Denver Employees Retirement Plan

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

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2007

Thomas J. Migaki
Retirement Board Chairman

Steven E. Hutt
Executive Director

Prepared by the Plan Staff

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Introductory Section

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Primary Plan Sponsor
City and County of Denver, Colorado

Elected Officials
Mayor
Honorable John W. Hickenlooper

Auditor
Honorable Dennis J. Gallagher

City Council Members

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

Clerk and Recorder
Honorable Stephanie Y. O'Malley

THE PLAN
DENVER EMPLOYEES RETIREMENT PLAN

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

June 6, 2008

Dear Members of the Denver Employees Retirement Plan:

We are pleased to present the Comprehensive Annual Financial Report of the Denver Employees Retirement Plan (the Plan) of the City and County of Denver (the City) for the fiscal year ended December 31, 2007.

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, 2007, and the changes in net assets for the year then ended.

Internal Control The Plan's management has designed and implemented internal and accounting controls to provide reasonable assurance of the accuracy and reliability of all the financial records and the safekeeping of 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 2007 financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States of America, as well as the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Independent Accountants' Report is included in the Financial Section of this report.

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

Plan Profile The Plan was established on January 1, 1963, as a defined benefit plan. Most employees of the City, certain employees of the Denver Health and Hospital Authority (DHHA), and all of the Plan staff are covered by the Plan. Excluded from membership are the uniformed employees of the City's police and fire departments and the Denver Water Board. All active Plan members are required to contribute to Social Security while employed by the City. As of December 31, 2007, there were 9,303 active and 6,590 retired members of the Plan. In addition, there were 24 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 2007, with the Plan earning an annual investment return of 11.20%, a level of performance in the top 5% of investment returns earned by public pension plans throughout the country.

Funded Status News media reports have emphasized that many other pension plans are not well-funded, meaning they do not currently have enough assets earning enough money to pay for retirement benefits earned by their members. In addition, many other pension plans have not put money aside to fund their promised retiree health benefits. The Plan is different in that our pension benefit account is nearly fully-funded, at over 98%, and our health benefit account is also well funded. The Plan has been prudent in staying focused on ensuring that we have the funds needed to pay every dollar of benefits promised to every current and future retiree. A history of the Plan's funded status 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, 2006. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded the Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which meet or exceed 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 Plan has received a Certificate of Achievement for the last 18 years. We believe this current report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA for consideration again this year.

Conclusion We would like to express our appreciation to the Plan staff members who served the membership throughout 2007 and who prepared this report. We hope that readers will find this report easy to read and understand, and will recognize the contributions that the Retirement Board, the Advisory Committee, the Plan staff, the investment managers, and others make to ensure the continued successful operation of the Plan.

Sincerely,

Thomas J. Migaki	Steven E. Hutt
Retirement Board Chairman	Executive Director

Retirement Board

Each member is appointed by the Mayor of Denver

Irving S. Hook
Term expires January 1, 2011

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

Thomas J. Migaki
Term expires January 1, 2009

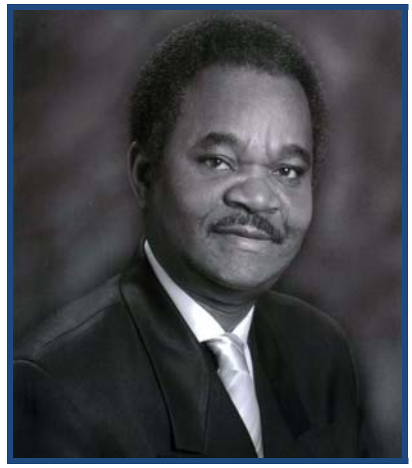
Kathy A. Selman
Term expires January 1, 2008

Robert F. Strenski
Term expires January 1, 2013

Advisory Committee

Each member is elected by the Plan membership

Michael F. Aleksick
Term expires May 31, 2009



Adeniyi Kelani, Ph.D.
Term expires May 31, 2008

Erma D. Zamora
Term expires May 31, 2010

Professional Services

Actuary
- Towers Perrin

(Gabriel Roeder Smith & Co., effective December 14, 2007)

Independent Accountant
- BKD, LLP

Custodian Bank
- JPMorgan Chase Bank

Investment Consulting

Performance Evaluation and Investment Consultant
- Callan Associates, Inc.

Real Estate Consultant
- The Townsend Group

Investment Managers

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

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

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

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

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Employees Retirement Plan, Colorado

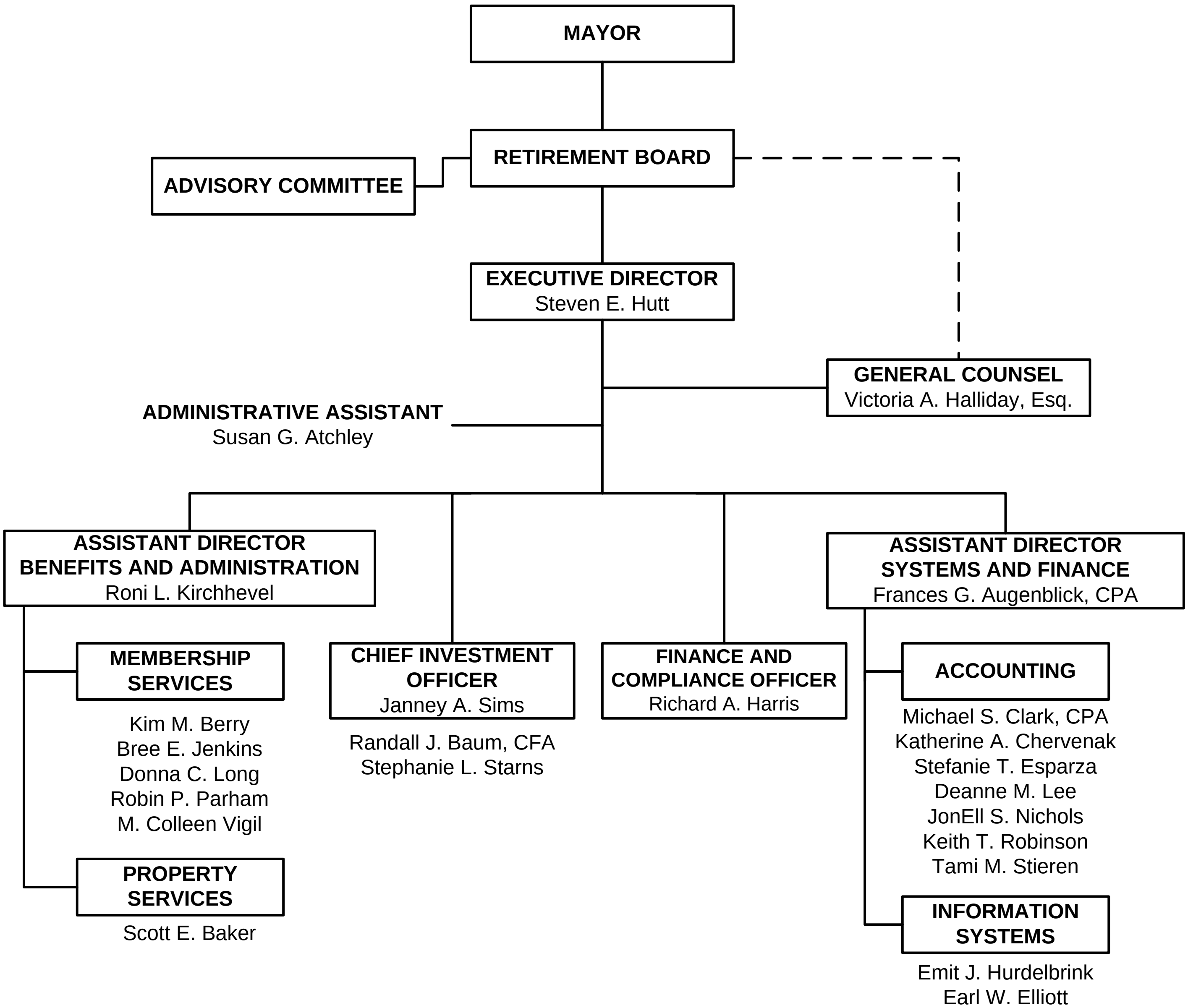
For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2006

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

BKD LLP

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, 2007, 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, 2007, 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, 2006, from which such summarized information was derived.

Wells Fargo Center 1700 Lincoln Street, Suite 1400 Denver, CO 80203-4514
303 861-4545 Fax 303 832-5705
Beyond Your Numbers
bkd.com

To the Retirement Board of the
Denver Employees Retirement Plan

The accompanying management's discussion and analysis, schedule of funding progress and schedule of employer contributions as listed in the table of contents, are not 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.

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

BKD, LLP

May 5, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

This is an analysis and overview of the financial activities of the Denver Employees Retirement Plan (the Plan) for the year ended December 31, 2007. For additional information, please refer to the basic financial statements, notes to the financial statements, required supplementary information, and supporting schedules.

Financial Highlights

As of December 31, 2007, $2,140,904,629 was held in trust for the payment of benefits and to meet the Plan's future obligations to its members and their beneficiaries.

For 2007, the Plan's total net assets held in trust increased by $150,184,410, a 7.5% increase over the amount of net assets at the end of 2006. The overall net increase for 2007 is the result of favorable financial markets and higher employer contributions.

Additions to the Plan net assets included contributions of $38,861,910 from the City and County of Denver (the City) and $6,597,756 from the Denver Health and Hospital Authority (DHHA). Active Plan members contributed $13,276,999, including previously refunded contributions of $181,860. The Plan had net investment earnings of $209,989,689, including net securities lending transactions income of $1,128,671.

Deductions from the Plan net assets during 2007 totaled $118,541,944. This amount is 9.4% higher than the total 2006 deductions. An increase in benefit payments, due primarily to an overall increase in the number of retirements, contributed to most of the higher deduction amount.

