Denver Employees Retirement Plan

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2006

777 Pearl Street
Denver, Colorado 80203

Steven E. Hutt
Executive Director

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

Prepared by the Plan's Staff

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Primary Plan Sponsor

City and County of Denver, Colorado

Elected Officials

Mayor

Honorable John W. Hickenlooper

Auditor

Honorable Dennis J. Gallagher

City Council Members

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

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

June 15, 2007

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

I am pleased to present the Comprehensive Annual Financial Report (the CAFR) of the Denver Employees Retirement Plan (the Plan) of the City and County of Denver (the City) for the fiscal year ended December 31, 2006.

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 that 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 net assets of the Plan as of December 31, 2006, and the changes in net assets for the year then ended.

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. The Retirement Board selected the accounting firm BKD, LLP to render an opinion as to the fairness of the Plan's 2006 financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States of America. The Independent Accountants' Report is included in the Financial Section of this report.

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

Plan Profile The Plan was established on January 1, 1963, as a defined benefit plan. Most employees of the City, certain employees of the Denver Health and Hospital Authority (DHHA), and the Plan staff are covered by the Plan. Excluded from membership are the employees of the City's police and fire departments and the Denver Water Board. All active Plan members are required to contribute to Social Security while employed by the City. As of December 31, 2006, there were 8,988 active and 6,255 retired members of the Plan. In addition, there were 141 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 staggered six-year terms by the Mayor of the City. Additionally, the three members of the Advisory Committee are elected by the membership for staggered three-year terms.

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

The Plan provides normal, rule-of-75, early, and deferred retirement benefit options. At the time of retirement, a member may elect to receive a reduced benefit in order to provide a lifetime benefit to a spouse or an eligible beneficiary upon the member's death. The Plan also provides disability and death benefits. 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 Principal Plan Provisions in the Actuarial Section of this report. The Plan's Membership Services representatives provide ongoing pre-retirement counseling to the active members and assist the 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, over time, any weakness in one investment area with strength in another. This strategy proved successful again in 2006, with the Plan earning an annual investment return of 14.33%, a level of performance near the top third of the investment returns earned by public pension plans throughout the country.

Funded Status By the end of 2006, the pension fund moved closer 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 four years will not continue into the future. 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, 2005. 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 17 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 members who served the membership throughout 2006 and prepared this report. Special recognition goes to Mr. Don Cole who provided 19-plus years of leadership to the Plan as the Assistant Director for Systems and Finance prior to his retirement in 2006. A more detailed analysis of the 2006 financial activity is included in the Management's Discussion and Analysis included in the Financial Section which follows. I hope that readers will find this 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 continued successful operation of the Plan.

Sincerely,

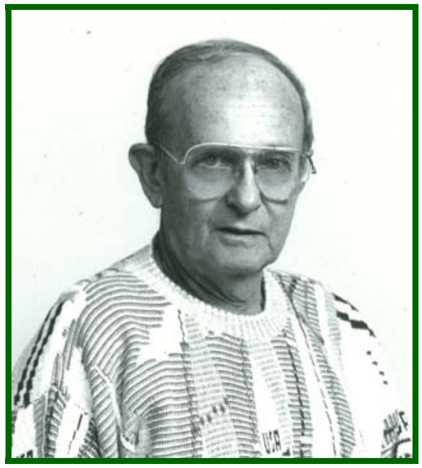
Steven E. Hutt

Steven E. Hutt
Executive Director

Retirement Board

Each member is appointed by the Mayor of Denver

Edna G. Doyle
Term expires January 1, 2007



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

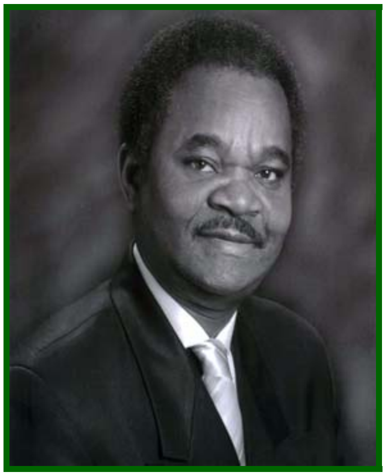
Bonney A. Lopez, CPA
Term expires January 1, 2010

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, 2008

Robert Strenski
Term expires May 31, 2009

Erma D. Zamora
Term expires May 31, 2007

Professional Services

Actuary
- Towers Perrin

Independent Accountant
- BKD, LLP

Custodian Bank
- JPMorgan Chase Bank

Consulting Services

Performance Evaluation and Investment Consultant
- Callan Associates, Inc.

Real Estate Consultant
- The Townsend Group

Investment Managers

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
- Pyramis Global Advisors
- Northern Trust Global Investments
- Templeton Investment Counsel, LLC

Domestic Fixed Income Managers
- Northern Trust Global Investments
- Loomis, Sayles & Company, L.P.
- Lehman Brothers LLC.
- Seix Advisors

Emerging Fixed Income Managers
- NCM Capital Management Group, Inc.
- Smith, Graham & Company

Real Estate Managers
- Various group trusts and other managers

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Employees Retirement Plan, Colorado

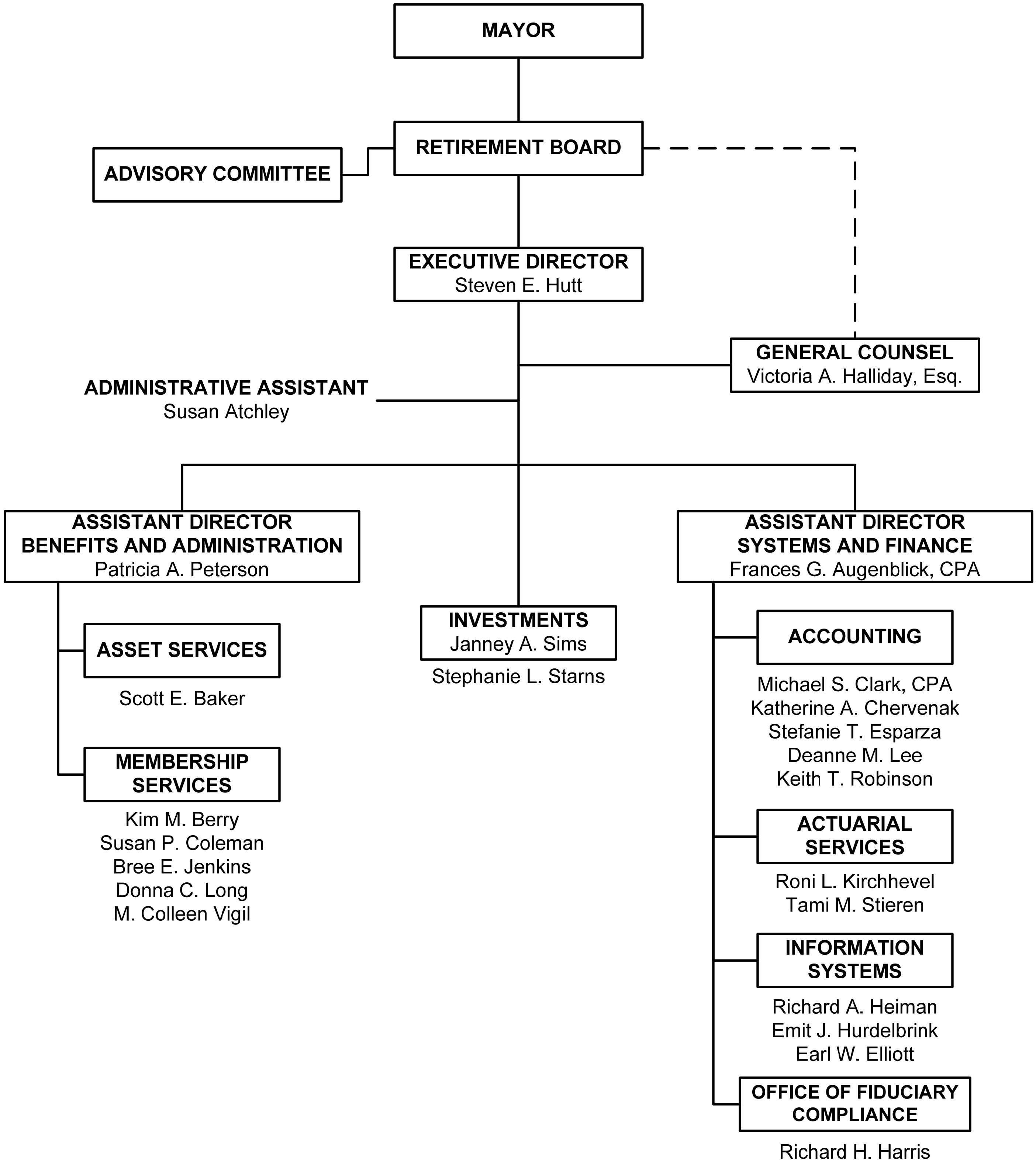
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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

President

Executive Director

Organizational Structure



Financial Section

Independent Accountants' Report on Financial Statements and Supplementary Information

To the Retirement Board of the
Denver Employees Retirement Plan

We have audited the accompanying statement of plan net assets of the Denver Employees Retirement Plan (the Plan), a component unit of the City and County of Denver, as of December 31, 2006, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of December 31, 2006, and the changes in its net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include summarized prior year comparative information. 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 financial statements for the year ended December 31, 2005, which were audited by other accountants and from which such summarized information was derived.

The accompanying management's discussion and analysis, schedule of funding progress, schedule of employer contributions and notes to required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

111 S. Tejon Street, Suite 800 Colorado Springs, CO 80903-2286 719 471-4290 Fax 719 632-8087

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of administrative expenses, schedule of investment expenses, introductory section, investment section, actuarial section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the Plan's basic financial statements. The schedule of administrative expenses and schedule of investment expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

May 8, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

This is an analysis and overview of the financial activities of the Denver Employees Retirement Plan (the Plan) for the year ended December 31, 2006. Please refer to the basic financial statements, notes to the financial statements, required supplementary information, and supporting schedules for additional information.

Financial Highlights

As of December 31, 2006, $1,990,720,219 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 2006, the total Plan net assets held in trust increased by $192,236,038; 71.3% more than the 2005 net increase. Favorable financial markets contributed to the increase.

