

Comprehensive  
Annual Report  
for the  
fiscal year ended  
December 31, 2010



**FPPA**

Fire & Police

Pension Association  
*of Colorado*

Thirty Years Strong



Proudly Serving  
Our Members



**Comprehensive  
Annual Report  
for the  
fiscal year ended  
December 31, 2010**

Under the direction of the  
FPPA Board of Directors

Tim Nash, Chair

Kirk J. Miller, Vice Chair

Jack Blumenthal

Todd Bower

Monica Cortez-Sangster

Susan R. Eaton

Lyle Hesalroad

Leo J. Johnson

Clifford W. Stanton

and prepared by the

FPPA Operations Division

Kim Collins, Chief Operations Officer

Melanie Winters, Accounting Manager

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\*The accompanying notes are an integral part of the financial statements.

The Fire & Police Pension Association of Colorado is committed to our members. We will prudently invest their retirement funds, administer benefits fairly, and provide superior, cost-effective service.

## **Introductory Section**

**FPPA**

Thirty Years Strong



Proudly Serving

Our Members

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting


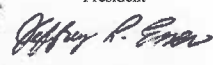
Presented to

Colorado Fire and Police  
Pension Association

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



  
President  
  
Executive Director



Public Pension Coordinating Council

**Public Pension Standards Award  
For Funding and Administration  
2010**


Presented to

**Fire & Police Pension Association of Colorado**

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

  
Alan H. Winkle  
Program Administrator



**Fire & Police Pension Association**  
Two DTC • 5290 DTC Parkway • Suite 100  
Greenwood Village, Colorado 80111-2721  
303-770-3772  
toll-free 800-332-3772 • fax 303-771-7622  
[www.FPPAco.org](http://www.FPPAco.org)

*Letter of  
Transmittal*

June 30, 2011

Board of Directors  
Fire and Police Pension Association

Dear Members of the Board of Directors,

We are pleased to present the Fire & Police Pension Association's Comprehensive Annual Financial Report (CAFR) for the calendar year ended December 31, 2010. In 2010, the Fire & Police Pension Association (FPPA) recognized its 30th year of service to members and retirees. This is a significant achievement - for 30 years FPPA has delivered on the promise of providing retirement security for members and retirees and economic stability for the employers. We believe that's a tradition worth continuing and strengthening.

The Fire & Police Pension Association (FPPA) was established in 1980 pursuant to the Colorado Revised Statutes of 1973, as amended. FPPA administers two funds: the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund.

The Fire & Police Members' Benefit Investment Fund includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate Local "Old Hire" police and fire plans, and Volunteer Fire pension plans. The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans.

The Fire & Police Members' Self-Directed Investment Fund consists of the assets in plans where members control their account by choosing from various mutual fund options selected by the Board of Directors. The Fire & Police Members' Self-Directed Investment Fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan and the Fire & Police Members' Deferred Compensation Plan. In addition, the Fire & Police Members' Self-Directed Investment Fund includes assets of certain Deferred Retirement Option Plans within the Defined Benefit System and Local "Old Hire" pension plans. This fund also includes the Money Purchase Component of the Defined Benefit System - Statewide Hybrid Plan, and the Separate Retirement Account assets from eligible Defined Benefit System retired members.

The Fire & Police Pension Association administers a statewide multiple employer public employee retirement system providing defined benefit plan coverage as well as death and disability coverage for police officers and firefighters throughout the State of Colorado. The Association also administers local defined benefit pension funds for police officers and firefighters hired prior to April 8, 1978 whose employers have elected to affiliate with the Association and for volunteer fire plans. Starting January 1, 1995, the Association began offering membership in the Statewide Money Purchase Plan. There were 213 employer plans participating in the Defined Benefit System - Statewide Defined Benefit Plan, 25 employer plans participating in the Defined Benefit System - Statewide

### *Letter of Transmittal*

Hybrid Plan, 2 employer plans participating in the Defined Benefit System – Colorado Springs New Hire Pension Plans, 38 employer plans with employees participating in the Fire & Police Members' Statewide Money Purchase Plan, 372 employer plans covered by the Statewide Death & Disability Plan, 52 affiliated Local "Old Hire" plans, and 174 affiliated Local Volunteer Fire pension plans as of December 31, 2010.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Additionally, graphs and charts of statistical data may be found throughout the report.

## **Financial Highlights**

### **General Economic Conditions**

The Fire & Police Members' Benefit Investment Fund experienced positive performance for the year ended December 31, 2010. Real gross domestic product (GDP), a broad measure of the output of goods and services in the United States, increased at an estimated annual rate of 2.9% in 2010, compared to a decrease of 2.6% in 2009. The labor markets were sluggish in 2010 with non-farm payroll employment only increasing by less than 1.0 million jobs during the year. The unemployment rate decreased to 9.4% from 9.9% during 2010.

The Federal Reserve maintained the targeted federal funds at a range of 0.0% to 0.25% throughout 2010 citing the continued need to support economic recovery in light of low inflation expectations. The consumer price index increased 1.39% in 2010 compared to an increase of 2.76% in 2009.

On the heels of a significant rebound in 2009, the financial markets continued with solid performance in 2010. Large company stocks, as measured by the Russell 1000 Index, increased 16.10% in 2010 compared to an increase of 28.43% in 2009. Smaller company stocks, as measured by the Russell 2000 Index, increased 26.85% in 2010 compared to an increase of 27.17% in 2009. Supported by a continued low interest rate environment and rebound in credit, the U.S. bond market posted solid returns. The Barclays Capital U.S. Aggregate Bond Index produced a return of 6.54% in 2010 compared to a 5.93% return in 2009.

The international equity markets underperformed the U.S. equity market in 2010. The MSCI EAFE Index increased by 8.21% in 2010 compared to an increase of 32.46% in 2009. The MSCI Emerging Markets Index increased 19.20% after increasing 79.02% in 2009.

In the currency markets, the U.S. Dollar was mixed in value against most major currencies in 2010. The Dollar appreciated 7.2% against the Euro, closing at 0.7484 Euros per Dollar from 0.6942 at the end of 2009. Against the British Pound, the Dollar appreciated 4.3% to 0.6442 from 0.6165 pounds per Dollar at the end of 2009. The Dollar depreciated 5.2% against the Canadian Dollar resulting in a rate of 0.9970 Canadian Dollars per U.S. Dollar from 1.0501 at the end of 2009. The Dollar depreciated 13.7% relative to the Japanese Yen to 81.31 yen per Dollar from 92.44 at the beginning of the year.

### **Investments**

Net investible assets totaled \$3.384 billion in market value as of December 31, 2010, which was comprised of the Fire & Police Members' Benefit Investment Fund (\$3.136 billion) and the Fire & Police Members' Self-Directed Investment Fund (\$248 million). The Members' Benefit Investment Fund had a total net return of 13.68% for the one-year period ending December 31, 2010. At year-end, the Fire & Police Members' Benefit Investment Fund was allocated as follows: Global Equity 58.07%; Fixed Income 21.28%; Absolute Return



0.44%; Opportunistic 0.63%; Private Capital 14.05%; Real Assets 3.27%; and Cash & Short Term Investments 2.26%. In May 2010, the Board adopted interim investment allocation targets of global equity at 49.0%; fixed income & cash 21%; absolute return 10.0%; real assets 5.0%; private capital 14.0%; and opportunistic 5.0%. The Board has established investment policies and objectives to define acceptable levels of risk, asset allocation targets, asset class guidelines, investment performance objectives, and other guidelines governing the management of the Fire & Police Members' Benefit Investment Fund. The Board has adopted a separate statement of policies and objectives for the Fire & Police Members' Self-Directed Investment Fund which includes investment objectives, criteria for the selection of investment options and mutual fund guidelines.

### **Funding Status**

Each pension plan administered by FPPA must be separately funded. Assets from one plan cannot be used to pay the benefit obligations of any other plan. Therefore, the funding status of each individual plan must be judged separately.

With the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Defined Benefit System plans and the Statewide Death & Disability Plan will stabilize around the current levels. In the Defined Benefit System, there are no unfunded current liabilities under the Statewide Defined Benefit Plan and the Statewide Hybrid Plan.

### **Independent Audit**

The accounting firm of Clifton Gunderson LLP rendered an opinion as to the fairness of the Fund's 2010 financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States of America. The Independent Auditors' Report is included and begins on page 20 of this report.

### **Revenues**

Revenues are used to fund the current and future retirement benefits established by the state legislature and local boards which are paid to retirees and their survivors by the Association. The primary sources of revenue include contributions from active members, employers and the state; new affiliations; and investment income. Revenues for the year 2010 amounted to \$575.6 million, a decrease of \$120.7 million or -17.3% from 2009.

The net revenues for 2010 were comprised of \$79.7 million in member contributions, up 9.3% from \$72.9 million in 2009. Employer contributions totaled \$89.9 million in 2010, up 13.7% from \$79.1 million in 2009. The State of Colorado contributed \$3.1 million to plans affiliated with the Association in 2010. The Association's investment income for 2010 totaled \$402.1 million. The net assets of the Fire & Police Members' Self-Directed Investment Fund increased by \$0.9 million in 2010 as a result of the affiliation of one fire department (\$0.7 million) as well as proceeds related to the Invesco mutual fund SEC settlement (\$0.2 million). Additionally, one Volunteer Fire department elected to withdraw from FPPA in 2010, thereby decreasing the net assets of the Fire & Police Members' Benefit Investment Fund by \$0.7 million.

Active membership is distributed as follows: 5,798 Defined Benefit System – Statewide Defined Benefit Plan members, flat at 5,799 in 2009; 405 Defined Benefit System – Statewide Hybrid Plan members, down 4.4% from 423 in 2009; 825 Colorado Springs New Hire Pension Plans members, down 4.6% from 863 the prior year; 90 old hire members, down 35.6% from 122 in 2009; 104 statewide money purchase plan members, up 12.5% from 91 last year; 3,985 volunteer fire members, up 3.1% from 3,862 in 2009; and 4,492 members covered for death & disability only, down 1.7% from 4,568 last year. The members listed above are comprised of 39.7% police officers, 59.6% firefighters, and 0.7% administrative fire district staff.

### *Letter of Transmittal*

The net investment income for 2010 amounted to \$402.1 million. Interest, dividends and other investment income increased by \$42.4 million over the prior year. Realized and unrealized gains on investment transactions decreased \$153.0 million for 2010 over those in 2009. The total market value of the investment portfolio increased to \$3.4 billion, or a increase of \$315.0 million from \$3.1 billion at the end of 2009.

An explanation of FPPA's investment policies and asset allocation strategy, as well as the portfolio's composition are included in the investment section of this report. Additionally, a review of investment activity and performance for 2010 is included in that section.

### **Expenses**

The primary expenses of the Association include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the cost of administering the numerous pension plans. Expenses for the year 2010 totaled \$260.6 million, which is a increase of \$25.9 million or 11.0% over 2009.

Benefit payments to retirees and beneficiaries totaled \$217.5 million in 2010, up 11.0% or \$21.3 million from the prior year. The increase in benefit payments was due primarily to an increase in the number of retirees and beneficiaries receiving benefits. The number of retirees receiving benefit payments increased to 8,760 as of December 31, 2010, up 3.1% from 8,488 at the end of 2009.

Administration expenses of the Fund increased to \$22.4 million in 2010 from \$20.2 million in 2009. This represented an increase of 11.1%. Administrative expenses include money management fees, which make up 67.5% of total administrative expenses. Investment management fees are asset based and increase as the size of the fund increases.

### **Accounting System and Internal Control**

The financial statements included in this report, along with all other information provided, are the responsibility of the management of the Fire and Police Pension Association. The financial statements have been prepared in accordance with generally accepted accounting principles and reporting as required by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

Revenues are recognized when they are earned and become measurable, and expenses recorded as liabilities as they are incurred. Investments are stated at current market value, and trades booked on a trade-dated rather than settlement-dated basis. Investments in limited partnerships and pooled funds are carried at values adjusted to recognize the Association's share of net income or loss in the period reported. Capital assets are reported at historical cost and depreciated over their useful lives. Contributions to the plans are based on principles of level cost funding, and are developed using the entry age normal cost method with current service financed on a current basis and prior service amortized over a 10 to 40 year period (depending on the type of plan). In management's opinion, the financial statements present fairly the financial position of the FPPA at December 31, 2010 and the result of its operations for the period then ended.

The financial statement format of the Comprehensive Annual Financial Report, as well as data presented in the Actuarial Section, meet the requirements of GASB 25. While each of the plans administered by FPPA have been audited as a separate fund and identified separately in the auditor's opinion, they are combined on the financial statements for presentation purposes.

The management of the Fire and Police Pension Association is also responsible for maintaining a system of internal accounting controls designed to provide reasonable assurance that transactions are executed and reported in accordance with generally accepted accounting principles. This system includes the appropriate

segregation of duties and responsibilities, sound practices in the performance of those duties, capable personnel, and the organizational structure itself. A control system, no matter how well designed and implemented, can provide only reasonable assurance that the financial statements are free from material misstatement due to error or fraud or that instances of fraud, if any, have been detected. These inherent limitations may include faulty decision-making based on inaccurate information, the circumvention of controls by staff, or the overriding of controls by management. We believe that the internal controls in effect during the year ended December 31, 2010 adequately safeguarded assets and provided reasonable assurance regarding the proper recording and reporting of financial transactions.

## Major Initiatives

In 2010, FPPA continued to follow its strategic plan and made adjustments as needed in response to changing economic conditions. Significant resources were dedicated to six major initiatives.

- ◀ In 2010, FPPA began the implementation of its recent asset liability study.
- ◀ In May 2010, FPPA adopted an updated Master Investment Policy Statement, containing a revised investment decision-making process incorporating a new Investment Risk Committee.
- ◀ Over the course of 2010, FPPA designed and developed their new pension reporting systems which will give members better access to online account information and retirement planning tools. These systems also provide online tools to employers.
- ◀ The effects of the 2008 economic downturn continue to influence FPPA's efforts to streamline business operations and increase operational efficiency.
- ◀ FPPA instituted a revised and streamlined process for administering disability and survivor benefits.
- ◀ FPPA undertook a comprehensive review of its self-directed plans' service providers and investment options.

## Other Programs and Services

### Visitation Program

During 2010, FPPA's Benefits & Communication Division continued its communication programs with members, employers and retirees. Approximately 366 presentations were made to members from 153 fire and police departments throughout the State covering information about the death and disability benefits, retirement benefits, and other services provided by the Association. Much of this program is conducted on-site, with staff visiting fire stations and attending police roll calls, to ensure that members have face-to-face meetings with FPPA staff on a regular basis. Some meetings are conducted using video conferencing or other media. Thanks to exceptionally good response, we have continued to offer retirement projections to assist members in planning for their future retirement needs. These projections display the dollar amount the member can expect to receive at retirement, shown in both future, and current values, as well as displaying a percentage of salary that their retirement income is projected to replace. This program takes into account the many accounts (i.e., separate retirement account (SRA), money purchase account, deferred retirement option plans (DROP), and IRC 457 Deferred Compensation Plan) that the member may have in addition to the core pension benefit. This provides a quick way for the members to see if they may be saving adequately for retirement.

