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EL PASO COUNTY RETIREMENT PLAN

Management's Discussion and Analysis and Financial Statements

For the Years Ended December 31, 2010 and 2009,

Supplementary Information

And

Independent Auditors' Report

EL PASO COUNTY RETIREMENT PLAN

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INDEPENDENT AUDITORS' REPORT

Board of Retirement
El Paso County Retirement Plan
Colorado Springs, Colorado

We have audited the accompanying statements of plan net assets of the El Paso County Retirement Plan (the Plan) as of December 31, 2010 and 2009 and the related statements of changes in plan net assets for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the plan net assets of the El Paso County Retirement Plan at December 31, 2010 and 2009, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 5 and the supplementary information on pages 17 through 20 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 audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules of administrative expenses, investment expenses and consultant expenses on pages 21 through 23 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Stockman Kast Ryan + Co., LLP

April 25, 2011

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EL PASO COUNTY RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management is pleased to provide this overview and analysis of the financial activities of the El Paso County Retirement Plan (the Plan). Please read it in conjunction with the Plan's financial statements and accompanying notes.

The Plan was established in 1967 consisting of one employer and has subsequently expanded to include El Paso County, El Paso County Health, Pikes Peak Library District, 4th Judicial District Attorney and El Paso County Board of Retirement. The Plan is a cost-sharing multiple employer-defined benefit plan covering all permanent, full-time and job-share employees of the five participating employers upon their date of employment.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Plan Net Assets* provides a statement of account balances at the end of the year. This statement reports the assets available for future payments to retirees and any current liabilities that are owed at the end of the year. These assets, less liabilities, represent the net amount of funds that are available for future payments. The *Statement of Changes in Plan Net Assets* reports additions and deductions in plan net assets during the current year.

The financial statements report the resources available to pay benefits to retirees and other beneficiaries as of the end of the year, as well as the changes in resources during the year. These statements include all assets and liabilities, using an economic resources measurement focus and the accrual basis of accounting. The notes to the financial statements are an integral part of the financial statements. The notes communicate information that is not displayed on the face of the financial statements that is essential for the fair presentation of the financial statements. These financial statements should be reviewed along with the *Schedule of Funding Progress* and *Schedule of Employer Contributions* to determine whether the Plan is financially strong and to understand changes over time in the financial status of the Plan.

FINANCIAL HIGHLIGHTS

Plan Net Assets

Plan net assets held in trust for pension benefits increased during 2010 by $26.9 million to $262.6 million. The major reason for the 2010 increase in Plan net assets was investment income of $31.3 million, along with contributions of $14.9 million. Deductions from plan net assets consisted primarily of benefit payments of $18.8 million.

Condensed Statements of Plan Net Assets
(in thousands)

	2010	2009	Change
ASSETS			
Cash and cash equivalents	$ 4,691	$ 3,795	$ 896
Investments	257,536	232,598	24,938
Securities lending collateral		6,160	(6,160)
Receivables	521	424	97
Capital assets, net	145	179	(34)
Total assets	262,893	243,156	19,737
LIABILITIES			
Securities lending obligation		7,147	(7,147)
Other liabilities	247	308	(61)
Total liabilities	247	7,455	(7,208)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 262,646	$ 235,701	$ 26,945

Additions To Plan Net Assets

The collection of member and employer contributions, as well as income from investments, provides the reserves needed to finance retirement benefits. Additions to plan net assets are summarized below (in thousands):

	2010	2009	Change
Investment income	$ 31,243	$ 33,135	$ (1,892)
Employer contributions	7,163	6,133	1,030
Employee contributions	7,776	6,589	1,187
Other income	23	9	14
Total additions	$ 46,205	$ 45,866	$ 339

The $31.3 million of investment income in 2010 consisted primarily of the net appreciation in fair value of investments of $28.8 million. The appreciation in fair value was mainly the result of the strong performance of the domestic and international equity markets during 2010.

The $33.1 million of investment income in 2009 consisted primarily of the net appreciation in fair value of investments of $28.8 million. The appreciation in fair value was mainly the result of the recovery of the domestic and international equity markets, offset by a decline in value of the Plan's real estate funds.