Additions to Plan net assets included contributions of $36,035,725 from the City and County of Denver (the City) and $5,849,091 from the Denver Health and Hospital Authority (DHHA). Active Plan members contributed $12,624,301, including previously refunded contributions of $411,846. The Plan had a net investment income of $246,069,143, including net income from securities lending of $728,478.

Deductions from Plan net assets in 2006 totaled $108,342,222. This amount is 10.5% higher than the total 2005 deductions. An increase in benefit payments, primarily due to an increase in the number of retirees, contributed to a majority of the higher amounts of deductions.

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, 2006, the date of the last actuarial valuation, the funded ratio for the pension benefits was 97.3% while the funded ratio for the health benefits was 72.9%.

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:

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

The Statement of Plan Net Assets presents the Plan's assets and liabilities as of December 31, 2006, with comparative totals for 2005. This statement reflects the net assets available for benefits in the retirement and the health benefits' funds as of December 31, 2006.

The Statement of Changes in Plan Net Assets shows the additions to and deductions from the Plan's net assets during 2006 with comparative totals for 2005.

The Governmental Accounting Standards Board (GASB) promulgates the requirements for financial statement presentation and certain disclosures for state and local governmental entities. Both of the financial statements presented herein are in compliance with GASB pronouncements as applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2006

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

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

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

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, 2006, the date of the last actuarial valuation, the pension benefits' fund had a funded ratio of 97.3%, or for every dollar of pension benefits due, the Plan had approximately $0.97 in assets available for payment. The health benefits account had a funded ratio of 72.9%, which means that the Plan had approximately $0.73 in assets available for payment for every dollar of health benefits due.

On December 31, 2006, the Plan's net assets totaled $1,990,720,219. Of these funds, $92,848,939 represented monies reserved in the Deferred Retirement Option Plan (DROP) and the amended Deferred Retirement Option Plan (DROP II) accounts.

The financial market positively impacted the Plan during 2006. 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:

	2006	2005	Amount of Change	Percent Change
Assets				
Cash, short-term investments and receivables	$ 43,748,986	$ 48,775,371	$ (5,026,385)	(10.3)%
Securities lending collateral	249,814,998	279,039,738	(29,224,740)	(10.5)%
Investments, at fair value	1,950,178,592	1,762,212,547	187,966,045	10.7%
Capital assets, net	1,131,239	1,218,517	(87,278)	(7.2)%
Total assets	2,244,873,815	2,091,246,173	153,627,642	7.3%
Liabilities				
Accounts payable and unsettled securities purchased	4,338,598	13,722,254	(9,383,656)	(68.4)%
Securities lending obligations	249,814,998	279,039,738	(29,224,740)	(10.5)%
Total liablilities	254,153,596	292,761,992	(38,608,396)	(13.2)%
Net assets held in trust for pension and health benefits	$1,990,720,219	$1,798,484,181	$ 192,236,038	10.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

December 31, 2006

Reserves

The Plan has established a reserve account for accumulated DROP benefits of $92,848,939 as of December 31, 2006. These funds are designated for 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 remaining assets are available to pay retirement and health benefits.

Plan Activities

Investment markets were favorable in 2006. The sum of net investment income and contributions were significantly higher than total Plan deductions, resulting in a 10.7% increase in Plan net assets. Benefit payments increased due to a larger retiree population. For the years ended December 31, the Plan's activities were:

	2006	2005	Amount of Change	Percent Change
Additions				
Contributions	$ 54,509,117	$ 53,163,935	$ 1,345,182	2.5%
Net investment income	246,069,143	157,050,475	89,018,668	56.7%
Total additions, net	300,578,260	210,214,410	90,363,850	43.0%
Deductions				
Benefits	105,589,535	95,422,560	10,166,975	10.7%
Administrative expenses	2,752,687	2,594,585	158,102	6.1%
Total deductions	108,342,222	98,017,145	10,325,077	10.5%
Net increase	192,236,038	112,197,265	80,038,773	71.3%
Net assets held in trust for pension and health benefits				
Beginning of year	1,798,484,181	1,686,286,916	112,197,265	6.7%
End of year	$1,990,720,219	$1,798,484,181	$ 192,236,038	10.7%

Additions to Plan Net Assets

The monies needed to pay benefits are accumulated from the contributions made from employers, employees, and income generated from the Plan's investments. Earnings on investments are reported net of investment expenses. Employer contributions for 2006 totaled $41,884,816; which is 2.5% higher than the 2005 amount, due primarily to higher covered payroll in 2006. During 2006, employees contributed a total of $12,624,301, an increase of 2.7% also due to higher covered payroll. The Plan's investment return was approximately 14.3% in 2006 compared to 10.0% in 2005.

	2006	2005	Amount of Change	Percent Change
Employer contributions	$ 41,884,816	$ 40,877,459	$ 1,007,357	2.5%
Employee contributions	12,624,301	12,286,476	337,825	2.7%
Net appreciation in fair value of investments	196,135,105	113,415,850	82,719,255	72.9%
Investment income	58,096,575	51,582,657	6,513,918	12.6%
Securities lending income, net	728,478	101,721	626,757	616.2%
Investment expenses	(8,891,015)	(8,049,753)	(841,262)	10.5%
Total additions, net	$ 300,578,260	$ 210,214,410	$ 90,363,850	43.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

December 31, 2006

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. Deductions include retirement benefits, DROP distributions, refunds of employee contributions, and administrative expenses. For the year ended December 31, 2006, these deductions totaled $108,342,222, an increase of 10.5% over the 2005 total deductions. A majority of the increase is attributed to higher benefit payments as a result of a larger number of retirements and DROP distributions.

	2006	2005	Amount of Change	Percent Change
Benefits	$ 105,369,418	$ 95,255,208	$ 10,114,210	10.6%
Employee refunds	220,117	167,352	52,765	31.5%
Administrative expenses	2,752,687	2,594,585	158,102	6.1%
Total deductions	$ 108,342,222	$ 98,017,145	$ 10,325,077	10.5%

Requests for Information

This discussion and analysis is designed to provide the Plan Board, the participating employers, and the membership with an overview of the Plan's financial position as of December 31, 2006, and a summary of the Plan's activities for the year then ended.

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

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

Statement of Plan Net Assets

December 31, 2006
(with Summarized Comparative Totals for December 31, 2005)

	Pension Benefits	Health Benefits	2006 Total	2005 Total
Assets				
Cash and short-term investments	$ 31,058,692	$ 1,568,041	$ 32,626,733	$ 41,138,659
Securities lending collateral	237,808,886	12,006,112	249,814,998	279,039,738
Receivables:				
Employer contributions	-	-	-	667,761
Unsettled securities sold	4,803,730	242,523	5,046,253	1,333,500
Interest and dividends	5,783,987	292,013	6,076,000	5,635,451
Total receivables	10,587,717	534,536	11,122,253	7,636,712
Investments, at fair value				
U.S. Government obligations	139,794,697	7,057,730	146,852,427	184,466,313
Domestic corporate bonds and other fixed income	322,924,671	16,303,301	339,227,972	270,192,708
Domestic stocks	785,519,681	39,658,052	825,177,733	756,200,266
International stocks	336,304,428	16,978,796	353,283,224	316,375,352
Real estate	201,359,021	10,165,890	211,524,911	184,686,309
Other investments	70,550,486	3,561,839	74,112,325	50,291,599
Total investments	1,856,452,984	93,725,608	1,950,178,592	1,762,212,547
Capital assets, net of accumulated depreciation	1,076,872	54,367	1,131,239	1,218,517
Total assets	2,136,985,151	107,888,664	2,244,873,815	2,091,246,173
Liabilities				
Unsettled securities purchased	1,844,555	93,125	1,937,680	11,090,065
Securities lending obligations	237,808,886	12,006,112	249,814,998	279,039,738
Accounts payable	2,285,530	115,388	2,400,918	2,632,189
Total liabilities	241,938,971	12,214,625	254,153,596	292,761,992
Net assets held in trust for pension and heatlh benefits (see Schedule of Funding Progress)	$1,895,046,180	$ 95,674,039	$1,990,720,219	$1,798,484,181
Net assets held in trust for pension and health benefits	$1,802,197,241	$ 95,674,039	$1,897,871,280	$1,714,530,402
Net assets held in reserve for DROP and DROP II benefits	92,848,939	-	92,848,939	83,953,779
Net assets held in trust for pension and heatlh benefits (see Schedule of Funding Progress)	$1,895,046,180	$ 95,674,039	$1,990,720,219	$1,798,484,181

See Notes to Financial Statements

Statement of Changes in Plan Net Assets
Year Ended December 31, 2006
(with Summarized Comparative Totals for the Year Ended December 31, 2005)

	Pension Benefits	Health Benefits	2006 Total	2005 Total
Additions				
Contributions				
City and County of Denver, Colorado	$ 32,528,914	$ 3,506,811	$ 36,035,725	$ 35,036,353
Denver Health and Hospital Authority	5,280,134	568,957	5,849,091	5,841,106
Plan members	11,436,362	1,187,939	12,624,301	12,286,476
Total contributions	49,245,410	5,263,707	54,509,117	53,163,935
Investment income:				
Net appreciation in fair value of investments	186,609,100	9,526,005	196,135,105	113,415,850
Interest	25,125,670	1,284,893	26,410,563	23,659,739
Dividends	17,527,127	896,418	18,423,545	15,008,811
Real estate/other investments income	12,617,585	644,882	13,262,467	12,914,107
	241,879,482	12,352,198	254,231,680	164,998,507
Less investment expenses	8,459,130	431,885	8,891,015	8,049,753
Net income from investment activities	233,420,352	11,920,313	245,340,665	156,948,754
Securities lending income	10,946,499	560,786	11,507,285	1,370,028
Less borrower rebates	9,977,180	511,084	10,488,264	1,224,712
Less agent fees	276,363	14,180	290,543	43,595
Net income from securities lending	692,956	35,522	728,478	101,721
Net investment income	234,113,308	11,955,835	246,069,143	157,050,475
Total additions, net	283,358,718	17,219,542	300,578,260	210,214,410
Deductions				
Retired member benefits	89,686,495	9,933,174	99,619,669	90,660,060
DROP and DROP II benefits paid	5,749,749	-	5,749,749	4,595,148
Refunds of contributions	209,412	10,705	220,117	167,352
Administrative expenses	2,618,710	133,977	2,752,687	2,594,585
Total deductions	98,264,366	10,077,856	108,342,222	98,017,145
Net increase	185,094,352	7,141,686	192,236,038	112,197,265
Net assets held in trust for pension and health benefits				
Beginning of year	1,709,951,828	88,532,353	1,798,484,181	1,686,286,916
End of year	$1,895,046,180	$ 95,674,039	$1,990,720,219	$1,798,484,181

See Notes to Financial Statements

Notes to Financial Statements
December 31, 2006

Note 1: PLAN DESCRIPTION

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

Substantially all of the general employees of the City, some employees of DHHA, and all employees of the Plan are covered under the Plan. The classified service employees of the Denver Police and Denver Fire Departments and the employees of the Denver Water Board are covered by separate retirement systems. At December 31, 2006, the Plan membership consisted of the following:

	Pension Benefits	Health Benefits
Retirees and beneficiaries currently receiving benefits	6,255	4,545
Retirees and beneficiaries entitled to health benefits, but not receiving health benefits	-	1,710
Deferred Retirement Option Plan (DROP and DROP II) participants	141	141
Terminated employees entitled to benefts, but not yet receiving benefits	3,243	3,243
Current employees:		
Vested	6,729	6,729
Non-vested	2,259	2,259
Total	18,627	18,627

The following brief description of the Plan is provided for general information purposes only. Sections 18-401 through 18-430.7 of the City Revised Municipal Code should be referred to for complete details 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 2.0% 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 to 1.5%.