### *Letter of Transmittal*

FPPA staff also presents benefit information at many department academy classes throughout the year. These meetings provide the new members an introduction to the FPPA benefit plans and voluntary participation in a 457 deferred compensation plan is strongly encouraged. The members are then able to stay abreast of the benefit plan provisions and retirement readiness through the on-going department visitation program.

FPPA staff accepts many invitations to participate in employer sponsored retirement seminars or benefit fairs held at various departments and cities across the state.

#### **FPPA Defined Benefit System Meetings**

In 2003, legislation was enacted to allow departments who cover their firefighters and police officers in money purchase plans to elect coverage under the FPPA Defined Benefit System. In 2010, FPPA staff held a series of meetings to present information to departments who expressed interest in entering the FPPA Defined Benefit System. One department completed the entry process in 2010. Discussions are ongoing with other departments. These meetings are conducted at the request of the members and/or employers.

#### **FPPA Seminars**

Year 2010 also marks FPPA's twenty-third year of offering various seminars to help members plan for retirement, both financially and psychologically. FPPA hosted two seminars, on topics including wills, trusts and estate planning, Medicare and Social Security information as it relates to the FPPA membership, identity theft, considerations when evaluating the need for long-term care insurance, and general financial planning. The seminars continue to get excellent reviews by the attendees. FPPA strongly recommends these no-cost seminars to members, retirees and employers.

#### **IRC 457 Deferred Compensation Plan**

FPPA's Section 457 Deferred Compensation program was developed in 1990 in response to member requests. By the end of 2010, there were 124 employer plans participating in the program. The program provides tax-deferred savings to help members meet their retirement needs and, with low management fees, more of the dollars invested are returned for the member's use in retirement.

#### **Fire & Police Members' Statewide Money Purchase Plan**

In April 1993, the Colorado General Assembly authorized FPPA to create a new Fire & Police Members' Statewide Money Purchase Plan. The plan took effect on January 1, 1995. Currently there are 38 employer plans with members participating in this program. Some have exited to enter the FPPA Defined Benefit System which offers added choice to the existing members. Department chiefs may also participate in this plan as an alternative to the FPPA Defined Benefit System, which includes the Statewide Defined Benefit Plan and the Statewide Hybrid Plan.

#### **Money Management Services – Volunteer Fire Plans**

Since legislative approval in 1986, FPPA has offered the advantages of its money management services to volunteer fire department pension funds that choose to affiliate. At the end of 2010, there were a total of 174 volunteer plans participating. Plans participating in FPPA are provided with an actuarial study every two years as well as an annual audit of their pension funds.

#### **Optional Insurance Benefit Programs**

FPPA offers members access to a broad range of insurance products including health, dental, vision and long-term care. Some of these products are available to active members and retirees by simply applying for coverage, while others require evidence of insurability. A group medical plan is available for retirees who are Medicare eligible. Retirees who are not Medicare eligible can contact HUB International, an insurance bro-

ker who partners with FPPA to provide members with assistance in finding an individual medical insurance policy. Many of these insurance premiums are deducted from the retiree's pension check and paid directly to the insurance provider, thus enabling eligible retirees to take advantage of the tax exclusion as permitted by the Healthcare Enhancement for Local Public Safety (HELPS) provision of the Federal Pension Protection Act of 2006.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire and Police Pension Association for its comprehensive annual financial report for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, FPPA received The Public Pension Standards Award for 2010 from the Public Pension Coordinating Council. The award recognizes the Association's conformance with professional standards for plan design and administration.

### **Acknowledgments**

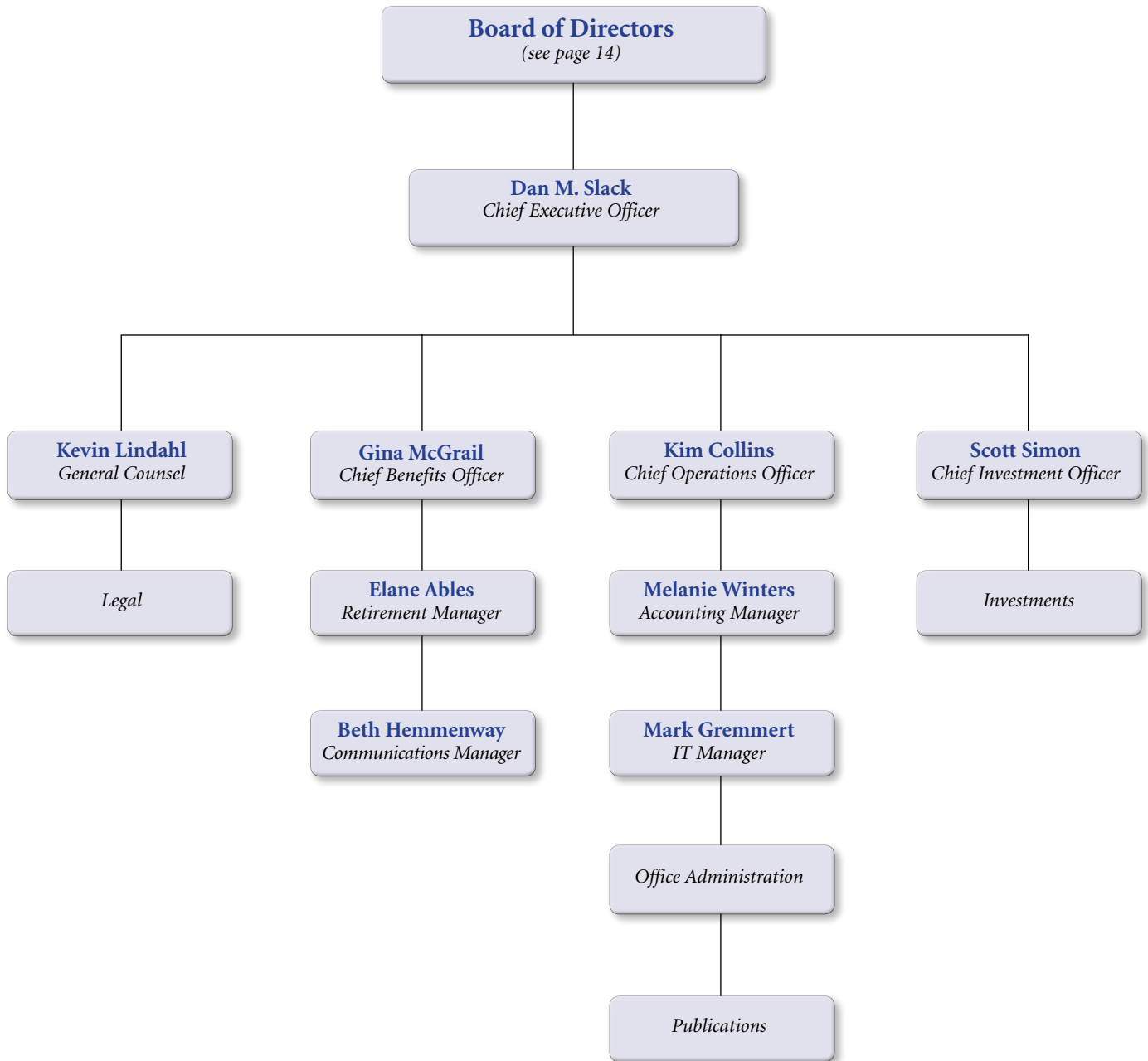
This annual report of the Fire and Police Pension Association was prepared through the combined efforts of the FPPA staff under the leadership of the Board of Directors. It is intended to provide complete and reliable information which may be used as a basis for making management decisions and as a means for determining compliance with state statutes.

Access to this report is being provided to the State Auditor, the Joint Budget Committee, the Colorado State Legislature, all participating employers, and other interested parties.

Respectfully submitted,

/s/ Dan M. Slack  
Chief Executive Officer

## FPPA Administrative Organizational Chart



By state statute, the management of the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (the Funds) is vested in the Board of Directors of the Fire and Police Pension Association of Colorado. Appointed by the Governor and confirmed by the Senate, the FPPA Board of Directors is composed of nine members:

**Two members** representing Colorado municipal employers;

**One member** representing full-time paid firefighters;

**One member** representing full-time paid police officers;

**One member** who is either a member of the Board of Directors of a special district, or is the full-time paid professional manager of a special district to represent special districts having volunteer firefighters;

**One member** from the state's financial or business community with experience in investments;

**One member** from the state's financial or business community with experience in insurance disability claims; and

**One member** of the state's financial or business community experienced in personnel or corporate administration in corporations of over 200 employees.

All of the eight Board of Directors mentioned above serve four year staggered terms.

**One member** who is a retired police officer and who, upon completion of his term, is replaced by a retired firefighter. Thereafter, the appointment of retired officers alternates between a retired police officer and a retired firefighter for each successive six year term.

Specific duties of the Board of Directors include investing and managing the Funds, disbursing money from the Funds, setting required contribution levels, and determining the award of disability and survivor benefits. The Board of Directors also appoints a Chief Executive Officer who is FPPA's chief administrative officer. The Chief Executive Officer appoints FPPA staff who are responsible for the day-to-day administration of the firefighter and police pension funds.

The FPPA Board of Directors accomplishes its business at regular meetings, held ten times per year at the Association's Greenwood Village offices. In accordance with state law, each meeting's proposed agenda items are posted in the lobby directory of FPPA's offices at least 24 hours in advance. All meetings begin between 7:30 and 9:00 a.m. and are open to the public.

# FPPA

Board of Directors  
as of December 31, 2010



**Tim Nash**  
Board Chair  
*Finance Director, City of Greeley*  
Member since 2008  
Current term expires 9/1/11



**Kirk J. Miller**  
Board Vice Chair  
*Active, Corporal,  
Denver Police Department*  
Member since 2005  
Current term expires 9/1/12



**Todd Bower**  
*Captain - Denver Fire  
Department*  
Member since 2001  
Current term expires 9/1/13



**Lyle Hesalroad**  
*Retired Police Captain,  
Denver Police*  
Member since 2009  
Current term expires 9/1/13



**Leo J. Johnson**  
*Trustee, West Metro  
Fire Rescue District*  
Member since 2000  
Current term  
expires 9/1/11



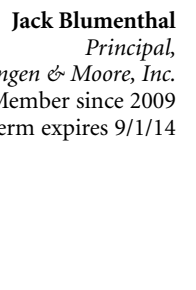
**Monica Cortez-Sangster**  
*Director of Human Resources -  
Colorado Department of  
Personnel & Administration*  
Member since 2003  
Current term expires 9/1/14



**Susan R. Eaton**  
*HR Director, City of Englewood*  
Member since 2009  
Current term expires 9/1/14



**Clifford W. Stanton**  
*CIO, Prima Capital Holding*  
Member since 2009  
Current term expires 9/1/12



**Jack Blumenthal**  
*Principal,  
Causey Demgen & Moore, Inc.*  
Member since 2009  
Current term expires 9/1/14





**Professional Consultants**

**Actuarial**

Gabriel Roeder Smith & Co.

**Auditor**

Clifton Gunderson LLP

**Board Medical Advisors**

Roderic Gottula, M.D.

Clarence Henke, M.D., P.C.

**Investment Consultants**

Hamilton Lane

Pension Consulting Alliance

RiskMetrics Group/ISS Governance

The Townsend Group

Bidart & Ross, Inc.

**Master Custodian/Trustee**

BNY Mellon Asset Servicing

**Management**

McLagan Partners Inc.

**Legal Counsel**

Ballard Spahr

Mayer Brown LLP

Ice Miller LLP

Inman Flynn Biesterfeld & Brentlinger, P.C.

Pendleton Friedberg Wilson & Hennessey, P.C.

Thomas Pollart & Miller LLC

Bingham McCutchen LLP

Bracewell & Giuliani LLP

Day Pitney LLP

Bernstein Litowitz Berger & Grossmann LLP

Berman DeValerio

**Governmental Relations**

Lombard & Clayton

**Investment Managers**

**Global Equity**

Baillie Gifford Overseas Ltd.

ClariVest Asset Management

Cortina Asset Management

State Street Global Markets

State Street Global Advisors

Thomson Horstmann & Bryant, Inc.

Rexiter Capital Management

Walter Scott Partners

**Fixed Income**

Pacific Investment Management Co.

Trust Company of the West

Western Asset Management Co.

**Real Assets**

Blackrock, Inc.

Enervest, Ltd.

Hancock Timber

JP Morgan Asset Management – Real Estate

Morgan Stanley Real Estate

Prudential Real Estate Investors

RREEF Alternative Investments

**Absolute Return**

GAM

Gottex Fund Management

**Opportunistic**

Metropolitan West Asset Management

Mountain View Capital Holdings

**Alternative Investments**

ABS Capital Partners

American Securities

Apollo Management LP

Apollo Real Estate Advisors

ARCH Venture Partners

Aurora Equity Partners

Avenue Capital Group

Birch Hill Equity Partners

Blackstone Capital Partners

Blackstone Real Estate

Boston Ventures

Bowmark Capital Partners

Candover Partners

Catterton Partners

*Professional  
Consultants &  
Investment Managers*

*Professional  
Consultants &  
Investment Managers*

**Investment Managers**

**Alternative Investments**

Centennial Ventures  
Chisholm Partners  
Coller Investment Management Limited  
Commonfund Capital  
CVC European Equity Partners  
Doughty Hanson & Company  
Dune Real Estate  
Endeavour Capital  
Energy Capital Partners  
Enhanced Equity  
Ethos Private Equity  
First Reserve Corporation  
Focus Ventures  
Gilde Buyout Partners  
Granite Global Ventures  
Green Equity Investors  
H2 Real Estate  
Harvest Partners  
Heritage Partners  
HIG Bayside  
High Road Capital Partners  
J.H. Whitney  
JMI Equity  
Kayne Anderson Capital Advisors  
Kelso Investment Associates  
Kohlberg Investors  
KPS Capital Partners  
Larimer Venture  
Leapfrog Ventures  
Lighthouse Capital Partners  
LNK Partners  
Matlin Patterson  
MHR Institutional Partners  
MVM Life Science Partners  
Nautic Partners  
New Enterprise Associates  
Nordic Capital  
Oak Hill Advisors  
Oxford Bioscience  
Permira  
Providence Equity Partners  
Roak Capital Partners  
SAIF Partners  
SKM Equity Fund  
Sprout Capital Group  
Square Mile

TA Associates  
Technology Crossover Ventures  
Texas Pacific Group  
Thomas H Lee Partners  
Thomas McNerney & Partners  
Venture Investment Managers  
Veritas Capital  
Vestar Capital Partners  
W Capital Partners  
Willis Stein & Partners

**Financial Section**

FPPA administers the Fire & Police Members' Benefit Investment Fund which includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate Local "Old Hire" police and fire plans, and Volunteer Fire pension plans. The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans.

