
75	37.211	22.686
80	62.027	39.396

Exhibit C

Termination Assumptions

Annual Rate per 1,000 Participants

Age	Male	Female
20	18.50	16.32
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

Summary of Actuarial Assumptions and Methods

Exhibit D

Retirement Assumptions	
Percentage of Eligible Participants at Age Shown Assumed to Retire During the Year	
Age	Male & Female
55	7.5%
56	5.0
57	5.0
58	5.0
59	5.0
60	10.0
61	7.5
62	25.0
63	20.0
64	25.0
65	55.0
66	30.0
67	30.0
68	30.0
69	50.0
70	100.0

Disability Assumptions		
Annual Rate of Disability per 1,000 Participants		
Age	Duty	Non-Duty
Under 50	0.20	1.00
50 and Over	2.00	4.00

Analysis of Financial Experience
Gain (or Loss) for Years Ending December 31, 2000, thru December 31, 2004

Type of Activity:			Retirement Benefits		
	2004	2003	2002	2001	2000
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	$75,742,890	($20,733,277)	($23,203,884)	($38,479,799)	($7,563,191)
2. New Entrants	(3,888,285)	(1,719,033)	(1,430,213)	(4,244,670)	(3,618,178)
3. Investment Income	(12,573,490)	(25,508,132)	(65,377,209)	(20,423,336)	22,712,750
Gain (or Loss)	59,281,115	(47,960,442)	(90,011,306)	(63,147,805)	11,531,381
Non-Recurring Items					
-Changes in Actuarial Assumptions & Methods	31,146,213	-	125,372,422	18,642,112	-
-Changes in Plan Provisions	-	-	-	(4,738,532)	(8,556,684)
-Total Non Recurring Items	31,146,213	-	125,372,422	13,903,580	(8,556,684)
Composite Gain (or Loss) During Year	$90,427,328	($47,960,442)	$35,361,116	($49,244,225)	$2,974,697

Type of Activity:			Health Benefits		
	2004	2003	2002	2001	2000
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	($8,153,114)	($3,239,830)	($1,452,235)	$3,101,234	($2,881,929)
2. New Entrants	(82,262)	(156,035)	(89,998)	(320,585)	(341,801)
3. Investment Income	(759,338)	(1,460,200)	(3,531,202)	(1,052,983)	1,454,824
Gain (or Loss)	(8,994,714)	(4,856,065)	(5,073,435)	1,727,666	(1,768,906)
Non-Recurring Items					
-Changes in Actuarial Assumptions & Methods	(398,966)	-	8,317,091	17,677,169	-
-Changes in Plan Provisions	-	(2,920,945)	-	(3,988,643)	-
-Total Non Recurring Items	(398,966)	-	8,317,091	13,688,526	-
Composite Gain (or Loss) During Year	($9,393,680)	($7,777,010)	$3,243,656	$15,416,192	($1,768,906)

Schedule of Retirees and Beneficiaries

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	% Increa in Avera Benefit
01-01-00	289	$4,950,412	117	$1,136,503	4,692	$47,083,403	7.3%	$10,035
01-01-01	421	6,199,225	137	1,293,978	4,976	52,989,910	6.1	10,649
01-01-02	656	14,557,573	185	1,304,784	5,447	68,852,267	18.7	12,640
01-01-03	459	9,431,583	192	1,220,623	5,714	77,063,227	6.7	13,487
01-01-04	547	11,847,545	241	1,904,103	6,019	87,006,673	7.2	14,455
01-01-05	313	5,270,864	132	978,089	6,200	91,229,518	1.8	14,714

Schedule of Active Members

Valuation Date	Number	Annual Payroll	Average Annual Earnings	% Increase in Average Earnings
01-01-00	10,663	$439,049,750	$41,175	4.9%
01-01-01	10,821	474,440,780	43,844	6.5
01-01-02	10,098	501,124,400	49,626	13.2
01-01-03	9,537	491,635,701	51,550	3.9
01-01-04	8,868	467,911,855	52,764	2.4
01-01-05	8,634	460,341,857	53,317	1.1

Solvency Test

		Actuarial Accrued Liabilities For				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)**
01-01-00		$447,583,743	$48,906,244	$743,648,737	$1,288,567,879	100%	100%	100%
01-01-01		501,293,173	57,512,632	791,059,566	1,397,491,574	100	100	100
01-01-02		642,493,555	63,857,552	759,753,972	1,459,257,726	100	100	100
01-01-03	(a)	743,348,834	73,130,260	661,876,563	1,503,222,742	100	100	100
01-01-04	(b)	864,664,959	82,061,381	657,803,832	1,572,938,437	100	100	95
01-01-05	(c)	928,598,347	90,906,316	646,036,160	1,651,090,641	100	100	98

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

(a)Includes DROP accounts of $25,296,434
(b)Includes DROP accounts of $48,012,526
(c)Includes DROP accounts of $69,867,672

Summary of Principal Plan Provisions

Retirement Program

Denver Employees Retirement Plan is a defined benefit plan 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 Social Security benefits and/or other retirement investments.