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 health benefits account was established by City ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and Plan members awaiting approval of retirement applications. For 2006, 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.

Notes to Financial Statements (continued)
December 31, 2006

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting and Presentation

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

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 accumulated from contributions and investment income. Such expenses totaled $2,752,687 in 2006, and are included in administrative expenses in the accompanying statement of changes in plan net assets.

Investments

The Plan's investments are reported at fair value. The fair value of domestic stocks is based on prices reported by national exchanges. The fair value of international stocks is based on prices obtained from an independent pricing service. Fixed income security fair values are based on information provided by Interactive Data Corporation. 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 2006, the Plan realized net gains on the disposition of investments of $85,974,089. The calculation of realized gains and losses is independent of the calculation of the net appreciation or depreciation 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 2006.

Investments of the Plan shall be in accordance with all applicable laws of the State of Colorado and the City and County of Denver. Specifically:

A. Investments shall be solely in the interest of the participants and their beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries.

Notes to Financial Statements (continued)
December 31, 2006

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

C. Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Capital Assets

Property and equipment are recorded at historical cost. The Plan's capitalization threshold for capital assets is $500. The costs of routine maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation on capital assets 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

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.

Estimates Made by Management

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

Prior-Year Summarized Totals

The financial statements include certain prior-year summarized comparative information in total, but do not present detail for the retirement or health benefits' accounts. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's audited financial statements for the year ended December 31, 2005, from which the summarized information was derived.

Notes to Financial Statements (continued)
December 31, 2006

Note 3: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 43

In 2006, the Plan implemented the provisions of GASB Statement No. 43 (GASB 43), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and superseded prior interim guidance. Implementation of GASB 43 had no effect on net assets held in trust for benefits as of January 1, 2006 or 2005, or on the net increase in net assets held in trust for benefits for the years ended December 31, 2006 and 2005.

Governmental Accounting Standards Board Statement No. 44

In 2006, the Plan implemented the provisions of GASB Statement No. 44 (GASB 44), *Economic Condition Reporting: The Statistical Section*, which provides guidance regarding the tables and narrative information contained in the statistical section of a comprehensive annual financial report.

Governmental Accounting Standards Board Statement No. 47

In 2006, the Plan implemented the provisions of GASB Statement No. 47 (GASB 47), *Accounting for Termination Benefits*, which establishes accounting standards for termination benefits. Implementation of GASB 47 had no effect on net assets held in trust for benefits as of January 1, 2006 or 2005, or on the net increase in net assets held in trust for benefits for the years ended December 31, 2006 and 2005.

Note 4: 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 2006, the actuarially determined contribution rates for the pension and health benefits were 10.79% and 1.07%, 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 18-407 of the Revised Municipal Code of the City. The employees’ contribution was handled as a payroll deduction and was transmitted to the Plan with the employers’ contribution. During 2006, the employers contributed $37,809,048 for pension benefits and $4,075,768 for health benefits while the employees contributed a total of $11,436,362 for pension benefits and $1,187,939 for health benefits.

An actuarial valuation is performed annually by an independent actuarial consultant to determine that contributions are sufficient to provide funds for future Plan benefits and to evaluate the funded status of the Plan. For 2006, in accordance with the January 1, 2006, actuarially determined contribution requirements, the total required contribution was $58,719,993 ($49,464,996 of normal cost and $3,962,753 amortization of the unfunded actuarial accrued liability for pension benefits; $2,481,459 of normal cost and $2,810,785 amortization of the unfunded actuarial accrued liability for health benefits) based on a rate of 11.86% of projected payroll. The actual contribution was $54,097,271 using a rate of 11.00% of covered payroll, which, when combined with the members’ repayments of $411,846, discussed below, resulted in total contributions of $54,509,117.

Notes to Financial Statements (continued)
December 31, 2006

Note 4: CONTRIBUTIONS (continued)

During 2006, employee contributions totaled $12,212,455 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 may repay contributions to reinstate service credits for periods prior to January 1, 1979. During 2006, members repaid $411,846 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.

Note 5: DEFERRED RETIREMENT OPTION PLAN (DROP)

Between January 1, 2001, and April 30, 2003, active members of the Plan who were eligible for a normal or rule-of-75 retirement could choose to enter the Deferred Retirement Option Plan (DROP) for a maximum of four years. After April 30, 2003, no active member 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 18-422 through 18-429 of the Revised Municipal Code of the City 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, 2006, there were 111 DROP participants. During the year, 153 participants exited DROP, of which 66 participants retired and 87 participants returned to active status. During 2006, a total of $13,367,465, representing $6,618,042 in benefit payments and $6,749,423 in interest payments, was credited to members' DROP accounts. A total of $5,349,954 was distributed from the DROP accounts to members who had retired and exited DROP. As of December 31, 2006, the reserve for DROP payments was $88,390,531.

Note 6: AMENDED DEFERRED RETIREMENT OPTION PLAN (DROP II)

Between May 1, 2003, and August 31, 2003, active members of the Plan who were eligible for a normal or rule-of-75 retirement could choose to enter the Amended Deferred Retirement Option Plan (DROP II) for a maximum of five years. While participating in DROP II, the member 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 percent per annum and not more than the Plan's current, annual actuarial assumed rate of return. Sections 18-430 through 18-430.7 of the Revised Municipal Code of the City 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, 2006, there were 30 DROP II participants. During 2006, 9 participants exited the program. During 2006, a total of $1,277,444, representing $1,006,783 in benefit payments and $270,661 in interest payments, was credited to members' DROP II accounts. A total of $399,795 was distributed to members who had exited DROP II during 2006. As of December 31, 2006, the reserve for DROP II payments was $4,458,408.

Notes to Financial Statements (continued)
December 31, 2006

Note 7: FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2006, was as follows:

	Pension Benefits	Health Benefits
Actuarial accrued liability (AAL)	$1,782,504,943	$ 123,775,074
Actuarial value of Plan assets	1,735,208,838	90,227,891
Unfunded AAL (UAAL)	47,296,105	33,547,183
Funded ratio (actuarial value of Plan assets/AAL)	97.3%	72.9%
Covered payroll (active plan members)	$ 495,285,185	$ 495,285,185
UAAL as a percentage of covered payroll	9.5%	6.8%

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

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

For the January 1, 2006, actuarial valuation, the projected unit credit method was used. The actuarial value of pension and health benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included an 8.0% investment rate of return (net of administrative expenses), projected salary increases of 3.0% – 7.7%, including inflation of 3.0% and 0.0% for pension and health benefits, respectively, and no cost of living increases. The remaining amortization period at December 31, 2006, was 28 years using a level dollar, open basis, amortization method.

Note 8: DEPOSITS AND INVESTMENTS

It is the objective of the Plan in managing the trust as a whole to provide a net realized rate of return in excess of at least three percent per year over a full market/economic cycle of three to seven years. The relative investment objective of the Plan is to exceed the rate of return that would have been achieved by a statically allocated and passively managed portfolio, at the same risk, in accordance with a long-term asset allocation strategy of the following approximate percentages (not intended to total 100%): total equity 59%, fixed income 27%, real estate 10%, and other investments 4%.

Notes to Financial Statements (continued)
December 31, 2006

Note 8: DEPOSITS AND INVESTMENTS (continued)

At December 31, 2006, the Plan's investment balances, including cash and short-term investments of $32,626,733, were as follows:

	Fair Value
U.S. Treasury securities	$ 144,517,844
U.S. agency securities	2,334,583
Commercial paper	5,971,292
Domestic stocks	825,177,733
International stocks	353,283,224
Corporate and mortgage bonds	339,227,972
Real estate	211,524,911
Other	100,767,766
Total	$ 1,982,805,325

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

Credit Risk

To mitigate the risk that issuers or other counterparties to an investment will not fulfill their obligations, the Plan's investment policy specifically states that the fixed income investment managers, excluding the Plan's high yield manager, invest only in securities that are rated at Baa3 or higher by Moody's, or BBB- or higher by Standard & Poor's (S&P). The investment policy permits the Plan's high yield investment manager to invest in securities rated B- or higher by S&P. Although the high yield manager is permitted to invest 5% of its portfolio, or 0.3% of total Plan assets, in securities rated CCC by S&P, this manager has not invested in such securities. The following table provides information on the credit ratings associated with the Plan's investment in debt securities as of December 31, 2006:

S&P	Moodys	Commercial Paper	Asset Backed	Mortgage Bonds	Corporate Bonds	Total
AAA	Aaa	$ -	7,495,602	$108,169,677	$ 2,598,066	$ 118,263,345
AAA	Aaa	-	248,872	341,080	403,167	993,119
AAA	NR	-	-	6,358,075	-	6,358,075
AA to AA-	A1 to Aa3	-	-	3,008,157	25,940,856	28,949,013
A to A-	A1 to Baa1	-	-	-	44,434,916	44,434,916
A-1+	P-1	-	-	7,844,789	-	7,844,789
BBB	A2-Baa3	-	-	-	20,725,823	20,725,823
BB+ to BB-	B1-Ba3	-	-	-	28,853,033	28,853,033
BB-	NR	-	-	-	20,838,083	20,838,083
B+ to B	B1to B3	-	-	-	43,625,092	43,625,092
B	NR	-	-	-	10,308,025	10,308,025
NR	Aaa	-	-	2,166,118	-	2,166,118
NR	Baa2-Baa3	-	8,885	-	1,096,247	1,105,132
NR	NR	5,971,292	-	4,055,929	707,480	10,734,701
Total		$5,971,292	$7,753,359	$131,943,825	$ 199,530,788	$ 345,199,264

Notes to Financial Statements (continued)
December 31, 2006

Note 8: DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Plan's investment policy mandates that no managed account may invest more than 5% of managed assets in the securities of a single issuer. As of December 31, 2006, the Plan was in compliance with this policy.