In addition, FPPA administers the Fire & Police Members' Self-Directed Investment Fund which consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors. The Fire & Police Members' Self-Directed Investment Fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan, and the Fire & Police Members' Deferred Compensation Plans. In addition, the Fire & Police Members' Self-Directed Investment Fund includes assets of certain Deferred Retirement Option Plans within the Defined Benefit System and Affiliated Local "Old Hire" pension plans. This fund also includes the Money Purchase Component of the Defined Benefit System – Statewide Hybrid Plan and the Separate Retirement Account assets from the eligible Defined Benefit System retired members.

An audit is performed annually on the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund.

General information about each Fund can be found in the Introductory Section of this annual report. A listing of employers by plan or plan type can be found in the Statistical Section of this report. All data in this annual report, other than the audit reports which follow, has not been audited by FPPA's outside auditors.

The accompanying notes are an integral part of the financial statements.



**FPPA**

Thirty Years Strong



Proudly Serving

Our Members



### Independent Auditor's Report

Board of Directors  
Fire and Police Pension Association of Colorado  
Greenwood Village, Colorado

We have audited the accompanying statements of plan net assets available for pension benefits and the related statements of changes in plan net assets available for pension benefits of the Fire and Police Members' Benefit Investment Fund (consisting of the Affiliated Local Plans, the Statewide Death and Disability Plan, and the Defined Benefit System) and the Fire and Police Members' Self-Directed Investment Fund (consisting of the Fire and Police Members' Statewide Money Purchase Plan, the Self-Directed Assets for the Affiliated Local and Defined Benefit System Plans, and the IRC 457 Deferred Compensation Plan) of the Fire and Police Pension Association of Colorado (the "Association") as of and for the year ended December 31, 2010 which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative combined information has been derived from the Fire and Police Pension Association of Colorado's December 31, 2009 financial statements, and in our report dated April 20, 2010, we expressed an unqualified opinion on the respective financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statements of plan net assets available for pension benefits of the Association as of December 31, 2010, and the statements of changes in plan assets available for pension benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2011 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant



agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 22 through 25 and the schedule of funding progress and schedule of employer contributions on pages 60 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The other supplementary schedules for financial section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, investment section, actuarial section and statistical section listed in the table of contents 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.

*Clifton Henderson LLP*

Greenwood Village, Colorado  
April 25, 2011

*Management's Discussion and Analysis*

The following is an overview of the financial activities of the Fire & Police Pension Association for the year ended December 31, 2010.

FPPA administers two funds: the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund ("the Funds"). The Fire & Police Members' Benefit Investment Fund includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate Local "Old Hire" police and fire plans, and Volunteer Fire pension plans. The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans.

The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors. The Fire & Police Members' Self-Directed Investment Fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan and the Fire & Police Members' Deferred Compensation Plans. In addition, the Fire & Police Members' Self-Directed Investment Fund includes assets of certain Deferred Retirement Option Plans within the Defined Benefit System and affiliated Local "Old Hire" pension plans. This fund also includes the Money Purchase Component of the Defined Benefit System – Statewide Hybrid Plan and the Separate Retirement Account assets from eligible Defined Benefit System retired members.

**Financial Highlights**

Plan Net Assets for all plans administered by FPPA increased \$314,956,021 during the calendar year 2010.

**Change in Plan Net Assets**

Affiliated Local Plans .....	\$49,376,508
Statewide Death & Disability Plan .....	28,009,409
Defined Benefit System .....	206,480,964
Fire & Police Members' Statewide Money Purchase Plan .....	932,885
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans .....	20,257,686
IRC 457 Deferred Compensation Plan .....	9,898,569
<b>Total Increase in Plan Net Assets .....</b>	<b>\$314,956,021</b>

For the year ended December 31, 2010, the gross rate of return on the Fire & Police Members' Benefit Investment Fund was 14.26 percent, (13.68 percent, net of fees). Performance for the year ended December 31, 2009 was 20.63 percent (20.06 percent, net of fees). The net investment gain for all of the funds, including the Fire & Police Members' Self-Directed Investment Fund administered by FPPA, for the year ended December 31, 2010 was \$402,065,952 as compared to \$514,312,963 for 2009. The overall financial position of FPPA improved due to a rebound in the performance of the investments in the public and private markets. There are no current known facts, conditions or decisions that are expected to have a significant effect on the financial position or results of operations.

**Net Investment Gain**

Affiliated Local Plans .....	\$178,133,431
Statewide Death & Disability Plan .....	33,622,677
Defined Benefit System .....	165,299,709
Fire & Police Members' Statewide Money Purchase Plan .....	684,169
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans .....	16,632,880
IRC 457 Deferred Compensation Plan .....	7,693,086
<b>Total Net Investment Gain .....</b>	<b>\$402,065,952</b>

The members of the FPPA Board of Directors serve as the fiduciaries for the Funds and are responsible for the investment of the Funds. They also select the investment options available to self-directed plan members. As

fiduciaries, the FPPA Board members are required to discharge their duties in the interest of fund participants and beneficiaries.

The Fire & Police Members' Benefit Investment Fund experienced continued positive performance for the year ended December 31, 2010. Global stock indices were up approximately 14 percent along with U.S. bond indices being up approximately 6 percent for the year (compared to 2009, where global stock indices were up approximately 35 percent along with U.S. bond indices being up 6 percent).

The table below shows the funding ratio (actuarial value of assets divided by actuarial accrued liability) for each of the plans in the Defined Benefit System and the Statewide Death & Disability Plan as of January 1, 2010 and January 1, 2009:

#### Funding Ratio

	1/1/2010	1/1/2009
Statewide Death & Disability Plan	106.3%	106.4%
Defined Benefit System – Statewide Defined Benefit Plan	100.0%	101.0%
Defined Benefit System – Statewide Hybrid Plan	127.0%	128.1%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Police Component	80.0%	78.6%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Fire Component	83.0%	81.8%

Affiliated Local Plans are not listed because the data necessary to calculate a gain/loss analysis on all Local Plans was not available as of the January 1, 2010 actuarial valuations.

FPPA's funding objective for the Fire & Police Members' Benefit Investment Fund is to meet long-term benefit promises through contributions and investment income. The funding ratios listed above give an indication of how well this objective has been met to date. The higher the funding ratio, the better funded the plan is.

### Overview of the Financial Statements

The management discussion and analysis is intended to serve as an introduction to FPPA's Financial Statements. Below is a short description of the following four components of the Financial Section for FPPA: (1) Fund Financial Statements, (2) Notes to the Financial Statements, (3) Required Supplementary Information, and (4) Other Supplementary Schedules.

#### Fund Financial Statements.

There are two financial statements presented for the Funds. The Statement of Plan Net Assets is a snapshot of account balances as of December 31, 2010. This statement reflects the net assets available to pay future pension benefits. The Statement of Changes in Plan Net Assets Available for Pension Benefits reflects all the activities that occurred during the year ended December 31, 2010. This statement shows the impact of those activities as additions and deductions to the Funds.

#### Notes to the Financial Statements.

The notes are an integral part of the financial statements and provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 32-59 of this report.

#### Required Supplementary Information.

The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions.

**Other Supplementary Schedules.** The additional schedules (Net Assets by Participating Employer, Payments to Consultants, Schedule of Administration and Investment Expenses) are presented for the purpose of additional analysis.

Management's  
Discussion and  
Analysis

**Comparative Financial Statements**

**Fire & Police Members' Benefit Investment Fund.** The defined benefit plans within this fund provide retirement, survivor and disability benefits to the employees of affiliated employers. Benefits are funded by member, employer and State of Colorado contributions and by earnings on investments.

**Fire and Police Members' Self-Directed Investment Fund.** The defined contribution plan assets are held for the exclusive benefit of the participants. Benefits are funded by member and/or employer contributions and by earnings on the investments. The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors or investment options available through a Self Directed Brokerage Account administered by FPPA's record keeper.

**Fire & Police Members' Benefit Investment Fund Net Assets**

	12/31/2010	12/31/2009	% Change
<i>Assets</i>			
Cash and Short Term Investments	\$ 254,585,692	\$ 156,312,008	62.9%
Securities Lending Collateral	174,029,897	126,068,398	38.0%
Total Other Investments	3,022,463,321	2,734,985,131	10.5%
Receivables	101,519,432	116,083,499	(12.5)%
Other Assets	6,611,869	7,195,159	(8.1)%
<b>Total Assets</b>	<b>\$3,559,210,211</b>	<b>\$3,140,644,195</b>	<b>13.3%</b>
<i>Liabilities</i>			
Securities Lending Liabilities	\$ 179,689,638	\$ 126,068,398	42.5%
Investment and Other Liabilities	243,523,481	162,445,586	49.9%
<b>Total Liabilities</b>	<b>423,213,119</b>	<b>288,513,984</b>	<b>46.7%</b>
<b>Net Assets Available for Benefits</b>	<b>\$3,135,997,092</b>	<b>\$2,852,130,211</b>	<b>10.0%</b>

**Fire & Police Members' Self-Directed Investment Fund Net Assets**

	12/31/2010	12/31/2009	% Change
<i>Assets</i>			
Cash and Short Term Investments	\$ 41,984	\$ 38,100	10.2%
Total Other Investments	247,875,521	216,908,704	14.3%
Receivables	509,438	386,216	31.9%
<b>Total Assets</b>	<b>\$ 248,426,943</b>	<b>\$ 217,333,020</b>	<b>14.3%</b>
<i>Liabilities</i>			
Investment and Other Liabilities	\$ 4,783	\$ 0	100.0%
<b>Total Liabilities</b>	<b>4,783</b>	<b>0</b>	<b>100.0%</b>
<b>Net Assets Available for Benefits</b>	<b>\$248,422,160</b>	<b>\$217,333,020</b>	<b>14.3%</b>



## Fire &amp; Police Members' Benefit Investment Fund Changes in Net Assets

	12/31/2010	12/31/2009	% Change
<i>Additions</i>			
Employer contributions	\$ 87,316,598	\$ 76,496,179	14.1%
Member contributions	43,887,476	49,093,981	(10.6)%
Affiliations (Withdrawals) *	(678,910)	0	(100.0)%
State contributions	3,078,432	2,908,504	5.8%
Investment Income/Loss	377,055,817	475,008,206	(20.6)%
Securities Lending Income	637,482	1,007,917	(36.8)%
<b>Total Additions</b>	<b>\$511,296,895</b>	<b>\$604,514,787</b>	<b>(15.4)%</b>
<i>Deductions</i>			
Benefit payments	217,548,445	\$196,224,840	10.9%
Refund of contributions	3,765,160	7,548,730	(50.1)%
Administrative costs	6,116,409	5,503,098	11.1%
<b>Total Deductions</b>	<b>\$227,430,014</b>	<b>\$209,276,668</b>	<b>8.7%</b>
<b>Change in Net Assets Available for Pension Benefits</b>	<b>\$283,866,881</b>	<b>\$395,238,119</b>	<b>(28.2)%</b>

## Fire &amp; Police Members' Self-Directed Investment Fund Changes in Net Assets

	12/31/2010	12/31/2009	% Change
<i>Additions</i>			
Employer contributions	\$ 2,597,439	\$ 2,575,681	.8%
Member contributions	35,804,293	23,761,351	50.7%
Affiliations **	890,784	26,112,745	(96.6)%
Investment Income/Loss	25,010,135	39,304,757	(36.4)%
<b>Total Additions</b>	<b>\$64,302,651</b>	<b>\$91,754,534</b>	<b>(29.9)%</b>
<i>Deductions</i>			
Refund of contributions	\$ 32,828,567	\$ 25,115,660	30.7%
Administrative costs	384,944	326,423	17.9%
<b>Total Deductions</b>	<b>\$33,213,511</b>	<b>\$25,442,083</b>	<b>30.5%</b>
<b>Change in Net Assets Available for Pension Benefits</b>	<b>\$31,089,140</b>	<b>\$66,312,451</b>	<b>(53.1)%</b>

\* The net assets of the Fire & Police Members' Benefit Investment Fund decreased by \$678,910 due to the withdrawal of Del Norte Fire Protection District on April 1, 2010.

\*\* The Net Assets of the Fire & Police Members' Self-Directed Investment Fund experienced a large increase in the amount of \$26,112,745 during 2009 due to the affiliation of the Littleton Fire Department. Under C.R.S. § 31-31-1103, an employer who has established a local money purchase plan may elect to cover its members under the Defined Benefit System upon approval by at least sixty-five percent of all active members. In April 2009, Littleton Fire Department members entered the Defined Benefit System and assets previously held in their local money purchase plan were brought into the Fund. During 2010, \$890,784 in assets were transferred into the Fire & Police Members' Self-Directed Investment Fund. Of this total, \$715,539 was due to the affiliation of Security Fire Protection District in December 2010. The remaining \$175,245 in assets were transferred into the Fund as a result of proceeds related to the Invesco mutual fund SEC settlement. These proceeds were issued to two employer plans affiliated with the Defined Benefit System.

**BASIC FINANCIAL STATEMENTS**

**Statement Of Plan Net Assets Available For Pension Benefits**

December 31, 2010, With Comparative Combined Totals For 2009

	TOTAL MEMBERS' BENEFIT INVESTMENT FUND	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010	COMBINED TOTALS 2009
<b>ASSETS</b>				
Cash & Short Term Investments (Note 4)	\$254,585,692	\$41,984	\$254,627,676	\$156,350,108
Investments (Note 4)				
Fixed Income	661,550,769		661,550,769	707,153,504
Global Equity	1,786,806,160		1,786,806,160	1,589,482,308
Real Assets	101,998,549		101,998,549	
Real Estate				117,682,670
Absolute Return	13,799,517		13,799,517	
Private Capital	438,542,900		438,542,900	320,666,651
Opportunistic	19,765,426		19,765,426	
Domestic Equity Funds		55,997,023	55,997,023	47,491,400
International Equity Funds		11,793,618	11,793,618	11,924,955
Balanced Funds		93,762,433	93,762,433	78,940,117
Fixed Income Funds		19,328,631	19,328,631	15,984,860
Money Market Funds		30,413,737	30,413,737	31,288,073
Brokeragelink Funds		36,580,079	36,580,079	31,279,297
Securities Lending Collateral	174,029,897		174,029,897	126,068,398
Total Investments	3,196,493,218	247,875,521	3,444,368,739	3,077,962,233
Total Cash and Investments	3,451,078,910	247,917,505	3,698,996,415	3,234,312,341
Receivables				
Other	22,130	4,733	26,863	340,992
Assets Sold-Pending Trades	92,106,307		92,106,307	104,148,109
Contributions	2,160,886	504,705	2,665,591	2,330,002
Accrued Interest and Dividends	7,230,109		7,230,109	9,650,612
Total Receivables	101,519,432	509,438	102,028,870	116,469,715
Properties and Equipment, at Cost, Net of Accumulated Depreciation/Amortization (Note 6)	6,449,109		6,449,109	7,024,787
Other Assets	162,760		162,760	170,372
<b>TOTAL ASSETS</b>	<b>3,559,210,211</b>	<b>248,426,943</b>	<b>3,807,637,154</b>	<b>3,357,977,215</b>
<b>LIABILITIES</b>				
Payables				
Accounts, Employee and Participants Payable	1,733,100	4,783	1,737,883	2,257,765
For Assets Purchased-Pending Trades	241,790,381		241,790,381	160,187,821
Securities Lending Liabilities (Note 4)	179,689,638		179,689,638	126,068,398
<b>TOTAL LIABILITIES</b>	<b>423,213,119</b>	<b>4,783</b>	<b>423,217,902</b>	<b>288,513,984</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$3,135,997,092</b>	<b>\$248,422,160</b>	<b>\$3,384,419,252</b>	<b>\$3,069,463,231</b>

