



**EL PASO FIREMEN AND POLICEMEN'S
PENSION FUND AND SUBSIDIARY
(A COMPONENT UNIT OF THE
CITY OF EL PASO, TEXAS)**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

TABLE OF CONTENTS

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY (A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS)

Report of Independent Auditors	1
Management's Discussion and Analysis.....	3

FINANCIAL STATEMENTS

Consolidated Statements of Plan Net Assets	7
Consolidated Statements of Changes in Plan Net Assets.....	8
Notes to Consolidated Financial Statements.....	9

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1 - Schedules of Funding Progress (unaudited)	25
Schedule 2 - Schedules of Employer Contributions (unaudited)	26

OTHER SUPPLEMENTARY INFORMATION

Schedule 3 - Consolidated Schedule of Plan Net Assets for 2010 (unaudited).....	27
Schedule 4 - Consolidated Schedule of Changes in Plan Net Assets for 2010 (unaudited)	29
Schedule 5 - Consolidated Schedule of Plan Net Assets for 2009 (unaudited).....	31
Schedule 6 - Consolidated Schedule of Changes in Plan Net Assets for 2009 (unaudited)	33

Report of Independent Auditors

To the Board of Trustees
El Paso Firemen and Policemen's Pension Fund
and Subsidiary
El Paso, Texas

We have audited the accompanying consolidated statements of plan net assets of El Paso Firemen and Policemen's Pension Fund (the Fund) as of December 31, 2010, and the related consolidated statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Fund as of and for the year ended December 31, 2009 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated July 28, 2010.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 plan net assets of El Paso Firemen and Policemen's Pension Fund as of December 31, 2010, and the changes in its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis (MD&A) and the required supplemental information (Schedules 1 and 2) are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of

To the Board of Trustees
El Paso Firemen and Policemen's Pension Fund
and Subsidiary
El Paso, Texas

the Fund's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A and required supplemental information. However, we did not audit such information and express no opinion on it.

The other supplementary information included in Schedules 3 through 6 listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary Schedules 3 through 6 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.

Mess Adams LLP

Albuquerque, New Mexico
July 28, 2011

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
(A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010**

As management of El Paso Firemen and Policemen's Pension Fund and Subsidiary (the Fund), we offer readers of the Fund's financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended December 31, 2010 and 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Fund's financial statements, which follow this narrative.

Financial Highlights

- The Fund was up 12.83% and 26.30%, ranking in the 77th and 11th percentile investment return for the years ending December 31, 2010 and 2009, respectively.
- The assets of the Fund exceeded its liabilities at the close of the fiscal year 2010 and 2009 by \$1,023,035,955 and \$934,694,812, respectively.
- The Fund's total net assets increased by \$88,341,143 and \$280,099,821 in 2010 and 2009, respectively.
- The Fund received \$110 million from the City of El Paso in May 2009 to address the under funding of the Fund.
- Benefit payments made during fiscal year 2010 totaled \$49,918,863, an increase of \$929,822 over fiscal year 2009 primarily due to the net increase in the number of retirees and cost of living increases.

The Fund's funding objective is to meet long-term benefit obligations through contributions and investment income. As of January 1, 2010, the date of our last actuarial valuation, the funded ratio was 82.8%. In general, this indicates that as of January 1, 2010, for every dollar of benefits due we had approximately \$.83 of assets to cover it.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements. The Fund's basic financial statements contain three components; 1) the basic financial statements, 2) notes to the financial statements, and 3) supplementary Schedules 1 and 2 required by the Governmental Accounting Standards Board. The financial statements have been consolidated and include the amounts to the Fund and its wholly owned subsidiary, Lomaland West, LLC.

The Fund is accounted for on an economic resource measurement focus using the accrual basis of accounting and Lomaland West, LLC is accounted for using the equity method of accounting both in accordance with principals generally accepted in the United States of America.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
(A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010**

The financial statements include the consolidated statements of plan net assets and the consolidated statements of changes in plan net assets. The notes provide additional information that is essential to a full understanding of the data provided in the Fund's consolidated financial statements. In addition to the basic financial statements and required supplementary Schedules 1 and 2, this report also contains other supplemental Schedules 3 through 6 that will enhance the reader's understanding of the financial condition of the Fund.

Summarized Financial Information

The following table displays the summary of the net assets available for benefits from fiscal years 2010, 2009, and 2008 for the Fund:

	2010	2009	2008
Assets	\$1,088,220,062	1,000,154,129	693,941,884
Liabilities	<u>65,184,107</u>	<u>65,459,317</u>	<u>39,346,893</u>
Net assets held in trust for pension benefits	<u>\$1,023,035,955</u>	<u>934,694,812</u>	<u>654,594,991</u>

Total net assets increased by \$88,341,143 or 9.53% during the fiscal year 2010 to \$1,023,035,955. The increase to net assets is primarily due to the Fund's investment activities.

Financial Analysis

As previously noted, net assets may serve over time as useful indication of the Fund's financial position. The asset of the Fund exceeded its liabilities at the close of the year. Currently, \$1,023,035,955 in net assets is held in trust for future pension benefits. All of the net assets are available to meet the Fund's ongoing obligations to plan members and their beneficiaries.

As of December 31, 2010, net assets increased by 9.53% from the prior year primarily due to increases in the fair value of investments during 2010.

Investments. The investment decisions made by the Board of Trustees are made mindfully and with careful thought especially in the unpredictable global and domestic financial markets today. The portfolio continues to be structured to provide the best returns possible over the long-term within the risk parameters adopted by the Board.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
(A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010**

Revenues – Additions to Plan Net Assets. The assets needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and earnings on investments (net of investment expenses). Total additions to plan net assets for the year ended December 31, 2010 was \$143,358,869.

Expenses – Deductions from Plan Assets. The Fund was established to provide lifetime retirement annuities, survivor benefits and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring monthly benefit payments, as designated by the Fund, refund of employee contributions (with interest) to terminated employees, and the cost of administering the retirement system. The total cost of the Fund administrative expenses is 100% funded by investment proceeds earned throughout each fiscal year.

Deductions for the year ended December 31, 2010, totaled \$55,017,726 an increase of \$3,625,941 or 7.1% over the year ended December 31, 2009. The majority of this increase is comprised of benefit payments to retirees and beneficiaries and employee contributions refunds, including interest.