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. The Plan has no formal policy for custodial credit risk for deposits and investments. At December 31, 2006, the Plan had $2,581,370 in uninsured and uncollateralized deposits; there were no investments or collateral securities subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. As a means of limiting the Plan's exposure to fair value losses due to rising interest rates, the Plan uses duration as the primary measure of interest rate risk within some of its fixed income investments: intermediate – one to eight years and high yield – between (+) or (-) 10% of the duration of the Merrill Lynch High Yield Cash Pay Index. At December 31, 2006, the Plan's fixed income investments had the following maturities by investment type:

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury securities	$ 144,517,844	$ 36,945,243	$ 40,063,164	$ 37,051,942	$ 30,457,495
U.S. agency securities	2,334,583	-	-	-	2,334,583
Commercial Paper	5,971,292	5,971,292	-	-	-
Asset Backed	7,753,359	-	4,061,002	2,024,631	1,667,726
Corporate Bonds	199,530,788	1,298,523	55,743,856	105,882,719	36,605,690
Mortgage Backed	131,943,825	8,595,505	41,439,861	15,622,001	66,286,458
Total	$ 492,051,691	$ 52,810,563	$ 141,307,883	$ 160,581,293	$ 137,351,952

Notes to Financial Statements (continued)
December 31, 2006

Note 8: DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's investment policy allows 15% to 19% of total investments to be invested in non-U.S. equities. The following positions represent the Plan's exposure to foreign currency risk as of December 31, 2006:

	Foreign Currency	U.S. Dollars
Equities:	Euro	$133,724,595
	British Pound	83,620,902
	Japanese Yen	59,613,338
	Swiss Franc	21,789,379
	Australian Dollar	14,173,277
	Swedish Krona	11,683,345
	Hong Kong Dollar	8,338,563
	Norwegian Krone	7,656,472
	Singapore Dollar	6,045,892
	Danish Krone	2,946,105
	Canadian Dollar	646,477
	New Zealand Dollar	205,229
Subtotal		350,443,574
Cash:	British Pound	992,091
	Japenese Yen	28,115
	Euro	64,487
	Singapore Dollar	7,091
Subtotal		1,091,784
Total		$351,535,358

Note 9: SECURITIES LENDING

The Plan participates in a securities lending program to augment income. The program is administered by the Plan's custodial agent bank, which lends certain securities for a predetermined period of time to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit, or other collateral approved by the Plan. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The custodial agent bank determines daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The Plan continues to receive interest and dividends during the loan period, as well as, a fee from the borrower. There are no restrictions on the amount of securities that can be lent at one time. At December 31, 2006, the fair value of underlying securities lent was $266,474,280. The fair value of associated collateral was $272,906,505; of this amount, $249,814,998 represents the fair value of cash collateral and $23,091,507 is the fair value of non-cash collateral. The Plan does not have the ability to pledge or sell non-cash collateral unless the borrower defaults, therefore it is not reported on the financial statements. The Plan is fully indemnified by its custodial bank against any losses incurred as a result of borrowers default. The Plan has no credit risk exposure since the collateral held exceeds the value of the securities lent.

Notes to Financial Statements (continued)
December 31, 2006

Note 10: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

	January 1	Additions	Deletions	December 31
Capital Assets				
Land	$ 430,041	$ -	$ -	$ 430,041
Building	1,118,123	17,890	-	1,136,013
Furniture and equipment	734,096	2,971	(25,212)	711,855
Total capital assets	2,282,260	20,861	(25,212)	2,277,909
Accumulated depreciation				
Building	(532,560)	(38,615)	-	(571,175)
Furniture and equipment	(531,183)	(69,359)	25,047	(575,495)
Total accumulated depreciation	(1,063,743)	(107,974)	25,047	(1,146,670)
Net capital assets	$ 1,218,517	$ (87,113)	$ (165)	$ 1,131,239

The 2006 depreciation expense for the pension and health benefits' accounts was $102,719 and $5,255, respectively.

Required Supplementary Information

Schedule of Funding Progress

Pension Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll (b-a)/(c)
1/1/01	$1,397,491,574	$1,349,865,371	($47,626,203)	103.5%	$474,440,780	(10.0)%
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	(4.9)
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
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3	495,285,185	9.5

Health Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
1/1/01	$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
1/1/06	90,227,891	123,775,074	33,547,183	72.9	495,285,185	6.8

See Notes to Required Supplementary Information.

Required Supplementary Information (continued)

Schedule of Employer Contributions

Pension Benefits

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed (2)
	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
	2006	53,427,749	92.2

Health Benefits

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed (2)
	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
	2006	5,292,244	99.5

(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 Notes to Required Supplementary Information.

Notes to Required Supplementary Information

The information presented as required supplementary information was determined as part of the actuarial valuations at the dates indicated and applies to both the pension and health benefits. Additional information as of the latest actuarial valuation:

Valuation Date	January 1, 2006
Actuarial cost method	Projected unit credit
Remaining amortization period	28 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	3.0 – 7.7%
Includes inflation for pension benefits	3.0%
Includes inflation for health benefits	0.0%
Cost of living adjustments	None

In 2006, changes in the mortality tables increased the actuarial accrued liability by $8,703,248 and $420,884 for pension and health benefits, respectively.

Supporting Schedules

Schedule of Administrative Expenses
Year ended December 31, 2006

Personnel services:	
Salaries	$ 1,654,079
Employee benefits	353,891
Total personnel services	2,007,970
Professional services:	
Actuarial	86,979
Legal	49,498
Retirement board	39,366
Audit	27,800
Consultation	5,243
Medical examination	2,750
Total professional services	211,636
Office operations:	
Plan insurance	48,483
Postage	40,935
Office forms and printing	16,144
Office equipment	38,763
Employee travel and conferences	16,515
Telephone	9,334
Membership education	3,398
Miscellaneous operating	13,736
Personnel services	11,384
Employee education	12,495
Office supplies	8,374
Publications	9,225
Automobile	2,177
Total office operations	230,963
Computer operations:	
Computer and software leasing	39,579
Computer supplies	7,517
Other	7,343
Total computer operations	54,439
Miscellaneous administrative expenses:	
Building operations	139,705
Depreciation expense	107,974
Total miscellaneous administrative expenses	247,679
Total admistrative expenses	$ 2,752,687

Supporting Schedules

Schedule of Investment Expenses
Year ended December 31, 2006

Domestic equity portfolio management	$	3,009,903
Real estate portfolio management		2,303,994
International equity portfolio management		1,230,057
Fixed income portfolio management		1,036,022
Other investment portfolio management		918,847
Other investment related expenses		261,775
Custody		130,417
Total investment expenses	$	8,891,015

Investment Section

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CALLANASSOCIATES INC.

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

April 25, 2007

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, 2006.

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 serves as DERP's independent investment consultant and evaluates the Plan'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.

<u>Market Environment</u>

For the fourth consecutive year, the domestic equity markets extended their positive total returns with very attractive total returns. The S&P 500 rose 15.79%, and the Russell 3000 Stock Index was up 15.72%. As has been the case throughout the market recovery of recent years, "Value" oriented benchmarks and investment management styles outpaced "Growth" oriented measures.

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Within the fixed income market, the Lehman Aggregate Bond Index posted a return of only 4.33% for the year. Investment grade credit bonds (4.26%) outpaced government bonds (3.48%) as interest rates, particularly at the shorter end of the maturity spectrum, rose through the year. The mortgage-backed securities segment of the investment grade bond market was the best performing (5.22%). Below investment grade bonds continued to outpace investment grade markets; yield spreads between below investment grade and investment grade are now very small.

The resurgence in the overseas stock markets that began in the 2003 continued strongly in 2006. Measured in U.S. dollar terms, international stocks outperformed domestic stock indices by a wide margin. The difference was largely attributable to the weakness of the U.S. dollar. The MSCI EAFE Index advanced 26.34% for the year. Measured in local currency terms, the EAFE Index gained 16.46%. Emerging markets continued to surge as evidenced by the MSCI Emerging Markets Index, which advanced 32.59%.

DERP Performance

For the calendar year, DERP's total fund had a time-weighted total return of 14.33%. DERP's performance exceeded the return of the Callan Public Fund Database median of 13.88%. It slightly lagged the Plan's strategic policy benchmark target return of 15.41%, but continues to outpace the benchmark for the trailing 3- and 5-year periods. 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 12/31/06, DERP achieved an annualized return of 12.05%. The trailing 5-year return now stands at 9.20%, and DERP's trailing 10-year annualized return is a very attractive and competitive 9.10%.

In total, DERP's U.S. equity composite advanced 13.24% in 2006. This trailed both the S&P 500 and Russell 3000 stock indices (up 15.79% and 15.72%, 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 2006, despite lagging the equity market, was reasonably competitive for the equity component of the portfolio. Trailing 3-year results (11.88% annualized for the equity portfolio) exceeded both broad market benchmarks (up 11.19% and 10.44% for Russell 3000 S&P 500, respectively). Stock index portfolios (both domestic and international) met their objectives.

DERP's broad diversification continued to be a primary driver in the achievement of strong absolute performance results for calendar 2006. 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 29.07%. This was better than the MSCI EAFE Index return of 26.34% and well above the return of the domestic equity market.

DERP's fixed income composite registered a positive total return of 4.80% for the year. This return compares favorably with the Lehman Aggregate Bond Index (4.33%), 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 each of the past four years.

In summary, calendar 2006 was another strong year that, combined with 2003 – 2005, has enabled the Plan to exceed its actuarial earnings requirements. Just as the 2000-2002 span was one of below average returns, the four year recovery period has been one of above average results. The Plan has been able to fully capture the long-term benefits by maintaining its well diversified investment approach.