## BASIC FINANCIAL STATEMENTS

## Statement Of Changes In Plan Net Assets Available For Pension Benefits

For The Year Ended December 31, 2010, With Comparative Combined Totals For 2009

	TOTAL MEMBERS' BENEFIT INVESTMENT FUND	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010	COMBINED TOTALS 2009
<b>ADDITIONS</b>				
Contributions (Note 3)				
Employer	\$ 87,316,598	\$2,597,439	\$89,914,037	\$79,071,860
Plan Member	43,887,476	35,804,293	79,691,769	72,855,332
Affiliations (Withdrawals)	(678,910)	890,784	211,874	26,112,745
State Contributions	3,078,432		3,078,432	2,908,504
Total Contributions	133,603,596	39,292,516	172,896,112	180,948,441
Investment Income				
Net Appreciation in Fair Value of Investments	328,164,799	16,732,161	344,896,960	497,934,711
Interest	29,901,228	163,233	30,064,461	13,061,712
Dividends	36,785,866	4,305,201	41,091,067	38,445,823
Other Income	3,809,168		3,809,168	(27,558,981)
Brokeragelink Income		3,809,540	3,809,540	6,807,185
Unrealized (Loss) on Securities Lending	(5,659,742)		(5,659,742)	
Total Investment Income	393,001,319	25,010,135	418,011,454	528,690,450
Less Investment Consulting	217,000		217,000	242,125
Less Investment Management Fees	15,142,901		15,142,901	13,399,161
Less Investment Legal Fees	64,736		64,736	80,396
Less Investment Closing Costs	10,000		10,000	27,398
Less Bank Fees	510,865		510,865	628,407
Net Investment Income	377,055,817	25,010,135	402,065,952	514,312,963
Securities Lending				
Income	615,776		615,776	1,134,317
Borrowers Rebates	156,418		156,418	125,488
Agent Fees	(134,712)		(134,712)	(251,888)
Net Securities Lending Income	637,482	-	637,482	1,007,917
<b>Total Additions</b>	<b>511,296,895</b>	<b>64,302,651</b>	<b>575,599,546</b>	<b>696,269,321</b>
<b>DEDUCTIONS</b>				
Benefit Payments	217,548,445		217,548,445	196,224,840
Refunds of Contributions (including interest earned)	3,765,160	32,828,567	36,593,727	32,664,390
Administrative Costs	6,116,409	384,944	6,501,353	5,829,521
Total Deductions	227,430,014	33,213,511	260,643,525	234,718,751
NET INCREASE IN PLAN NET ASSETS	283,866,881	31,089,140	314,956,021	461,550,570
<b>NET ASSETS AVAILABLE FOR PENSION BENEFITS</b>				
<b>BEGINNING OF YEAR</b>	<b>2,852,130,211</b>	<b>217,333,020</b>	<b>3,069,463,231</b>	<b>2,607,912,661</b>
<b>END OF YEAR</b>	<b>\$3,135,997,092</b>	<b>\$248,422,160</b>	<b>\$3,384,419,252</b>	<b>\$3,069,463,231</b>

The accompanying notes are an integral part of these basic financial statements.

**BASIC FINANCIAL STATEMENTS**

**Statement Of Plan Net Assets Available For Pension Benefits (By Plan)**

December 31, 2010

	<b>AFFILIATED LOCAL PLANS</b>	<b>STATEWIDE DEATH &amp; DISABILITY</b>	<b>DEFINED BENEFIT SYSTEM</b>	<b>TOTAL MEMBERS' BENEFIT INVESTMENT FUND</b>
<b>ASSETS</b>				
Cash & Short Term Investments (Note 4)	\$118,973,00	\$22,736,971	\$112,875,718	\$254,585,692
Investments (Note 4)				
Fixed Income	309,155,952	59,082,899	293,311,918	661,550,769
Global Equity	835,010,380	159,579,117	792,216,663	1,786,806,160
Real Assets	47,665,969	9,109,460	45,223,120	101,998,549
Absolute Return	6,448,791	1,232,431	6,118,295	13,799,517
Private Capital	204,939,899	39,166,133	194,436,868	438,542,900
Opportunistic	9,236,780	1,765,245	8,763,401	19,765,426
Domestic Equity Funds				
International Equity Funds				
Balanced Funds				
Fixed Income Funds				
Money Market Funds				
Brokeragelink Funds				
Securities Lending Collateral	81,327,664	15,542,557	77,159,676	174,029,897
Total Investments	1,493,785,435	285,477,842	1,417,229,941	3,196,493,218
Total Cash and Investments	1,612,758,438	308,214,813	1,530,105,659	3,451,078,910
Receivables				
Other	10,342	1,976	9,812	22,130
Assets Sold-Pending Trades	43,043,126	8,225,986	40,837,195	92,106,307
Contributions	255,302	297,152	1,608,432	2,160,886
Accrued Interest and Dividends	3,378,775	645,719	3,205,615	7,230,109
Total Receivables	46,687,545	9,170,833	45,661,054	101,519,432
Properties and Equipment, at Cost, Net of Accumulated				
Depreciation/Amortization (Note 6)	3,013,798	575,968	2,859,343	6,449,109
Other Assets	76,061	14,536	72,163	162,760
<b>TOTAL ASSETS</b>	<b>1,662,535,842</b>	<b>317,976,150</b>	<b>1,578,698,219</b>	<b>3,559,210,211</b>
<b>LIABILITIES</b>				
Payables				
Accounts, Employee and Participants Payable	809,912	154,783	768,405	1,733,100
For Assets Purchased-Pending Trades	112,993,498	21,594,226	107,202,657	241,790,381
Securities Lending Liabilities (Note 4)	83,972,574	16,048,027	79,669,037	179,689,638
<b>TOTAL LIABILITIES</b>	<b>197,775,984</b>	<b>37,797,036</b>	<b>187,640,099</b>	<b>423,213,119</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$1,464,759,858</b>	<b>\$280,179,114</b>	<b>\$1,391,058,120</b>	<b>\$3,135,997,092</b>

MEMBERS' STATEWIDE MONEY PURCHASE	SELF-DIRECTED ASSETS FOR AFFILIATED LOCAL & DB SYSTEM	IRC 457 DEFERRED COMPENSATION PLAN	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010
\$392	\$41,592		\$41,984	\$254,627,676
				661,550,769
				1,786,806,160
				101,998,549
				13,799,517
				438,542,900
				19,765,426
1,591,526	28,505,859	25,899,638	55,997,023	55,997,023
266,601	7,120,969	4,406,048	11,793,618	11,793,618
3,188,078	67,811,032	22,763,323	93,762,433	93,762,433
576,336	14,642,385	4,109,910	19,328,631	19,328,631
132,514	26,719,025	3,562,198	30,413,737	30,413,737
31,406	35,425,702	1,122,971	36,580,079	36,580,079
				174,029,897
5,786,461	180,224,972	61,864,088	247,875,521	3,444,368,739
5,786,853	180,266,564	61,864,088	247,917,505	3,698,996,415
	4,733		4,733	26,863
				92,106,307
22,470	356,573	125,662	504,705	2,665,591
				7,230,109
22,470	361,306	125,662	509,438	102,028,870
				6,449,109
				162,760
<b>5,809,323</b>	<b>180,627,870</b>	<b>61,989,750</b>	<b>248,426,943</b>	<b>3,807,637,154</b>
	4,783		4,783	1,737,883
				241,790,381
				179,689,638
	<b>4,783</b>		<b>4,783</b>	<b>423,217,902</b>
<b>\$5,809,323</b>	<b>\$180,623,087</b>	<b>\$61,989,750</b>	<b>\$248,422,160</b>	<b>\$3,384,419,252</b>

The accompanying notes are an integral part of these basic financial statements.

**BASIC FINANCIAL STATEMENTS**

**Statement Of Changes In Plan Net Assets Available For Pension Benefits (By Plan)**

For the Year Ended December 31, 2010

	<b>AFFILIATED LOCAL PLANS</b>	<b>STATEWIDE DEATH &amp; DISABILITY</b>	<b>DEFINED BENEFIT SYSTEM</b>	<b>TOTAL MEMBERS' BENEFIT INVESTMENT FUND</b>
<b>ADDITIONS</b>				
Contributions (Note 3)				
Employer	\$37,239,905	\$10,001,394	\$40,075,299	\$87,316,598
Plan Member	276,165	2,307,656	41,303,655	43,887,476
Affiliations (Withdrawals)	(678,910)			(678,910)
State Contributions	3,078,432			3,078,432
Total Contributions	39,915,592	12,309,050	81,378,954	133,603,596
Investment Income				
Net Appreciation in Fair Value of Investments	155,439,572	29,340,488	143,384,739	328,164,799
Interest	14,391,064	2,658,356	12,851,808	29,901,228
Dividends	17,526,389	3,275,615	15,983,862	36,785,866
Other Income	1,915,272	318,869	1,575,027	3,809,168
Brokeragelink Income				-
Unrealized (Loss) on Securities Lending	(3,507,482)	(552,022)	(1,600,238)	(5,659,742)
Total Investment Income	185,764,815	35,041,306	172,195,198	393,001,319
Less Investment Consulting	103,854	19,306	93,840	217,000
Less Investment Management Fees	7,247,266	1,347,224	6,548,411	15,142,901
Less Investment Legal Fees	30,982	5,759	27,995	64,736
Less Investment Closing Costs	4,786	890	4,324	10,000
Less Bank Fees	244,496	45,450	220,919	510,865
Net Investment Income	178,133,431	33,622,677	165,299,709	377,055,817
Securities Lending				
Income	287,752	54,989	273,035	615,776
Borrowers Rebates	73,094	13,968	69,356	156,418
Agent Fees	(62,951)	(12,030)	(59,731)	(134,712)
Net Securities Lending Income	297,895	56,927	282,660	637,482
Total Additions	218,346,918	45,988,654	246,961,323	511,296,895
<b>DEDUCTIONS</b>				
Benefit Payments	164,220,145	17,376,644	35,951,656	217,548,445
Refunds of Contributions (including interest earned)	1,823,003	58,440	1,883,717	3,765,160
Administrative Costs	2,927,262	544,161	2,644,986	6,116,409
Total Deductions	168,970,410	17,979,245	40,480,359	227,430,014
<b>NET INCREASE IN PLAN NET ASSETS</b>	<b>49,376,508</b>	<b>28,009,409</b>	<b>206,480,964</b>	<b>283,866,881</b>
<b>NET ASSETS AVAILABLE FOR PENSION BENEFITS</b>				
<b>BEGINNING OF YEAR</b>	<b>1,415,383,350</b>	<b>252,169,705</b>	<b>1,184,577,156</b>	<b>2,852,130,211</b>
<b>END OF YEAR</b>	<b>\$1,464,759,858</b>	<b>\$280,179,114</b>	<b>\$1,391,058,120</b>	<b>\$3,135,997,092</b>

MEMBERS' STATEWIDE MONEY PURCHASE	SELF-DIRECTED ASSETS FOR AFFILIATED LOCAL & DB SYSTEM	IRC 457 DEFERRED COMPENSATION PLAN	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010
\$319,739	\$2,277,700		\$2,597,439	\$89,914,037
312,330	28,407,353	7,084,610	35,804,293	79,691,769
25,671	865,113		890,784	211,874
				3,078,432
657,740	31,550,166	7,084,610	39,292,516	172,896,112
560,150	9,594,861	6,577,150	16,732,161	344,896,960
1,206	124,967	37,060	163,233	30,064,461
119,635	3,171,525	1,014,041	4,305,201	41,091,067
				3,809,168
3,178	3,741,527	64,835	3,809,540	3,809,540
				(5,659,742)
684,169	16,632,880	7,693,086	25,010,135	418,011,454
				217,000
				15,142,901
				64,736
				10,000
				510,865
684,169	16,632,880	7,693,086	25,010,135	402,065,952
				615,776
				156,418
				(134,712)
				637,482
1,341,909	48,183,046	14,777,696	64,302,651	575,599,546
				217,548,445
402,564	27,588,789	4,837,214	32,828,567	36,593,727
6,460	336,57	41,913	384,944	6501,353
409,024	27,925,360	4,879,127	33,213,511	260,643,525
<b>932,885</b>	<b>20,257,686</b>	<b>9,898,569</b>	<b>31,089,140</b>	<b>314,956,021</b>
<b>4,876,438</b>	<b>160,365,401</b>	<b>52,091,181</b>	<b>217,333,020</b>	<b>3,069,463,231</b>
<b>\$5,809,323</b>	<b>\$180,623,087</b>	<b>\$61,989,750</b>	<b>\$248,422,160</b>	<b>\$3,384,419,252</b>

The accompanying notes are an integral part of these basic financial statements.

## NOTES TO THE FINANCIAL STATEMENTS — December 31, 2010

### Note 1: Organization

The Fire & Police Members' Benefit Investment Fund was established in 1980 pursuant to the Colorado Revised Statutes of 1973, as amended. (The fund was originally named the Fire & Police Members' Benefit Fund; the name was changed to the Fire & Police Members' Benefit Investment Fund as a result of legislation enacted in 2006.) The "Fire & Police Members' Self-Directed Investment Fund" was created by Colorado House Bill 1059 in 2006. It combined the separate money purchase plan and self-directed plan funds that had been created by prior legislation. The Funds are administered by a nine member Board of Directors appointed by the Governor and confirmed by the Senate to serve four-year staggered terms. In 2010, legislation was passed to extend the term of the retired member position of the Board to a six-year term. As trustee, the Fire & Police Pension Association of Colorado (FPPA), collects, invests, administers, and disburses monies on behalf of fire fighters and police officers in the State of Colorado within the "Fire & Police Members' Benefit Investment Fund" and the "Fire & Police Members' Self-Directed Investment Fund."

The Fire & Police Members' Benefit Investment Fund includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, affiliated Local "Old Hire" police and fire plans, affiliated Volunteer Firefighter pension plans, and the Statewide Death & Disability plan.

The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors or investment options available through a Self Directed Brokerage Account administered by FPPA's record keeper. This fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan and the IRC 457 Deferred Compensation Plan. In addition, this fund includes assets of certain Deferred Retirement Option Plans ("DROP") within the Defined Benefit System and affiliated Local "Old Hire" pension plans. It also includes the Money Purchase component of the Defined Benefit System – Statewide Hybrid Plan and the Separate Retirement Account assets from eligible Defined Benefit System retired members.

The **Affiliated Local Plans** include defined benefit retirement plans for fire and police employees in the State of Colorado hired before April 8, 1978 (Old Hires), provided that such plans have affiliated with FPPA, and the affiliated volunteer fire pension plans in the State of Colorado. This is an agent multiple-employer plan.