Comparison of Fiscal Year 2010 to 2009. As of December 31, 2010, net assets increased by 42.2% over the prior year primarily due to increases in the fair value of investments during 2010 and a \$110,000,000 contribution by the City of El Paso. Net additions for the year ended December 31, 2010 was \$331,491,606. Deductions during the year ended December 31, 2010 totaled \$51,391,785, an increase of \$3,968,275 or 8.3% over the year ended December 31, 2009.

The following table displays the summary of the change in net assets available for benefits from fiscal years 2010, 2009, and 2008 for the Fund:

	2010	2009	2008
Contributions	\$ 40,440,235	149,381,195	38,493,208
Net investment and other income (loss)	102,918,634	182,110,411	(225,905,113)
Total revenues (loss)	143,358,869	331,491,606	(187,411,905)
Benefit payments	49,918,863	48,989,041	45,590,574
Refunds	3,710,978	1,041,973	654,747
Administrative expenses	1,261,279	1,287,151	1,166,634
Depreciation and amortization	126,606	73,620	11,555
Total expenses	55,017,726	51,391,785	47,423,510
Change in net assets	\$ 88,341,143	280,099,821	(234,835,415)

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
(A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010**

Requests for Information

This report is designed to provide an overview of the Fund's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the El Paso Firemen and Policemen's Pension Fund, Chase Tower, 201 E. Main Street, Suite 1616, El Paso, Texas 79901, (915) 771-8111, or email us at info@elpasofireandpolice.org.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED STATEMENTS OF PLAN NET ASSETS
As of December 31, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	<u>\$ 12,373,980</u>	16,085,863
Receivables		
Employer contributions	883,704	866,137
Employee contributions	711,200	700,607
Deposit	6,180	6,180
Total receivables	<u>1,601,084</u>	<u>1,572,924</u>
Investments, at fair value		
Fixed income securities	325,587,608	314,942,050
Domestic equities	337,312,254	292,285,094
International equities	331,914,497	305,059,083
Private equities	6,073,257	198,484
Limited partnerships	8,313,112	3,754,941
Invested securities lending collateral	64,028,944	65,129,273
Total investments	<u>1,073,229,672</u>	<u>981,368,925</u>
Property and equipment		
Furniture and fixtures	52,090	52,099
Computer equipment	58,630	52,874
Machinery equipment	5,756	5,756
Pension administration system software	1,106,857	1,106,856
Total property and equipment	<u>1,223,333</u>	<u>1,217,585</u>
Less: Accumulated depreciation and amortization	<u>(228,922)</u>	<u>(102,317)</u>
Net property and equipment	<u>994,411</u>	<u>1,115,268</u>
Other assets		
Organizational costs	25,279	14,543
Less: Accumulated amortization	<u>(4,364)</u>	<u>(3,394)</u>
Net other assets	<u>20,915</u>	<u>11,149</u>
Total assets	<u>1,088,220,062</u>	<u>1,000,154,129</u>
LIABILITIES		
Accrued expenses and other	1,155,163	330,044
Securities lending obligation	<u>64,028,944</u>	<u>65,129,273</u>
Total liabilities	<u>65,184,107</u>	<u>65,459,317</u>
Net assets held in trust for pension benefits	<u>\$ 1,023,035,955</u>	<u>934,694,812</u>

See Notes to Consolidated Financial Statements.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS		
Contributions		
Employer	\$ 22,672,552	22,301,859
Employee	17,767,683	17,079,336
Other	-	110,000,000
Total contributions	<u>40,440,235</u>	<u>149,381,195</u>
Investment income		
Net appreciation in fair value of investments	88,826,986	164,433,563
Interest income	8,810,928	13,074,885
Dividend income	9,845,238	7,062,275
Securities lending income	161,268	176,962
Less: Investment expenses	(4,885,270)	(2,872,498)
Net investment gain	<u>102,759,150</u>	<u>181,875,187</u>
Other income		
Other income	159,484	98,063
Rental income	-	574
Gain on sale	-	136,587
Total other income	<u>159,484</u>	<u>235,224</u>
Total additions	<u>143,358,869</u>	<u>331,491,606</u>
DEDUCTIONS		
Benefits paid to participants	49,918,863	48,989,041
Refunds of employee contributions	3,710,978	1,041,973
Administrative expenses	1,261,279	1,287,151
Depreciation and amortization expense	126,606	73,620
Total deductions	<u>55,017,726</u>	<u>51,391,785</u>
Net change	88,341,143	280,099,821
Net assets held in trust for pension benefits		
Beginning of year	<u>934,694,812</u>	654,594,991
End of year	<u>\$ 1,023,035,955</u>	<u>934,694,812</u>

See Notes to Consolidated Financial Statements.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The El Paso Firemen and Policemen's Pension Fund and Subsidiary (the Fund) is a single-employer Public Employee Retirement System (PERS) plan established and administered by the Board of Trustees in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The fund is a component unit of the City of El Paso, Texas. It consists of separate divisions for firemen and policemen. The two divisions have been combined in the accompanying financial statements.

During the year ended December 31, 2007, the Fund formed Lomaland West, LLC which is a limited liability company. Lomaland West, LLC was formed to acquire a building to house the Fund's operations. No building has been acquired by Lomaland West LLC as of December 31, 2010. As of December 31, 2010 and 2009, the primary activity of Lomaland West, LLC is to pay lease payments on the premises occupied by the Fund. Lomaland West, LLC is a wholly owned subsidiary of the Firemen and Policemen's Pension Fund.

Consolidation. For the years ended December 31, 2010 and 2009, the accompanying financial statements have been consolidated and include the accounts of the Fund and its wholly owned subsidiary Lomaland West, LLC. All material inter-organization transactions have been eliminated in consolidation.

Basis of Accounting. The accounting policies of the Fund have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting. The wholly owned subsidiary, Lomaland West, LLC is accounted for using the equity method of accounting.

Valuation of Investments. Investments of the Fund were held by The Northern Trust Company in the custodian's name for the years ended December 31, 2009 and 2010.

Investments are stated at fair value in the accompanying combined statements of plan net assets. The fair value of marketable investments is determined by the latest bid price, closing exchange price at year end, institutional bid evaluation and net asset value as considered appropriate for each investment type by The Northern Trust Company.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

**NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Net appreciation (depreciation) in fair value of investments reflected in the accompanying combined statements of changes in plan net assets available for benefits represents the net unrealized gains or losses on investments, which equals the difference between the cost and the market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

The Northern Trust Company utilizes a master trust to account for investments of the Fund. As part of the master trust concept, all investments for each division are unitized. A unitization is an arrangement which allows multiple participants to share in the same commingled investment pool. Each division then owns a certain number of units of the master trust. Units are assets which represent an undivided ownership in the master trust. All activity of the master trust, including gains and losses and all expenses not otherwise specifically allocated to each division, are reflected in the master trust.