The Plan's funding objective is to meet its long-term benefit obligations through employer and employee contributions and investment returns. As of January 1, 2007, the date of the last actuarial valuation, the funded ratio for the pension and health benefits was 98.6% and 73.2%, respectively.

Overview of the Financial Statements

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

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

The Statement of Plan Net Assets presents the Plan's assets and liabilities as of December 31, 2007, with comparative totals for 2006. This statement reflects the net assets available for benefits in the retirement and the health benefits' funds as of December 31, 2007.

The Statement of Changes in Plan Net Assets shows the additions to and deductions from the Plan's assets during 2007, with comparative totals for 2006.

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 in this report are in compliance with applicable GASB pronouncements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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

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

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

Financial Analysis

There are several ways to measure the Plan's financial status. One means is to determine the Plan's net assets available to pay benefits. This is the difference between total assets and total liabilities. Another way is to refer to the funded ratio which takes into account the actuarial assets and actuarial liabilities of the Plan. As of January 1, 2007, the date of the last actuarial valuation, the pension benefits' fund had a funded ratio of 98.6%, or for every dollar of pension benefits due the Plan had approximately $0.99 in actuarial assets available for payment. The health benefits account had a funded ratio of 73.2%, meaning the Plan had approximately $0.73 in actuarial assets available for payment for every dollar of health benefits due.

On December 31, 2007, the Plan's net assets totaled $2,140,904,629. Of this amount, $96,066,783 represented funds reserved in the Deferred Retirement Option Plan (DROP) and the Amended Deferred Retirement Option Plan (DROP II) accounts.

The financial markets positively impacted the Plan during 2007. The Plan's 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:

	2007	2006	Amount of Change	Percentage Change
Assets				
Cash, short-term investments, and receivables	$ 47,824,908	$ 43,748,986	$ 4,075,922	9.3%
Securities lending collateral	279,710,705	249,814,998	29,895,707	12.0%
Investments, at fair value	2,099,915,679	1,950,178,592	149,737,087	7.7%
Capital assets, net	1,043,766	1,131,239	(87,473)	-7.7%
Total assets	2,428,495,058	2,244,873,815	183,621,243	8.2%
Liabilities				
Accounts payable and unsettled securities purchased	7,879,724	4,338,598	3,541,126	81.6%
Securities lending obligations	279,710,705	249,814,998	29,895,707	12.0%
Total liablilities	287,590,429	254,153,596	33,436,833	13.2%
Plan net assets	$ 2,140,904,629	$ 1,990,720,219	$ 150,184,410	7.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

Reserves

The Plan has established a reserve account for accumulated DROP benefits of $96,066,783 as of December 31, 2007. These funds are reserved for individuals who have elected to participate in the DROP programs. 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

As a result of favorable market conditions and increased employer contributions, the sum of net investment earnings and contributions exceeded total Plan deductions, resulting in an overall 7.5% increase in Plan net assets for the year. Benefit payments increased due to an overall larger retiree population. For the years ended December 31, the Plan's activities were:

	2007	2006	Amount of Change	Percentage Change
Additions				
Contributions	$ 58,736,665	$ 54,509,117	$ 4,227,548	7.8%
Net investment earnings	209,989,689	246,069,143	(36,079,454)	-14.7%
Total additions, net	268,726,354	300,578,260	(31,851,906)	-10.6%
Deductions				
Benefits	115,949,377	105,589,535	10,359,842	9.8%
Administrative expenses	2,592,567	2,752,687	(160,120)	-5.8%
Total deductions	118,541,944	108,342,222	10,199,722	9.4%
Net increase	150,184,410	192,236,038	(42,051,628)	-21.9%
Beginning net assets	1,990,720,219	1,798,484,181	192,236,038	10.7%
Ending net assets	$ 2,140,904,629	$ 1,990,720,219	$ 150,184,410	7.5%

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 management expenses. Employer contributions for 2007 totaled $45,459,666, which is 8.5% higher than the 2006 amount contributed, due primarily to higher covered payroll in 2007. During 2007, employees contributed a total of $13,276,999; an increase of 5.2% over the 2006 amount, also due to higher covered payroll. The Plan's net investment return was approximately 11.2% in 2007 compared to 14.3% in 2006.

	2007	2006	Amount of Change	Percentage Change
Employer contributions	$ 45,459,666	$ 41,884,816	$ 3,574,850	8.5%
Employee contributions	13,276,999	12,624,301	652,698	5.2%
Net appreciation in fair value of assets	156,156,053	196,135,105	(39,979,052)	-20.4%
Interest, dividends and real estate/alternative investments' income	62,157,802	58,096,575	4,061,227	7.0%
Securities lending transactions' income, net	1,128,671	728,478	400,193	54.9%
Investment expenses	(9,452,837)	(8,891,015)	(561,822)	6.3%
Total additions, net	$ 268,726,354	$ 300,578,260	$ (31,851,906)	-10.6%

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

Deductions from Plan Net Assets

The Plan provides a lifetime pension benefit to its retired members, as well as survivor benefits, disability benefits, and retiree health, dental and vision benefits. Annual expenses include retirement benefits, DROP distributions, refunds of employee contributions, and administrative expenses. For the year ended December 31, 2007, deductions totaled $118,541,944, an increase of 9.4% over the amount of 2006 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.

	2007	2006	Amount of Change	Percentage Change
Benefits	$ 115,539,730	$ 105,369,418	$ 10,170,312	9.7%
Employee refunds	409,647	220,117	189,530	86.1%
Administrative expenses	2,592,567	2,752,687	(160,120)	-5.8%
Total deductions	$ 118,541,944	$ 108,342,222	$ 10,199,722	9.4%

Requests for Information

This discussion and analysis is designed to provide the Plan's Board, the participating employers, and the membership with an overview of the Plan's financial position as of December 31, 2007, and a summary of the Plan's activities for the year then ended.

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

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

Statement of Plan Net Assets

December 31, 2007
(with Summarized Comparative Totals for December 31, 2006)

	Pension Benefits	Health Benefits	2007 Total	2006 Total
Assets				
Cash and short-term investments	$ 38,628,626	$ 1,907,277	$ 40,535,903	$ 32,626,733
Securities lending collateral	266,549,886	13,160,819	279,710,705	249,814,998
Receivables				
Employer contributions	8,239	407	8,646	-
Unsettled securities sold	765,980	37,820	803,800	5,046,253
Interest and dividends	6,171,827	304,732	6,476,559	6,076,000
Total receivables	6,946,046	342,959	7,289,005	11,122,253
Investments, at fair value				
U.S. Government obligations	151,226,696	7,466,772	158,693,468	146,852,427
Domestic corporate bonds and other fixed income	365,115,270	18,027,454	383,142,724	339,227,972
Domestic stocks	821,651,320	40,568,782	862,220,102	825,177,733
International stocks	347,463,075	17,155,882	364,618,957	353,283,224
Real estate	227,170,895	11,216,493	238,387,388	211,524,911
Alternative investments	88,484,162	4,368,878	92,853,040	74,112,325
Total investments	2,001,111,418	98,804,261	2,099,915,679	1,950,178,592
Capital assets				
Land	409,807	20,234	430,041	430,041
Building and equipment, net of accumulated depreciation	584,848	28,877	613,725	701,198
Total assets	2,314,230,631	114,264,427	2,428,495,058	2,244,873,815
Liabilities				
Unsettled securities purchased	5,306,324	261,998	5,568,322	1,937,680
Securities lending obligations	266,549,886	13,160,819	279,710,705	249,814,998
Accounts payable	2,202,647	108,755	2,311,402	2,400,918
Total liabilities	274,058,857	13,531,572	287,590,429	254,153,596
Net assets held in trust for benefits (see schedule of funding progress)	$2,040,171,774	$ 100,732,855	$2,140,904,629	$1,990,720,219
Net assets held in trust for pension and health benefits	$1,944,104,991	$ 100,732,855	$2,044,837,846	$1,897,871,280
Net assets held in reserve for DROP and DROP II benefits	96,066,783	-	96,066,783	92,848,939
Net assets held in trust for benefits (see schedule of funding progress)	$2,040,171,774	$ 100,732,855	$2,140,904,629	$1,990,720,219

See Notes to Financial Statements

Statement of Changes in Plan Net Assets
Year Ended December 31, 2007
(with Summarized Comparative Totals for the Year Ended December 31, 2006)

	Pension Benefits	Health Benefits	2007 Total	2006 Total
Additions				
Contributions				
City and County of Denver, Colorado	$ 35,011,048	$ 3,850,862	$ 38,861,910	$ 36,035,725
Denver Health and Hospital Authority	5,943,978	653,778	6,597,756	5,849,091
Plan members	11,979,390	1,297,609	13,276,999	12,624,301
Total contributions	52,934,416	5,802,249	58,736,665	54,509,117
Investment earnings				
Net appreciation in fair value of investments	148,704,668	7,451,385	156,156,053	196,135,105
Interest	28,787,122	1,437,717	30,224,839	26,410,563
Dividends	17,796,486	889,331	18,685,817	18,423,545
Real estate/alternative investments income	12,617,901	629,245	13,247,146	13,262,467
	207,906,177	10,407,678	218,313,855	254,231,680
Less investment expenses	(9,003,942)	(448,895)	(9,452,837)	(8,891,015)
	198,902,235	9,958,783	208,861,018	245,340,665
Securities lending transactions income	13,718,645	685,148	14,403,793	11,507,285
Borrower rebates	(12,285,357)	(613,711)	(12,899,068)	(10,488,264)
Agent fees	(358,201)	(17,853)	(376,054)	(290,543)
	1,075,087	53,584	1,128,671	728,478
Net investment earnings	199,977,322	10,012,367	209,989,689	246,069,143
Total additions, net	252,911,738	15,814,616	268,726,354	300,578,260
Deductions				
Retired member benefits	98,867,475	10,612,929	109,480,404	99,619,669
DROP and DROP II benefits paid	6,059,326	-	6,059,326	5,749,749
Refunds of contributions	390,158	19,489	409,647	220,117
Administrative expenses	2,469,185	123,382	2,592,567	2,752,687
Total deductions	107,786,144	10,755,800	118,541,944	108,342,222
Change in net assets	145,125,594	5,058,816	150,184,410	192,236,038
Net assets held in trust for benefits				
Beginning of year	1,895,046,180	95,674,039	1,990,720,219	1,798,484,181
End of year	$2,040,171,774	$ 100,732,855	$2,140,904,629	$1,990,720,219

See Notes to Financial Statements

Notes to Financial Statements
December 31, 2007

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. During 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and County of Denver (the City) and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and post-retirement health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and post-retirement health benefits.