The **Statewide Death & Disability Plan** is a defined benefit plan. This is a cost sharing multiple-employer plan.

The **Defined Benefit System** comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans. The Statewide Defined Benefit Plan covers fire and police employees hired in the State of Colorado by affiliated employers on or after April 8, 1978. The Statewide Hybrid Plan became effective January 1, 2004 and provides a combination of defined benefit and money purchase retirement benefits to the Members of those Employers who have either (1) established a local money purchase plan pursuant to C.R.S. § 31-30.5-801 or 31-31-601 or (2) withdrawn into the Statewide Money Purchase Plan pursuant to C.R.S. § 31-31-501 and subsequently elected to participate in the Statewide Hybrid Plan under C.R.S. § 31-31-1101. This system is presented as a single plan based on GASB Statement 25, paragraph 16 which states that on an "ongoing basis, all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions to any of the



plan members or beneficiaries, as defined by the terms of the plan.” Two plans joined the Defined Benefit System as of October 1, 2006. Upon joining the Defined Benefit System, these two plans merged into one plan document but with a fire and police component. The Colorado Springs New Hire Pension Plans cover firefighters and police officers who were hired by the City of Colorado Springs on or after April 8, 1978 but prior to October 1, 2006.

The **Fire & Police Members’ Statewide Money Purchase Plan** is a cost sharing multiple-employer defined contribution plan.

The **Self-Directed Assets for Affiliated Local and Defined Benefit System Plans** include supplemental benefits for the Deferred Retirement Option Plans (“DROP”), the Money Purchase component for the Statewide Hybrid Plan, and the Separate Retirement Account assets from eligible Defined Benefit System retired members

The **IRC 457 Deferred Compensation Plan**, created under Internal Revenue Code Section 457, collects amounts deferred by participants of affiliated employers. The assets are held in trust for the exclusive benefit of participants.

In order to facilitate investing and to reduce operating costs, FPPA pools assets within the Fire & Police Members’ Benefit Investment Fund for investment purposes. Each month shared revenues (i.e. investment income or loss) and shared operating expenses are allocated to each affiliate and to the statewide plans, based upon each plan’s proportionate share of total assets. Assets in the Fire & Police Members’ Self-Directed Investment Fund are excluded from this allocation process.

## **Note 2: Summary Of Significant Accounting Policies**

### **A. Basis of Accounting**

FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

### **B. Reporting Entity**

The Governmental Accounting Standards Board has specified the criteria that define a governmental entity for financial reporting purposes. FPPA has considered the possibility of inclusion of additional entities in its comprehensive annual financial report. The definition of the reporting entity is based primarily on financial accountability.

FPPA would be financially accountable for an outside entity if it appointed a voting majority of the organization’s governing body and could impose its will on that organization. The same would hold true if FPPA might potentially accrue benefits or incur specific financial burdens on FPPA from an outside entity. Finally, FPPA may be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of the above criteria, FPPA has no includable entities. In addition, FPPA is not included in the financial statements of any other entity.

**C. Investments**

Investments are carried at fair value using quoted market prices, with the following exceptions:

- ◀ Investments in private fund investments are recorded at estimated fair value based on valuations of the underlying investments as reported by the general partner via capital account statements. Capital account statements are typically not received until approximately three months after a valuation date resulting in lagged valuations. FPPA will analyze public market performance and utilize discussions with the general partners to approximate an aggregate change in year-end valuations of its private fund investments. The aggregate change in valuations applied to the 2010 financial statements were a positive \$21,713,840; and
- ◀ Funds of hedge funds are valued based upon net asset values provided by each Fund of Hedge Fund's third-party administrator.

Investment transactions are accounted for on the trade date.

Short term investments refer to all investments with a maturity of less than one year, including short term investment funds, repurchase agreements, commercial paper, certificates of deposit, treasury bills, and government agency issues.

Dividend income is recorded on the ex-dividend date. Interest income is accounted for using the accrual method of accounting.

**D. Cash and Short Term Investments**

Cash and short term investments consist of money market funds, cash and cash equivalents held by money managers, certificates of deposit, short term fixed income securities with maturity of 12 months or less, and demand deposits.

**E. Property and Equipment**

FPPA has a \$5,000 capitalization threshold for tangible assets. The capitalization threshold for intangible assets, specifically internal use computer software, is \$100,000. Property and equipment are stated at cost, less any write-downs for impairment in value, and are depreciated/amortized using the straight-line method over estimated lives as follows:

Computer and office equipment . . . . .	3 - 5 years
Vehicles . . . . .	5 years
Furniture . . . . .	10 years
Building and Improvements . . . . .	5 - 30 years
Tenant Improvements . . . . .	life of lease
Internal Use Computer Software . . . . .	7 years

**F. Income Taxes**

FPPA is exempt from federal income taxes under Section 501(c) (9) of the Internal Revenue Code.

**G. Member Transactions**

Funds invested by members include payroll contributions made by member police officers and firefighters, contributions of affiliated employers on behalf of their police officers and firefighters, contributions from the State of Colorado, and contributions of plan assets by newly affiliated plans of formerly non-participating entities.

Funds withdrawn by members include benefit payments to members, refunds paid to terminated members, and withdrawals of deferred amounts.

#### **H. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Actuarially determined future benefit payments require the use of significant estimates. FPPA believes that the techniques and assumptions used in establishing these estimates are appropriate.

#### **I. Reclassification of Prior Year Amounts**

The financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FPPA's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Certain amounts in prior-year "Combined Totals" of the financial statements have been reclassified to be consistent with the current year's presentation.

#### **J. Allocation**

Expenses and investments are allocated to each Plan according to its proportionate share of total assets. In the current year, Plan administration costs are included in the Total Increase in Plan Net Assets of the Fire & Police Members' Benefit Investment Fund.

#### **K. New Pronouncement**

The GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative instruments." This statement establishes accounting and financial reporting for derivative instruments. The requirements became effective for FPPA's financial statement reporting period beginning January 1, 2010. Reporting requirements are addressed in Note 11 of the Financial Statements.

### **Note 3: Plan Descriptions**

#### **A. Affiliated Local Plans**

##### **1. Plan Description**

This is an agent multiple-employer Public Employee Retirement System (PERS). There are 226 local plans affiliated with FPPA. These plans are for the benefit of two distinct groups: 1) fire and police employees of affiliated employers hired prior to April 8, 1978 (Old Hires) and 2) volunteer firefighters of affiliated plans.

The Affiliated Local Plans represent the assets of numerous separate plans that have been pooled for investment purposes. The pension plans (volunteer and paid) represented in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" assets only) have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document and actuarial valuation and is governed by its own local pension board.

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**2. Contributions and Benefit Provisions**

As each affiliated employer has its own plan, there is no uniform amount for either contributions or benefit provisions. There are no paid employees within the volunteer firefighters pension plans and employees do not contribute to their pension plan. The State of Colorado contributes to some of the Affiliated Local Plans as defined in the Colorado Revised Statutes. In 2009, legislation was adopted to defer the State of Colorado contributions for certain affiliated Local “Old Hire” Plans for 2009 through 2011 and resuming in 2012 until 2015.

**3. Membership**

The memberships of these groups as of December 31, 2010, are as follows:

Deferred Retirement Option Plan (DROP) Participants - Active Old Hire . . . . .	72
Retirees and Beneficiaries Currently Receiving Benefits. . . . .	6,307
Terminated Vested Employees - Entitled To Benefits But Not Yet Receiving Them. . . . .	294
Current Employees – Active Old Hire . . . . .	18
Current Volunteers – Active . . . . .	3,985
<b>Total Members</b> . . . . .	<b>10,676</b>

**4. Funded Status and Funding Progress**

Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans’ actuarial studies are completed on the odd years and the old hire actuarial pension plans’ actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented are indicative only of the overall condition of the system and are not indicative of the status of any one employer. The combined funded status of the Affiliated Local Plans as of January 1, 2010 and January 1, 2009, the most recent actuarial valuation dates, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Paid Members (c)	UAAL as a Percentage of Covered Payroll for Paid Members ((b – a)/c)
\$1,618,455,903	\$2,036,107,581	\$417,651,678	79.5%	\$3,483,331	11,990.0%

The funded status of the Affiliated Local Plans has trended unfavorably due to the widespread downturns in the financial markets in 2008 and the level of commitment the State of Colorado is able to maintain toward their required contribution for certain Affiliated Local “Old Hire” Plans. The percentage of covered payroll represented above is a high number due to the few remaining actively paid members in the old hire plans.

The schedules of funding progress, presented as required supplementary information (RSI) 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 AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date.....	1/1/2009 and 1/1/2010
Actuarial Method.....	Entry Age Normal
Amortization Method.....	Varies, Major Method is Level Dollar, Open
Amortization Period.....	Varies, Average is 17.6 years
Asset Valuation Method.....	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*.....	8.0%
Projected Salary Increases*.....	4.75% - 16.75%
Cost of Living Adjustment.....	0% - 4%
<hr/>	
*Includes inflation at.....	3.5%

For financial reporting purposes, the projection of benefits for the Affiliated Local Plans does not explicitly incorporate the potential effects of the contractual limits on employer contributions, if applicable.

**5. Significant Factors Affecting Trends in Actuarial Information**

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008 and the deferral of the State contributions for 2009. There were changes to the methods used to determine the smoothed actuarial value of assets and to the method used to determine the amortization period in conjunction with the January 1, 2010 valuations.

The amortization period was changed to be the lesser of 20 years or the average remaining life expectancy of the individual group. The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. Neither change had an impact on the funded status or unfunded liability as of January 1, 2010.

**B. Statewide Death & Disability Plan**

**1. Plan Description**

The Plan is a multi-employer cost sharing defined benefit plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 372 participating employer plans. Included in that number are 9 contributing employers as of December 31, 2010, who are covered by Social Security and have elected supplementary coverage by the Plan. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund.

**2. Contributions**

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, began contributing 2.4 percent of payroll to this Plan as of January 1, 1997. The contribution increased to 2.6 percent of payroll as of January 1, 2007. This percentage can vary depending on actuarial experience.

Since the Aggregate Funding Method used in the annual actuarial valuation does not identify or separately

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amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Normal Funding Method for that purpose. As provided on the following pages, the single equivalent amortization period based on the above contribution policy and the entry age normal actuarial cost method is 8.0 years.

**3. Benefits**

Benefits are established by Colorado statute.

If a member dies prior to retirement while off-duty, the surviving spouse is eligible for a benefit equal to 40 percent of the member's monthly base salary with an additional 10 percent of base salary if a surviving spouse has two or more dependent children. If the member was single at the time of death, but had one or two dependent children, the children are eligible for a benefit equal to 40 percent of base salary. If there are three or more dependent children without a surviving spouse, the children receive an additional 10 percent. As of October 15, 2002, if a member dies prior to retirement while on-duty, the surviving spouse is eligible for a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no surviving spouse but there are dependent children living in the member's household, the children are eligible for a benefit equal to 70 percent of the member's base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child but not greater than the 70 percent total. Benefit eligibility continues until death of the spouse and death, marriage, or other termination of dependency of children.

A member who becomes disabled prior to retirement eligibility may be eligible for disability benefits. If the member is granted a total disability benefit, the member shall receive 70 percent of base salary preceding disability. If the member is granted an occupational disability and the disability is determined to be a permanent occupational disability, he/she shall receive 50 percent of base salary preceding disability regardless of family status. If the member is granted an occupational disability and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of base salary preceding disability for up to five years regardless of family status.

Total disability and permanent occupational disability benefits are reduced by the amount of certain other benefits received.

Benefits paid to occupationally disabled members and their survivors are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed 3 percent for any one year. Totally disabled members and their beneficiaries receive an automatic cost-of-living-adjustment each year of 3 percent, effective October 1.

**4. Membership**

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits.....	853
Active non-vested members .....	10,903
<b>Total Members</b> .....	<b>11,756</b>

**5. Funded Status and Funding Progress**

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The funded status of the Statewide Death & Disability Plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

**Results Using The Aggregate Funding Method**

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Surplus)/ Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$266,477,875	\$250,709,436	(\$15,768,440)	106.3%	\$758,113,476	(2.1%)

Since the Aggregate Funding Method presented in the previous chart does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Normal Funding Method for that purpose. The following information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

**Results using the Entry Age Normal Funding Method**

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Surplus)/ Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Equivalent Amortization Period
\$266,477,875	\$216,103,895	(\$50,373,981)	123.3%	\$758,113,476	(6.6%)	8.0 years

The funded status of the Statewide Death & Disability Plan continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets during 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels.

The schedules of funding progress, presented as required supplementary information (RSI) 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 AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date.....	1/1/2010
Actuarial Method.....	Aggregate Funding (1)
Amortization Method.....	N/A
Amortization Period.....	N/A
Asset Valuation Method.....	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*.....	8.0%
Projected Salary Increases*.....	4.75% - 16.75%
Cost of Living Adjustment.....	.0% - 3%
*Includes inflation at.....	3.5%

(1) The aggregate funding method does not identify or separately amortize unfunded actuarial liabilities.

### *Notes to the Financial Statements*

For financial reporting purposes, the projection of benefits for the Statewide Death & Disability Plan does not explicitly incorporate the potential effects of the legal limit on employer contributions.

#### **6. Significant Factors Affecting Trends in Actuarial Information**

All of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008 as the plan has had favorable actuarial experience over the last couple of years.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

#### **C. Defined Benefit System – Statewide Defined Benefit Plan**

##### **1. Plan Description**

The Plan is a multi-employer cost sharing, defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and currently has 213 participating employer plans.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" assets and Separate Retirement Account assets from eligible retired members).

##### **2. Contributions**

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members of the Statewide Defined Benefit Plan. At present state law requires employers and members to each contribute 8 percent of the members' base salary to the Plan. As of January 1, 2004, employers that affiliate with the Defined Benefit System and have members selecting the Statewide Defined Benefit Plan tier shall contribute a total of 20 percent. The employer specifies how much of the required rate of contribution is paid by the employer and how much by the member. However, the employer and member shall each contribute at least 8 percent. In addition, certain employers who are covered by Social Security have elected to receive supplementary coverage under the statewide plan. Effective January 1, 2007, members currently covered under Social Security were transferred into the new FPPA Supplemental Social Security Program. The new plan is designed to give half the benefit of the Statewide Defined Benefit Plan for half the cost. The employer and member each contribute 4 percent.

##### **3. Benefits**

On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. The annual normal pension is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of



service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the CPI.

In addition, upon retirement a participant may receive additional benefits credited to the participant's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective July 1, 2010, the Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. For members who are subject to the 20 percent continuing rate of contribution, the Separate Retirement Account contribution rate was set at 3.66 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

**4. Membership**

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits. . . . .	358
Terminated members entitled to benefits but not yet receiving such benefits . . . . .	170
DROP Participants. . . . .	152
Fully Vested . . . . .	338
Partially Vested . . . . .	3,467
Non-vested. . . . .	1,841
<b>Total Members . . . . .</b>	<b>6,326</b>

**5. Funded Status and Funding Progress**

The funded status of the Defined Benefit System - Statewide Defined Benefit Plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus)/ Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$963,500,681	\$963,300,852	(\$199,829)	100.0%	\$363,265,902	(0.1%)

The funded status of the Defined Benefit System – Statewide Defined Benefit Plan continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. In addition, the current contribution levels into the Plan are still adequate to push the trend back into a positive trajectory once the three year smoothing period is over.