Securities Lending. The Fund has a securities lending agreement with its custodian, the Northern Trust Company (the Lending Agent), under which Fund owned investments are lent to one or more borrowers for a fee. The Lending Agent is responsible for collecting all required collateral in the form of U.S. dollar cash, securities issued or guaranteed by the United States Government or its agencies or instrumentalities, or irrevocable letters of credit issued by banks independent of the borrowers.

Foreign Currency Transactions. The Fund is a party to certain financial arrangements, utilizing put or call options, future contracts, options on futures, and any other type of financial futures transactions, only when used by International Managers or Index Managers if such transactions are for the purpose of currency hedging, investing cash to efficiently obtain market exposure prior to the purchase of actual securities or due to the delay in settlement of accrued dividends which have not yet been received as paid, respectively, or when used by core plus fixed income managers. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts but also the risk associated with market fluctuations. Gains and losses on option and future arrangements are recorded as they are incurred. Gains and losses on forward contracts are recorded on the settlement date. The Fund does not have any put or call options, futures contracts, options on futures of any other type of financial futures transactions at December 31, 2010 or 2009.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Fund's functional currency - United States dollars) are recorded by the Fund based on changes in market values and are combined with similar transactions in the accompanying consolidated statements of changes in plan net assets and are included in net master trust investment gain (loss).

Investments and broker accounts denominated in foreign currencies outstanding at December 31, 2010 and 2009 were converted to the Fund's functional currency (United States dollars) at the foreign exchange rates quoted at December 31, 2010 and 2009. These foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying consolidated statements of changes in plan net assets.

Revenue and Expense Recognition. The accounts of the Fund are maintained and reported in the accompanying financial statements on the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Benefits, refunds and expenses paid are recognized as incurred.

Property and Equipment. Property and equipment are recorded at cost, less accumulated depreciation and amortization. Maintenance and repairs are charged to expense as incurred; whereas, major additions and significant improvements are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is 5 years for computer equipment and 5-10 years for furniture and fixtures. Depreciation expense related to these assets amounted to \$15,919 and \$17,307 for the years ended December 31, 2010 and 2009, respectively.

The fund has finalized modifications to the new pension administration system software package with total costs of \$1,106,857. The system has been in use since June of 2009. Depreciation expense for this asset amounted to \$62,892.

Organizational Costs. Organizational costs related to the creation of the Fund's wholly owned subsidiary Lomaland West, LLC are recorded at cost, less accumulated amortization. These costs are being amortized on a straight-line basis over their estimated useful life of 15 years. Amortization expense for these costs amounted to \$970 and \$970 for the years ended December 31, 2010 and 2009, respectively.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

**NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results may differ from estimates.

Reclassifications and Other Changes to Prior Year. Certain reclassifications were made to the 2009 consolidated financial statement to conform to 2010 presentation.

In the previously issued December 31, 2009 consolidated financial statements, the assets and liabilities of the Fund's security lending program were netted together. In this year's consolidated financial statements, the December 31, 2010 and 2009 assets and liabilities of the Fund's securities lending program are presented in the statements of plan assets at their gross amount as required by the applicable accounting standard. There was no change to the 2009 net assets held in trust for pension benefits as a result of recording the gross amount of the securities lending assets and liabilities.

NOTE 2. DESCRIPTION OF THE RETIREMENT PLANS

The designated purpose of the Fund is to provide retirement, death and disability benefits to participants or their beneficiaries. Cost-of-living adjustment (COLAs) are provided upon the earlier of the retiree having attained age 60 or the fifth anniversary for firemen or second anniversary for policemen of the pension commencement date and on each January first thereafter. The Fund is established by state statute and administered by a Board of Trustees comprised of 11 trustees as follows:

Three citizens of the City to be appointed by the mayor; two citizens of the City to be appointed by the city manager; three Member firemen of the City Fire Department, to be elected by the Firemen Members of the Fund; and three Member policemen of the City Police Department, to be elected by the Policemen Members of the Fund. The Board contracts with an independent custodian bank, investment managers, an investment consultant, and an actuary to assist in managing the Fund.

The City of El Paso is the only participating employer.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2. DESCRIPTION OF THE RETIREMENT PLANS (CONTINUED)

The Fund's membership is estimated as follows as of December 31, 2010 and 2009:

	2010		2009	
	Firemen Division	Policemen Division	Firemen Division	Policemen Division
Retirees and beneficiaries of deceased retirees currently receiving benefits	642	862	634	851
Inactive employees entitled to benefits but not yet receiving them	9	8	3	8
Total retired and inactive members	651	870	637	859
Current active members	806	1,067	829	1,093

The Pension Fund was originally enacted under Chapter 101, Acts of the 43rd Legislature, 1st Called Sessions, 1933, subsequently modified from time to time, and has been restated, effective July 1, 2007, in two parts: Part I, The Base Plan, and Part II, The Second Tier Plan.

The Firemen Division of the Fund is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 15.28% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.5% of compensation into the Fund. Non-employer contributions are limited to participating employees.

The Policemen Division of the Fund is a defined benefit, contributory retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 13.89% of their compensation to the Fund. In addition, the City of El Paso pays up to 18.5% of compensation into the Fund. Non-employer contributions are limited to participating employees.

Any person duly appointed and enrolled as a fireman or policeman in the fire or police departments of the city shall automatically become a member of the pension fund, provided such person shall have attained eighteen (18) years of age. Participant contributions are not refunded if a participant terminates with less than five years of service and all benefits under the Fund are terminated. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the Fund are terminated if contributions are refunded.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2. DESCRIPTION OF THE RETIREMENT PLANS (CONTINUED)

The Fund is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current Fund provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document as Restated Effective July 1, 2007. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets. The complete Plan Document containing benefit and vesting provision in their entirety is available at the Pension office.

Payment of Benefits. Benefit payments to participants are recorded upon distributions.