Employer and employee contributions increased in 2010 primarily as the result of the Plan's contribution rate for both employers and employees increasing from 6% in 2009 to 6.5% in 2010.

Deductions From Plan Net Assets

The principal purpose for which the Plan was created was to provide retirement annuities and survivor benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the Plan, refunds of contributions to terminated employees, and the cost of administering the Plan. These costs resulted in deductions from Plan net assets of $19.3 million during 2010. Deductions from plan net assets are summarized below (in thousands):

	2010	2009	Change
Pension benefits	$ 16,339	$ 15,247	$ 1,092
Termination refunds	1,776	1,912	(136)
Death benefits	660	637	23
Administrative expenses	486	516	(30)
Total deductions	$ 19,261	$ 18,312	$ 949

Deductions from plan net assets for 2010 increased by 5% primarily due to increased benefit payments. The increase in ongoing benefit payments is mainly the result of an increase in the number of retirees.

FUNDED STATUS OF THE PLAN

The Plan's fundamental financial objective is to meet long-term benefit obligations through employer and employee contributions and investment income. Actuarial valuations, using various assumptions, examine the Plan's assets as compared to liabilities and determine annual contribution rates necessary to pay current and future benefit obligations.

The funded ratio is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is not the current market value but a market-related value which smoothes changes in the market value over five years. The funded ratio of the Plan was as follows as of January 1, 2008 through January 1, 2011:

	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio
January 1, 2008	$ 285,740	$ 312,549	91.4%
January 1, 2009	249,777	331,358	75.4%
January 1, 2010	282,842	354,377	79.8%
January 1, 2011	285,037	375,802	75.8%

The decrease in the funded ratio from January 1, 2008 to January 1, 2011 is due to an increase in the actuarial accrued liability of 20.2% while the actuarial value of assets decreased by 0.2%. As of December 31, 2010, the actuarial value of assets exceeds the fair value of plan assets by approximately $22.2 million.

Current actuarial required contribution levels necessary to meet the Plan's future obligations exceeded the Plan's actual contributions for each of the past 6 years. As of January 1, 2011, the total actuarially required contribution rate for 2011 is 16.9%. The Plan was amended during 2009 to increase the participant contribution rate to 6.5% effective January 1, 2010, 7% effective January 1, 2011 and 7.5% effective January 1, 2012. Such increases will be matched by the employer, resulting in a total contribution rate of 15% in 2012.

The Retirement Board also made significant benefit changes during 2009 which included: no double payment of death benefits for non-vested members, a minimum requirement of 60 months of service for those hired after December 31, 2009 to attain rights to a lifetime benefit, and lowering of the benefit levels for all hires after December 31, 2009.

In an effort to get the Plan on par with the annual required contribution rate as determined under established guidelines and to be able to fund the current liabilities over the Plan's established 30 year amortization period the Board has studied many proposed plan changes. Plan changes studied, but not acted on include: increasing the member retirement eligibility criteria, setting a minimum payout age, eliminating the supplemental death benefit, increasing the years needed to vest and decreasing the benefit level further. All of these options will be re-evaluated in 2011.

For more detail on the Plan's funded status and required contribution levels, see the Required Supplementary Information – Schedule of Funding Progress on page 17 and Schedule of Employer Contributions on page 18.

CONTACTING THE PLAN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Plan's finances. If you have any questions about this report or need additional financial information, contact the Executive Director, 105 East Vermijo, Suite 200, Colorado Springs, CO 80903.