Substantially all of the general employees of the City, certain employees of DHHA, and all employees of the Plan are covered under the Plan. The classified service employees of the Denver Police and Denver Fire Departments, and the employees of the Denver Water Board are covered by separate retirement systems. At December 31, 2007, the Plan membership consisted of the following:

	Pension Benefits	Health Benefits
Retirees and beneficiaries currently receiving benefits	6,590	4,703
Retirees and beneficiaries entitled to health benefits, but not receiving any	-	1,911
Deferred Retirement Option Plan (DROP and DROP II) participants	24	-
Terminated employees entitled to benefts, but not yet receiving them	3,303	3,303
Current employees:		
Vested	6,525	6,525
Non-vested	2,778	2,778
Total	19,220	19,220

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

The Plan provides retirement benefits plus death and disability benefits for its members and their beneficiaries. Members who retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to as much as 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for new members hired after September 1, 2004, the Plan formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the Plan's Board and enacted into ordinance by the Denver City Council.

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2007, the monthly health insurance premium reduction was $12.50 per year of service for retired participants under the age of 65, and $6.25 per year of service for retirees aged 65 and older. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Notes to Financial Statements
December 31, 2007

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting and Presentation

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

Plan Expenses

The Plan's Board acts as the trustee of the Plan's assets. The operating and other administrative expenses incurred by the Board, or its employees, in the performance of its duties as the Plan's trustee are paid from the assets of the Plan accumulated from contributions and investment earnings. Such expenses totaled $2,592,567 in 2007, and are reported as administrative expenses in the accompanying statement of changes in plan net assets.

Investments

The Plan's investments are reported at fair value. The fair value of domestic stocks is based on prices reported by national exchanges. The fair value of international stocks is based on prices obtained from an approved independent pricing service. Fixed income securities' fair values are based on information provided by Interactive Data Corporation. Fair values of real estate and alternative 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 earnings are recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the trade date.

For 2007, the Plan realized net gains on the disposition of investments of $106,554,830. The calculation of realized gains and losses is independent of the calculation of the net appreciation or depreciation in the fair value of the Plan's investments and is determined using the weighted average cost method. Unrealized gains and losses on investments held for more than one year and sold in the current year were included in the net appreciation in the fair value of investments reported for 2007.

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

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

Notes to Financial Statements

December 31, 2007

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Income Taxes

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

Estimates Made by Management

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

Prior-Year Summarized Totals

The basic financial statements include certain prior year summarized comparative information in total, but do not present detail for the pension or health benefits' accounts. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's audited financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Notes to Financial Statements
December 31, 2007

Note 3: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 50

In 2007, the Plan implemented the provisions of GASB Statement No. 50 (GASB 50), *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*, which amended the financial note disclosures and required supplementary information presented by pension plans in their audited financial statements. Implementation of GASB 50 had no effect on net assets held in trust for benefits as of January 1, 2007 or 2006, or on the net increase in net assets held in trust for benefits for the years ended December 31, 2007 and 2006.

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 2007, the actuarially determined contribution rates for the pension and health benefits were 10.12% and 1.10%, 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 City's Revised Municipal Code. The employees' contribution was handled as a payroll deduction and was transmitted to the Plan with the employers' contribution. During 2007, the employers contributed $40,955,026 for pension benefits and $4,504,640 for health benefits while the employees contributed a total of $11,979,390 for pension benefits and $1,297,609 for health benefits.

An actuarial valuation is performed annually by an independent actuarial consultant to determine that contributions are sufficient to provide funds for future benefits and to evaluate the funded status of the Plan. For 2007, in accordance with the January 1, 2007, actuarially determined contribution requirements, the total required contribution was $56,011,637 ($48,394,331 of normal cost and $2,141,984 amortization of the unfunded actuarial accrued liability for pension benefits; $2,592,694 of normal cost and $2,882,628 amortization of the unfunded actuarial accrued liability for health benefits) based on a rate of 11.22% of projected payroll. The actual contribution was $58,554,805 using a rate of 11.00% of covered payroll, which, when combined with the members' repayments of $181,860, discussed below, resulted in total contributions of $58,736,665. In accordance with a separate agreement between DHHA and the Plan, DHHA made a supplemental contribution in the amount of $928,539 which is included in the total actual contribution amount above.

During 2007, employee contributions totaled $13,095,139 and were allocated to pension and health benefits in the same manner as the employers' contributions. Regular employee contributions were not allowed between January 1, 1979, and September 30, 2003. However, as City ordinance allows, members may repay refunded contributions plus interest to reinstate service credits for periods prior to January 1, 1979. Any employee who made contributions after September 30, 2003, and was not vested upon leaving covered service could request a refund of those contributions. Eligible active members may also purchase permissive service credits in accordance with the Internal Revenue Code, as well as a maximum of five years of nonqualified service credits. Members paid $181,860 under these provisions during 2007.

Notes to Financial Statements
December 31, 2007

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 continued to work for the employer, earning a regular salary. The monthly retirement benefits were deposited into a DROP account maintained by the Plan. The balance in each member's DROP account earns interest at a rate equal to the actuarial assumed rate of return, currently eight percent per annum. Sections 18-422 through 18-429 of the City's Revised Municipal Code should be referred to for more complete information on DROP. Upon retirement, members have access to the funds accumulated during their participation in DROP. As of December 31, 2007, there were no remaining DROP participants. During the year, 111 participants exited DROP of which 61 returned to active status. During 2007, a total of $8,036,417, representing $887,571 in benefits and $7,148,846 in interest, was credited to members' DROP accounts. During 2007, a total of $5,661,110 was distributed from the DROP accounts to members who had retired and exited DROP. As of December 31, 2007, the reserve for DROP payments was $90,765,838.

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, currently eight percent per annum. Sections 18-430 through 18-430.7 of the City's Revised Municipal Code should be referred to for more complete information on DROP II. Upon exiting DROP II, members have access to the funds accumulated during their participation in DROP II. On December 31, 2007, there were 24 DROP II participants. During 2007, 6 participants exited the program. During 2007, a total of $1,240,753, representing $842,690 in benefits and $398,063 in interest, was credited to members' DROP II accounts. During 2007, a total of $398,216 was distributed to members who had exited DROP II. As of December 31, 2007, the reserve for DROP II payments was $5,300,945.

Note 7: FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2007, was as follows:

	Pension Benefits	Health Benefits
Actuarial accrued liability (AAL)	$ 1,862,772,866	$ 127,133,068
Actuarial value of Plan assets	1,837,476,077	93,089,297
Unfunded AAL	25,296,789	34,043,771
Funded ratio (actuarial value of Plan assets/AAL)	98.6%	73.2%
Covered payroll (active Plan members)	$ 499,462,875	$ 499,462,875
Unfunded AAL as a percentage of covered payroll	5.1%	6.8%

Notes to Financial Statements
December 31, 2007

Note 7: FUNDED STATUS AND FUNDING PROGRESS (continued)

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

The 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, 2007, 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% – 6.3%, 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, 2007, was 27 years using a level dollar, open basis, amortization method.

Effective December 14, 2007, the Plan hired the actuarial consulting firm of Gabriel Roeder Smith & Co. to perform its annual actuarial valuation. Additionally, the firm will perform a five-year experience study comparing expected results, using existing actuarial assumptions, to actual results over that time period. The firm will also replicate the January 1, 2007, actuarial results by using the same data as the prior actuary.

Note 8: DEPOSITS AND INVESTMENTS

It is the objective of the Plan in managing the trust as a whole to provide a net realized real rate of return in excess of 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%): equity 59%, fixed income 27%, real estate 10%, and alternative investments 4%.

At December 31, 2007, the Plan's deposit and investment balances were as follows:

	Fair Value
U.S. Treasury securities	$ 156,627,793
U.S. agency securities	2,065,675
Corporate and mortgage bonds	383,142,724
Domestic stocks	862,220,102
International stocks	364,618,957
Real estate	238,387,388
Alternative Investments	92,853,040
Cash and short-term investments	40,535,903
Total	$ 2,140,451,582

Notes to Financial Statements
December 31, 2007

Note 8: DEPOSITS AND INVESTMENTS (continued)

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

Credit Risk

To mitigate the risk that issuers or other counterparties to an investment will not fulfill their obligations, the Plan's investment policy specifically states that the fixed income investment managers, excluding the Plan's high yield manager, invest only in securities that are rated at BBB- or higher by one of the three established rating agencies. The Plan's high yield investment manager is permitted to invest in securities rated B- or above. The high yield manager is also permitted to invest 5% of its portfolio temporarily in bonds rated CCC or lower. The following table provides information for Standard & Poor's (S&P) and Moody's credit ratings associated with the Plan's investment in debt securities as of December 31, 2007:

S&P	Moody's	Asset Backed	Corporate Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 7,789,792	$ 7,413,959	$ 103,627,760	$ 118,831,511
AAA	NR	-	-	8,140,674	8,140,674
AA+ to AA-	A1 to Aa3	-	47,135,901	3,581,977	50,717,878
A+ to A-	A1 to Baa2	-	45,307,279	-	45,307,279
A-1+	P-1	-	-	12,857,280	12,857,280
BBB+ to BBB-	A3 to Baa3	-	30,626,464	-	30,626,464
BB+ to BB-	B1 to Ba3	544,879	37,227,075	1,521,059	39,293,013
B+ to B-	B1 to Caa1	-	56,822,558	-	56,822,558
CCC+ to CCC	B3	-	2,282,850	-	2,282,850
NR	Aaa to Baa2	7,259	9,392,811	5,993,044	15,393,114
NR	NR	-	2,870,103	-	2,870,103
		$ 8,341,930	$ 239,079,000	$ 135,721,794	$ 383,142,724

NR - no rating.