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING

Custodial Risk- Cash and Cash Equivalents. For cash deposits and cash equivalents, custodial risk is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's deposits are held by the Custodian, referred to cash and cash equivalent in the statement of plan net assets. As of December 31, 2010 and 2009, the Fund's cash and cash equivalents in the custodian bank totaled \$12,373,980 and \$16,085,863, respectively. For purposes of this note, cash and cash equivalents is to include cash and short-term investments. The Fund does not have a deposit policy for custodial credit risk; however, management believes that the Fund's credit risk exposure for amounts not covered by Federal depository insurance is mitigated by the financial strength of the banking institution in which the deposits are held.

Investments. The Board has adopted a Statement of Investment Policy (Investment Policy) with the objective to invest the Funds assets in a manner consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent man will be observed. Safety of principal shall be emphasized and the Fund will be diversified so as to avoid the risk of large loss. All transactions undertaken on behalf of the fund will be for the sole benefit of the Fund participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses.

The Fund's investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board under contracts with the Fund. The investments of the Fund are held by the Fund's custodian and are accessible by the investment managers. The investments generally consist of short-term securities, U.S. and

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING (CONTINUED)

foreign government securities, and domestic and foreign corporate debt and equity securities. Certain investment managers have invested in bank collective investment funds which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures, and temporary collective investment funds and may enter into collateralized securities lending transactions.

Asset Type	Fair Value Measurement Method
Common Stock	
Corporate Stock	Last Trade or Official Close
Fixed Income	
Government Bonds	Net Asset Value
Municipal Provincial Bonds	Net Asset Value
Corporate Bonds	Net Asset Value
Venture Capital and Partnerships	
Limited Partnerships	Bid Evaluation or Total Market Value

The fair values of the Fund's investments as of December 31, 2010 and 2009, by type, are as follows:

Investment Description	Fair Value at December 31, 2010	Fair Value at December 31, 2009
Fixed Income -		
Corporate, Government and		
Municipal/Provincial Bonds	\$ 325,587,608	314,942,050
Domestic Equities	337,312,254	292,285,094
International Equities	331,914,497	305,059,083
Private Equities	6,073,257	198,484
Limited Partnerships	<u>8,313,112</u>	<u>3,754,941</u>
Investments before invested securities		
lending collateral	1,009,200,728	916,239,652
Invested securities lending collateral	<u>64,028,944</u>	<u>65,129,273</u>
Total	<u>\$1,073,229,672</u>	<u>981,368,925</u>

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING (CONTINUED)

Through adherence to the Fund's Investment Policy, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below:

Domestic Large Cap Equity Portfolio

The annual standard deviation of returns for the Fund's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S & P 500 Index. If passively managed, it is not expected to exceed 1.1 times the annual standard deviation of the S & P 500 Index.

Domestic Small Cap Equity Portfolio

The annual standard deviation of returns for the Fund's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the Russell 2000 Index.

International Equity Portfolio

The annual standard deviation of returns for the Fund's international equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the International Equity Benchmark Index.

Emerging Markets Equity Portfolio

The annual standard deviation of returns for the Fund's emerging markets equity portfolio, if actively managed, is not expected to exceed the 1.5 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.

Domestic Fixed Income Portfolio

The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

Real Estate Portfolio

The annual standard deviation of returns for the Fund's real estate portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING (CONTINUED)

Private Equity Portfolio

The annual standard deviation for the Fund's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S & P 500 returns.

Domestic Cash Equivalents Investments

The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

Concentration of Credit Risk. The asset allocation contains guideline percentages, at market value, of total Fund Assets to be invested in various asset classes. Actual asset allocations will be dictated by current and anticipated market conditions, the independent actions of the board and/or investment managers, and required cash flows to and from the Fund.

As of December 31, 2010 and 2009, the Funds' investment portfolio had no single holdings in excess of 5% Fund net assets.

Custodial Credit Risk – Investments. For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At December 31, 2010 and 2009, the Fund's security investments that were not subject to custodial credit risk were the investments not registered on an exchange.

Interest Rate Risk- Investments. Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Interest rate and market risk are the greatest risks faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the Investment Policy, the Board of Trustees provides each of the Fund's investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING (CONTINUED)

- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

As of December 31, 2010, the fixed income portfolio had the following rating and maturities:

Ratings		Investment maturities	
AAA	\$222,754,240	< 1 year	\$ 755,134
AA	24,578,191	1 – 3 years	67,524,707
A	39,285,442	3-5 years	44,992,330
BBB	25,557,192	5-7 years	42,767,913
BB	6,706,272	7-10 years	35,276,203
B	4,470,848	10-20 years	21,781,904
Below B	<u>2,235,423</u>	20-30 years	53,280,731
	<u>\$325,587,608</u>	Over 30	<u>58,668,686</u>
			<u>\$325,587,608</u>

Foreign Currency Risk. The Fund's exposure to foreign currency risk at December 31, 2010 and 2009 was as follows:

Investment	Currency	2010 Fair Value	2009 Fair Value
Cash and equivalents	European Union Euro	\$ 372,366	133,953
Cash and equivalents	Japanese Yen	29,702	14,196
Corporate stocks	British Pound Sterling	-	3,556,942
		<u>\$ 400,068</u>	<u>3,705,091</u>

Securities Lending. The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. Securities (securities) in accordance with the terms of the Securities Lending Authorization Agreement (the agreement). The Lending

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 3. CASH, INVESTMENTS AND SECURITY LENDING (CONTINUED)

Agent is authorized to lend the Funds securities to one or more borrowers as seen appropriate but limited to the listed or described borrowers on Schedule A, an attachment to the aforementioned agreement.

The Lending Agent shall indemnify, defend and hold the Fund harmless from and against any losses, damages, costs and expenses (other than special, incidental, indirect or consequential losses, damages, costs or expenses) the Fund may incur if the Lending Agent is unable to recover borrowed securities and distributions made during the term of the loans with respect to those securities as a result of the Lending Agent's failure (a) to make a reasoned determination of the creditworthiness of a borrower, (b) to demand adequate and appropriate collateral on a prompt and timely basis and (c) to perform its duties and responsibilities under the agreement.

The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities.