The schedules of funding progress, presented as required supplementary information (RSI) 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 AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date . . . . .	1/1/2010
Actuarial Method . . . . .	Entry Age Normal
Amortization Method . . . . .	Level % of Payroll, Open
Amortization Period . . . . .	30 Years
Asset Valuation Method . . . . .	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return* . . . . .	8.0%
Projected Salary Increases* . . . . .	4.75% - 16.75%
Cost of Living Adjustment . . . . .	0%
*Includes inflation at . . . . .	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Statewide Defined Benefit Plan does not explicitly incorporate the potential effects of the legal limit on employer contributions.

**6. Significant Factors Affecting Trends in Actuarial Information**

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

## **D. Defined Benefit System – Statewide Hybrid Plan**

### **1. Plan Description**

The Plan was established January 1, 2004 as a multi-employer cost sharing pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. The Plan currently has 25 participating employer plans.

Employers may not withdraw from the Plan once elected. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" and the Statewide Hybrid Plan – Money Purchase Component assets).

### **2. Contributions**

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. At present, both employers and members are required to contribute 8 percent of the members' salary to the Plan, pursuant to C.R.S § 31-31-1102 (4) (a). Of that 16 percent, 11.5 percent currently (as of July 1, 2010) funds the Defined Benefit Component. If an employer has a higher mandatory contribution rate, the excess funds the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2009 through June 30, 2010 was 11.4%.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions, occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

### **3. Benefits**

The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

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**4. Membership**

The participating employees (members) of the Plan – Defined Benefit Component and Money Purchase Only Component as of December 31, 2010, are as follows:

Defined Benefit Component: retirees and beneficiaries receiving benefits and terminated members entitled to benefits but not yet receiving such benefits . . . . .	9
Money Purchase Component: retirees and beneficiaries receiving benefits and terminated members entitled to benefits but not yet receiving such benefits . . . .	184
DROP Participants . . . . .	2
Fully Vested . . . . .	266
Partially Vested . . . . .	82
Non-vested . . . . .	55
<b>Total Members</b> . . . . .	<b>598</b>

**5. Funded Status and Funding Progress**

The funded status of the Defined Benefit System - Statewide Hybrid Plan Defined Benefit Component as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus)/Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$15,373,546	\$12,107,329	(\$3,266,217)	127.0%	\$9,026,182	(36.2%)

The funded status of the Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. In addition, the current contribution levels into the Plan are still adequate to push the trend back into a positive trajectory once the three year smoothing period is over.

The schedules of funding progress, presented as required supplementary information (RSI) 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 AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date.....	1/1/2010
Actuarial Method .....	Entry Age Normal
Amortization Method .....	Level % of Payroll, Open
Amortization Period.....	30 Years
Asset Valuation Method.....	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*.....	8.0%
Projected Salary Increases* .....	4.75% - 16.75%
Cost of Living Adjustment.....	0%
<hr/>	
*Includes inflation at .....	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component does not explicitly incorporate the potential effects of the legal limit on employer contributions.

**6. Significant Factors Affecting Trends in Actuarial Information**

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

**E. Defined Benefit System – Colorado Springs New Hire Pension Plans**

**1. Plan Description**

Two plans joined the Defined Benefit System as of October 1, 2006. They are now one defined benefit plan, but with a fire component and a police component for fire and police employees hired by the City of Colorado Springs on or after April 8, 1978 but prior to October 1, 2006. The plans are closed to new members as of October 1, 2006.

Employers may not withdraw from the Plan once elected. The Plan assets are included in the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan “DROP” assets and Separate Retirement Account assets from eligible retired members).

**2. Contributions**

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within each plan. At present, the fire plan employer contribution is 15.133 percent of the members’ salary and the member portion is 10.0 percent. Effective January 1, 2011, the fire plan employer contribution is 15.095 percent of the members’ salary and the member portion is 10.0 percent. For the police plan, the employer contribution for 2010 was 21.284 percent of the members’ salary and the member portion was 8.0 percent. Effective January 1, 2011, the employer contribution is 20.906 percent of the members’ salary and the employee portion is 8.0 percent.

### **3. Benefits**

#### **Police Component**

The Plan document states that any member may retire and be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service.

The annual normal pension equals 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.75 percent for each full year thereafter with a maximum benefit of 75 percent. Cost-of-living-adjustments begin on October 1 immediately before the retiree turns 60, or 10 years after benefits payment commence, whichever is earlier. The amount of the cost-of-living adjustment cannot exceed 3 percent per year subject to limitations linked to the consumer price index.

In addition, upon retirement a participant may receive additional benefits credited to the member's Separate Retirement Account. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective January 1, 2010, the Separate Retirement Account contribution rate for members of the Police Component was set at 0 percent. This rate will remain the same for calendar year 2011.

A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 45. The early retirement benefit is reduced by 7.5 percent for each year that the member is less than age 50.

Upon termination, a member may elect to have all contributions, along with 5 percent per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 50 equal to 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.75 percent for each full year thereafter with a maximum benefit of 75 percent.

#### **Fire Component**

The Plan document states that any member may retire and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension is 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.85 percent for each full year thereafter with a maximum benefit of 77 percent. Cost-of-living-adjustments begin on October 1 immediately before the retired firefighter turns 65 or 10 years after benefits payment commence, whichever is earlier. The amount of the cost-of-living adjustment cannot exceed 3 percent per year subject to limitations linked to the consumer price index.

In addition, upon retirement a participant may receive additional benefits credited to the participant's Separate Retirement Account. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective January 1, 2010, the Separate Retirement Account contribution rate for members of the Fire Component was set at 0 percent. This rate will remain the same for calendar year 2011.

A member is eligible for an early retirement benefit at age 50 and after completion of 20 years of service. The early retirement benefit is reduced by 4.615 percent for each year that the member is less than age 55.

Upon termination, a member may elect to have all contributions, along with 5 percent per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.85 percent for each full year thereafter with a maximum benefit of 77 percent.

#### 4. Membership

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits . . . . .	184
Terminated members entitled to benefits but not yet receiving such benefits . . . . .	28
DROP Participants . . . . .	77
Fully Vested . . . . .	45
Partially Vested . . . . .	435
Non-vested . . . . .	268
<b>Total Members</b> . . . . .	<b>1,037</b>

#### 5. Funded Status and Funding Progress

The funded status of the Defined Benefit System – Colorado Springs New Hire Pension Plans as of January 1, 2010, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus)/ Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Police Component	\$170,960,335	\$213,764,095	\$42,803,760	80.0%	\$35,550,304	120%
Fire Component	\$100,709,022	\$121,361,624	\$20,652,602	83.0%	\$21,535,495	96%

The funded status of the Defined Benefit System – Colorado Springs New Hire Pension Plans continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. The required contribution levels for these Plans are expected to increase as the covered payroll decreases over time.

The schedules of funding progress, presented as required supplementary information (RSI) 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 AALs for benefits.

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Additional information as of the latest actuarial valuation follows:

Valuation Date.....	1/1/2010
Actuarial Method .....	Entry Age Normal
Amortization Method .....	Level Dollar, Closed
Amortization Period.....	28 Years, beginning January 1, 2010
Asset Valuation Method.....	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return* .....	8.0%
Projected Salary Increases* .....	4.75% - 16.75%
Cost of Living Adjustment.....	3.0%
<hr/>	
*Includes inflation at .....	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Colorado Springs New Hire Pension Plans does not explicitly incorporate the potential effects of the legal limit on employer contributions.

**6. Significant Factors Affecting Trends in Actuarial Information**

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

**F. Fire & Police Members’ Statewide Money Purchase Plan**

**1. Plan Description**

The Plan is a multi-employer defined contribution (money purchase) pension fund covering full-time employees of participating fire or police districts in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees. The Plan may also include clerical or other personnel from fire districts whose services are auxiliary to fire protection.

The Fire & Police Members’ Statewide Money Purchase Plan became effective on January 1, 1995. Participants can choose from various mutual funds offered by an outside money manager. There were 38 contributing employer plans as of December 31, 2010. The Plan assets are included in the Fire & Police Members’ Self-Directed Investment Fund.

**2. Contributions and Vesting**

Contributions to the Plan are calculated as a percentage of the member’s base salary, which is specified by state statute. Current participants contribute 8 percent of salary, which is matched by the employer. Members are always fully vested in their own contributions, and the earnings on those contributions. Vesting in the employer’s contributions and earnings on those contributions occurs according to the vesting schedule set by state statute at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.



**3. Membership**

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits.....	64
Fully Vested .....	36
Partially Vested .....	38
Non-vested Vested .....	30
<b>Total Members</b> .....	<b>168</b>

**G. Self-Directed Assets for the Affiliated Local and Defined Benefit System Plans**

**1. Plan Description**

Consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors as well as mutual funds or other investments offered through a Self Directed Brokerage Account. The benefits in this group are in the defined benefit plans described above in Note 3.

The Deferred Retirement Option Plan (“DROP”) assets which fund a supplemental benefit within the Local “Old Hire” and Defined Benefit System Plans are included in the Fire & Police Members’ Self-Directed Investment Fund. In general, the DROP program allows a member to elect to participate in the supplemental benefit after reaching eligibility for normal retirement (and in some cases, early or vested retirement). A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member’s percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits can be paid as a lump sum, if desired.

Also included is the money purchase component for the Defined Benefit System – Statewide Hybrid Plan. The Plan is described above in Note 3, Section D.

The Separate Retirement Account assets from eligible Defined Benefit System retired members are included in the Fire & Police Members’ Self-Directed Investment Fund. The benefits are described above in Note 3, Sections C and E.

**2. Contributions and Vesting**

Within the DROP programs, the member continues contributing at the rate described in each plan, which is credited to the DROP. The member is vested 100 percent in their DROP account.

The Defined Benefit System – Statewide Hybrid Plan contributions and vesting are described above in Note 3, Section D.

The Separate Retirement Accounts within the Defined Benefit System are described above in Note 3, Section C and E.

**3. Membership**

Membership is listed within the defined benefit plans described above in Note 3.

**Note 4: Deposits And Investments**

Under Colorado statutes, FPPA, as trustee of the Fire & Police Members’ Benefit Investment Fund, has complete discretionary authority to invest and reinvest funds of the Fire & Police Members’ Benefit Investment Fund, subject to the prudent investor rule.

FPPA has established a long-range statement of investment objectives and policies for managing and monitoring the Fire & Police Members’ Benefit Investment Fund. The investment objective for the Fire & Police Members’ Benefit Investment Fund is to balance and prudently manage the investment needs (risk and return) of all plans participating in the Fund.

The investment policy also defines the fiduciaries’ responsibilities with respect to the Fire & Police Members’ Benefit Investment Fund, their investment authority under the prudent investor rule, the level of acceptable risk for investments, statutory asset allocation restrictions, investment performance objectives, and guidelines within which outside investment managers may operate.

**A. Cash Deposits and Short Term Investments**

Cash deposits and short term investments represent both operating cash accounts held by banks and investment cash on deposit with the investment custodian. The carrying value of cash and short term investments at December 31, 2010, on the Statement of Plan Net Assets Available for Pension Benefits includes deposit and money market funds of \$10,962,776 and short term fixed income securities of \$243,664,900 for a total of \$254,627,676. FPPA considers fixed income securities with a maturity of 12 months or less to be short term investments.

The table below presents FPPA combined total deposits and short term investments as of December 31, 2010.

Deposits with banks and petty cash of \$100 . . . . .	\$10,236,160
Deposits held at bank (uncollateralized, held by FPPA’s agent in FPPA’s name) . . . . .	726,616
Short Term Investments (maturity of 12 months or less) . . . . .	243,664,900
<b>Total Deposits and Short Term Investments . . . . .</b>	<b>\$254,627,676</b>

**B. Investments**

The assets of the Fire & Police Members’ Self-Directed Investment Fund are invested in commingled mutual fund investment vehicles. These investments at December 31, 2010 are summarized in the following table:

Cash and Short Term Investments . . . . .	\$ 41,984
Investments	
Domestic Equity Funds . . . . .	55,997,023
International Equity Funds . . . . .	11,793,618
Balanced Funds . . . . .	93,762,433
Fixed Income Funds . . . . .	19,328,631
Money Market Funds . . . . .	30,413,737
Brokeragelink Funds . . . . .	36,580,079
<b>Total Investments . . . . .</b>	<b>\$247,875,521</b>
<b>Total Cash and Investments . . . . .</b>	<b>\$247,917,505</b>

In 2010, FPPA changed the classification of target date funds found throughout the various investment categories and consolidated them into the Balanced Funds category listed above.

The investments reflected on the Statement of Plan Net Assets Available for Pension Benefits for the Fire & Police Members' Benefit Investment Fund at December 31, 2010 are summarized in the following table:

Cash and Short Term Investments . . . . .	\$ 254,585,692
Investments	
Fixed Income . . . . .	661,550,769
Global Equity . . . . .	1,786,806,160
Real Assets . . . . .	101,998,549
Absolute Return . . . . .	13,799,517
Private Capital . . . . .	438,542,900
Opportunistic . . . . .	19,765,426
Securities Lending Collateral . . . . .	174,029,897
<b>Total Investments . . . . .</b>	<b>\$3,196,493,218</b>
<b>Total Cash and Investments . . . . .</b>	<b>\$3,451,078,910</b>

In 2010, FPPA incorporated a risk-based approach in the management of the investment portfolio. Investments are now categorized by their primary strategy and risks relative to previous years' disclosures where investments were categorized by security type.

Investments are exposed to various risks including custodial credit risk, credit risk, interest rate risk, and foreign currency risk.

**1. Custodial Credit Risk**

FPPA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, FPPA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in FPPA's name and are held by either a counterparty or the counterparty's trust department or agent but not in FPPA's name. Investment-related cash deposits are under the custody of The Bank of New York Mellon which has an AA- long-term senior debt credit rating by Standard & Poor's and an Aa2 rating by Moody's and an AA- rating by Fitch. As of December 31, 2010, FPPA had exposure to cash currency deposits in the amount of \$254,585,692 which would be exposed to custodial credit risk since these deposits are not collateralized or insured.

**2. Concentration of Credit Risk**

FPPA does not have any investments representing five percent or more of the Fire & Police Members' Benefit Investment Fund assets in any single issuer.

**3. Credit Risk**

Credit risk is the risk that an issuer of a debt instrument will not fulfill its obligations. Although FPPA does not have a specific policy relating to credit risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each fixed income portfolio.