Sincerely,

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

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Mission Statement

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

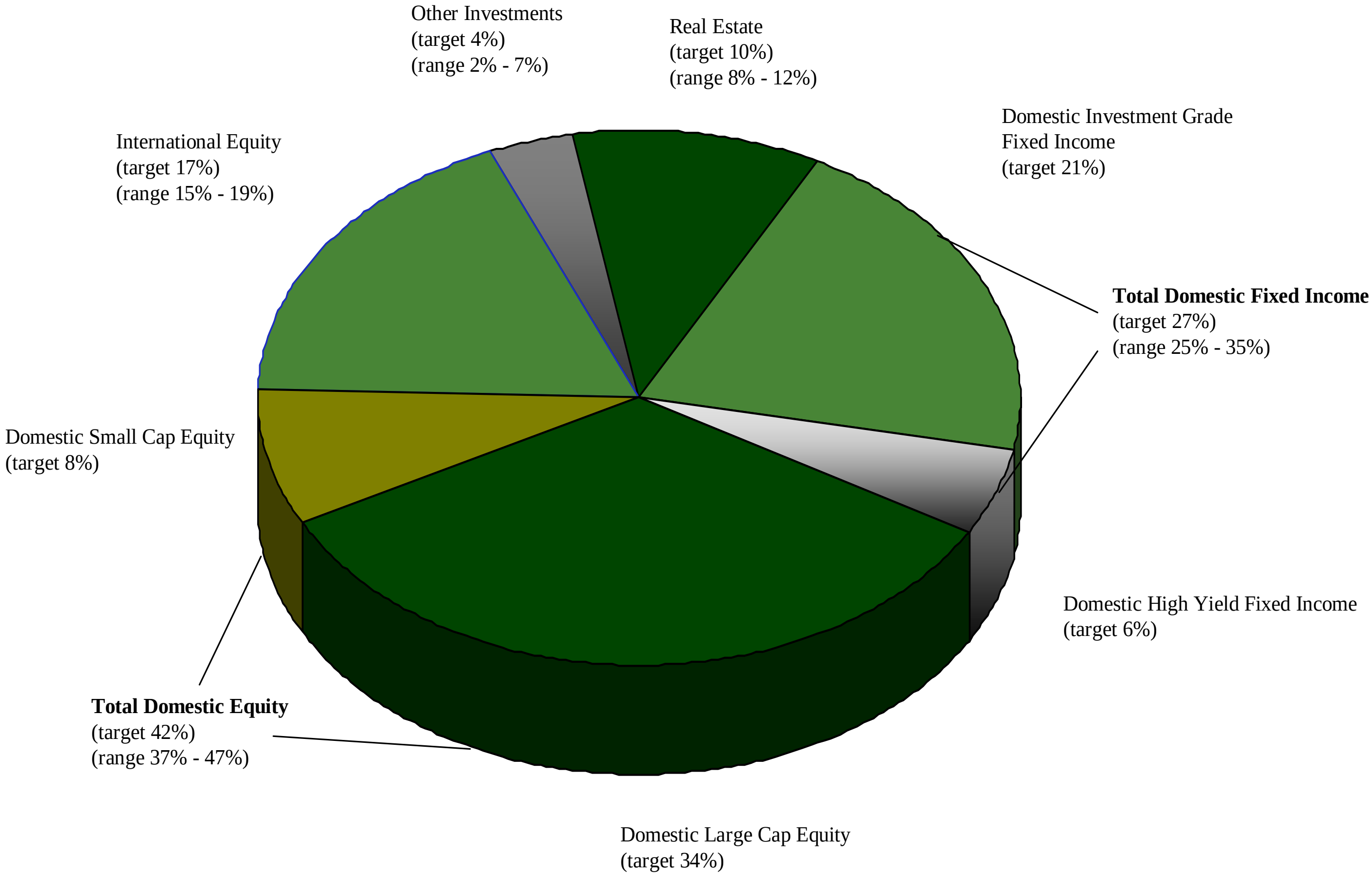
(a) Providing a net realized real rate of return in excess of three percent, annualized, over a full market/economic cycle of three to seven years;
(b) Maintaining an efficient portfolio determined by the risk and return concepts of the Capital Market Line; and
(c) Exceeding the rate of return of that 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 Plan 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 Plan Board in developing the latest asset allocation.

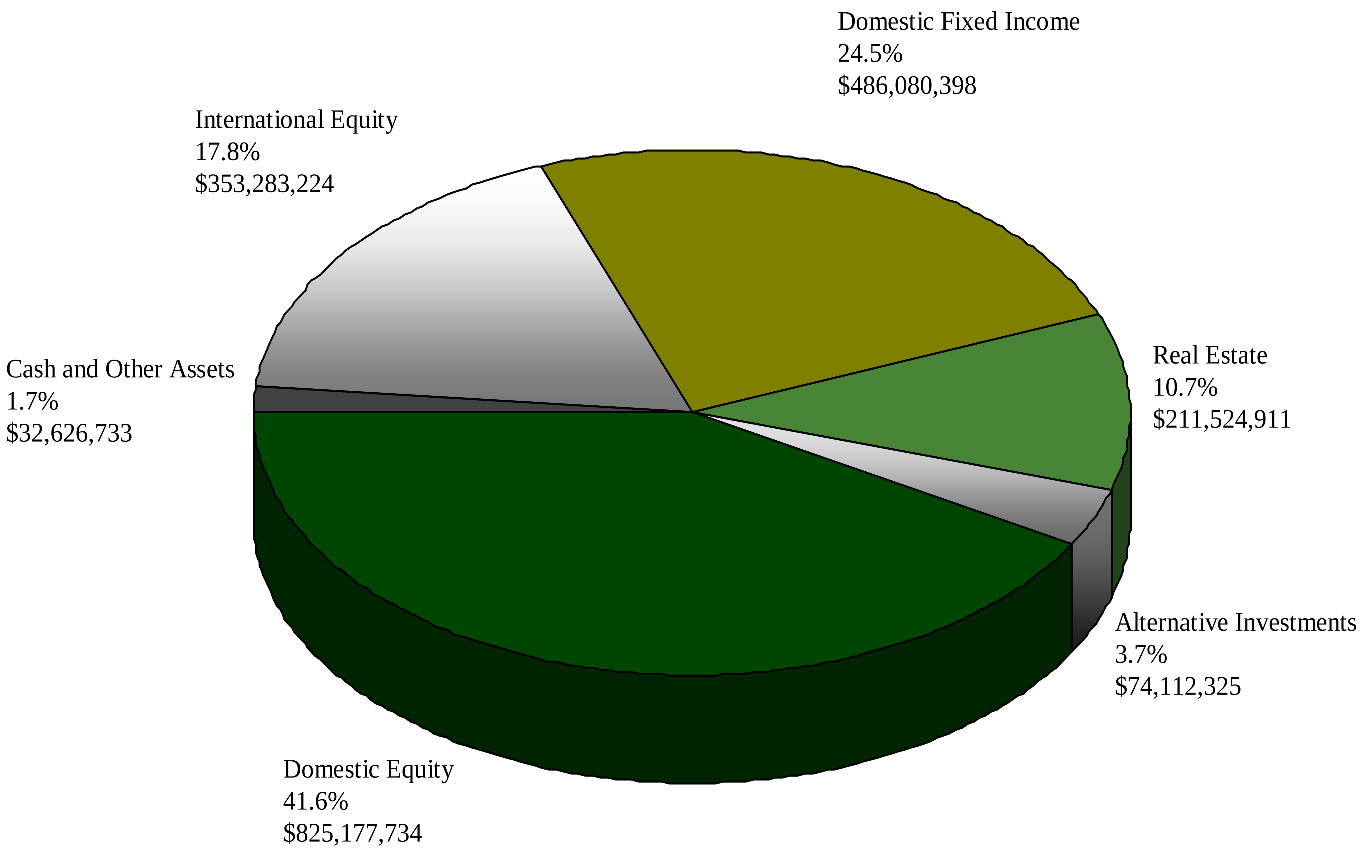
The current asset allocation strategy is shown in the chart below:



At target, a portfolio so allocated would be expected to achieve an 8.06% return with a standard deviation (risk) of 12.66%.

Asset Allocation by Asset Class

The total market value of the Plan on December 31, 2006, was $1,990,720,219, including investments of $1,982,805,325. At December 31, 2006, the Plan's investment assets were allocated as shown in the following chart:



Asset Target Allocation by Managed Account

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

Managed Account	Target Allocation	Asset Style Group	Target Allocation Range
Cadence Capital	5.5%	Large Cap Equity (Growth)	5% to 7%
Northern Trust Investments	12.0%	S&P 500 Index	11% to 13%
Independence Investments	11.0%	Large Cap Equity (Value)	10% to 12%
Sit Investment Assoc.	5.5%	Large Cap Equity (Growth)	5% to 7%
Fiduciary Global Advisors	4.0%	Small Cap Equity (Growth)	3% to 6%
Neuberger Berman	4.0%	Small Cap Equity (Value)	3% to 6%
Northern Trust Investments	4.5%	Lehman Gov./Cr. Index	4.5% to 7%
Plan Staff	4.5%	Lehman Gov. Index	4.5% to 7%
Loomis Sayles	4.5%	Lehman Gov./Cr. Index	4.5% to 7%
NCM Capital Management	1.5%	Lehman Gov./Cr. Index	1% to 3%
Seix Advisors	6.0%	Merrill Lynch High Yield	5% to 8%
Smith Graham	1.5%	Lehman Gov./Cr. Index	1% to 3%
Lehman Brothers	4.5%	Lehman Gov./Cr. Inter.	4.5% to 7%
Northern Trust Investments	5.0%	EAFE Index	4% to 7%
Templeton Investment Council	6.0%	Intl. Equity (Value)	5% to 8%
Pyramis Global Advisors	6.0%	Intl. Equity (Growth)	5% to 8%
Other Investments	4.0%	Energy, Timber, Private Equity	2% to 7%
Real Estate	10.0%	Real Estate	8% to 12%

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, 2006, are shown in the following tables:

Top Ten Stock Holdings
December 31 2006

Shares	Stocks	Market Value
174,800	Exxon Mobil Corp.	$13,394,924
179,100	Citigroup	9,975,870
141,900	Bank of America Corp.	7,576,041
78,400	American Intl. Group	5,618,144
62,600	Altria Group	5,372,332
79,800	Johnson & Johnson	5,268,396
117,700	Hewlett Packard	4,848,063
76,200	Wachovia Corp.	4,339,590
111,300	General Electric Co.	4,141,473
87,200	Bellsouth Corp.	4,107,992

Top Ten Bond Holdings
December 31 2006

Par	Bonds			Market Value
$10,700,000	U.S. Treasury Note	3.875%	due 07/31/07	$10,628,952
6,700,000	U.S. Treasury Bond	8.125	due 08/15/19	8,753,416
8,315,000	U.S. Treasury Bond	4.500	due 02/15/36	7,907,066
7,100,000	U.S. Treasury Note	4.000	due 08/31/07	7,051,720
5,500,000	U.S. Treasury Bond	7.500	due 11/15/16	6,683,380
6,692,000	U.S. Treasury Bill	0.000	due 05/03/07	6,580,372
5,000,000	U.S. Treasury Note	4.375	due 12/31/07	4,969,350
4,150,000	FHLB Bond	3.625	due 06/20/07	4,120,162
4,000,000	FNMA Bond	5.750	due 02/15/08	4,023,760
4,000,000	FHLMC Bond	4.900	due 11/03/08	3,987,360

Complete listings of stock and bond holdings are 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. Returns are reported gross of fees. The estimated annualized return from the inception of the Plan on January 1, 1963, to December 31, 2006, is 9.60%. Annualized investment results for the year ending December 31, 2006, are as follows:

	Last Year	**Last 3 Years**	**Last 5 Years**
Domestic Equity	13.24%	11.88%	7.13%
S&P 500 Index	15.79	10.44	6.19
International Equity	29.07	20.87	14.62
MSCI EAFE Index	26.34	19.93	14.98
Fixed Income	4.80	4.10	5.65
Lehman Aggregate Index	4.33	3.70	5.06
Real Estate	16.62	17.63	14.13
NCREIF Index	16.60	17.03	13.27
Cash	5.16	3.27	2.55
T-Bills	4.85	3.07	2.43
Total Portfolio	14.33	12.05	9.20
Median Callan Public Fund	13.88	11.01	8.87
Consumer Price Index	2.50	3.10	2.70

Schedule of Investment Commissions
December 31, 2006

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
ALPHA MGMT.	264,963	$13,224	$0.050
BAIRD (ROBERT)	305,770	13,935	0.046
BANC OF AMERICA	472,590	20,990	0.044
BEAR STEARNS	816,421	36,883	0.045
BERNSTEIN	412,010	20,264	0.049
BANK OF NEW YORK	288,430	13,089	0.045
BLAIR (WILLIAM)	67,360	2,816	0.042
BNY-ESI & CO	284,830	13,876	0.049
BRIDGE TRADING	153,690	6,852	0.045
CANTOR FITZGER.	223,770	7,698	0.034
CHAPDELAINE	311,860	13,012	0.042
CHASE SECURITIE	632,050	29,574	0.047
CIBC WORLD MKT.	352,300	15,274	0.043
COMPASS PT RES	515,960	20,660	0.040
COWEN & CO.	284,960	12,782	0.045
CRAIG-HALLUM	807,800	33,653	0.042
DEUTSCHE BANK	156,790	2,745	0.018
DOUGHERTY & CO.	31,200	1,560	0.050
EDWARDS (AG)	48,680	2,434	0.050
EXECUTION SVCS.	2,363,162	94,486	0.040
FIRST BOSTON	436,810	18,641	0.043
FOX PITT KELTON	38,750	1,938	0.050
FRIEDMAN BILLIN	72,470	3,600	0.050
GOLDMAN SACHS	728,030	31,378	0.043
HAGGERTY LLC	140,160	4,205	0.030
HAMBRECHT	31,100	1,555	0.050
HOWARD WEIL	92,890	4,529	0.049
HSBC SECURITIES	65,220	3,261	0.050
INSTINET CORP.	1,003,521	19,401	0.019
ITG SECURITIES	540,775	8,492	0.016
JEFFERIES & CO.	336,520	16,733	0.050
JONES & ASSOC.	95,980	2,808	0.029
KAUFMAN BROTHER	158,370	7,616	0.048
KEEFE BRUYETTE	266,880	12,234	0.046
LA BRANCHE FIN	164,280	5,631	0.034
LAZARD FRERES	102,650	4,645	0.045
LEERINK SWANN	173,010	8,641	0.050
LEHMAN BROTHERS	223,171	10,276	0.046
LIQUIDNET	358,740	7,776	0.022
LYNCH JONES	1,561,873	76,900	0.049
MERRILL LYNCH	432,390	21,151	0.049
MIDWEST RESEARC	130,950	6,548	0.050
MORGAN KEEGAN	270,400	11,565	0.043
MORGAN STANLEY	154,182	5,491	0.036
NEEDHAM	153,600	7,680	0.050
OPPENHEIMER	172,000	8,139	0.047
OTA LIMITED	330,735	15,224	0.046

Schedule of Investment Commissions - continued

December 31, 2006

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
PACIFIC GROWTH	42,990	$2,150	$0.050
PERSHING & CO.	128,830	4,492	0.035
PICKERING ENERGY	56,220	2,700	0.048
PIPER JAFFRAY	190,500	9,052	0.048
PRUDENTIAL SEC.	133,860	6,380	0.048
PULSE TRADING	91,000	1,820	0.020
RAYMOND JAMES	138,340	6,668	0.048
RBC CAPITAL MKT.	356,330	17,817	0.050
ROBINSON-HUMPH	44,520	2,092	0.047
ROTH CAPITAL	77,000	3,555	0.046
SALOMON/SMITH	187,440	8,384	0.045
SANDLER ONEILL	190,315	8,638	0.045
SCOTT & STRINGF	75,200	3,760	0.050
SIDOTI & COMPANY	184,600	8,197	0.044
SIMMONS & CO.	76,050	3,803	0.050
SOUTHWEST SEC.	31,000	1,550	0.050
STANFORD GROUP	122,800	6,140	0.050
STEPHENS, INC.	241,890	8,882	0.037
STIFEL NICHOLAS	98,730	4,937	0.050
THINKEQUITY	35,490	1,775	0.050
THOMAS WEISEL	469,070	16,137	0.034
UBS WARBURG	177,741	7,216	0.041
W.J BLUM & CO.	209,630	6,289	0.030
WACHOVIA	148,900	7,258	0.049
WEEDEN	137,026	6,704	0.049
WILLIAM BLAIR	244,300	9,643	0.040
All other brokers (1,500 or less)	670,210	26,883	0.040
TOTAL	**21,590,035**	**$894,777**	**$0.041**

Total recaptured commissions for 2006 were $170,655.

Schedule of Investment Fees
December 31, 2006

Externally Managed Portfolios	Assets under Management	Fees
U.S. Equities:		
Actively Managed		
Large Cap	$ 426,758,181	$ 1,461,246
Small Cap	160,038,206	1,484,576
Passively Managed	238,381,347	64,081
International Equities:		
Actively Managed	250,668,609	1,161,395
Passively Managed	102,614,616	68,662
U.S. Fixed Income:		
Actively Managed	315,892,928	1,012,213
Passively Managed	93,065,515	23,809
Real Estate:		
Fees are netted with earnings	64,977,005	765,885
Fees are paid separately	146,547,906	1,538,109
Other Investments:		
Fees are netted with earnings	34,298,875	243,850
Fees are paid separately	39,813,450	674,997
	$1,873,056,638	$ 8,498,823

Other Investment Services	
Custody Fees	$ 130,417
Other investment related expenses (net of commission recapture)	261,775

Actuarial Section

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TOWERS PERRIN
HR SERVICES

April 13, 2007

Retirement Board
Denver Employees Retirement Plan
777 Pearl Street
Denver, CO 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, 2006.

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 twenty eight years as of January 1, 2006 (Initialized as 30 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, 2006 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.

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Members of the Retirement Board
April 13, 2007
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HR SERVICES

The valuation assumptions are adopted by the Retirement Board based on the actuary's recommendations. Effective January 1, 2006, the Mortality Table was changed from a 50/50 blend of the 1983 GAM Table and the 1994 GAM Table to 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. 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
April 13, 2007
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TOWERS PERRIN
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On the basis of the January 1, 2006 valuation, it is our opinion that the current financial condition and operation of the Retirement Plan are sound.

Sincerely,

John J. Toslosky
Principal

JJT:sia

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Summary of Actuarial Methods and Assumptions as of January 1, 2006

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	1994 Group Annuity Mortality Table. Exhibit B.
▸ postretirement healthy	1994 Group Annuity Mortality Table. Exhibit B.

TOWERS PERRIN HR SERVICES

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▸ disabled	Life expectancies of disabled pensioners correspond to the 1983 Railroad Board Disabled Mortality Table. Sample mortality rates 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.
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.
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, 2005 supplied by the Executive Director.
2. **Asset Data:** The audit report as of December 31, 2005, 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 Mortality Table was changed from a 50% blend of the 1983 GAM Table and a 50% blend of the 1994 GAM Table to the 1994 GAM Table.