Each business day the Lending Agent and the Fund shall determine the market value of the collateral and the borrowed securities. If on any business day the market value of all the collateral shall be less than the required value, the Lending Agent shall demand from the borrower, subject to a de minimis rule of change in value appropriate to the type of borrowed securities, additional collateral so that the market value of the additional collateral, when added to the market value of the collateral previously delivered to the Lending Agent, shall equal the required value. If on any business day the market value of all the collateral shall be greater than the required value, the Lending Agent shall, upon request from the borrower, subject to a de minimis rule of change in value appropriate to the type of borrowed securities, redeliver the borrower such amount of collateral selected by the borrower so that the market value of all collateral equals the required value.

As of December 31, 2010 and 2009, \$63,640,698 and \$63,121,059 of Fund owned investments (at fair market value) were loaned to borrowers respectively. The cash collateral received from borrowers as of December 31, 2010 and 2009 were \$64,028,944 and \$65,129,273, respectively. Because cash collateral received from borrowers exceeds the fair value of lent investments, the Fund has no credit risk exposure. The fair market value of the collateral held approximates the cash lent at December 31, 2010 and 2009.

There were no losses from securities lending transactions during the years ended December 31, 2010 and 2009 resulting from a default of a borrower or the lending agent.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 4. CONTRIBUTIONS

Funding policies provide for periodic employer contributions are determined by City Charter, and employee contributions as established by the Board of Trustees and a vote of active participants in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes.

Actuarial valuations are prepared biennially for the Fund.

The Fund's actuary has indicated that, under the current contribution requirements, the Fund will not accumulate sufficient assets to amortize the Unfunded Actuarial Accrued Liability (UAAL).

In the event, based upon the results of the actuarial valuations:

(a) If at any time a qualified actuary that meets the requirements of Subdivision (1), Subsection (b), Section 10A of this Act, determines that the total contribution rate, expressed as a percentage of wages, is insufficient to amortize the unfunded actuarial accrued liability, as defined under the Governmental Accounting Standards Board Statement No. 25, over a period not to exceed forty (40) years:

(1) the city's or town's governing body may increase the city or town contribution rate; and

(2) to the extent that the city or town contribution rate increases under Subdivision (1) of this subsection, the member contribution rate must increase by an amount equal to the member contribution rate before the increase multiplied by a fraction:

(A) the numerator of which is the increase in the amount of city or town contribution rate; and

(B) the denominator of which is the amount of the city or town contribution rate before the increase.

(b) The sum of the city or town contribution rate and the member contribution rate after an increase under this section may not exceed the total contribution rate determined by the qualified actuary to be necessary to amortize the unfunded actuarial accrued liability over a forty (40) year period.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4. CONTRIBUTIONS (CONTINUED)

Contributions were made as follows during the years ended December 31, 2010 and 2009:

	2010		2009	
	Actual Amount	Stated % of Covered Payroll	Actual Amount	Stated % of Covered Payroll
Firemen Division				
Employer contributions	\$ 9,523,180	18.50%	\$ 9,416,943	18.50%
Employee contributions	8,112,337	15.28%	7,612,243	15.28%
Other contributions	-	N/A	68,000,000	N/A
Total contributions	\$ 17,635,517		\$ 85,029,186	
Policemen Division				
Employer contributions	\$ 13,149,372	18.50%	\$ 12,884,916	18.50%
Employee contributions	9,655,346	13.89%	9,467,093	13.89%
Other contributions	-	N/A	42,000,000	N/A
Total contributions	\$ 22,804,718		\$ 64,352,009	
Firemen and Policemen Divisions Combined				
Employer contributions	\$ 22,672,552	18.50%	\$ 22,301,859	18.50%
Employee contributions	17,767,683	N/A	17,079,336	N/A
Other contributions	-	N/A	110,000,000	N/A
Total contributions	\$ 40,440,235		\$ 149,381,195	

During the year ended December 31, 2009, the City of El Paso contributed \$110,000,000 to the fund in order to address the underfunding of the Fund.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 4. CONTRIBUTIONS (CONTINUED)

The information presented in the required supplementary information was determined to as part of the actuarial valuation at the dates indicated. Actuarial information as of the last valuation follows:

Actuarial valuation date	1/1/2010
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll over 30 years, open
Remaining amortization period	Rolling 30 years
Asset valuation method	5-year smoothed market

Actuarial assumptions:

Investment rate of return	7.75% per year
Salary increase	4.5% to 11.5%
General inflation rate	3.5% per year
Cost-of-living adjustment	3% annually
Mortality rates	1994 GAM – set back two years for males
Termination rates – firemen	.5% to 2.0%
Termination rates – policemen	1.0% to 3.0%

Funding progress:

Actuarial value of assets	\$992,371,127
Actuarial accrued liability	\$1,209,035,805
Unfunded actuarial accrued liability	\$216,624,678
Funded ratio	82.08%
Covered payroll	\$113,710,295
UAAL as % of covered payroll	190.51%

NOTE 5. PLAN TERMINATION

Although not anticipated, should the Fund terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Under the current contribution requirements, each of the funds will not accumulate sufficient assets to cover their liabilities. Whether a particular participant's accumulated benefits will be paid depends on the priority of those benefits. Some benefits may be fully or partially provided for by the then existing assets while other benefits may not be provided for at all.

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6. FEDERAL INCOME TAXES AND ERISA

The Fund is a Public Employee Retirement System (PERS) and is exempt from federal income taxes and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTE 7. OPERATING LEASES

On April 1, 2008, Lomaland West, LLC, the wholly owned subsidiary of the Fund, entered into a Lease Agreement with Borderplex 201 E. Main, L.L.C., for the rental of office space in the Chase Tower in downtown El Paso. This lease is a 5 year lease due to terminate on March 31, 2013. At the start of 2009, the lease monthly payment was \$6,179.78 and on April 1, 2009 it went up to \$6,393.62 per month. Additional rent can be assessed as described in paragraph 3 of the lease agreement if the landlord expects "operating costs" to exceed the expense stop provision.

On September 1, 2009, the Fund entered into a Service Level Agreement (SLA) with ElectroSystems Engineers, Inc. (dba ESEI) for the maintenance of a disaster recovery server located off the Fund's premises. The lease agreement is for \$300 a month plus any a la carte services explained in the SLA and it is for successive six month terms unless either party provides the other with written notice of its election not to renew this SLA at least 30 days prior to the expiration of the then existing term.