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The following table summarizes FPPA's fixed income securities credit quality ratings as of December 31, 2010:

Credit Quality Rating	Fixed Income Portfolio	
	Fair Value	%
Aaa/AAA	\$ 40,175,558	4.39%
Aa/AA	148,712,381	16.23%
A	102,907,582	11.23%
Baa/BBB	54,629,388	5.96%
Ba/BB	26,224,836	2.86%
B	55,120,698	6.02%
Caa/CCC	21,693,328	2.37%
Ca/CC	2,845,569	0.31%
C	818,105	0.09%
D	4,226,173	0.46%
Not Rated	606,760	0.07%
<b>Total Credit Risk Debt Securities</b>	<b>\$ 457,960,378</b>	<b>49.99%</b>
U.S Government and Agency Securities	203,590,391	22.22%
Total Fixed Income Securities	661,550,769	72.21%
Cash	254,585,692	27.79%
<b>Total Fixed Income Investments</b>	<b>\$ 916,136,461</b>	<b>100.00%</b>

**4. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. FPPA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Although FPPA does not have a specific policy relating to interest rate risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each fixed income portfolio.

The following table summarizes the effective duration of the FPPA's fixed income portfolios at December 31, 2010:

Security Type	Fixed Income Portfolio	
	Fair Value	Effective Duration
Asset Backed Securities	\$9,867,328	4.87
Puts/Calls/Options	(1,049,162)	(1.74)
Corporate Bonds	284,681,983	4.63
Fixed Income Swaps	25,274,226	0.51
US Financial Futures	322,208	(0.34)
Government & Agency	60,676,078	8.60
Mortgages-Agency	136,321,186	3.94
Mortgages- Non-Agency	22,114,180	2.46
International Bonds	48,790,349	3.61
Revenue Bonds	26,276,969	8.26
TIPS	7,073,071	6.39
Private Placements	40,978,386	5.01
Preferred Stock	223,967	8.02
Cash	254,585,692	0.003
<b>Total</b>	<b>\$916,136,461</b>	<b>3.43</b>

## 5. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. FPPA's exposure to foreign currency risk derives primarily from its allocations to non-U.S. dollar denominated international equity. Other sources of foreign currency risk are derived from fixed income and alternative investments. Although FPPA does not have a specific policy relating to foreign currency risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each investment portfolio.

The fair value of FPPA's exposure to foreign currency risk at December 31, 2010 is summarized in the following table:

Currency	Cash	Global Equities	Fixed Income	Private Capital	Total
Australian Dollar		\$ 61,838,847	\$ 8,428,555		\$ 70,267,402
Brazilian Real		12,401,443			12,401,443
Canadian Dollar		78,141,313	3,021,090	\$ 7,288,423	88,450,826
Swiss Franc		56,373,701			56,373,701
Chinese Yuan		7,180,130			7,180,130
Danish Krone		8,943,975			8,943,975
Euro Currency	\$ 1,833,298	193,020,158		35,403,824	230,257,280
British Pound	1,231,965	155,589,941		3,070,290	159,892,196
Hong Kong Dollar		32,230,406			32,230,406
Indonesian Rupian		4,367,289			4,367,289
Indian Rupee		7,441,681			7,441,681
Israeli Shekel		5,125,039			5,125,039
Japanese Yen		163,453,277			163,453,277
Korean Won		12,009,851			12,009,851
Mexican Peso		2,901,548			2,901,548
Norwegian Krone		5,431,455			5,431,455
Russian Rouble		1,428,286			1,428,286
Swedish Krona		22,685,888			22,685,888
Singapore Dollar		12,514,867			12,514,867
Thailand Baht		1,404,920			1,404,920
Turkish Lira		3,442,279			3,442,279
Taiwan Dollar		7,222,784			7,222,784
South African Rand		4,683,237			4,683,237
Other (less than \$1 million in holdings)	2,363,454	2,202,525	894,428	356,311	5,816,718
<b>Subtotal</b>	<b>\$ 5,428,717</b>	<b>\$ 862,034,840</b>	<b>\$ 12,344,073</b>	<b>\$ 46,118,848</b>	<b>\$ 925,926,478</b>
U.S. Dollar	249,156,975	924,771,320	649,206,696	392,424,052	2,215,559,043
<b>Grand Total</b>	<b>\$ 254,585,692</b>	<b>\$ 1,786,806,160</b>	<b>\$ 661,550,769</b>	<b>\$ 438,542,900</b>	<b>\$ 3,141,485,521</b>

The above chart excludes the investment classes of real assets, absolute return, opportunistic, securities lending, and the assets of the Fire & Police Members' Self-Directed Investment Fund which are comprised of U.S. dollar based investments.

### **C. Securities Lending**

Colorado statute allows FPPA to participate in securities lending transactions. FPPA has, via a Securities Lending Authorization Agreement, authorized BNY Mellon Bank to lend the securities it holds as custodian to broker-dealers and banks.

During the year ended December 31, 2010, FPPA received as collateral U.S. and foreign dollar cash, U.S. government securities, foreign sovereign debt and irrevocable bank letters of credit. Borrowers were required to deliver collateral for each loan in amounts equal to 102 percent of the market value of the loaned securities with respect to U.S. securities and 105 percent of the market value of loaned securities with respect to foreign securities. FPPA did not impose any restrictions on the amounts of loans that BNY Mellon Bank made on its behalf. During the fiscal year, FPPA and borrowers maintained the right to terminate all securities lending transactions on demand. The cash or U.S. Government and Agency securities collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders. Maturities of the investments made with cash collateral generally do not match the maturities of securities loans. At December 31, 2010, the fair value of the securities on loan was \$174,723,228 relative to the collateral received of \$179,740,817. The fair value of the invested collateral was \$174,029,897 relative to the securities lending obligations of \$179,689,638. The invested collateral and corresponding obligation are reflected in the Statement of Plan Net Assets Available for Pension Benefits as assets and liabilities, respectively. Due to the decline in the fair value in the invested collateral, the liability represented by the securities lending obligation is greater than the invested collateral. The decline in fair value of the invested collateral as of December 31, 2010 was \$5,659,742 and is reflected in the "Unrealized (Loss) on Securities Lending" line on the Statement of Changes in Plan Net Assets Available for Pension Benefits. The invested collateral securities in this program are typically held to maturity and expected to mature at par.

In accordance with GASB Statement No. 28 Accounting and Financial Reporting on Securities Lending Transactions, non-cash collateral of \$51,179 is not reported in the Statement of Plan Net Assets Available for Pension Benefits because FPPA is not permitted to pledge or sell these collateral securities received unless the borrower defaults.

As of December 31, 2010, FPPA had no credit exposure to the collateral held within the securities program because the market value of the collateral exceeded the market value of the securities amount borrowed. The agreement with FPPA's lending agent provides that the lending agent will indemnify FPPA if loaned securities are not returned and FPPA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. FPPA will have credit exposure with respect to investments in debt instruments as part of the securities lending investment pool.

During 2009, FPPA recognized a realized loss of \$690,204 related to exposure in CIT Group, Inc. ("CIT") within the securities lending investment pool. A payable was created which continued to be reduced by net securities lending revenue. The \$275,660 net payable remaining at December 31, 2009, was reduced to \$0 during 2010. As of December 31, 2010, FPPA maintained a net payable of \$3,892,266 related to securities of Lehman Brothers held in the securities lending investment pool. These assets have been segregated into a distinct liquidating trust.

FPPA records its share of lending fees as an expense with a corresponding effect of recognizing security lending income earned.

The following table presents the balances relating to securities lending transactions at December 31, 2010:

Securities Lent	Market Value of Securities on Loan	Collateral Held
<i>Lent for Cash Collateral:</i>		
U.S. Government and Agency Securities	\$ 39,694,825	\$ 40,561,672
Corporate Bonds	22,447,260	23,012,569
Domestic Stocks	86,799,147	89,062,720
International Stocks	25,731,912	27,052,677
<b>Subtotal</b>	<b>\$ 174,673,144</b>	<b>\$179,689,638</b>
<i>Lent for Securities Collateral:</i>		
U.S. Government and Agency Securities	50,084	51,179
<b>Total</b>	<b>\$174,723,228</b>	<b>\$179,740,817</b>

At December 31, 2010, the fair market value of the invested collateral was \$174,029,897.

#### D. Interest Income

The Statement of Changes in Plan Assets Available for Pension Benefits for the Fire & Police Members' Benefit Investment Fund reflects interest investment income of \$29,901,228 for the year 2010. Interest income for the Fire & Police Members' Self-Directed Investment Fund totaled \$163,233 for 2010.

#### Note 5: IRC 457 Deferred Compensation Plan

The IRC 457 Deferred Compensation Plan, created under Internal Revenue Code Section 457, collects amounts deferred by participants of affiliated plans and employees of FPPA. The assets are held in trust for the exclusive benefit of participants. Plan participation is voluntary and contributions are separate from the defined benefit or money purchase contributions made to FPPA.

All contributions are invested in the Fire & Police Members' Self-Directed Investment Fund. This plan allows employees to defer a portion of their salary until future years. Participants in the plan are allowed to transfer account balances among a variety of investment funds, or change the contribution percentages designated to each fund on a daily basis. The core investment funds are: Fidelity Freedom 2000 Fund, Fidelity Freedom 2005 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2015 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2025 Fund, Fidelity Freedom 2030 Fund, Fidelity Freedom 2035 Fund, Fidelity Freedom 2040 Fund, Fidelity Freedom 2045 Fund, Fidelity Freedom Income Fund, Fidelity Retirement Government Money Market Portfolio, Managed Income Portfolio, Fidelity U.S. Bond Index Fund, PIMCO Total Return Fund - Institutional Class, Pax World Balanced Fund- Institutional Class, American Beacon Large Cap Value Fund - Institutional Class, Spartan Total Market Index Fund - Investor Class, Spartan 500 Index Fund - Investor Class, Fidelity Growth Company Fund, Perkins Mid Cap Value Fund, Artisan Mid Cap Fund – Investor Class, Dreyfus Boston Company Small Cap Value Fund, and Fidelity Diversified International Fund. In addition, participants may utilize a Self Directed Brokerage Window. The deferred compensation and associated appreciation in the fair value of the assets held are not available to employees until termination, retirement, death, or an unforeseen emergency. As of December 31, 2010, there were 2,057 participants with account balances within the plan.

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In 2010, participants could contribute \$16,500 into the plan. Catch-up contributions up to \$5,500 in 2010 were allowed for participants who had attained age 50 before the close of the plan year. As an alternative to the age 50+ catch-up provisions, participants could defer up to twice the contribution limit in a given year for the three years prior to normal retirement age if the maximum contributions have not been made previously. If the “double limit” or Enhanced Contribution Limit is used, the participant cannot use the age 50+ catch-up provision with the same year. A participant may trigger the Enhanced Contribution Limit by electing a normal retirement age. “Normal Retirement Age” means age 70 ½ or some other earlier age specified in writing by the participant. In no event shall normal retirement age be earlier than the earliest date at which one may retire under the employer’s basic pension plan without the employer’s consent and receive immediate retirement benefits, without incurring an actuarial or similar reduction in benefits. The Enhanced Contribution Limit is available to a participant only during one three-year period. If a participant uses the Enhanced Contribution Limit and then postpones normal retirement age or returns to work after retiring, the limitation shall not be available again before a subsequent retirement.

In response to the 1996 Small Business Protection Act, the Governmental Accounting Standards Board issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement requires that amounts deferred under a qualified Section 457 plan be held in trust for the exclusive benefit of participating employees, and not be accessible by the sponsoring government or its general creditors.

In response to this statement, FPPA has modified its trust agreement with respective affiliates to place this plan’s activity within the Fire & Police Members’ Self-Directed Investment Fund for the purposes of financial statement presentation. Fund balance reserved for withdrawals at December 31, 2010 is \$61,989,750.

**Note 6: Property And Equipment**

Property and equipment at December 31, 2010, is comprised of the following:

General Assets	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<i>Nondepreciable Assets:</i>				
Land	\$ 1,937,742			\$ 1,937,742
<i>Depreciable Assets:</i>				
Building & Improvements	1,715,732	\$126,110		1,841,842
Equipment	684,902	75,939		760,841
Intangible Assets (Internally generated computer software)	4,698,629			4,698,629
<b>Totals at Historical Cost</b>	<b>\$ 9,037,005</b>	<b>\$ 202,049</b>	<b>\$0</b>	<b>\$ 9,239,054</b>
<i>Less Accumulated Depreciation/Amortization for:</i>				
Building & Improvements	(1,282,175)	(85,795)		(1,367,970)
Equipment	(674,107)	(20,699)		(694,806)
Intangible Assets (Internally generated computer software)	(55,936)	(671,233)		(727,169)
<b>Total Accumulated Depreciation</b>	<b>(2,012,218)</b>	<b>(777,727)</b>		<b>(2,789,945)</b>
<b>Total Net Assets</b>	<b>\$ 7,024,787</b>	<b>\$ (575,678)</b>	<b>\$0</b>	<b>\$ 6,449,109</b>

Land, Building, and Improvements are held as an operating asset and not held within the Fire & Police Members’ Benefit Investment Fund. Depreciation/Amortization Expense for 2010 totaled \$777,727.



**Note 7: Risk Management**

FPPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It carries commercial coverage of these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

**Note 8: Employee Retirement Plan****A. Plan Description**

FPPA contributes to the State Division Trust Fund (SDTF) a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of FPPA are members of SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, authorizes the Colorado Legislature to establish benefit provisions. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for SDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA's InfoLine at 1-800-759-PERA, or 303-837-6250 within the Denver metro area.

**B. Basis of Accounting for the SDTF**

The financial statements of the SDTF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. SDTF plan investments are presented at fair value except for short term investments, which are recorded at cost and approximate fair value.

**C. Funding Policy**

Plan members and FPPA are required to contribute at a rate set by statute. The contribution requirements of plan members and FPPA are established under Title 24, Article 51, Part 4 of the CRS, as amended. Members contribute 8.0 percent of covered salary and FPPA contributes 13.85 percent of covered salary. The passage of Senate Bill 10-146 in 2010 affected the contribution rates for PERA covered employees, including FPPA staff members, by temporarily reducing the employer contribution rate by 2.5 percent and temporarily increasing the employee contribution rate by 2.5 percent for the State's fiscal year beginning July 2010 through June 2011. The FPPA Board of Directors passed Resolution No. 2010-3 which allowed for the continued payment of the full 13.85 percent contribution level by FPPA, in lieu of passing the additional 2.5 percent of covered salary on to plan members.

A portion of FPPA's contribution is allocated for the Health Care Fund. FPPA's contributions to SDTF for the years ending December 31, 2010, 2009, and 2008 were \$386,496, \$333,756, and \$298,572, respectively, equal to the required contributions for each year.

**Note 9: Other Post Employment Benefits****A. Plan Description**

FPPA administers a single-employer defined benefit healthcare plan ("FPPA Staff Healthcare Subsidy Plan"). The plan provides a healthcare premium subsidy to all full time employees who leave FPPA and have completed at least ten years of service with the FPPA. Currently, 16 employees meet those eligibility requirements and 3 are receiving a benefit. The program began in March 1993.