Contributions

In 2005, the City and County of Denver and Denver Health and Hospital Authority (DHHA) contributed 8.5% of the employee's total gross salary to the trust fund. The employee contributed 2.5% of his or her total 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.

Retirement Benefits

Calculation of Retirement Benefits

For active members employed by the City and County of Denver/DHHA prior to September 1, 2004, the retirement benefit calculation is 2% of the member's average monthly salary (AMS)(based upon the highest 36 consecutive months' salary with an agency 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 average monthly salary 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 for life.

Normal Retirement

Normal retirement becomes effective the first day of any month after the member reaches 65 and terminates employment with the City/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 equal or exceed the sum of 75.

Early Retirement

A member may retire early upon reaching age 55 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 and reduced by 3% 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 who has terminated employment with the City/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 a City/DHHA employee. If a member should die prior to receiving a monthly deferred retirement benefit, the spouse may be eligible for a benefit.

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.

Summary of Principal Plan Provisions

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 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% of the benefit calculated for an On-the-Job disability. The member must be vested and meet all Ordinance requirements.

Death Benefits Before Retirement

If an active member should die while employed with the City, DHHA or other covered agency, 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 five 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% of the On-the-Job death benefit. There are no service requirements for this benefit.

Death Benefits 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 to the member's 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 and dental insurance options for retired members and the member's family. The Plan contributes a portion of the monthly health and dental insurance premiums based on the member's years of credited service.

This summary is intended for general information purposes only and does not constitute legal advice. For detailed information, please refer to the Plan's Retirement Handbook.

Statistical Section

Revenue by Source and Expenses by Type

Revenue by Source

Fiscal Year	Employer contributions(1)	Employer Contributions as a percentage of covered payroll(2)	Employee contributions	Investment income net of investment expenses	Total
1999	$47,444,078	10.0%	$182,408	($22,094,225)	$25,532,261
2001	50,112,440	10.0	92,495	(90,529,364)	(40,324,429)
2002	50,801,045	10.0	93,905	(124,154,841)	(73,259,891)
2003	47,790,374	10.0	2,676,628	255,812,309	306,279,311
2004	38,810,210	8.0	9,982,696	172,506,821	221,299,727
2005	40,877,459	8.5	12,286,476	157,050,475	210,214,410

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

(2) Beginning on October 1, 2003, the employers reduced their contribution to 8%. Employees began making a 2% contribution. Effective January 1, 2005, employer and employee contributions increased to 8.5 and 2.5 respectively.

Expenses by Type

Fiscal Year	Pension and Health Benefits	Refunds	Administrative expenses	Total
1999	$57,856,687	$18,271	$2,095,316	$59,970,274
2001	63,419,223	23,853	2,028,993	65,472,069
2002	68,881,233	14,325	2,068,510	70,964,068
2003	75,457,563	20,800	2,215,506	77,693,869
2004	84,770,357	86,365	2,331,599	87,188,321
2005	95,255,208	167,352	2,594,585	98,017,145

Schedule of Benefit Expenses by Type

Year Ending	Age & Services Benefits		Death in Service Benefits	Disability Benefits			Lump Sum Death Benefits	Refunds	DROP Benefits (1)	Total Pension Benefits	Health Benefits (2)
	Retirees	Survivor		Retirees		Survivors					
				On-the-Job	Off-the Job						
2000	$44,433,446	$2,440,347	$1,879,220	$395,915	$2,002,129	$466,857	$1,371,996	$18,271	-	$53,008,181	$4,866,777
2001	48,762,123	2,726,821	2,003,243	443,733	2,165,980	550,044	1,020,755	23,853	74,353	57,770,905	5,672,171
2002	52,217,021	3,055,528	2,147,646	587,789	2,347,540	582,711	946,180	14,325	435,511	62,334,251	6,561,307
2003	55,940,266	3,303,251	2,328,352	514,618	2,639,992	586,217	893,150	20,800	1,653,347	67,889,993	7,588,370
2004	62,377,101	3,487,000	2,504,738	604,324	2,868,523	653,459	1,555,635	86,365	2,304,358	76,441,503	8,415,219
2005	69,452,844	3,723,260	2,766,450	571,189	2,871,960	797,577	1,275,203	167,352	4,595,148	86,220,983	9,201,577

(1) Effective January 1, 2001, the Plan implemented the Deferred Retirement Option Plan (DROP). Effective April 30, 2003, no new participants could enter DROP. An amended DROP program (DROP II) was in effect between May 1, 2003, and August 31, 2003.