EL PASO COUNTY RETIREMENT PLAN

STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CASH AND CASH EQUIVALENTS	$ 4,690,501	$ 3,795,140
INVESTMENTS		
Equities:		
Domestic stocks and equity funds	75,182,388	98,678,256
International equity funds	77,853,668	52,162,255
Fixed income:		
Fixed income funds	50,566,564	46,984,216
Corporate securities	18,057,752	14,838,472
U.S. Government and agency securities	5,805,496	6,020,278
Real estate funds	16,027,023	13,914,189
Fund of hedge funds	14,043,148	
Total investments	257,536,039	232,597,666
SECURITIES LENDING COLLATERAL	—	6,159,820
RECEIVABLES		
Interest and dividends	245,450	242,213
Securities sold	197,426	121,869
Other	78,587	60,513
Total receivables	521,463	424,595
CAPITAL ASSETS, NET	144,829	179,003
TOTAL ASSETS	262,892,832	243,156,224
LIABILITIES		
SECURITIES LENDING OBLIGATION	—	7,146,834
PAYABLE FOR SECURITIES PURCHASED	63,914	70,264
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	183,079	237,620
TOTAL LIABILITIES	246,993	7,454,718
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 262,645,839	$ 235,701,506

See notes to financial statements.

EL PASO COUNTY RETIREMENT PLAN

STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
ADDITIONS		
INVESTMENT INCOME		
Net appreciation in fair value of investments	$ 28,788,997	$ 28,775,810
Interest and dividends	3,626,209	4,537,889
Investment expenses	(918,566)	(1,128,385)
Net investment income before securities lending activities	31,496,640	32,185,314
Securities lending income, net of borrower rebates and agent fees	1,963	53,989
Securities lending gain (loss)	(256,091)	895,646
Net investment income	31,242,512	33,134,949
CONTRIBUTIONS		
Employers	7,163,560	6,133,398
Employees	7,775,817	6,588,930
Total contributions	14,939,377	12,722,328
OTHER INCOME	23,452	8,703
TOTAL ADDITIONS	46,205,341	45,865,980
DEDUCTIONS		
BENEFITS PAID TO PARTICIPANTS		
Pension	16,339,242	15,247,023
Termination refunds	1,775,640	1,912,000
Death	660,131	637,219
Total	18,775,013	17,796,242
ADMINISTRATIVE EXPENSES	485,995	515,528
TOTAL DEDUCTIONS	19,261,008	18,311,770
NET INCREASE IN PLAN NET ASSETS	26,944,333	27,554,210
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	235,701,506	208,147,296
End of year	$ 262,645,839	$ 235,701,506

See notes to financial statements.

1. DESCRIPTION OF THE PLAN

The following brief description of the El Paso County Retirement Plan (the Plan) is provided for informational purposes only. Participants should refer to the plan document for more complete information.

General — The Plan is a cost-sharing multiple employer defined benefit plan covering all permanent, full-time and job-share employees of the five participating employers upon their date of employment. All employees hired after September 1, 1967 are required to participate. Employees hired from 1974 through 1981 who were age 60 or older at their date of employment could elect to become a member as of January 1, 1982.

The participants of the Plan consist of the following as of December 31:

	2010	2009
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,388	1,346
Terminated employees receiving refunds in early 2011 and 2010, respectively	66	47
Current employees:		
Vested	1,283	1,211
Non-vested	1,050	1,053
Total	3,787	3,657

The El Paso County Board of Retirement (the Board) manages and administers the Plan. The Board consists of five members, one of whom is the El Paso County Treasurer, two of whom are appointed by the El Paso County Board of Commissioners (the Board of Commissioners) and two of whom are employees of the participating employers elected by participants.

Contributions — Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 13% and 12% of covered payroll for 2010 and 2009, respectively.

Effective January 1, 1984, contributions are tax-deferred to the participants for federal income tax purposes. If participants have at least five years of credited service, they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits. However, eligible participants who return to employment with a participating employer within 48 months and were previously refunded their contributions may reinstate withdrawn service if they repay the Plan the amount received when employment was terminated, plus interest, within twelve months of rehire.

Active participants who have completed five years of service may purchase up to five years of service credit for any period of full-time, nonvested previous employment with any public or private employer. One month of service credit may be purchased for each full month of full-time, nonvested, noncovered employment. The cost to purchase one month of service credit for noncovered employment is the "actuarial equivalent cost", as determined by the actuary for the Plan.