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, 2007, the Plan was in compliance with this policy.

Custodial Credit Risk

In the event of a failure of a financial institution or counterparty, custodial credit risk is the risk that the Plan would not be able to recover its deposits, investments or collateral securities in the possession of an outside party. The Plan has no formal policy for custodial credit risk for deposits and investments. At December 31, 2007, the Plan had $3,321,352 in uninsured and uncollateralized deposits; there were no investments or collateral securities subject to custodial credit risk.

Notes to Financial Statements
December 31, 2007

Note 8: DEPOSITS AND INVESTMENTS (continued)

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. The Plan manages interest rate risk through the constraints on duration specified in each manager's investment guidelines included in the Plan's Investment Manual. At December 31, 2007, 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	$ 156,627,793	$ 11,744,761	$ 59,174,580	$ 54,279,716	$ 31,428,736
U.S. agency securities	2,065,675	-	-	-	2,065,675
Asset backed	8,341,930	-	3,424,249	1,957,453	2,960,228
Corporate bonds	239,079,000	7,408,921	69,510,097	126,267,672	35,892,310
Mortgage backed	135,721,794	12,876,262	39,712,436	19,172,277	63,960,819
Total	$ 541,836,192	$ 32,029,944	$ 171,821,362	$ 201,677,118	$ 136,307,768

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's investment policy allows 15% to 19% of total investments to be invested in international equities. The following positions represent the Plan's exposure to foreign currency risk as of December 31, 2007:

	Foreign Currency	U.S. Dollars
Equities:	Euro	$144,860,791
	British Pound	83,153,996
	Japanese Yen	58,512,274
	Swiss Franc	24,869,262
	Australian Dollar	15,642,163
	Hong Kong Dollar	10,462,399
	Swedish Krona	8,258,631
	Singapore Dollar	7,440,755
	Norwegian Krone	5,718,117
	Danish Krone	2,941,781
	Canadian Dollar	699,380
	New Zealand Dollar	105,246
		362,664,795
Cash:	British Pound	6,493
Total		$362,671,288

Notes to Financial Statements
December 31, 2007

Note 9: SECURITIES LENDING TRANSACTIONS

Board policy permits the Plan to participate in a securities lending program to augment income. The program is administered by the Plan's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit, or other collateral approved by the Plan. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The custodial agent bank determines daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The Plan continues to receive interest and dividends during the loan period as well as a fee from the borrower. There are no restrictions on the amount of securities that can be lent at one time. The duration of securities lending loans generally matches the maturation of the investments made with cash collateral. At December 31, 2007, the fair value of underlying securities lent was $321,538,634. The fair value of associated collateral was $329,565,310; of this amount, $279,710,705 represents the fair value of cash collateral and $49,854,605 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.

Note 10: CAPITAL ASSETS

The Plan's capital assets' activity for the year ended December 31, 2007, was as follows:

	January 1	Additions	Deletions	December 31
Capital assets, not being depreciated				
Land	$ 430,041	$ -	$ -	$ 430,041
Capital assets, being depreciated				
Building	1,136,013	-	-	1,136,013
Furniture and equipment	711,855	12,816	(53,272)	671,399
Total capital assets, being depreciated	1,847,868	12,816	(53,272)	1,807,412
Accumulated depreciation				
Building	(571,175)	(38,942)	-	(610,117)
Furniture and equipment	(575,495)	(61,156)	53,081	(583,570)
Total accumulated depreciation	(1,146,670)	(100,098)	53,081	(1,193,687)
Total capital assets being depreciated, net	701,198	(87,282)	(191)	613,725
Capital assets, net	$ 1,131,239	$ (87,282)	$ (191)	$ 1,043,766

The 2007 depreciation expense for the pension and health benefit accounts was $95,391 and $4,707, 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)
1/1/02	$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
1/1/07	1,837,476,077	1,862,772,866	25,296,789	98.6	499,462,875	5.1

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)
1/1/02	$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
1/1/07	93,089,297	127,133,068	34,043,771	73.2	499,462,875	6.8

Required Supplementary Information

Schedule of Employer Contributions

Pension Benefits

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed
	2002	$49,066,955	96.3%
(2)	2003	47,435,946	96.2
	2004	51,480,166	86.6
(3)	2005	48,734,324	99.7
	2006	53,427,749	92.2
	2007	50,536,315	100.0

Health Benefits

	Year beginning January 1	Annual actuarially required contribution (1)	Percentage contributed
	2002	$3,660,858	97.1%
(2)	2003	4,710,070	97.0
	2004	4,072,025	96.5
(3)	2005	4,723,233	96.7
	2006	5,292,244	99.5
	2007	5,475,322	100.0

(1) Employers made contributions based on the legally required rates.
(2) 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.
(3) Beginning on January 1, 2005, the employers and employees contributed 8.50% and 2.50%, respectively.

Supporting Schedules

Schedule of Administrative Expenses
Year ended December 31, 2007

Personnel services:	
Salaries	$ 1,497,715
Employee benefits	381,156
Total personnel services	1,878,871
Professional services:	
Actuarial	18,492
Legal	2,599
Retirement board	45,754
Audit	30,850
Consultation	90,737
Medical examination	2,250
Total professional services	190,682
Office operations:	
Plan insurance	40,236
Postage	44,593
Office forms and printing	11,066
Office equipment	47,108
Employee travel and conferences	10,258
Telephone	9,130
Membership education	3,666
Miscellaneous operating	8,911
Personnel services	8,770
Employee education	13,586
Office supplies	7,273
Publications	14,054
Automobile	3,457
Total office operations	222,108
Computer operations:	
Computer and software leasing	26,916
Computer supplies	3,740
Other computer expenses	17,170
Total computer operations	47,826
Miscellaneous administrative expenses:	
Building operations	152,982
Depreciation expense	100,098
Total miscellaneous administrative expenses	253,080
Total	$ 2,592,567

Supporting Schedules

Schedule of Investment Expenses
Year ended December 31, 2007

Domestic equity portfolio management	$ 3,197,660
Real estate portfolio management	2,595,924
International equity portfolio management	1,300,207
Fixed income portfolio management	1,082,090
Alternative investment portfolio management	880,843
Other investment related expenses	272,113
Custody	124,000
Total	$ 9,452,837

Investment Section

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CALLAN ASSOCIATES INC

SAN FRANCISCO
NEW YORK
CHICAGO
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DENVER

April 22, 2008

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, 2007.

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.

Market Environment

For the fifth consecutive year, the domestic equity markets extended their positive total returns with a modest gain. The S&P 500 rose 5.49%, and the Russell 3000 Stock Index was up 5.14%. Unlike most of the prior recovery years, large capitalization stocks outperformed smaller capitalization stocks and "growth" oriented stocks outpaced "value" oriented stocks.

Within the fixed income market, the Lehman Aggregate Bond Index posted a return 6.97% for the year. The attractive overall return masks the extremes evident within the bond market. U.S. Government securities returned an extraordinary 8.66% while investment grade credit securities returned 5.11%. Long dated government instruments enjoyed a 9.65% return while asset backed securities returned only 2.21%. Turmoil in the money and bond markets, particularly in the second half of the year, combined with aggressive actions by the Federal Reserve to lower short-term interest let to significant volatility. These trends have continued into 2008. Investors literally ran to quality provided by government securities while avoiding securities with any credit risk.

The resurgence in the overseas stock markets that began in 2003 continued strongly in 2007. 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 11.17% for the year. Measured in local currency terms, the EAFE Index gained only 3.54%. Emerging markets continued to surge as evidenced by the MSCI Emerging Markets Index, which advanced 39.78%.

DERP Performance

For the calendar year, DERP's total fund had a time-weighted total return of 11.20%. DERP's performance exceeded the return of the Callan Public Fund Database median of 8.30%. It significantly exceeded the Plan's strategic policy benchmark target return of 7.74%, and 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 12/31/07, DERP achieved an annualized return of 11.83%. The trailing 5-year return now stands at 13.44%, and DERP's trailing 10-year annualized return is a very attractive and competitive 8.32%.

In total, DERP's U.S. equity composite advanced 10.71% in 2007. This outpaced both the S&P 500 and Russell 3000 stock indices (up 5.49% and 5.14%, respectively for the year). Trailing 3-year results (11.21% annualized for the equity portfolio) exceeded both broad market benchmarks (up 8.89% and 8.62% for the Russell 3000 and S&P 500, respectively). DERP uses both passive (index portfolios) and active managers, and diversifies assets by the investment style utilized by the active managers and also diversifies by capitalization (size). 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 2007. Since international equities outpaced domestic equities, DERP's meaningful commitment to international equities helped total fund performance. Specifically, DERP's international equity composite posted a full year return of 13.82%. This was better than the MSCI EAFE Index return of 11.17% and well above the return of the domestic equity market.

DERP's fixed income composite registered a positive total return of 6.56% for the year. The investment grade component of the fixed income portfolio achieved a return of 7.39% that compared favorably with the Lehman Aggregate Bond Index (+6.97%), a broad measure of the investment-grade bond market. The Plan's high yield portfolio earned a total return of 3.63%. This result exceeded the benchmark of 2.17% for the Merrill Lynch High Yield Cash Pay Index.