(2) Beginning in 1992, the Plan has provided post-retirement health care benefits to members receiving a pension benefit.

Schedule of Retired Members by Type of Benefit

December 31, 2005

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	216	66	149				1		213	1		2
51- 100	135	19	99			2	15		102	25	4	4
101- 150	201	30	138			6	27		133	47	10	11
151- 200	178	19	129		1	10	17	2	113	45	7	13
201- 250	208	31	151			8	15	3	135	54	4	15
251- 300	193	25	113	3	3	18	30	1	125	44	2	22
301- 350	217	39	114		3	24	24	13	140	51	9	17
351- 400	165	34	88		8	21	10	4	110	35	2	18
401- 450	171	27	96	2	6	15	21	4	106	32	10	23
451- 500	199	60	86	1	13	15	17	7	130	42	6	21
501- 600	343	118	132	5	26	18	28	16	223	66	13	41
601- 700	317	138	83	2	35	15	35	9	191	68	18	40
701- 800	300	145	72	3	24	15	28	13	175	71	23	31
801- 900	276	160	44	4	20	16	27	5	165	61	20	30
901- 1000	231	152	21	2	19	11	20	6	136	52	13	30
1001-1100	257	189	23	2	10	5	18	10	137	62	23	35
1101-1200	230	150	25	2	16	9	19	9	124	64	16	26
1201-1300	210	162	14	1	7	9	14	3	116	52	11	31
1301-1400	187	153	10	3	7	2	8	4	107	37	15	28
1401-1500	195	154	10	2	9	5	12	3	92	46	22	35
1501-1600	154	129	7		3	6	9		87	33	20	14
1601-1700	136	123	5			6	1	1	74	22	16	24
1701-1800	144	132	3		2	1	4	2	83	27	15	19
1801-1900	128	119	3	1	3	1	1		77	19	11	21
1901-2000	110	102	1		1	1	4	1	56	25	9	20
2001-2500	473	426	6	3	9	8	17	4	250	117	44	62
2501-3000	295	282	1	3	4	2	2	1	150	62	25	60
3001-3500	169	162	1	1		3	2		98	35	19	17
3501-4000	104	102			1		1		63	21	9	11
4001-4500	68	65				3			37	11	5	15
4501- over	95	93			1		1		51	17	10	17
Totals	6305	3606	1624	40	231	255	428	121	3799	1344	411	753

Totals include 303 DROP participants.

*** Type of Retirement**

1 Normal Retirement for Age & 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 Attained Age and Type of Benefit

December 31, 2005

		Type of Retirement*						
Age	Number of Retirees	1	2	3	4	5	6	7
01-24	27					23	2	2
25-29	5					1		4
30-34	10				1	3	1	5
35-39	16	1			3	7	3	2
40-44	22		1		3	11	3	4
45-49	55			2	24	13	7	9
50-54	100			5	35	27	14	19
55-59	1144	624	392	7	57	28	24	12
60-64	1159	698	327	3	48	28	35	20
65-69	1041	660	245	11	26	31	51	17
70-74	873	586	155	5	17	21	78	11
75-79	776	510	144	3	10	28	75	6
80-84	622	284	233	2	4	19	73	7
85-89	323	165	93	2	2	12	46	3
90-94	110	63	30		1	2	14	
95 and up	22	15	4			1	2	
Totals	6305	3606	1624	40	231	255	428	121

Totals include 303 DROP participants.