Participants may elect to pay for purchases of service credit in a lump sum or on an installment basis. Payments may be made on a monthly, quarterly or annual basis with interest due at the actuarial equivalent interest rate for periodic benefits. The period over which installment payments may be made cannot exceed a period equal to the total amount of credited service to be purchased. Purchased service is recognized when paid.

Administrative Expenses — The Plan's administrative expenses are paid from the assets of the Plan accumulated from contributions and investment earnings.

Termination Benefits — Participants vest in accumulated contributions as follows:

(a) If Credited with Less than Five Years of Service: Refund of the participant's accumulated contributions.

(b) If Credited with Five or More Years of Service:

(i) The participant may elect to receive a deferred retirement benefit which shall be equal to the participant's accrued benefit as of the date of termination and payable on the participant's normal retirement date. The participant may elect to receive a reduced retirement benefit beginning on the first day of any month subsequent to the participant's attainment of age 55. The reduction shall be 3% for each year by which payments commence prior to the first of the month following the participant's normal retirement date.

(ii) In lieu of (i), a participant may elect a current refund of accumulated contributions made by the participant.

Retirement Benefits — Participants hired before January 1, 2010 are eligible for normal retirement on the first of the month coincident with attainment of age 62. Participants hired after December 31, 2009 are eligible for normal retirement after attainment of age 62, but not before the completion of 60 months of continuous service. If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times the final average monthly compensation, times years of credited service. If hired after December 31, 2009, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation times the first 10 years of credited service, plus 2.11% times final average monthly compensation times the member's 11th through 20th years of credited service, plus 2.22% times final average monthly compensation times credited service in excess of 20 years. Such benefit will not be greater than 75% of the participant's final average monthly compensation and not less than $25.00 per year of credited service. Final average compensation is the highest monthly average of considered compensation during the 36 consecutive calendar months of credited service out of the last 120 calendar months of credited service.

A participant is eligible for an early retirement benefit at age 55, provided the member has completed five years of credited service. The monthly pension is based on the vested portion of the normal retirement benefit, reduced by 3% for each year the early retirement date precedes the normal retirement date.

A participant is eligible for special early retirement benefits if the sum of the participant's age and credited service equals 75 or more. The monthly benefit is equal to the normal retirement benefit and is not reduced for early commencement.

The annuity for delayed retirement is computed by the normal retirement formula considering credited service and compensation to actual retirement.

Disability Benefits — A participant is eligible for disability benefits if the participant's employment is terminated due to total and permanent disability as determined by eligibility for and receipt of disability benefits continuously until the normal retirement date under (1) the employer's long-term disability plan, or (2) Title II of the Federal Social Security Act. The annuity, payable at age 62, shall be calculated as for normal retirement considering the credited service that would have accrued had the participant been employed until the normal retirement date and the final average compensation during the calendar year preceding the year of the member's Disability Retirement.

Payment of Benefits — The monthly benefit, computed as set forth above, shall be paid in equal monthly payments commencing one month after the actual retirement date continuing at monthly intervals for the retired participant's lifetime thereafter. If the retired participant's death occurs prior to the payment of 120 monthly payments, the remainder of the 120 payments shall be paid to the participant's beneficiary.

Death Benefits Prior to Retirement — Death benefits prior to retirement are as follows:

In the event that an active participant or vested participant dies prior to their normal retirement date, the participant's surviving beneficiary will be entitled to either two times the participant's accumulated contributions payable immediately or a monthly benefit equal to 60% of the monthly retirement benefit earned by the member prior to the date of death. Payment of the monthly benefit to the beneficiary will begin on the first of the month following the death or the date the member would have attained age 55, if later.

Between normal and delayed retirement — In the event that a participant dies after their normal retirement date but prior to their actual retirement, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit form had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit form and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Death Benefits After Retirement — Death benefits after retirement consist of a lump-sum benefit of $3,000 payable upon the death of a retired participant.

Plan Termination — Although not presently contemplated, the Board has the right to terminate the Plan at any time, subject to limitations. In the event of termination, after payment of expenses, accumulated contributions would be returned to the participants, and the remaining assets distributed on a pro rata method to the participants based on accrued benefits. Participating employers would not receive any Plan assets.