In summary, calendar 2007 was another strong year that, combined with 2003 – 2006, has enabled the Plan to exceed its actuarial earnings requirements. Just as the 2000-2002 period was one of below average returns, the five 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

Mission Statement

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

(a) Provide benefits to participants and their beneficiaries;
(b) Pay reasonable expenses associated with the administration of the plan;
(c) Invest with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims; and
(d) Diversify the investments so as to minimize the risk of loss and to maximize 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 Plan Board on February 8, 1989, formally adopted a written investment manual. The investment manual includes a Statement of Investment Policy and Guidelines, establishes an asset allocation plan, and incorporates individual investment manager guidelines. Changes to the investment manual are formally adopted by the Plan Board.

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

Investment Objectives

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

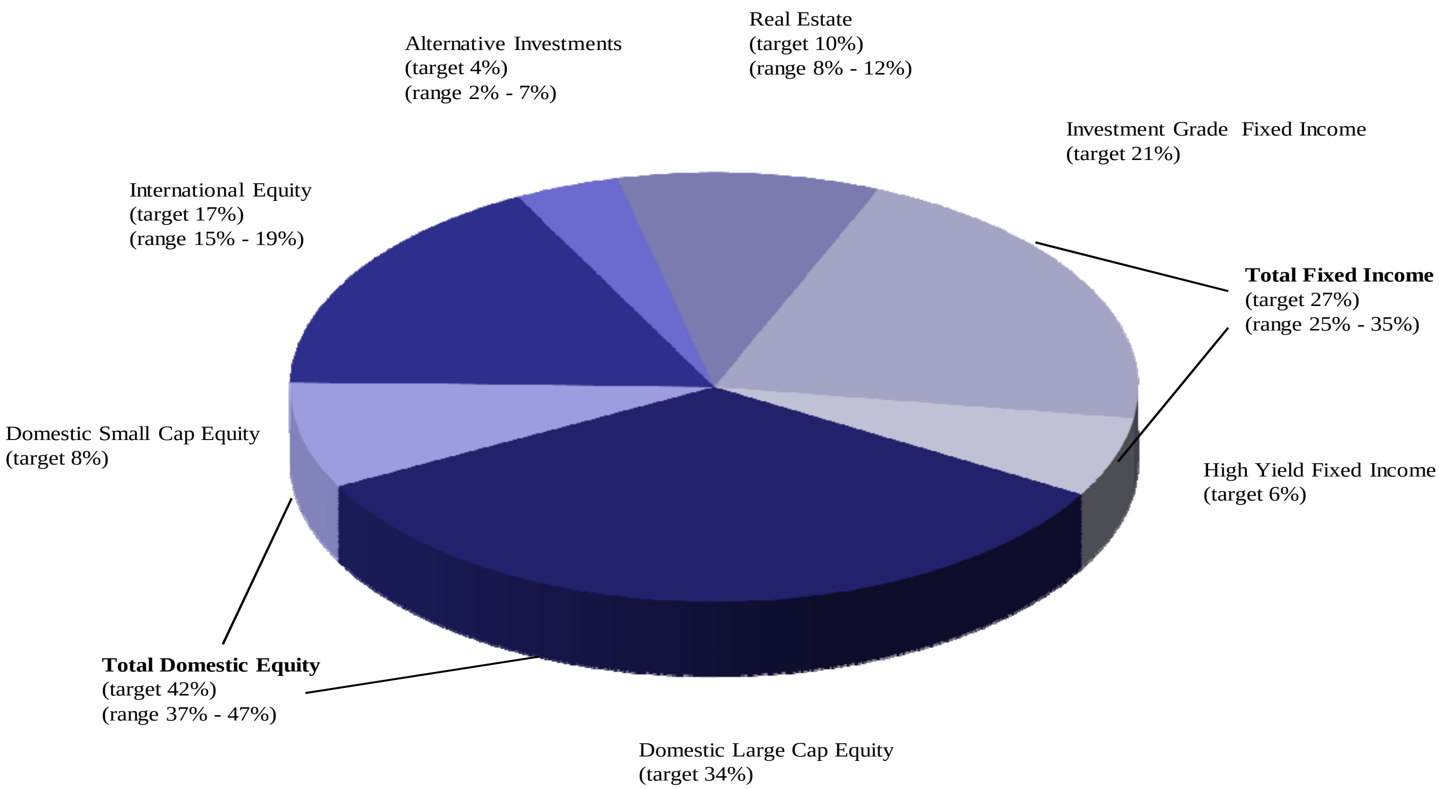
(a) Providing a net realized real rate of return in excess of three percent, annualized, over a full market/economic cycle of three to seven years;
(b) Maintaining an efficient portfolio determined by the risk and return concepts of the Capital Market Line; and
(c) Exceeding the rate of return of that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

Asset Allocation Target

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

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

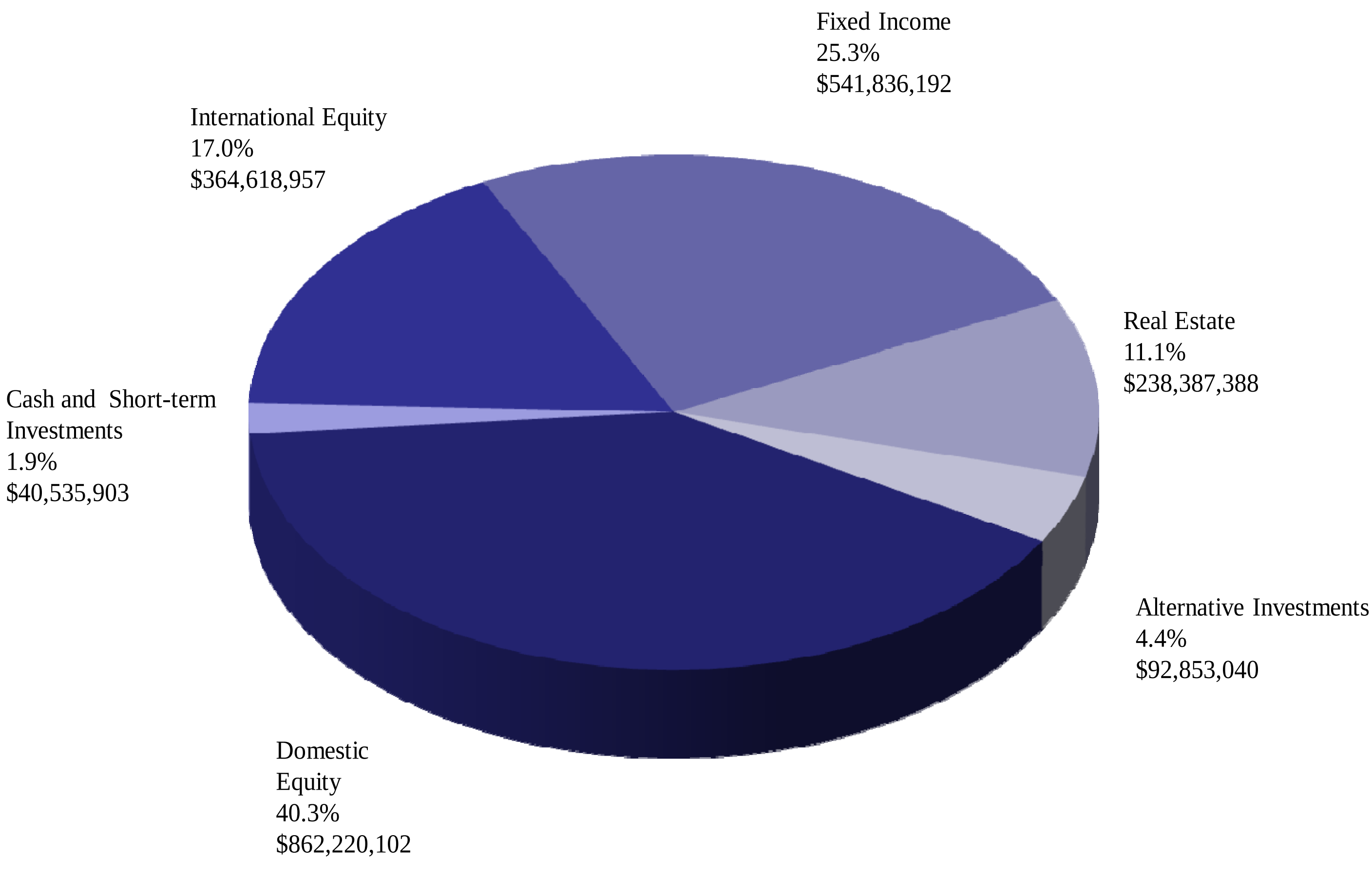
The current asset allocation strategy is depicted in the chart below:



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

Asset Allocation by Asset Class

The total market value of the Plan on December 31, 2007, was $2,140,904,629, including investments of $2,140,451,582. At December 31, 2007, the Plan's investment assets were allocated as shown in the following chart:



Asset Target Allocation by Managed Account

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

Managed Account	Target Allocation	Asset Style Group	Target Allocation Range
Cadence Capital	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%
Franklin Global Advisors	2.0%	Small Cap Equity (Growth)	1.5% to 3%
NorthPointe Capital	2.0%	Small Cap Equity (Growth)	1.5% to 3%
Neuberger Berman	4.0%	Small Cap Equity (Value)	3% to 6%
Northern Trust Investments	5.0%	EAFE Index	4% to 7%
Templeton Investment Counsel	6.0%	Intl. Equity (Value)	5% to 8%
Pyramis Global Advisors	6.0%	Intl. Equity (Growth)	5% to 8%
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. Int. Index	4.5% to 7%
Northern Trust Investments	4.5%	Lehman Gov./Cr. Index	4.5% to 7%
Real Estate	10.0%	Real Estate	8% to 12%
Alternative Investments	4.0%	Energy, Timber, Private Equity	2% to 7%

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

The top ten stock and bond holdings as of December 31, 2007, are shown in the following tables:

Top Ten Stock Holdings
December 31 2007

Shares	Stocks	Market Value
134,700	Exxon Mobil Corp.	$12,620,043
95,700	Occidental Petroleum	7,367,943
150,500	AT&T	6,254,780
28,000	Apple Inc.	5,546,240
74,600	Textron Inc.	5,318,980
59,800	Boeing Co.	5,230,108
101,800	Hewlett-Packard Co.	5,138,864
86,600	Merck & Co.	5,032,326
23,300	Goldman Sachs Group	5,010,665
137,000	Microsoft Corp.	4,877,200