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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

Exhibit B

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

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Exhibit C

Termination Assumptions

	Annual Rate per 100 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

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Exhibit D

Retirement Assumptions

Percentage of Eligible Participants at Age Shown

Assumed to Retire During the Year

Age	Male and 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

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Analysis of Financial Experience

Gain (or Loss) for the Years Ending December 31, 2001 thru 2005

Retirement Benefits

Type of Activity:	2005	2004	2003	2002	2001
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	($15,368,607)	$13,450,464	($20,733,277)	($23,203,884)	($38,479,799)
2. New Entrants	(1,032,441)	(3,888,285)	(1,719,033)	(1,430,213)	(4,244,670)
3. Investment Income	(6,314,252)	(12,573,490)	(25,508,132)	(65,377,209)	(20,423,336)
Gain (or Loss)	(22,715,300)	(3,011,311)	(47,960,442)	(90,011,306)	(63,147,805)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	(5,576,536)	31,146,213	-	125,372,422	18,642,112
Changes in Plan Provisions	-	-	-	-	(4,738,532)
Total Non-recurring Items	(5,576,536)	31,146,213	-	125,372,422	13,903,580
Composite Gain (or Loss) During Year	($28,291,836)	$28,134,902	($47,960,442)	$35,361,116	($49,244,225)

Health Benefits

Type of Activity:	2005	2004	2003	2002	2001
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	($4,381,953)	($8,153,114)	($3,239,830)	($1,452,235)	$3,101,234
2. New Entrants	(62,118)	(82,262)	(156,035)	(89,998)	(320,585)
3. Investment Income	(423,884)	(759,338)	(1,460,200)	(3,531,202)	(1,052,983)
Gain (or Loss)	(4,867,955)	(8,994,714)	(4,856,065)	(5,073,435)	1,727,666
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	(420,884)	(398,966)	-	8,317,091	17,677,169
Changes in Plan Provisions	-	-	(2,920,945)	-	(3,988,643)
Total Non-recurring Items	(420,884)	(398,966)	-	8,317,091	13,688,526
Composite Gain (or Loss) During Year	($5,288,839)	($9,393,680)	($7,777,010)	$3,243,656	$15,416,192

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	Percent Increase in Average Benefit
01/01/01	421	$6,199,225	137	$1,293,978	4,976	$52,989,910	$10,649	6.1%
01/01/02	656	14,557,573	185	1,304,784	5,447	68,852,267	12,640	18.7
01/01/03	459	9,431,583	192	1,220,623	5,714	77,063,227	13,487	6.7
01/01/04	547	11,847,545	241	1,904,103	6,019	87,006,673	14,455	7.2
01/01/05	313	5,270,864	132	978,089	6,200	91,229,518	14,714	1.8
01/01/06	321	5,228,193	216	3,632,153	6,305	93,261,687	14,792	0.5

Schedule of Active Members

Valuation Date	Number	Annual Payroll	Average Annual Earnings	% Increase in Average Earnings
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
01/01/06	8,732	475,500,445	54,455	2.1

Solvency Test

		Actuarial Accrued Liabilities				Portion of Accrued Liabilities Covered by Valuation Assets		
		(1)	(2)	(3)				
Valuation Date		Retirees and Beneficiaries	Terminated Vested Members	Active Members	Valuation Assets	(1)	(2)	(3)
01/01/01		$501,293,173	$57,513,632	$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)**	928,598,346	90,906,316	646,036,160	1,651,090,641	100	100	98
01/01/06	**(d)**	971,604,541	100,574,234	710,326,168	1,735,208,838	100	100	93

(a) Includes DROP accounts of $25,296,434.
(b) Includes DROP accounts of $48,012,526.
(c) Includes DROP accounts of $69,867,672.
(d) Includes DROP accounts of $83,953,779.

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.

Summary of Principal Plan Provisions[1]

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 2006, the City and County of Denver (City) and Denver Health and Hospital Authority (DHHA) contributed 8.5% of the employee's total gross salary to the trust fund. The employees contributed 2.5% of their total gross salary, on a pretax basis, through payroll deductions. In addition, pursuant to an Amended Agreement between DHHA and the Plan, DHHA made a Supplemental Contribution in 2006 in recognition of the differentially higher actuarial cost of DHHA's current covered employees compared to that of the City's current employees. 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/DHHA prior to September 1, 2004, the retirement benefit calculation is 2.0% of the member's average monthly salary (AMS) (based upon the highest 36 consecutive months' salary with an 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.

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

Summary of Principal Plan Provisions (continued)

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.

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

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

Disability Retirement - Off-the-Job
A permanent disability not directly connected to the job will be classified as an Off-the-Job disability. The Off-the-Job disability benefit is 75% of the benefit calculated for an On-the-Job disability. The member must be vested and meet all City 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.

Summary of Principal Plan Provisions (continued)

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.

Statistical Section

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

Changes in Net Assets

Last Ten Fiscal Years

	1997	1998	1999	2000	2001
Pension Benefits					
Additions:					
Member contributions[(1)]	$ 165,926	$ 148,417	$ 99,096	$ 182,408	$ 92,495
Employer contributions[(1)]	34,119,201	34,685,010	37,407,039	41,655,778	43,898,497
Investment income (net of expenses)	182,861,577	207,198,096	199,730,987	(20,894,287)	(85,618,821)
Total additions to Plan net assets	217,146,704	242,031,523	237,237,122	20,943,899	(41,627,829)
Deductions:					
Benefit payments	42,543,476	42,280,614	47,083,403	52,989,910	67,208,148
Refunds	-	25,550	10,345	18,271	23,853
Administrative expenses	1,706,035	1,788,832	1,922,442	1,982,906	1,918,365
Total deductions from Plan net assets	44,249,511	44,094,996	49,016,190	54,991,087	69,150,366
Change in net assets	$ 172,897,193	$ 197,936,527	$ 188,220,932	$ (34,047,188)	$ (110,778,195)
Health Benefits					
Additions:					
Member contributions[(1)]	$ -	$ -	$ -	$ -	$ -
Employer contributions[(1)]	5,209,494	5,646,397	6,497,936	5,788,300	6,213,943
Investment income (net of expenses)	10,116,284	10,894,132	11,072,630	(1,199,938)	(4,910,543)
Total additions to Plan net assets	15,325,778	16,540,529	17,570,566	4,588,362	1,303,400
Deductions:					
Benefit payments	1,776,649	2,925,511	3,668,079	4,866,777	5,672,171
Refunds	-	-	-	-	-
Administrative expenses	83,458	93,454	105,570	112,410	110,628
Total deductions from Plan net assets	1,860,107	3,018,965	3,773,649	4,979,187	5,782,799
Change in net assets	$ 13,465,671	$ 13,521,564	$ 13,796,917	$ (390,825)	$ (4,479,399)

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

(2) Beginning on October 1, 2003, the employers reduced their contribtion to 8.0%. Employees began making a 2.0% contribution.

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

2002	2003	2004	2005	2006
$ 93,905	$ 2,457,661 [2]	$ 9,197,797	$ 11,248,020 [3]	$ 11,436,362
47,244,972	43,441,450	35,666,583	37,437,133	37,809,048
(117,388,491)	242,309,261	163,674,788	149,237,500	234,113,308
(70,049,614)	288,208,372	208,539,168	197,922,653	283,358,718
62,319,926	67,869,193	76,355,138	86,053,631	95,436,244
14,325	20,800	81,937	159,000	209,412
1,955,993	2,098,088	2,211,322	2,464,874	2,618,710
64,290,244	69,988,081	78,648,397	88,677,505	98,264,366
$ (134,339,858)	$ 218,220,291	$ 129,890,771	$ 109,245,148	$ 185,094,352
$ -	$ 218,967	$ 784,899	$ 1,038,456	$ 1,187,939
3,556,073	4,348,924	3,143,627	3,530,326	4,075,768
(6,766,350)	13,503,048	8,832,033	7,812,975	11,955,835
(3,210,277)	18,070,939	12,760,559	12,381,757	17,219,542
6,561,307	7,588,370	8,415,219	9,201,577	9,933,174
-	-	4,428	8,352	10,705
112,517	117,418	120,277	129,711	133,977
6,673,824	7,705,788	8,539,924	9,339,640	10,077,856
$ (9,884,101)	$ 10,365,151	$ 4,220,635	$ 3,042,117	$ 7,141,686

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

	1997	1998	1999	2000	2001
Age and Services Benefits:					
Retirees	$ 36,234,213	$ 35,355,298	$ 39,332,776	$ 44,433,446	$ 48,762,123
Survivor	1,673,626	1,868,220	2,176,884	2,440,347	2,726,821
Death in Service Benefits	1,455,919	1,559,253	1,751,794	1,879,220	2,003,243
Disability Benefits:					
Retirees:					
On-the-Job	251,146	292,560	351,956	395,915	443,733
Off-the-Job	1,509,556	2,576,186	1,900,456	2,002,129	2,165,980
Survivors	352,329	379,000	418,616	466,857	550,044
Lump Sum Death Benefits	1,057,329	1,250,097	1,150,921	1,371,996	1,020,755
Pension Benefits' Refunds	-	25,550	10,345	18,271	23,853
Health Benefits' Refunds	-	-	-	-	-
DROP Benefits (1)	-	-	-	-	74,353
Pension Benefits	42,534,118	43,280,614	47,083,403	52,989,910	57,672,699
Health Benefits (2)	1,776,649	2,925,511	3,668,079	4,866,777	5,672,171

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

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

2002	2003	2004	2005	2006
$ 52,217,021	$ 55,940,266	$ 62,377,101	$ 69,452,844	$ 77,386,468
3,055,528	3,303,251	3,487,000	3,723,260	4,057,908
2,147,646	2,328,352	2,504,738	2,766,450	2,802,956
587,789	514,618	604,324	571,189	581,664
2,347,540	2,639,992	2,868,523	2,871,960	2,986,632
582,711	586,217	653,459	797,577	847,519
946,180	893,150	1,555,635	1,275,203	996,348
14,325	20,800	81,937	159,000	209,412
-	-	4,428	8,352	10,705
435,511	1,653,347	2,304,358	4,595,148	5,749,749
61,884,415	66,205,846	74,050,780	81,458,483	89,686,495
6,561,307	7,588,370	8,415,219	9,201,577	9,933,174

Schedule of Retired Members by Type of Benefit - Pension

December 31, 2006

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	143	45	97				1		139	1	1	2
51- 100	131	17	96			2	16		99	25	3	4
101- 150	194	25	136			6	27		124	49	10	11
151- 200	189	16	139		1	10	21	2	120	48	6	15
201- 250	217	31	158			7	17	4	135	60	5	17
251- 300	207	26	123	3	2	18	34	1	129	52	4	22
301- 350	217	37	121		3	19	25	12	136	50	12	19
351- 400	166	28	97		8	18	11	4	111	38	1	16
401- 450	169	24	102	2	6	12	19	4	104	31	11	23
451- 500	187	54	83	1	12	14	16	7	120	41	6	20
501- 600	354	114	148	3	25	18	30	16	223	72	14	45
601- 700	318	132	91	2	34	15	35	9	186	70	21	41
701- 800	299	136	77	3	23	16	30	14	172	73	23	31
801- 900	280	154	49	4	20	17	31	5	167	61	19	33
901- 1000	234	152	23	2	19	12	20	6	134	55	14	31
1001-1100	271	190	32	2	11	6	20	10	143	70	25	33
1101-1200	231	149	26	2	16	9	20	9	128	63	14	26
1201-1300	212	159	13	1	9	10	17	3	111	57	12	32
1301-1400	197	156	15	3	7	1	11	4	110	41	16	30
1401-1500	197	155	10	2	11	6	11	2	95	48	20	34
1501-1600	165	136	8	1	3	6	11		91	34	22	18
1601-1700	143	128	5			6	2	2	77	27	17	22
1701-1800	141	130	2		2	1	4	2	77	29	16	19
1801-1900	140	127	4	1	3	2	2	1	80	22	12	26
1901-2000	119	111	1		1	1	4	1	58	28	10	23
2001-2500	492	440	7	3	11	7	19	5	244	130	47	71
2501-3000	320	304	3	3	5	2	2	1	141	81	29	69
3001-3500	183	174	1	1	1	3	3		99	43	21	20
3501-4000	107	105			1		1		53	27	9	18
4001-4500	66	63				3			29	14	4	19
4501- over	107	105			1		1		50	24	15	18
Totals	6396	3623	1667	39	235	247	461	124	3685	1464	439	808

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

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

Totals include 141 DROP participants.