Subsequent Events — The Plan has evaluated subsequent events for recognition or disclosure through April 25, 2011, the date the financial statements were available for issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — The Plan is considered a multi-employer cost-sharing pension trust fund. As such, the Plan is included in the participating employers' Comprehensive Annual Financial Reports as a pension trust fund.

Basis of Accounting — The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles that apply to governmental accounting for fiduciary funds. Employee and employer contributions are recognized in the period they are due. Investment earnings are recognized in the period earned. Expenses are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the plan provisions.

Investments — Investments are stated at fair value. Securities and mutual funds that are actively traded are valued based on quoted market prices. Fixed income securities that are not actively traded are valued primarily based on equivalent values of comparable securities. Collective equity and fixed income funds are valued based on the fair values of the underlying investments, which are primarily based on quoted market prices. Collective real estate fund fair values are valued by the respective fund managers based on capital account balances as of the balance sheet date. The fund of hedge funds is valued by the fund of funds manager based on the valuations of each of the individual portfolio fund values. The individual portfolio fund managers use data such as redemption and subscription prices and other observable inputs to value the individual funds.

Securities Lending — Cash received as collateral on securities lending transactions is reported as an asset and the related securities lending obligation is reported as a liability on the Statement of Plan Net Assets. Securities lending transactions collateralized by letters of credit or by securities that the Plan does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Capital Assets — Capital assets are recorded at cost. Depreciation is calculated using the straight-line method over useful lives of 3 to 7 years.

Tax Status — The Plan is a governmental plan within the meaning of the Internal Revenue Code (the Code). The Internal Revenue Service has determined and informed the Plan by a letter dated April 2, 2002, that the Plan is designed in accordance with the applicable sections of the Code. The Plan has been subsequently amended; however, management of the Plan believes that the Plan is designed and operating in accordance with the Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

3. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2011, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Value of Assets (a)	$	285,037
Actuarial Accrued Liability – Entry Age (b)	$	375,802
Total Unfunded Actuarial Accrued Liability (UAAL) (b) – (a)	$	90,765
Funded Ratio (a)/(b)		75.8%
Covered Payroll (c)	$	112,232
Unfunded UAAL as Percentage of Covered Payroll ((b-a)/c)		80.9%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent Open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases (including inflation)	4.5% to 11.6%
Cost of living adjustments	None
Inflation rate	3.5%
Mortality rate	1994 Group Annuity Mortality Table

4. DEPOSITS

The Plan has bank balances of $660,048 and $1,028,555 on deposit with banking institutions at December 31, 2010 and 2009, respectively. Of the bank balances, $250,000 is insured by the Federal Deposit Insurance Corporation at December 31, 2010 and 2009. In addition, $4,030,453 and $2,766,585 was held by the various money managers in banking institutions at December 31, 2010 and 2009, respectively. The uninsured bank balances and money manager balances are collateralized with securities held by the banking institutions but not in the Plan's name.

5. INVESTMENTS

General Policies — Funds of the Plan are managed in accordance with Colorado statutes and any other applicable law, and in compliance with the prudent investor rule. The investment of the Plan's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries, and paying the Plan's administrative expenses. The investments shall be prudently selected and properly diversified to fulfill fiduciary responsibilities.

The investment portfolio is comprised of equity securities, fixed income securities, cash equivalents, real estate and a fund of hedge funds. The investments are denominated in both U.S. and foreign currencies.

Credit Risk — Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Plan's general investment policy is to limit its investments in fixed income securities to those with an S&P/Moody's rating of investment grade BBB/Baa or better, unless expressly permitted by the Board. However, the fixed income portfolio manager is allowed to hold fixed income securities with a rating of BB or B. The manager's total foreign securities and securities with a rating of BB or B may not exceed 20% of the portfolio.