Top Ten Bond Holdings
December 31 2007

Par	Bonds			Market Value
$13,005,000	U.S. Treasury Note	4.250%	due 9/30/2012	$13,461,215
6,700,000	U.S. Treasury Bond	8.125	due 8/15/2019	9,031,399
7,730,000	U.S. Treasury Note	4.750	due 5/15/2014	8,219,773
5,500,000	U.S. Treasury Bond	7.500	due 11/15/2016	6,903,765
5,931,000	U.S. Treasury Bond	4.500	due 2/15/2036	5,961,129
5,000,000	U.S. Treasury Note	4.125	due 8/15/2008	5,021,100
4,565,000	U.S. Treasury Note	4.000	due 8/31/2008	4,632,060
4,100,000	FNMA Bond	4.875	due 5/18/2012	4,260,146
4,200,000	FHLB Bond	5.500	due 6/25/2010	4,228,896
4,000,000	FHLMC Bond	4.900	due 11/3/2008	4,025,760

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

Investment Performance

The Plan contracts with Callan Associates, Inc. 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, 2007, is 9.63%. Annualized investment results compared with benchmarks for the year ending December 31, 2007, are as follows:

	Last Year	**Last 3 Years**	**Last 5 Years**
Domestic Equity	10.71%	11.21%	14.99%
S&P 500 Index	5.49	8.62	12.83
International Equity	13.82	18.76	22.35
MSCI EAFE Index	11.17	16.83	21.59
Fixed Income	6.56	4.69	4.80
Lehman Aggregate Index	6.97	4.56	4.42
Real Estate	15.31	18.41	15.75
NCREIF Index	15.85	17.49	15.14
Cash	5.89	5.83	3.58
T-Bills	5.00	4.30	3.07
Total Portfolio	11.20	11.83	13.44
Median Callan Public Fund	8.30	9.90	12.83
Consumer Price Index	4.1	3.3	3.0

Schedule of Investment Commissions
December 31, 2007

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
EXECUTION SERVICES	3,749,070	$149,963	$0.040
LYNCH JONES	1,945,360	75,987	0.039
BANK OF NEW YORK	1,723,755	71,369	0.041
MERRILL LYNCH	2,237,508	57,719	0.026
GOLDMAN SACHS	1,249,620	48,136	0.039
INSTINET CORP.	922,676	32,403	0.035
LIQUIDNET	1,144,484	27,095	0.024
PIPER JAFFRAY	556,417	24,060	0.043
CHASE SECURITIE	540,304	22,520	0.042
ITG SECURITIES	1,445,122	19,362	0.013
JEFFERIES & CO.	556,079	17,151	0.031
CANTOR FITZGER.	595,120	16,303	0.027
GERSON LEHRMAN	404,000	16,217	0.040
CRAIG-HALLUM	417,800	16,085	0.039
NEEDHAM	376,873	15,590	0.041
LEHMAN BROTHERS	460,091	15,480	0.039
OTA LIMITED	480,990	14,468	0.030
BANK OF NEW YORK-ESI & CO.	296,000	12,939	0.044
BERNSTEIN	329,690	12,598	0.038
THOMAS WEISEL	283,028	12,552	0.044
WILLIAM BLAIR	276,655	10,972	0.040
BEAR STEARNS	269,395	10,637	0.040
BANC OF AMERICA	283,469	9,998	0.035
CITIGROUP	254,000	9,778	0.039
KEEFE BRUYETTE	204,903	8,891	0.043
MORGAN KEEGAN	150,935	7,243	0.048
SALOMON/SMITH	173,580	7,136	0.041
RAYMOND JAMES	147,970	7,018	0.047
RBC CAPITAL MKT.	177,860	6,851	0.039
COWEN & CO.	159,780	6,230	0.039
ROBERT BAIRD	138,718	6,090	0.044
WEEDEN	182,315	5,908	0.032
CREDIT SUISSE	160,541	5,762	0.036
CHAPDELAINE	171,033	5,492	0.032
UBS WARBURG	215,838	5,151	0.024
KAUFMAN BROTHER	102,100	4,691	0.046
SCOTT & STRINGF	125,009	4,622	0.037
CIBC WORLD MARKET	131,814	4,481	0.034
BRIDGE TRADING	122,240	4,453	0.036
FIRST BOSTON	109,123	4,336	0.040
JMP SECURITIES	91,570	4,102	0.045
KNIGHT SECS	102,120	3,963	0.039
SIDOTI & COMPANY	99,270	3,946	0.040
STATE STREET	95,135	3,808	0.040
ROBINSON-HUMPH	96,496	3,751	0.039
PORTWARE	479,312	3,618	0.008
STEPHENS INC.	87,640	3,449	0.039
PRUDENTIAL SECURITIES	90,500	3,339	0.037
ADAMS HARKNESS	88,823	3,277	0.037
MIDWEST RESEARC	90,770	3,211	0.035
LAZARD FRERES	100,065	3,019	0.030

Schedule of Investment Commissions (continued)
December 31, 2007

BROKER	QUANTITY (UNITS)	BROKER COMMISSION	COMMISSION PER/SHARE
MORGAN STANLEY	110,110	$ 3,013	$0.027
COMPASS POINT RES.	100,370	3,011	0.030
WILLIAM BLAIR	98,890	2,967	0.030
D. DAVIDSON & CO.	75,241	2,958	0.039
SANDLER O'NEILL	95,820	2,939	0.031
CITIBANK	62,400	2,790	0.045
BASS TRADING	87,203	2,783	0.032
DOUGHERTY & CO.	57,200	2,700	0.047
ROTH CAPITAL	66,901	2,676	0.040
OPPENHEIMER	72,820	2,660	0.037
LA BRANCHE FIN.	83,340	2,500	0.030
PERSHING & CO.	50,751	2,030	0.040
W.J. BLUM & CO.	64,270	2,009	0.031
WACHOVIA	52,428	2,002	0.038
STANFORD GROUP	45,945	1,975	0.043
JANNEY MONTGOMERY	63,400	1,905	0.030
JONES & ASSOC.	56,401	1,628	0.029
All other brokers ($1,500 or less)	998,874	32,501	0.033
TOTAL	26,935,330	$928,267	0.034

Total recaptured commissions for 2007 were $189,467.

Schedule of Investment Fees
December 31, 2007

Externally Managed Portfolios	**Assets under Management**	**Fees**
U.S. Equities:		
Actively Managed :		
Large Cap	$ 457,946,896	$ 1,554,053
Small Cap	167,775,502	1,573,142
Passively Managed	236,497,704	70,465
International Equities:		
Actively Managed	259,372,775	1,228,450
Passively Managed	105,246,182	71,757
Fixed Income:		
Actively Managed	352,519,015	1,054,866
Passively Managed	100,814,270	27,224
Real Estate:		
Fees netted with earnings	68,790,263	856,970
Fees paid separately	169,597,125	1,648,954
Alternative Investments:		
Fees netted with earnings	38,357,754	445,104
Fees paid separately	54,495,286	435,739
	$2,011,412,772	$ 8,966,724

Other Investment Services	
Custody Fees	$ 124,000
Other investment related expenses (net of commission recapture)	362,113

Actuarial Section

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TOWERS PERRIN

May 2, 2008

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, 2007.

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 seven years as of January 1, 2007 (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, 2007 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. Effective December 19, 2006, the Denver Health and Hospital Authority (Hospital) is required to make a supplemental Actuarial Required Contribution due to Hospital normal cost increasing at a quicker rate than the rest of the plan.

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

Members of the Retirement Board
May 2, 2008
Page 2.

TOWERS PERRIN

The valuation assumptions are adopted by the Retirement Board based on the actuary's recommendations. Effective January 1, 2007, the Salary Scale was updated to reflect the new city wage increase guidelines. 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.

On the basis of the January 1, 2007 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

Summary of Actuarial Methods and Assumptions as of January 1, 2007

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.

▸ 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, 2006 supplied by the Executive Director.
2. **Asset Data:** The audit report as of December 31, 2006, was relied upon by Towers Perrin in the preparation of actuarial value of assets.
3. **Benefits Valued:** The benefits valued included all of those summarized in the Plan Provisions.

D. Changes in Actuarial Methods and Assumptions Since Prior Year

The salary scale was changed to reflect the new city wage increase guidelines.