On the accompanying consolidated financial statements for the years ended December 31, 2010 and 2009, total lease expenses for these operating leases were shown as part of administrative expenses as follows:

	2010	2009
Firemen Division	\$ 40,263	40,661
Policemen Division	<u>40,263</u>	<u>40,661</u>
Total lease expenses	<u>\$ 80,526</u>	<u>81,322</u>

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7. OPERATING LEASES (CONTINUED)

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

Year Ended	Firemen Division	Policemen Division	Combined Total
2011	\$ 39,324	39,324	78,648
2012	39,645	39,645	79,290
2013	9,911	9,911	19,822

NOTE 8. RISKS AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net assets.

The Fund's contribution rates and the actuarial information included in the notes and Schedules 1 and 2 are based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change.

Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the consolidated financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**

Actuarial Valuation Date**	Actuarial Value of Assets (AVA) (a)*	Actuarial Accrued Liability (AAL) - Entry Age (b)*	Unfunded AAL (UAAL) (b - a)*	AVA as Percentage of AAL (a / b)	Covered Payroll (c)*	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Firemen						
01/01/2006	\$ 215,036,027	\$374,484,359	\$159,448,332	57.4%	\$38,326,296	416.0%
01/01/2008	317,924,960	431,938,611	114,013,651	73.6	41,165,230	277.0
01/01/2010	403,748,151	493,320,462	89,572,311	81.8	48,172,561	185.9
Policemen						
01/01/2006	388,533,219	547,072,188	158,538,969	71.0	53,274,624	297.6
01/01/2008	515,354,403	613,942,215	98,587,812	83.9	56,840,063	173.4
01/01/2010	588,622,976	715,715,343	127,052,367	82.2	65,537,734	203.2

* Amounts reported in whole dollars (\$)

** For financial reporting purposes, an actuarial valuation is performed biennially as allowed for under GASB 25.

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Fund's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Fund is becoming financially stronger or weaker, generally, the greater this percentage, the stronger the Fund. Trends in unfunded actuarial accrued liability and covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the Fund's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Fund.

**EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS (UNAUDITED)**

	Year Ended December 31	Annual Required Contribution	Percentage Contribution
Firemen	2005	\$ 13,807,421	56%
	2006	15,343,321	52%
	2007	15,794,257	404%
	2008	13,255,005	65%
	2009	14,998,356	517%
	2010	11,747,947	82%
Policemen	2005	\$ 18,427,235	60%
	2006	20,153,124	57%
	2007	20,800,595	263%
	2008	16,746,050	74%
	2009	17,648,266	312%
	2010	17,595,473	74%

OTHER SUPPLEMENTARY INFORMATION

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED SCHEDULE OF PLAN NET ASSETS (UNAUDITED)
As of December 31, 2010

	Pension Fund			Lomaland West, LLC		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
ASSETS:						
Cash and cash equivalents	\$ 5,051,501	7,311,743	12,363,244	4,387	6,349	10,736
Receivables						
Employer contributions	361,073	522,631	883,704	-	-	-
Employee contributions	290,589	420,611	711,200	-	-	-
Deposit	-	-	-	2,525	3,655	6,180
Total receivables	651,662	943,242	1,594,904	2,525	3,655	6,180
Investments, at fair value						
Fixed income securities	133,031,933	192,555,675	325,587,608	-	-	-
Domestic equities	137,822,510	199,489,744	337,312,254	-	-	-
International equities	135,617,038	196,297,459	331,914,497	-	-	-
Private equities	2,481,474	3,591,783	6,073,257	-	-	-
Real estate	3,396,657	4,916,455	8,313,112	-	-	-
Invested securities lending collateral	26,161,604	37,867,340	64,028,944	-	-	-
Investment in subsidiary	15,457	22,374	37,831	-	-	-
Total investments	438,526,673	634,740,830	1,073,267,503	-	-	-
Property and equipment						
Furniture and fixtures	21,283	30,807	52,090	-	-	-
Computer equipment	23,956	34,674	58,630	-	-	-
Machinery equipment	2,352	3,404	5,756	-	-	-
Pension administration system software	452,251	654,606	1,106,857	-	-	-
Total property and equipment	499,842	723,491	1,223,333	-	-	-
Less: accumulated depreciation and amortization	(93,535)	(135,387)	(228,922)	-	-	-
Net property and equipment	406,307	588,104	994,411	-	-	-
Other assets						
Organizational costs	-	-	-	10,329	14,950	25,279
Less: accumulated amortization	-	-	-	(1,783)	(2,581)	(4,364)
Net other assets	-	-	-	8,546	12,369	20,915
TOTAL ASSETS	444,636,144	643,583,918	1,088,220,062	15,457	22,374	37,831
LIABILITIES:						
Accrued expenses and other	471,988	683,175	1,155,163	-	-	-
Securities lending collateral	26,161,604	37,867,340	64,028,944	-	-	-
TOTAL LIABILITIES	26,633,593	38,550,514	65,184,107	-	-	-
Net assets held in trust for pension benefits	\$ 418,002,551	605,033,404	1,023,035,955	15,457	22,374	37,831

	Eliminating Entries			Consolidated		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
\$	-	-	-	5,055,888	7,318,092	12,373,980
	-	-	-	361,073	522,631	883,704
	-	-	-	290,589	420,611	711,200
	-	-	-	2,525	3,655	6,180
	-	-	-	654,187	946,897	1,601,084
	-	-	-	133,031,933	192,555,675	325,587,608
	-	-	-	137,822,510	199,489,744	337,312,254
	-	-	-	135,617,038	196,297,459	331,914,497
	-	-	-	2,481,474	3,591,783	6,073,257
	-	-	-	3,396,657	4,916,455	8,313,112
	-	-	-	26,161,604	37,867,340	64,028,944
	(15,457)	(22,374)	(37,831)	-	-	-
	(15,457)	(22,374)	(37,831)	438,511,216	634,718,456	1,073,229,672
	-	-	-	21,283	30,807	52,090
	-	-	-	23,956	34,674	58,630
	-	-	-	2,352	3,404	5,756
	-	-	-	452,251	654,606	1,106,857
	-	-	-	499,842	723,491	1,223,333
	-	-	-	(93,535)	(135,387)	(228,922)
	-	-	-	406,307	588,104	994,411
	-	-	-	10,329	14,950	25,279
	-	-	-	(1,783)	(2,581)	(4,364)
	-	-	-	8,546	12,369	20,915
	(15,457)	(22,374)	(37,831)	444,636,144	643,583,918	1,088,220,062
	-	-	-	471,988	683,175	1,155,163
	-	-	-	26,161,604	37,867,340	64,028,944
	-	-	-	26,633,593	38,550,514	65,184,107
\$	(15,457)	(22,374)	(37,831)	418,002,551	605,033,404	1,023,035,955