The Plan's exposure to fixed income security credit risk based on Standard & Poor's ratings is as follows as of December 31, 2010:

S&P Rating	Fixed Income Funds	Corporate Securities	Mortgage Backed Securities	US Treasury Securities	US Government Agency Securities	Total
AAA			$ 1,080,755	$ 3,580,514	$ 2,224,982	$ 6,886,251
AA+		$ 288,129				288,129
AA	$ 26,501,082	229,719				26,730,801
AA-		443,655	110,436			554,091
A+	24,065,482	158,554	105,267			24,329,303
A		1,796,996	211,753			2,008,749
A-		1,818,838	225,148			2,043,986
BBB+		1,704,870	486,335			2,191,205
BBB		1,894,929	146,200			2,041,129
BBB-		2,767,587				2,767,587
BB+		319,002				319,002
BB		592,817				592,817
BB-		367,381				367,381
B+		465,388				465,388
B		384,498				384,498
B-		183,611				183,611
CCC		64,119				64,119
D		48,248				48,248
Unrated		950,620	1,212,897			2,163,517
Total	$ 50,566,564	$ 14,478,961	$ 3,578,791	$ 3,580,514	$ 2,224,982	$ 74,429,812

The $1,212,897 of mortgage-backed securities that are unrated by Standard & Poor's are rated AAA by Moody's. $247,499 of the corporate securities that are unrated by Standard & Poor's are rated A2 and A3 by Moody's. $703,121 of the corporate securities that are unrated by Standard & Poor's are unrated by Moody's.

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan limits its investments in any one issuer of equity securities, fixed income securities, short-term investments and commercial paper to no more than 5% of the applicable portfolio. No limitation is placed on investments in U.S. Government guaranteed obligations. No individual investments exceeded 5% of the Plan's net assets at December 31, 2010 and 2009.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. Unless expressly permitted by the Board, the effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the broad market benchmark included in the instructions to the portfolio manager.

As of December 31, 2010, the effective duration of Plan's fixed income instruments are as follows (duration is stated in years):

Fixed Income Investments	**Fair Value**	**Effective Duration**
Fixed income funds	$ 50,566,564	5.0
U.S. Government Agency securities	2,224,982	3.5
U. S. Treasury securities	3,580,514	1.9
Corporate securities	14,478,961	6.5
Mortgage-backed securities	3,578,791	3.5
Total fixed income investments	$ 74,429,812	
Portfolio effective duration		5.0

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investments were distributed among the following currencies as of December 31, 2010:

	Corporate Fixed Income	**Other**	**Total Fair Value**
United States dollar	$ 17,826,581	$ 239,478,287	$ 257,304,868
Mexican peso	226,497		226,497
Iceland krona	4,674		4,674
Total investments	$ 18,057,752	$ 239,478,287	$ 257,536,039

Redemption Periods — Redemptions of the Plan's real estate funds can be made upon 90 days notice. Redemptions of the Plan's fund of hedge funds can be made quarterly upon 48 days notice.

Mortgage-Backed Securities — A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments. Alternatively, an increase in interest rates can result in decreased prepayments. A collateralized mortgage obligation (CMO), is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and/or credit risk among the various bond classes in the CMO structure.

The Plan invests in mortgage-backed securities for diversification and to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrower will meet its obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, the risk that prepayments will occur when interest rates have declined, and extension risk, the risk that prepayments will not be made when interest rates have increased.

As of December 31, 2010, the fair value of the Plan's mortgage-backed securities is $3,578,791.

Appreciation in Fair Value of Investments — During the years ended December 31, 2010 and 2009, the Plan's investments (including investments bought, sold and held during the year) appreciated in value by $28,788,997 and $28,775,810, respectively, as follows:

	2010	2009
Equities:		
Domestic stocks and equity funds	$ 13,695,627	$ 22,052,783
International equity funds	8,649,487	10,851,891
Fixed income:		
Fixed income funds	2,846,564	3,027,661
Corporate securities	1,198,038	2,780,763
U.S. Government and agency securities	11,534	236,948
Real estate funds	2,112,834	(10,174,236)
Fund of hedge funds	274,913	
Net appreciation in fair value of investments	$ 28,788,997	$ 28,775,810

6. SECURITIES LENDING

The Plan participated in a securities lending program through its custodian, Wells Fargo Bank (the Bank), until March 31, 2010 when the Plan terminated all of its securities loans under the program.