Exhibit A

Salary Increases

Age	Percentage Increase in the Year	Ratio of Salary at Age 65 to Current Salary
25	6.3%	5.31
30	6.0	3.91
35	5.2	3.00
40	4.7	2.36
45	4.2	1.91
50	3.7	1.57
55	3.0	1.34
60	3.0	1.16
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

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

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

Analysis of Financial Experience

Composite Gain (Loss) for the Years Ending December 31, 2002 thru 2006

Retirement Benefits

Type of Activity:	**2006**	**2005**	**2004**	**2003**	**2002**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	($12,590,978)	($15,368,607)	$13,450,464	($20,733,277)	($23,203,884)
2. New Entrants	(1,231,666)	(1,032,441)	(3,888,285)	(1,719,033)	(1,430,213)
3. Investment Income	14,392,526	(6,314,252)	(12,573,490)	(25,508,132)	(65,377,209)
Gain (Loss)	569,882	(22,715,300)	(3,011,311)	(47,960,442)	(90,011,306)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	30,179,431	(5,576,536)	31,146,213	-	125,372,422
Changes in Plan Provisions	-	-	-	-	-
Total Non-recurring Items	30,179,431	(5,576,536)	31,146,213	-	125,372,422
Composite Gain (Loss) During Year	$30,749,313	($28,291,836)	$28,134,902	($47,960,442)	$35,361,116

Health Benefits

Type of Activity:	**2006**	**2005**	**2004**	**2003**	**2002**
1. Retirement, Disability, Death, Withdrawal, Pay Increases, etc.	($1,039,996)	($4,381,953)	($8,153,114)	($3,239,830)	($1,452,235)
2. New Entrants	(69,997)	(62,118)	(82,262)	(156,035)	(89,998)
3. Investment Income	646,185	(423,884)	(759,338)	(1,460,200)	(3,531,202)
Gain (Loss)	(463,808)	(4,867,955)	(8,994,714)	(4,856,065)	(5,073,435)
Non-recurring Items:					
Changes in Actuarial Assumptions and Methods	-	(420,884)	(398,966)	-	8,317,091
Changes in Plan Provisions	-	-	-	(2,920,945)	-
Total Non-recurring Items	-	(420,884)	(398,966)	-	8,317,091
Composite Gain (Loss) During Year	($463,808)	($5,288,839)	($9,393,680)	($7,777,010)	$3,243,656

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
01/01/02	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
01/01/07	404	8,143,129	313	4,219,485	6,396	97,109,973	15,183	2.6

Schedule of Active Members

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase in Average Earnings
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
01/01/07	8,988	489,447,759	54,456	0.0

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)
01/01/02	$642,493,555	$63,857,552	$759,753,972		$1,459,257,726	100%	100%	100%
01/01/03	743,348,834	73,130,260	661,876,563	**(a)**	1,503,222,742	100	100	100
01/01/04	864,664,959	82,061,381	657,803,832	**(b)**	1,572,938,437	100	100	95
01/01/05	928,598,346	90,906,316	646,036,160	**(c)**	1,651,090,641	100	100	98
01/01/06	971,604,541	100,574,234	710,326,168	**(d)**	1,735,208,838	100	100	93
01/01/07	1,017,987,597	105,533,885	739,251,384	**(e)**	1,837,476,077	100	100	97

(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.
(e) Includes DROP accounts of $92,848,939.

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 a plan has been using level percent of payroll financing, the funded portion of liability 3 will increase over time.

Summary of Principal Plan Provisions[1]

Retirement Program

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

Contributions

In 2007, the City, the Plan for its staff, and DHHA contributed amounts equal to 8.5% of each member employee's gross salary to the trust fund. The employees contributed 2.5% of their gross salary, on a pretax basis, through payroll deductions. The employer and employee contributions, plus income from investments, fund the retirement benefits for employees and their beneficiaries.

Retirement Benefits

Calculation of Retirement Benefits

For active members employed by the City, the Plan, and DHHA prior to September 1, 2004, the retirement benefit calculation is 2.0% of the member's average monthly salary (AMS), based upon the highest 36 consecutive months' salary with an 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 AMS times years of credited service. The vesting requirement is five years of credited service. Active, vested members may purchase additional service. Retirement benefits from the Plan are payable in the form of a life annuity.

Normal Retirement

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

Normal Retirement - Rule-of-75

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

Early Retirement

A member may retire early upon reaching age 55 and with a minimum of five years credited service. Benefits are determined in accordance with the above calculation based on credited service to the early retirement date, reduced by 3% per year for each year under age 65.

Deferred Retirement

Following the month of application, a member with a minimum of five years credited service that has terminated employment with the City, the Plan, or DHHA may elect to receive a benefit upon reaching age 55 or older. Calculation of a deferred benefit is based on the member's age at the time of application for retirement benefits, AMS, and credited service earned as an employee of one of the respective employers. If a member should die prior to receiving a monthly deferred retirement benefit, a spouse may be eligible for a benefit.

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

Summary of Principal Plan Provisions

Maximum Lifetime Benefit

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

Joint and Survivor Options

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

Disability Retirement - On-the-Job

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

Disability Retirement - Off-the-Job

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

Death Benefit before Retirement

If an active member should die while employed with the City, the Plan, 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 5 years. In either case, the credits may not exceed service which would have been earned by the member at age 65.

Off-the-Job Death

If a death is classified as Off-the-Job, the member's beneficiary will receive a lifetime monthly benefit that is 75% of the On-the-Job death benefit. There are no service requirements for this benefit.

Summary of Principal Plan Provisions

Death Benefit after Retirement

Lump-Sum Death Benefit

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

Health Insurance after Retirement

The Plan offers health, dental and vision insurance options for retired members and the member's family. The Plan contributes a portion of the monthly health, dental and vision insurance premiums based on the member's years of credited service and age.

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Statistical Section

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

Changes in Net Assets

Last Ten Fiscal Years

	1998	1999	2000	2001	2002
Pension Benefits					
Additions:					
Member contributions(1)	$ 148,417	$ 99,096	$ 182,408	$ 92,495	$ 93,905
Employer contributions(1)	34,685,010	37,407,039	41,655,778	43,898,497	47,244,972
Investment earnings (net of expenses)	207,198,096	199,730,987	(20,894,287)	(85,618,821)	(117,388,491)
Total additions to Plan net assets	242,031,523	237,237,122	20,943,899	(41,627,829)	(70,049,614)
Deductions:					
Benefit payments	42,280,614	47,083,403	52,989,910	67,208,148	62,319,926
Refunds	25,550	10,345	18,271	23,853	14,325
Administrative expenses	1,788,832	1,922,442	1,982,906	1,918,365	1,955,993
Total deductions from Plan net assets	44,094,996	49,016,190	54,991,087	69,150,366	64,290,244
Change in net assets	$ 197,936,527	$ 188,220,932	$ (34,047,188)	$ (110,778,195)	$ (134,339,858)
Health Benefits					
Additions:					
Member contributions(1)	$ -	$ -	$ -	$ -	$ -
Employer contributions(1)	5,646,397	6,497,936	5,788,300	6,213,943	3,556,073
Investment earnings (net of expenses)	10,894,132	11,072,630	(1,199,938)	(4,910,543)	(6,766,350)
Total additions to Plan net assets	16,540,529	17,570,566	4,588,362	1,303,400	(3,210,277)
Deductions:					
Benefit payments	2,925,511	3,668,079	4,866,777	5,672,171	6,561,307
Refunds	-	-	-	-	-
Administrative expenses	93,454	105,570	112,410	110,628	112,517
Total deductions from Plan net assets	3,018,965	3,773,649	4,979,187	5,782,799	6,673,824
Change in net assets	$ 13,521,564	$ 13,796,917	$ (390,825)	$ (4,479,399)	$ (9,884,101)

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

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

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

2003	2004	2005	2006	2007
$ 2,457,661 (2)	$ 9,197,797	$ 11,248,020 (3)	$ 11,436,362	$ 11,979,390
43,441,450	35,666,583	37,437,133	37,809,048	40,955,026
242,309,261	163,674,788	149,237,500	234,113,308	199,977,322
288,208,372	208,539,168	197,922,653	283,358,718	252,911,738
67,869,193	76,355,138	86,053,631	95,436,244	104,926,801
20,800	81,937	159,000	209,412	390,158
2,098,088	2,211,322	2,464,874	2,618,710	2,469,185
69,988,081	78,648,397	88,677,505	98,264,366	107,786,144
$ 218,220,291	$ 129,890,771	$ 109,245,148	$ 185,094,352	$ 145,125,594
$ 218,967	$ 784,899	$ 1,038,456	$ 1,187,939	$ 1,297,609
4,348,924	3,143,627	3,530,326	4,075,768	4,504,640
13,503,048	8,832,033	7,812,975	11,955,835	10,012,367
18,070,939	12,760,559	12,381,757	17,219,542	15,814,616
7,588,370	8,415,219	9,201,577	9,933,174	10,612,929
-	4,428	8,352	10,705	19,489
117,418	120,277	129,711	133,977	123,382
7,705,788	8,539,924	9,339,640	10,077,856	10,755,800
$ 10,365,151	$ 4,220,635	$ 3,042,117	$ 7,141,686	$ 5,058,816

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

	1998	1999	2000	2001	2002
Age and Service Benefits:					
Retirees	$ 35,355,298	$ 39,332,776	$ 44,433,446	$ 48,762,123	$ 52,217,021
Survivor	1,868,220	2,176,884	2,440,347	2,726,821	3,055,528
Death in Service Benefits	1,559,253	1,751,794	1,879,220	2,003,243	2,147,646
Disability Benefits:					
Retirees:					
On-the-Job	292,560	351,956	395,915	443,733	587,789
Off-the-Job	2,576,186	1,900,456	2,002,129	2,165,980	2,347,540
Survivors	379,000	418,616	466,857	550,044	582,711
Lump Sum Death Benefits	1,250,097	1,150,921	1,371,996	1,020,755	946,180
Pension Benefits' Refunds	25,550	10,345	18,271	23,853	14,325
Health Benefits' Refunds	-	-	-	-	-
DROP Benefits (1)	-	-	-	74,353	435,511
Pension Benefits	43,280,614	47,083,403	52,989,910	57,672,699	61,884,415
Health Benefits	2,925,511	3,668,079	4,866,777	5,672,171	6,561,307

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

2003	2004	2005	2006	2007
$ 55,940,266	$ 62,377,101	$ 69,452,844	$ 77,386,468	$ 85,768,809
3,303,251	3,487,000	3,723,260	4,057,908	4,342,907
2,328,352	2,504,738	2,766,450	2,802,956	2,905,886
514,618	604,324	571,189	581,664	607,662
2,639,992	2,868,523	2,871,960	2,986,632	3,115,834
586,217	653,459	797,577	874,519	927,141
893,150	1,555,635	1,275,203	996,348	1,199,236
20,800	81,937	159,000	209,412	390,158
-	4,428	8,352	10,705	19,489
1,653,347	2,304,358	4,595,148	5,749,749	6,059,326
66,205,846	74,050,780	81,458,483	89,686,495	98,867,475
7,588,370	8,415,219	9,201,577	9,933,174	10,612,929