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED SCHEDULE OF CHANGES IN PLAN NET ASSETS (UNAUDITED)
As of December 31, 2010

	Pension Fund			Lomaland West, LLC		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
ADDITIONS:						
Contributions						
Employee	\$ 9,523,180	13,149,372	22,672,552	-	-	-
Employee	8,112,337	9,655,346	17,767,683	-	-	-
Other	-	-	-	34,208	49,502	83,710
Total contributions	<u>17,635,517</u>	<u>22,804,718</u>	<u>40,440,235</u>	<u>34,208</u>	<u>49,502</u>	<u>83,710</u>
Investment income						
Net appreciation in fair value of investments	36,299,220	52,527,766	88,826,986	-	-	-
Interest	3,600,593	5,210,335	8,810,928	-	-	-
Dividends	4,023,264	5,821,974	9,845,238	-	-	-
Securities lending income	65,902	95,366	161,268	-	-	-
Less: investment expenses	(1,996,370)	(2,888,900)	(4,885,270)	-	-	-
Net investment income (loss)	<u>41,992,610</u>	<u>60,766,540</u>	<u>102,759,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income (loss)						
Net income in subsidiary	1,518	2,196	3,714	-	-	-
Other income	63,656	92,114	155,770	-	-	-
Rental income	-	-	-	-	-	-
Gains on sales	-	-	-	-	-	-
Total other income	<u>65,173</u>	<u>94,311</u>	<u>159,484</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>59,693,300</u>	<u>83,665,569</u>	<u>143,358,869</u>	<u>34,208</u>	<u>49,502</u>	<u>83,710</u>
DEDUCTIONS:						
Benefits paid to participants	21,358,367	28,560,496	49,918,863	-	-	-
Refunds of employee contributions	2,205,397	1,505,581	3,710,978	-	-	-
Administrative expenses	515,423	745,856	1,261,279	32,690	47,306	79,996
Depreciation and amortization expense	51,738	74,868	126,606	-	-	-
Total deductions	<u>24,130,924</u>	<u>30,886,802</u>	<u>55,017,726</u>	<u>32,690</u>	<u>47,306</u>	<u>79,996</u>
Net increase	35,562,376	52,778,767	88,341,143	1,518	2,196	3,714
Net assets held in trust for pension benefits						
Beginning - January 1, 2010	<u>382,440,175</u>	<u>552,254,637</u>	<u>934,694,812</u>	<u>13,452</u>	<u>20,665</u>	<u>34,117</u>
Ending - December 31, 2010	<u>\$ 418,002,551</u>	<u>605,033,404</u>	<u>1,023,035,955</u>	<u>14,970</u>	<u>22,861</u>	<u>37,831</u>

	Eliminating Entries			Consolidated		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
\$	-	-	-	9,523,180	13,149,372	22,672,552
	-	-	-	8,112,337	9,655,346	17,767,683
	(34,208)	(49,502)	(83,710)	-	-	-
	(34,208)	(49,502)	(83,710)	17,635,517	22,804,718	40,440,235
	-	-	-	36,299,220	52,527,766	88,826,986
	-	-	-	3,600,593	5,210,335	8,810,928
	-	-	-	4,023,264	5,821,974	9,845,238
	-	-	-	65,902	95,366	161,268
	-	-	-	(1,996,370)	(2,888,900)	(4,885,270)
	-	-	-	41,992,610	60,766,540	102,759,150
	(1,518)	(2,196)	(3,714)	-	-	-
	1,518	2,196	3,714	65,173	94,311	159,484
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	65,173	94,311	159,484
	(34,208)	(49,502)	(83,710)	59,693,300	83,665,569	143,358,869
	-	-	-	21,358,367	28,560,496	49,918,863
	-	-	-	2,205,397	1,505,581	3,710,978
	(32,690)	(47,306)	(79,996)	515,423	745,856	1,261,279
	-	-	-	51,738	74,868	126,606
	(32,690)	(47,306)	(79,996)	24,130,924	30,886,802	55,017,726
	(1,518)	(2,196)	(3,714)	35,562,376	52,778,767	88,341,143
	(13,452)	(20,665)	(34,117)	382,440,175	552,254,637	934,694,812
\$	(14,970)	(22,861)	(37,831)	418,002,551	605,033,404	1,023,035,955

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED SCHEDULE OF PLAN NET ASSETS (UNAUDITED)
As of December 31, 2009

	Pension Fund			Lomaland West, LLC		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
ASSETS:						
Cash and cash equivalents	\$ 7,393,960	10,683,329	16,069,075	6,715	10,073	16,788
Receivables						
Employer contributions	362,258	503,879	866,137	-	-	-
Employee contributions	310,854	389,753	700,607	-	-	-
Deposit	-	-	-	2,470	3,710	6,180
Total receivables	673,112	893,632	1,566,744	2,470	3,710	6,180
Investments, at fair value						
Fixed income securities	128,817,333	186,124,717	314,942,050	-	-	-
Domestic equities	119,550,204	172,734,890	292,285,094	-	-	-
International equities	124,775,010	180,284,073	305,059,083	-	-	-
Private equities	81,184	117,300	198,484	-	-	-
Real estate	1,535,843	2,219,098	3,754,941	-	-	-
Invested securities lending collateral	25,817,731	37,303,328	65,129,273	-	-	-
Investment in subsidiary	13,452	20,665	34,117	-	-	-
Total investments	400,590,757	578,804,071	981,403,042	-	-	-
Property and equipment						
Furniture and fixtures	26,049	26,050	52,099	-	-	-
Computer equipment	26,437	26,437	52,874	-	-	-
Machinery equipment	2,878	2,878	5,756	-	-	-
Pension administration system software	553,428	553,428	1,106,856	-	-	-
Total property and equipment	608,792	608,793	1,217,585	-	-	-
Less: accumulated depreciation and amortization	(51,159)	(51,158)	(102,317)	-	-	-
Net property and equipment	557,633	557,635	1,115,268	-	-	-
Other assets						
Organizational costs	-	-	-	5,819	8,724	14,543
Less: accumulated amortization	-	-	-	(1,552)	(1,842)	(3,394)
Net other assets	-	-	-	4,267	6,882	11,149
TOTAL ASSETS	409,215,462	590,938,667	1,000,154,129	13,452	20,665	34,117
LIABILITIES:						
Accrued expenses and other	136,158	193,886	330,044	-	-	-
Securities lending collateral	26,639,130	38,490,143	65,129,273	-	-	-
TOTAL LIABILITIES	26,775,288	38,684,029	65,459,317	-	-	-
Net assets held in trust for pension benefits	\$ 382,440,174	552,254,638	934,694,812	13,452	20,665	34,117