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

December 31, 2006

[1] Over 65 years of age			[2] Under 65 years of age	
Amount of Reduction Eligible to Receive	Number of Retirees		Amount of Reduction Eligible to Receive	Number of Retirees
$6.25 - 50.00	190		$12.50 - 50.00	3
51.00 - 100.00	575		51.00 - 100.00	149
101.00 - 150.00	757		101.00 - 150.00	145
151.00 - 200.00	679		151.00 - 200.00	197
201.00 - 250.00	223		201.00 - 250.00	273
251.00 - 300.00	41		251.00 - 300.00	322
301.00 - 350.00	13		301.00 - 350.00	339
351.00 - 400.00	6		351.00 - 400.00	369
401.00 - 450.00	0		401.00 - 450.00	184
451.00 - over	1		451.00 - 500.00	31
			501.00 - 550.00	13
			551.00 - 600.00	11
			601.00 - 650.00	9
			651.00 - 700.00	6
			701.00 - 750.00	5
			751.00 - 800.00	1
			801.00 - 850.00	2
			851.00 - over	1
Totals	2,485			2,060

Type of Benefit:
[1] Over 65 years of age participants are eligible for health insurance reduction equal to $6.25 for each year of service.
[2] Under 65 years of age participants are eligible for health insurance reduction equal to $12.50 for each year of service.

Schedule of Retired Members by Attained Age and Type of Pension Benefit
December 31, 2006

Age	Number of Retirees	Type of Retirement* 1	2	3	4	5	6	7
01-24	23					19	2	2
25-29	3							3
30-34	9				1	4		4
35-39	17	1			3	5	4	4
40-44	29		1		4	15	4	5
45-49	46			2	16	12	9	7
50-54	96	1		4	35	20	18	18
55-59	1158	602	419	6	60	33	25	13
60-64	1222	728	362	4	46	28	35	19
65-69	1057	660	245	8	34	30	60	20
70-74	854	557	160	8	19	25	73	12
75-79	780	529	133	1	10	20	80	7
80-84	612	300	196	4	4	23	78	7
85-89	356	175	112	2	3	9	53	2
90-94	111	57	34			3	16	1
95 and up	23	13	5			1	4	
Totals	6396	3623	1667	39	235	247	461	124

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

Totals include 141 DROP participants.

Average Monthly Benefit Payment – Pension
Last Ten Fiscal Years

Retirement Effective Date for the Years Ended December 31:	Years of Credited Service 0-5	6-10	11-15	16-20	21-25	26-30	31+	Total
1997								
Average Monthly Benefits	$66.98	$326.59	$584.33	$916.59	$1,305.55	$1,733.06	$2,273.06	$1,213.65
Mean Final Avg. Monthly Salary	$1,891.58	$3,315.30	$3,461.33	$3,342.34	$3,639.77	$3,973.53	$3,947.30	$3,605.64
Number of Retirees	4	57	47	76	81	76	57	398
1998								
Average Monthly Benefits	$172.25	$309.19	$567.87	$875.27	$1,320.86	$1,630.27	$2,465.00	$1,305.89
Mean Final Avg. Monthly Salary	$2,844.15	$3,435.97	$3,407.20	$3,503.08	$3,673.59	$3,616.76	$4,589.61	$3,741.64
Number of Retirees	2	37	31	34	58	55	50	267
1999								
Average Monthly Benefits	$116.21	$326.61	$599.31	$846.68	$1,348.41	$1,827.64	$2,447.32	$1,275.31
Mean Final Avg. Monthly Salary	$2,270.76	$3,489.25	$3,342.17	$3,158.85	$3,795.27	$4,088.86	$4,570.05	$3,759.51
Number of Retirees	6	47	51	40	72	51	52	306
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
2006								
Average Monthly Benefits	$241.12	$380.82	$798.58	$1,640.94	$2,061.07	$2,498.79	$3,358.99	$1,612.03
Mean Final Avg. Monthly Salary	$1,116.33	$3,672.48	$4,061.86	$5,301.29	$5,103.43	$7,480.71	$5,453.33	$4,562.89
Number of Retirees	7	86	71	59	50	44	63	380

Average Monthly Benefit Payment – Health Benefits Reduction

For the year ended December 31, 2006

Retirement Effective Date for the Year Ended December 31:	Years of Credited Service 1-5	6-10	11-15	16-20	21-25	26-30	31+	Total
2006								
Total Eligible Reduction Amount	$3,531	$30,738	$68,931	$125,975	$183,056	$230,344	$296,069	$938,644
Average Monthly Benefit Paid	$36.36	$62.47	$95.70	$145.35	$191.33	$245.71	$292.40	$186.00
Number of Retirees	89	423	608	780	876	872	897	4,545

Note: only one year of data is available because 2006 is the first year the information was captured.

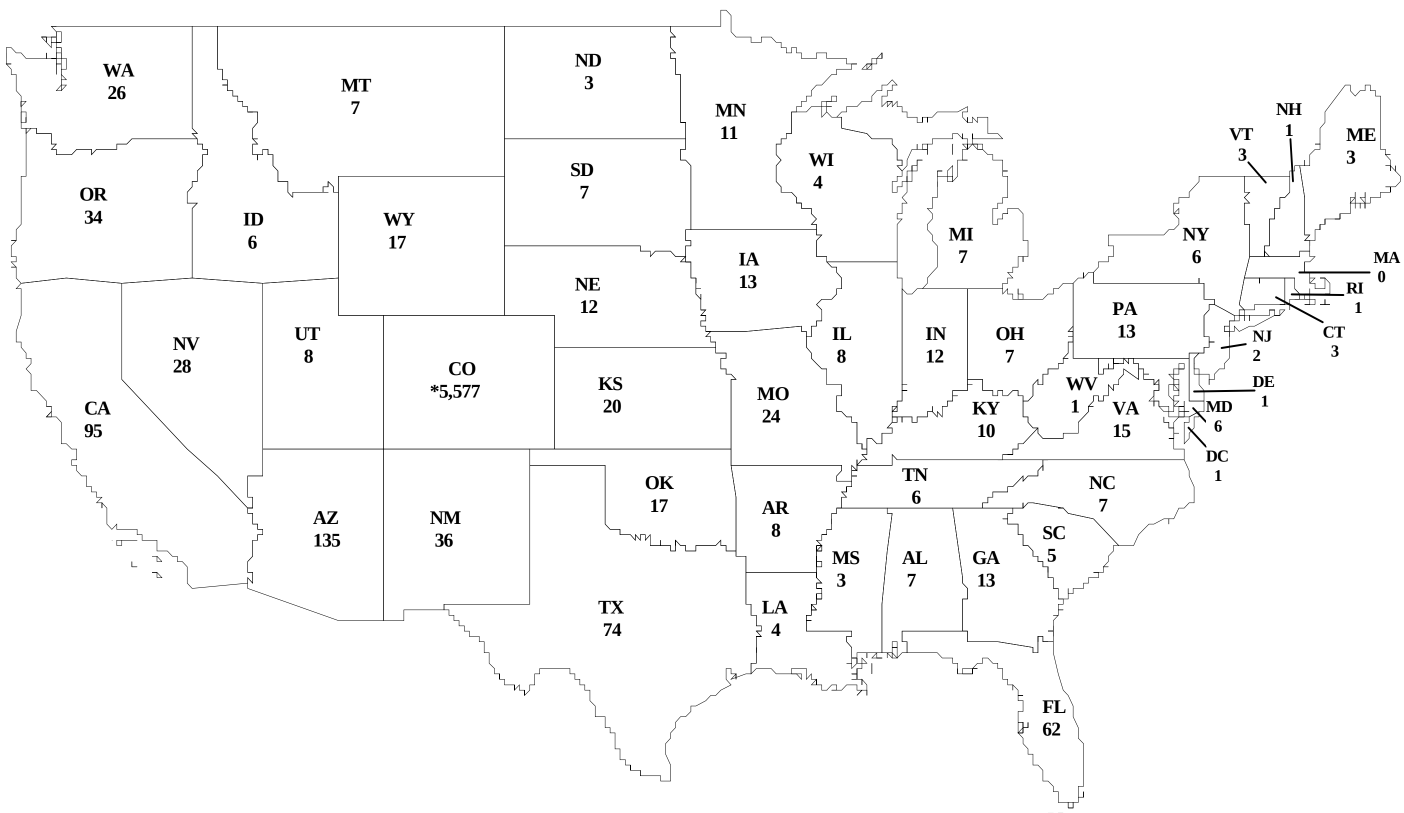
Principal Participating Employers

Current Year and Nine Years Ago

	2006 Covered Employees	2006 Rank	2006 Percentage of Total System	1997 Covered Employees	1997 Rank	1997 Percentage of Total System
Pension Benefits						
Participating Government:						
City and County of Denver	16,978	1	91.1%	14,296	1	84.9%
Denver Health Authority	1,649	2	8.9%	2,542	2	15.1%
Total	18,627		100.0%	16,838		100.0%
Health Benefits						
Participating Government:						
City and County of Denver	16,978	1	91.1%	14,296	1	84.9%
Denver Health Authority	1,649	2	8.9%	2,542	2	15.1%
Total	18,627		100.0%	16,838		100.0%

Location of Plan Retirees

Total Number of Retirees – 6,396



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

*Includes 141 DROP participants.

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