Schedule of Retired Members by Type of Benefit - Pension

December 31, 2007

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	133	42	90				1		129	1	1	2
51- 100	131	19	96			1	15		99	25	3	4
101- 150	198	24	142			6	26		127	50	10	11
151- 200	195	15	144		1	10	23	2	123	48	7	17
201- 250	219	26	163			7	18	5	139	60	4	16
251- 300	213	26	136	2	2	18	28	1	133	59	4	17
301- 350	229	38	129		3	23	23	13	147	50	12	20
351- 400	175	28	104		8	18	13	4	110	47	2	16
401- 450	178	27	109	2	6	11	19	4	108	35	11	24
451- 500	184	46	88	1	12	14	17	6	117	43	5	19
501- 600	371	112	163	3	26	18	32	17	232	75	18	46
601- 700	319	128	98	2	32	15	33	11	189	69	22	39
701- 800	296	127	81	3	23	13	35	14	170	72	23	31
801- 900	282	148	55	3	20	17	33	6	167	63	18	34
901- 1,000	233	151	24	2	19	12	18	7	131	52	17	33
1,001-1,100	271	185	34	2	11	8	21	10	142	68	25	36
1,101-1,200	247	159	29	2	18	9	21	9	131	74	15	27
1,201-1,300	222	162	16	1	11	10	19	3	110	61	16	35
1,301-1,400	206	161	16	3	9		12	5	114	46	15	31
1,401-1,500	203	158	12	2	9	6	12	4	102	49	18	34
1,501-1,600	173	144	9	1	4	5	10		90	37	23	23
1,601-1,700	151	129	8		2	6	4	2	78	31	18	24
1,701-1,800	148	133	3	1	2	1	6	2	82	28	18	20
1,801-1,900	139	127	3		3	2	3	1	80	22	13	24
1,901-2,000	125	114	2		3	1	4	1	58	29	10	28
2,001-2,500	530	468	8	3	15	8	22	6	254	149	53	74
2,501-3,000	338	320	3	4	5	2	3	1	145	89	32	72
3,001-3,500	208	196	3	1		4	4		102	54	22	30
3,501-4,000	113	111			1		1		51	31	10	21
4,001-4,500	70	67				3			26	17	5	22
4,501- over	114	112			1		1		45	31	17	21
Totals	6,614	3,703	1,768	38	246	248	477	134	3,731	1,565	467	851

* 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 24 DROP participants.

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

December 31, 2007

[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	206		$12.50 - 50.00	2
51.00 - 100.00	593		51.00 - 100.00	144
101.00 - 150.00	797		101.00 - 150.00	144
151.00 - 200.00	713		151.00 - 200.00	174
201.00 - 250.00	237		201.00 - 250.00	277
251.00 - 300.00	44		251.00 - 300.00	320
301.00 - 350.00	15		301.00 - 350.00	347
351.00 - 400.00	8		351.00 - 400.00	396
401.00 - 450.00	3		401.00 - 450.00	209
451.00 - 500.00	3		451.00 - 500.00	29
501.00 - 550.00	1		501.00 - 550.00	9
551.00 - 600.00	1		551.00 - 600.00	6
601.00 - over	2		601.00 - 650.00	9
			651.00 - 700.00	5
			701.00 - 750.00	4
			751.00 - 800.00	2
			801.00 - over	3
Totals	2,623			2,080

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.

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

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

December 31, 2007

Age	Number of Retirees/ Beneficiary	Type of Retirement* 1	2	3	4	5	6	7
01-24	25					18	2	5
25-29	3							3
30-34	7					3		4
35-39	15				1	5	4	5
40-44	23	1			4	11	5	2
45-49	54	1	1	1	19	16	10	6
50-54	98	2	1	4	37	18	17	19
55-59	1,183	583	457	6	57	33	28	19
60-64	1,279	737	397	4	48	30	43	20
65-69	1,141	715	266	8	42	26	63	21
70-74	871	568	167	8	18	29	69	12
75-79	767	508	134	1	9	21	85	9
80-84	612	323	171	4	8	22	78	6
85-89	387	185	129	2	3	12	54	2
90-94	125	64	39			4	17	1
95 and up	24	16	6				2	
Totals	6,614	3,703	1,768	38	246	248	477	134

*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 24 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
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
2007								
Average Monthly Benefits	$52.26	$406.89	$668.51	$1,306.00	$1,802.38	$2,500.82	$3,146.99	$1,525.70
Mean Final Avg. Monthly Salary	$2,936.27	$3,784.99	$3,637.37	$4,493.97	$4,707.83	$4,897.62	$5,052.79	$4,372.90
Number of Retirees	1	88	56	68	55	50	61	379

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

	Years of Credited Service							
As of December 31:	**1-5**	**6-10**	**11-15**	**16-20**	**21-25**	**26-30**	**31+**	**Total**
2006								
Total Eligible Reduction Amount	$3,531	$30,738	$68,931	$125,975	$183,056	$230,344	$296,069	$938,644
Average Monthly Benefit Paid	$36.36	$62.47	$95.70	$145.35	$191.33	$245.71	$292.40	$186.00
Number of Retirees	89	423	608	780	876	872	897	4,545
2007								
Total Eligible Reduction Amount	$3,775	$30,788	$66,525	$127,688	$189,438	$239,006	$317,100	$974,320
Average Monthly Benefit Paid	$37.58	$62.76	$97.04	$145.41	$191.21	$246.67	$303.49	$190.26
Number of Retirees	96	432	599	794	915	910	957	4,703

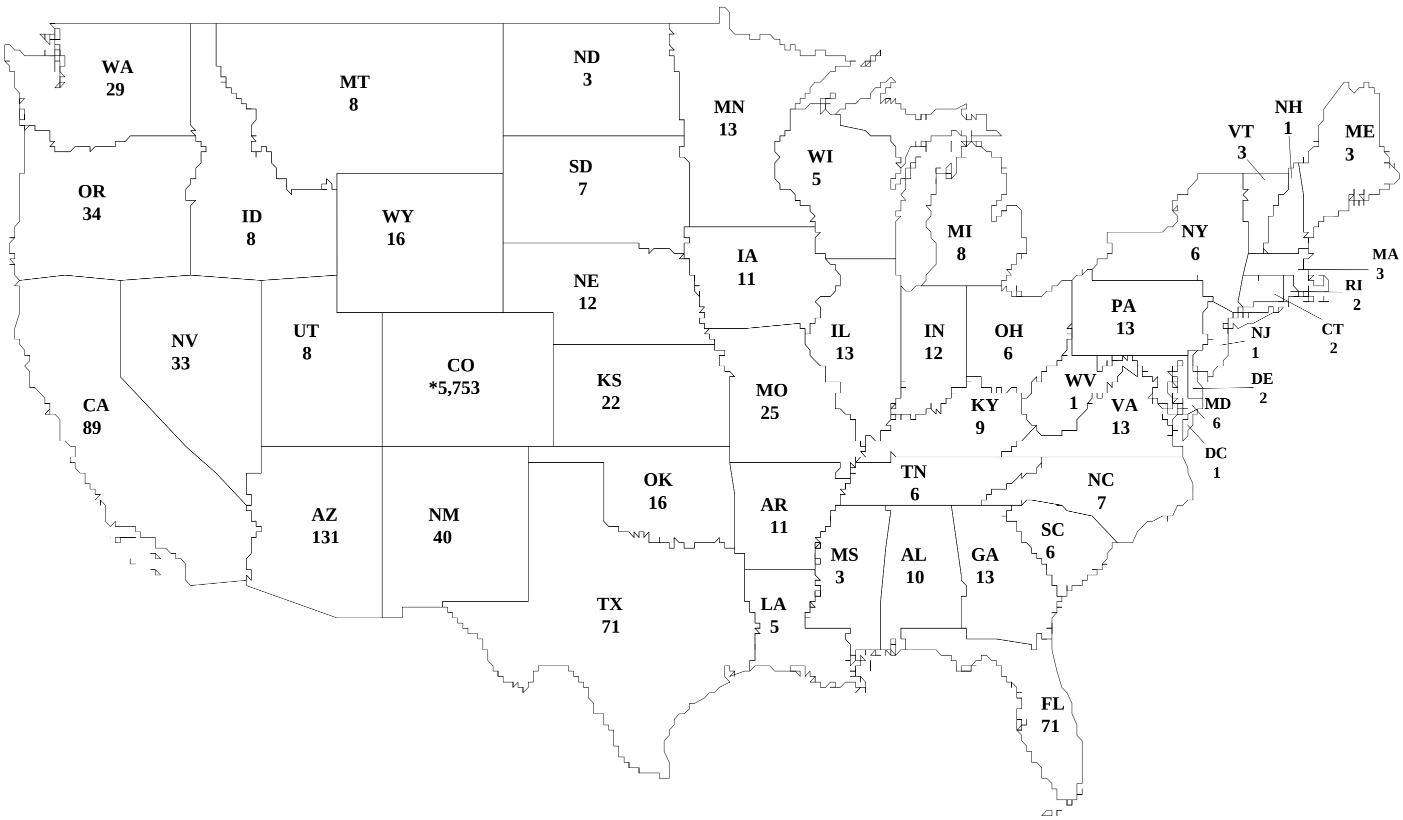
Note: Only two years of data are available because 2006 is the first year the information was captured.

Principal Participating Employers
Current Year and Nine Years Ago

	2007			1998		
	Covered Employees	**Rank**	**Percentage of Total System**	**Covered Employees**	**Rank**	**Percentage of Total System**
Pension Benefits						
Participating Government:						
City and County of Denver	17,566	1	91.4%	14,712	1	85.0%
Denver Health and Hospital Authority	1,654	2	8.6%	2,596	2	15.0%
Total	19,220		100.0%	17,308		100.0%
Health Benefits						
Participating Government:						
City and County of Denver	17,566	1	91.4%	14,712	1	85.0%
Denver Health and Hospital Authority	1,654	2	8.6%	2,596	2	15.0%
Total	19,220		100.0%	17,308		100.0%

Location of Plan Retirees

Total Number of Retirees – 6,614*



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

*Includes 24 DROP participants.

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