	Eliminating Entries			Consolidated		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
\$	-	-	-	7,400,675	10,693,402	18,094,077
	-	-	-	362,258	503,879	866,137
	-	-	-	310,854	389,753	700,607
	-	-	-	2,470	3,710	6,180
	-	-	-	675,582	897,342	1,572,924
	-	-	-	128,817,333	186,124,717	314,942,050
	-	-	-	119,550,204	172,734,890	292,285,094
	-	-	-	124,775,010	180,284,073	305,059,083
	-	-	-	81,184	117,300	198,484
	-	-	-	1,535,843	2,219,098	3,754,941
	-	-	-	25,817,731	37,303,328	65,129,273
	(13,452)	(20,665)	(34,117)	-	-	-
	(13,452)	(20,665)	(34,117)	400,577,305	578,783,406	979,360,711
	-	-	-	26,049	26,050	52,099
	-	-	-	26,437	26,437	52,874
	-	-	-	2,878	2,878	5,756
	-	-	-	553,428	553,428	1,106,856
	-	-	-	608,792	608,793	1,217,585
	-	-	-	(51,159)	(51,158)	(102,317)
	-	-	-	557,633	557,635	1,115,268
	-	-	-	5,819	8,724	14,543
	-	-	-	(1,552)	(1,842)	(3,394)
	-	-	-	4,267	6,882	11,149
	(13,452)	(20,665)	(34,117)	409,215,462	590,938,667	1,000,154,129
	-	-	-	136,158	193,886	330,044
	-	-	-	26,639,130	38,490,143	65,129,273
	-	-	-	26,775,288	38,684,029	65,459,317
\$	(13,452)	(20,665)	(34,117)	382,440,174	552,254,638	934,694,812

EL PASO FIREMEN AND POLICEMEN'S PENSION FUND AND SUBSIDIARY
A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS
CONSOLIDATED SCHEDULE OF CHANGES IN PLAN NET ASSETS (UNAUDITED)
As of December 31, 2009

	Pension Fund			Lomaland West, LLC		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
ADDITIONS:						
Contributions						
Employer	\$ 9,416,943	12,884,916	22,301,859	-	-	-
Employee	7,612,243	9,467,093	17,079,336	-	-	-
Other	68,000,000	42,000,000	110,000,000	-	-	-
Total contributions	85,029,186	64,352,009	149,381,195	-	-	-
Investment income						
Net appreciation (depreciation) in fair value of investments	64,449,960	99,983,603	164,433,563	-	-	-
Interest	5,206,645	7,868,240	13,074,885	-	-	-
Dividends	2,900,646	4,490,272	7,390,918	-	-	-
Securities lending income	70,785	106,177	176,962	-	-	-
Net change accrued income	(123,675)	(204,968)	(328,643)	-	-	-
Less: investment expenses	(1,126,406)	(1,746,092)	(2,872,498)	-	-	-
Net investment income (loss)	71,377,955	110,497,232	181,875,187	-	-	-
Other income (loss)						
Net income (loss) in subsidiary	(38,211)	(37,441)	(75,652)	-	-	-
Other income	42,979	55,084	98,063	-	-	-
Rental income	230	344	574	-	-	-
Gains on sales	54,635	81,952	136,587	-	-	-
Total other income	59,633	99,939	159,572	-	-	-
Total additions	156,466,774	174,949,180	331,415,954	-	-	-
DEDUCTIONS:						
Benefits paid to participants	20,966,931	28,022,110	48,989,041	-	-	-
Refunds of employee contributions	342,046	699,927	1,041,973	-	-	-
Administrative expenses	611,275	601,194	1,212,469	37,823	36,859	74,682
Depreciation and amortization expense	36,325	36,325	72,650	388	582	970
Total deductions	21,956,577	29,359,556	51,316,133	38,211	37,441	75,652
Net increase (decrease)	134,510,197	145,589,624	280,099,821	(38,211)	(37,441)	(75,652)
Net assets held in trust for pension benefits						
Beginning - January 1, 2009	247,929,978	406,665,013	654,594,991	13,333	20,487	33,820
Cash investment from City of El Paso	-	-	-	38,330	37,619	75,949
Ending - December 31, 2009	\$ 382,440,175	552,254,637	934,694,812	13,452	20,665	34,117

	Eliminating Entries			Consolidated		
	Firemen Division	Policemen Division	Combined Total	Firemen Division	Policemen Division	Combined Total
\$	-	-	-	9,416,943	12,884,916	22,301,859
	-	-	-	7,612,243	9,467,093	17,079,336
	-	-	-	68,000,000	42,000,000	110,000,000
	-	-	-	85,029,186	64,352,009	149,381,195
	-	-	-	64,449,960	99,983,603	164,433,563
	-	-	-	5,206,645	7,868,240	13,074,885
	-	-	-	2,900,646	4,490,272	7,390,918
	-	-	-	70,785	106,177	176,962
	-	-	-	(123,675)	(204,968)	(328,643)
	-	-	-	(1,126,406)	(1,746,092)	(2,872,498)
	-	-	-	71,377,955	110,497,232	181,875,187
	38,211	37,441	75,652	-	-	-
	-	-	-	42,979	55,084	98,063
	-	-	-	230	344	574
	-	-	-	54,635	81,952	136,587
	38,211	37,441	75,652	97,844	137,380	235,224
	38,211	37,441	75,652	156,504,985	174,986,621	331,491,606
	-	-	-	20,966,931	28,022,110	48,989,041
	-	-	-	342,046	699,927	1,041,973
	-	-	-	649,098	638,053	1,287,151
	-	-	-	36,713	36,907	73,620
	-	-	-	21,994,788	29,396,997	51,391,785
	38,211	37,441	75,652	134,510,197	145,589,624	280,099,821
	(13,333)	(20,487)	(33,820)	247,929,978	406,665,013	654,594,991
	(38,330)	(37,619)	(75,949)	-	-	-
\$	(13,452)	(20,665)	(34,117)	382,440,175	552,254,637	934,694,812