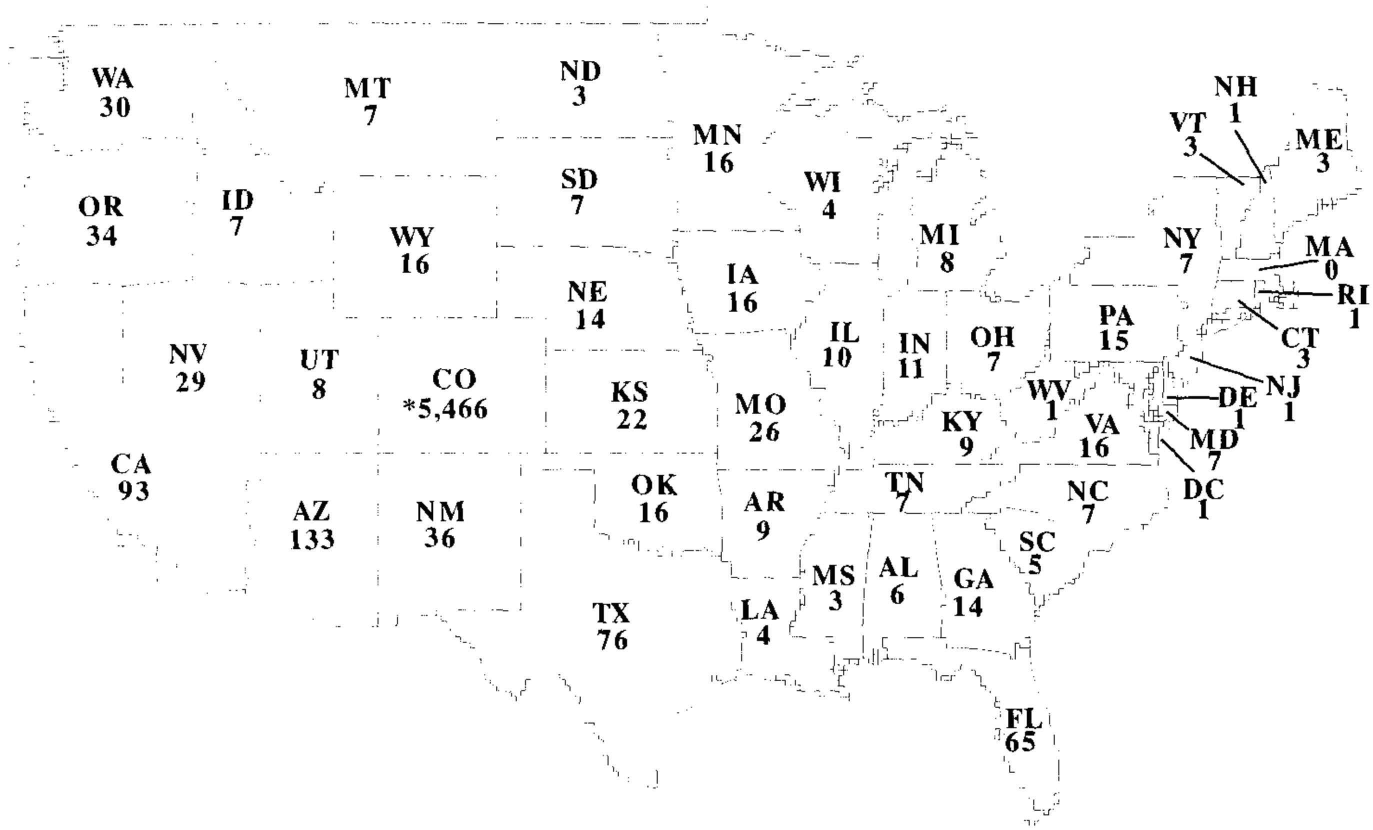
*** Type of Retirement**

1 Normal Retirement for Age & 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 Pension Benefit Payments

Retirement Effective Date For the Years Ended December 31:	Years of Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30+	Total
2000								
Average Monthly Benefits	$ 11.03	$ 273.70	$ 640.40	$ 999.39	$ 1,710.15	$ 2,455.01	$ 2,662.21	$ 1,575.32
Mean Final Avg. 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 Benefits	$ 136.18	$ 375.02	$ 738.20	$ 1,381.98	$ 2,191.11	$ 3,014.21	$ 3,033.24	$ 2,210.50
Mean Final Avg. 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 Benefits	$ 5.31	$ 330.93	$ 743.84	$ 1,237.29	$ 1,927.91	$ 2,615.87	$ 3,255.39	$ 1,754.06
Mean Final Avg. 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 Benefits	$ 340.96	$ 414.46	$ 850.92	$ 1,656.35	$ 2,208.37	$ 2,762.79	$ 3,316.91	$ 1,932.89
Mean Final Avg. 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 Benefits	$ 235.47	$ 408.91	$ 809.39	$ 1,274.68	$ 2,083.56	$ 2,325.80	$ 3,084.75	$ 1,487.81
Mean Final Avg. 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 Benefits	$ 157.05	$ 413.42	$ 723.78	$ 1,299.63	$ 1,531.58	$ 2,327.17	$ 3,307.38	$ 1,367.83
Mean Final Avg. 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
<u>From January 1, 2000 - December 31, 2005</u>								
Average Monthly Benefits	$ 131.94	$ 380.04	$ 755.78	$ 1,357.80	$ 1,989.49	$ 2,697.07	$ 3,101.42	$ 1,794.33
Mean Final Avg. Monthly Salary	$ 2,047.23	3,585.15	3,901.03	4,370.57	4,674.15	5,064.16	4,932.02	4,442.17
Number of Retirees	28	358	326	348	363	446	436	2305

Location of Plan Retirees
Total Number of Retirees - 6,305



Foreign Countries

Australia	2
Bulgaria	1
Canada	1
Israel	3
Mexico	4
New Zealand	1
Puerto Rico	1

***Includes 303 DROP participants.**