The Board policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Bank lent securities for collateral in the form of cash, securities and letters of credit. The Plan did not have the ability to pledge or sell collateral securities.

The Bank negotiated loans directly or through a finder for a minimum of one day but with no fixed maximum term, retaining the power to terminate the loan at any time unless otherwise agreed to by the Plan. The Plan reserved the right to pre-approve new borrowers.

The Bank's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. The Plan had no losses on securities lending transactions resulting from the default of a borrower for the years ended December 31, 2010 and 2009.

All securities loans could be terminated on demand by either the Plan or the borrower. The Plan was entitled to all cash dividends, stock dividends, stock splits, rights of distribution, conversion privileges, tender and exchange offers, and similar corporate actions with respect to any loaned securities as if the securities had not been loaned. However, during any period when securities were loaned, the Plan waived its right to vote such securities.

Each loan was required to be collateralized in the amount of 102% of the market value of the loaned security and accrued interest. Collateral was marked to market daily. The Plan assumed all risk of loss arising out of collateral investment losses and any resulting collateral deficiencies.

As of December 31, 2009 lent securities and the associated collateral received were as follows:

Lent securities	$ 7,146,834
Cash collateral received	6,159,820
Net unrealized loss at December 31, 2009	$ 987,014

The cash collateral of $6,159,820 as of December 31, 2009 was reported in the Statements of Plan Net Assets as an asset. As of December 31, 2009 a liability of $7,146,834 was recorded for the lent securities since such balances exceed the cash collateral.

7. CAPITAL ASSETS

Capital assets consist of the following at December 31:

	2010	2009
Software development costs	$ 216,102	$ 216,102
Furniture and equipment	54,613	53,071
Leasehold improvements	10,312	10,312
Total	281,027	279,485
Less: accumulated depreciation and amortization	136,198	100,482
Fixed assets, net	$ 144,829	$ 179,003

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (Amounts in Thousands)

	January 1,					
	2011	**2010**	**2009**	**2008**	**2007**	**2006**
Actuarial Value of Assets (a)	$ 285,037[1]	$ 282,842[1]	$ 249,777	$ 285,740	$ 257,214	$ 234,661
Actuarial Accrued Liability — Entry Age (b)	375,802	354,377	331,358	312,549	293,358	270,180
Total Unfunded Actuarial Accrued Liability (b)-(a)	90,765	71,535	81,581	26,809	36,144	35,519
Funded Ratio (a)/(b)	75.8%	79.8%	75.4%	91.4%	87.7%	86.9%
Covered Payroll (c)	112,232	106,957	102,703	105,140	103,403	98,916
Unfunded Actuarial Accrued Liability (Surplus) as Percentage of Covered Payroll ((b-a)/c)	80.9%	66.9%	79.4%	25.5%	35.0%	35.9%

[1] The differences between the actuarial value of assets and the net assets held in trust for pension benefits on the accompanying statements of plan net assets are due primarily to the use of a five year smoothed market asset valuation method in computing the actuarial value of assets. Such method recognizes gains and losses evenly over a five-year period rather than as incurred.

See notes to required supplementary information.

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Valuation Date	Annual Required Contribution	Percentage Contributed
2011	January 1, 2011	$ 10,632,649[1]	N/A
2010	January 1, 2010	$ 9,603,845	75%
2009	January 1, 2009	$ 10,945,353	56%
2008	January 1, 2008	$ 7,724,074	82%
2007	January 1, 2007	$ 8,158,839	77%
2006	January 1, 2006	$ 7,387,051	83%
2005	January 1, 2005	$ 6,551,304	87%

[1] The January 1, 2011 amount is an estimate based on the annual required contribution percentage and an estimate of the 2011 covered payroll.

See notes to required supplementary information.

EL PASO COUNTY RETIREMENT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. DESCRIPTION

The historical trend information is presented as required supplementary information. This information is intended to help financial statement users assess the funding status on a going-concern basis, and to assess progress made in accumulating assets to pay benefits when due.

2. ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2011, the latest actuarial valuation date, follows.

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent Open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases (including inflation)	4.5% to 11.6%
Cost of living adjustments	None
Inflation rate	3.5%
Mortality rate	1994 Group Annuity Mortality Table

The January 1, 2011 actuarial valuation reflects no changes in actuarial assumptions.

The January 1, 2010 actuarial valuation reflects no changes in actuarial assumptions and the following changes in plan provisions:

- Effective January 1, 2010 the required monthly participant contribution increases from 6% to 6.5% of earnings. The participant monthly contribution rate increases to 7% effective January 1, 2011 and 7.5% effective January 1, 2012.

- Normal retirement date for a member hired before January 1, 2010 is the first of the month on or after attainment of age 62. Normal retirement date for a member hired after December 31, 2009 is the first of the month on or after attainment of age 62, but not before the completion of 60 months of continuous service.

  If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times the final average monthly compensation, times years of credited service. If hired after December 31, 2009, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation times the first 10 years of credited service, plus 2.11% times final average monthly compensation times the member's 11th through 20th years of credited service, plus 2.22% times final average monthly compensation times credited service in excess of 20 years. Such benefit will not be greater than 75% of the participant's final average monthly compensation and not less than $25.00 per year of credited service.

The January 1, 2009 actuarial valuation reflects no changes in actuarial assumptions.

The January 1, 2008 actuarial valuation reflects no changes in actuarial assumptions.

The January 1, 2007 actuarial valuation reflects the following changes in actuarial assumptions:

- The mortality, withdrawal, disability and retirement rates were changed to more accurately reflect plan experience. The impact of these changes was to increase the actuarial accrued liability by $9,311,777.

The January 1, 2006 actuarial valuation reflects no changes in actuarial assumptions.

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
PERSONNEL SERVICES		
Staff salaries	$ 178,204	$ 181,730
Insurance	17,402	19,861
Social Security	12,712	13,026
Retirement	11,575	8,646
Total personnel services	219,893	223,263
PROFESSIONAL SERVICES		
Legal and accounting	68,246	46,136
Actuarial	42,533	64,658
Audit	16,000	15,800
Other professional	2,435	32,310
Total professional services	129,214	158,904
COMMUNICATION		
Conferences and travel	9,605	8,212
Printing and copying	8,186	6,184
Postage and delivery	3,572	1,853
Dues and subscriptions	1,775	2,083
Telephone	1,108	1,236
Total communication	24,246	19,568
MISCELLANEOUS		
Software maintenance	43,862	43,338
Depreciation	35,716	36,153
Insurance	27,636	30,463
Office supplies	3,207	3,235
Other	2,221	604
Total miscellaneous	112,642	113,793
TOTAL ADMINISTRATIVE EXPENSES	$ 485,995	$ 515,528

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULES OF INVESTMENT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Investment Management:		
Lee Munder Investments, Ltd.	$ 213,654	$ 235,436
LSV Asset Management	190,799	166,046
ING Clarion	165,648	206,219
Loomis Sayles & Co.	90,292	83,612
Gardner Lewis Asset Management	77,326	135,918
State Street Global Advisors	45,048	31,687
Eaton Vance Management		88,937
Roxbury Capital Management, LLC		63,627
Investment Consultant:		
Watershed Investment Consultants, Inc.	80,000	67,665
Master Custodian:		
Wells Fargo Bank	55,799	48,925
Other		313
TOTAL INVESTMENT EXPENSES	$ 918,566	$ 1,128,385

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULES OF CONSULTANT EXPENSES [1]
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Actuarial – Buck Consultants	$ 42,533	$ 64,658
Legal – Holme Roberts & Owens, LLP	41,846	19,736
Accounting – DMLG and Associates, LLP	26,400	26,400
Audit – Stockman Kast Ryan & Company, LLP	16,000	15,800
Executive search – EFL Associates		32,310
Other	2,435	
Total consultant expenses	$ 129,214	$ 158,904

[1] See the Schedule of Investment Expenses for fees paid to investment professionals.