### **B. Benefit provisions**

FPPA provides a health care premium subsidy to eligible retirees. The subsidy period is limited to the number of years actually worked at FPPA and further limited to the maximum subsidy paid by the Public Employees Retirement Association of Colorado (PERA). The subsidy is \$11.50 per month for each year of PERA covered service with a maximum of 20 years. This amount decreases to \$5.75 per month for each year of PERA covered service when the beneficiary becomes Medicare eligible. Currently, the maximum subsidy paid by PERA is \$230 per month pre-Medicare and \$115 per month Medicare-covered. The PERA subsidy can be increased by an act of the Colorado General Assembly. The retiree health plan does not issue a publicly available financial report.

### **C. Funding Policy**

FPPA applies alternative measurement methods instead of obtaining actuarial valuations due to the small size of this plan. As of 2010, FPPA is funding this plan by taking the projected liability (\$240,355 as of 12/31/2010) less the unsmoothed market value of assets (\$136,612 as of 10/31/2010) and amortizing this over 10 years at the FPPA 8% actuarial rate. Based on this calculation, FPPA contributed \$14,316 in 2010. FPPA has provided contributions to the Plan in excess of the annual Other Post Employment Benefits (OPEB) cost, and therefore the Net OPEB obligation is zero.

## **Note 10: Defined Contribution Pension Plan**

### **A. Plan Description**

The SDTF members of FPPA may contribute to the Voluntary Investment Program (VIP), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is optional, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, authorizes the Colorado Legislature to establish VIP provisions.

The VIP is funded by member contributions. The maximum contribution level is set by the Internal Revenue Service and changes annually. No employer contributions are required. The VIP member contributions from FPPA employees for the year ended December 31, 2010 was \$76,814.

## **Note 11: Derivative Instruments**

Effective January 1, 2010, FPPA adopted GASB Statement No. 53 ("GASB 53"), Accounting and Financial Reporting for Derivative Instruments. The implementation of GASB 53 had no impact on the financial statements ending December 31, 2010, as the derivative instruments were recorded at fair value with the financial statements.

### **A. Forward Foreign Exchange Contracts**

Through its various money managers, FPPA may enter into forward foreign exchange contracts to hedge against changes in currency prices relative to the U. S. dollar. Forward foreign exchange contracts are a contractual obligation between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter (OTC) with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. As of December 31, 2010, the total portfolio had less than -.01% net exposure to forward foreign exchange contracts. The fair market value of exposure was comprised of \$40,490,487 in payables and \$40,317,213 in receivables, for a net exposure of (\$173,274).

**B. Equity Index Futures**

FPPA through its various managers has invested in equity index futures. These future positions are used solely to provide liquidity and market exposure.

FPPA utilizes an Exposure Manager to temporarily rebalance the portfolio via the use of derivatives contracts, primarily index futures. Derivatives contracts can be used to approximate the benchmarks of underlying managers or asset classes. An Exposure Manager may also be utilized to create equity exposure up to the amounts of cash held within the accounts of FPPA's domestic and international equity managers. As of December 31, 2010, the total portfolio had less than .01% net exposure to equity index futures. The fair market value of exposure was comprised of \$47,226 in payables and \$268,291 in receivables, for a net exposure of \$221,066.

**C. Financial Futures, Options**

FPPA, through its various money managers, has entered into exchange traded financial futures. The purpose of these contracts is for hedging, as an alternative to investments in the cash market and as an additional yield curve management strategy. These futures included U.S. agency, bond and treasury futures and options. In addition, contracts include Eurodollar and interest rate swap futures. Money managers may also invest in forward contracts. These transactions relate to a forward commitment strategy in cash equivalents or short duration securities with an effective duration of one year or less. As of December 31, 2010, the total portfolio had 2.85% net exposure financial futures. The fair market value of exposure was comprised of \$28,566,952 in payables and \$117,503,374 in receivables, for a net exposure of \$88,936,422.

**Note 12: Commitments And Contingencies**

FPPA is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of FPPA's legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Fire & Police Members' Benefit Investment Fund. FPPA has invested in certain limited partnerships and private fund investments. As part of these investments, FPPA has agreed to contribute additional funds at various times. At December 31, 2010, FPPA had committed approximately \$382.4 million in additional funds to these investments.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule Of Funding Progress (unaudited)

December 31, 2010

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
<b>Defined Benefit System - Statewide Defined Benefit Plan</b>							
2010	1/1/2010	\$963,500,681	\$963,300,852	\$(199,829)	100.0%	\$363,265,902	(0.1%)
2009	1/1/2009	856,090,014	847,821,122	(8,268,892)	101.0%	337,918,774	(2.4%)
2008	1/1/2008	950,114,346	795,499,983	(154,614,363)	119.4%	312,857,166	(49.4%)
2007	1/1/2007	801,426,848	654,097,657	(147,329,191)	122.5%	271,906,902	(54.2%)
2006	1/1/2006	681,193,087	569,819,934	(111,373,153)	119.5%	246,693,626	(45.1%)
2005	1/1/2005	557,949,693	495,915,617	(62,034,076)	112.5%	217,752,582	(28.5%)
2004	1/1/2004	473,006,658	426,673,675	(46,332,983)	110.9%	189,359,234	(24.5%)
2003	1/1/2003	424,088,589	371,056,405	(53,032,184)	114.3%	172,625,858	(30.7%)
2002	1/1/2002	2,428,388,591	337,391,594	(90,996,997)	127.0%	156,808,953	(58.0%)
2001	1/1/2001	405,598,652	305,500,209	(100,098,443)	132.8%	141,154,007	(70.9%)

**Defined Benefit System - Statewide Hybrid Plan**

2010	1/1/2010	\$15,373,546	\$12,107,329	\$(3,266,217)	127.0%	\$9,026,182	(36.2%)
2009	1/1/2009	13,642,709	10,648,712	(2,993,997)	128.1%	7,726,670	(38.7%)
2008	1/1/2008	14,075,984	9,774,906	(4,301,078)	144.0%	7,342,967	(58.6%)
2007	1/1/2007	9,624,239	6,299,422	(3,324,817)	152.8%	4,391,954	(75.7%)
2006	1/1/2006	7,998,356	5,366,912	(2,631,444)	149.0%	4,053,146	(64.9%)
2005	1/1/2005	5,040,067	4,035,894	(1,004,173)	124.9%	2,587,830	(38.8%)

The first actuarial valuation completed on the Defined Benefit System- Statewide Hybrid Plan was in 2005.

**Defined Benefit System - Colorado Springs New Hire Pension Plan - Police Component**

2010	1/1/2010	\$170,960,335	\$213,764,095	\$42,803,760	80.0%	\$35,550,304	120%
2009	1/1/2009	156,099,012	198,695,916	42,596,904	78.6%	36,735,114	116%
2008	1/1/2008	178,548,095	188,263,199	9,715,104	94.8%	39,048,754	24.9%
2007	1/1/2007	159,508,243	161,530,980	2,022,737	98.7%	40,438,034	5.0%
2006	1/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

The first actuarial valuation completed on the Defined Benefit System - Colorado Springs New Hire Pension Plan - Police Component was in 2007 as the program began 10/1/2006.

**Defined Benefit System - Colorado Springs New Hire Pension Plan - Fire Component**

2010	1/1/2010	\$100,709,022	\$121,361,624	\$20,652,602	83.0%	\$21,535,495	96%
2009	1/1/2009	92,515,096	113,068,434	20,553,338	81.8%	22,483,956	91%
2008	1/1/2008	104,946,386	107,389,381	2,442,995	97.7%	23,827,770	10.3%
2007	1/1/2007	98,290,761	99,137,903	847,142	99.1%	26,867,827	3.2%
2006	1/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

The first actuarial valuation completed on the Defined Benefit System - Colorado Springs New Hire Pension Plan - Fire Component was in 2007 as the program began 10/1/2006.

## Schedule Of Funding Progress (unaudited)

December 31, 2010 - continued

	Actuarial Valuation Date**	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
<b>Affiliated Local Plans</b>							
2010	1/1/2009 and 1/1/2010	\$1,618,455,903	\$2,036,107,581	\$417,651,678	79.5%*	\$3,483,331	11990.0%
2009	1/1/2008 and 1/1/2009	1,855,493,729	2,081,304,156	225,810,427	89.2%*	6,199,241	3642.5%
2008	1/1/2007 and 1/1/2008	1,859,987,228	2,064,576,138	204,588,910	90.1%	6,160,242	3321.1%
2006	1/1/2005 and 1/1/2006	1,818,993,571	2,246,572,810	427,579,239	81.0%	75,130,892	569.1%
2004	1/1/2003 and 1/1/2004	1,642,270,820	2,160,729,353	518,458,533	76.0%*	70,053,951	740.1%
2002	1/1/2001 and 1/1/2002	1,902,729,069	2,086,914,286	184,185,217	91.2%	74,373,501	247.6%
2000	1/1/1999 and 1/1/2000	1,824,520,033	1,958,959,749	134,439,716	93.1%	82,304,632	163.3%
1998	1/1/1997 and 1/1/1998	1,466,608,186	1,813,999,862	347,391,676	80.9%	104,522,694	332.4%
1996	1/1/1995 and 1/1/1996	1,121,444,504	1,593,927,538	472,483,034	70.4%	96,013,582	492.1%

\* State Contributions were suspended in 2003 and resumed on 4/30/2006 and were suspended in 2009 and will resume on 4/30/2012.

\*\*Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans' actuarial studies are completed on the odd years and the old hire actuarial pension plans' actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented in this chart are indicative only of the overall condition of the system and are not indicative of the status of any one employer.

## Statewide Death &amp; Disability Plan - Results Using the Aggregate Funding Method

2010	1/1/2010	\$266,477,875	\$250,709,436	\$(15,768,440)	106.3%	\$758,113,476	(2.1%)
2009	1/1/2009	257,279,496	241,813,411	(15,466,086)	106.4%	740,172,854	(2.1%)
2008	1/1/2008	300,642,721	223,999,678	(76,643,044)	134.2%	679,223,009	(11.3%)
2007	1/1/2007	274,091,581	258,243,478	(15,848,103)	106.1%	631,667,107	(2.5%)
2006	1/1/2006	249,299,173	258,726,894	9,427,721	96.4%	610,620,208	(1.5%)
2005	1/1/2005	223,389,097	231,252,507	7,863,410	96.6%	567,949,536	(1.4%)
2004	1/1/2004	212,273,124	241,966,436	29,693,312	87.7%	547,190,145	(5.4%)
2003	1/1/2003	218,151,921	261,133,007	42,981,086	83.5%	515,529,441	(8.3%)
2002	1/1/2002	239,456,347	239,793,687	337,340	99.9%	484,328,830	(0.1%)
2001	1/1/2001	240,575,733	209,233,639	(31,342,094)	115.0%	441,924,703	(7.1%)

This plan is valued under the Aggregate Funding Method, where the Actuarial Accrued Liability is set equal to the assets, resulting in no Unfunded Actuarial Accrued Liability and a Funded Ratio of 100%. The Actuarial Accrued Liability reported here is the Present Value of Projected Benefits, less the Present Value of Projected Member Contributions.

Since the Aggregate Funding Method presented in the previous chart does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Funding Method for this purpose. The information presented below is intended to serve as a surrogate for the funded status and funding progress of the plan. Data is only available since 2008.

## Statewide Death &amp; Disability Plan - Results Using the Entry Age Normal Funding Method

2010	1/1/2010	\$266,477,875	\$216,103,895	\$(50,373,981)	123.3%	\$758,113,476	(6.6%)
2009	1/1/2009	257,279,496	203,673,786	(53,605,710)	126.3%	740,172,854	(7.2%)
2008	1/1/2008	300,642,721	182,814,659	(117,828,062)	164.5%	679,223,009	(17.3%)

**Schedule Of Employer Contributions (unaudited)**

**A. Statewide Death & Disability Plan**

**Employer Contributions:**

<b>Year Ended 12/31</b>	<b>Annual Required Contribution Rate*</b>	<b>Percentage Contribution</b>
2010	0%	100%
2009	0%	100%
2008	0%	100%
2007	0%	100%
2006	0%	100%
2005	0%	100%
2004	0%	100%
2003	0%	100%
2002	0%	100%
2001	0%	100%

*\*All contributions are made by members or on behalf of members.*

**B. Defined Benefit System - Statewide Defined Benefit Plan**

**Employer Contributions:**

<b>Year Ended 12/31</b>	<b>Annual Required Contribution Rate</b>	<b>Percentage Contribution</b>
2010	8.00%	100%
2009	8.00%	100%
2008	8.00%	100%
2007	8.00%	100%
2006	8.00%	100%
2005	8.00%	100%
2004	8.00%	100%
2003	8.00%	100%
2002	8.00%	100%
2001	8.00%	100%

**C. Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component**

The first actuarial valuation completed on the Statewide Hybrid Plan – Defined Benefit Component was in 2005.

**Employer Contributions:**

<b>Year Ended 12/31</b>	<b>Annual Required Contribution Rate</b>	<b>Percentage Contribution</b>
2010	8.00%	100%
2009	8.00%	100%
2008	8.00%	100%
2007	8.00%	100%
2006	8.00%	100%
2005	8.00%	100%

**D. Defined Benefit System – Colorado Springs New Hire Pension Plans**

The first actuarial valuation on the Defined Benefit System - Colorado Springs New Hire Pension Plans was in 2006.

*Required  
Supplementary  
Information*

**Employer Contributions:**

<b>Year Ended 12/31</b>	<b>Police Component Annual Required Contribution Rate</b>	<b>Fire Component Annual Required Contribution Rate</b>	<b>Percentage Contribution</b>
2010	21.284%	15.133%	100%
2009	12.949%	9.225%	100%
2008	8.864%	8.228%	100%
2007	8.000%	8.169%	100%
2006	N/A	N/A	N/A

**E. Affiliated Local Plans****Employer Contributions:**

<b>Year Ended 12/31</b>	<b>Annual Required Contribution</b>	<b>Percentage Contribution</b>
2010	\$46,647,139	100%
2009	29,462,935	100%
2008	39,316,014	100%
2007	77,438,443	100%
2006	79,726,307	100%
2005	97,547,567	100%
2004	96,995,192	100%
2003	42,835,929	100%
2002	40,986,770	100%
2001	32,779,006	100%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION****Note 1: Description**

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

Information for the required supplementary schedules of funding progress and employer contributions is provided for ten years for the Plan.

The Schedule of Employer Contributions presents the amount of the employer's actuarial required contribution (ARC) as a percentage instead of a dollar amount for certain plans as that is the statutory and/or plan document requirement.

Other  
Supplementary  
Schedules for  
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**Net Assets by Participating Employer - December 31, 2010**

Alamosa Volunteer Fire Department (Volunteer)	\$1,385,637
Alamosa County Fire Protection District (Volunteer)	445,729
Allenspark Fire (Volunteer)	332,985
Aspen Fire Protection District (Volunteer)	1,618,602
Ault Fire Protection District (Volunteer)	478,310
Aurora Police	87,161,464
Aurora Fire	77,938,711
Bancroft Fire Protection District	759,267
Basalt and Rural Fire Protection District (Volunteer)	1,552,107
Bennett Volunteer Fire (Volunteer)	662,731
Berthoud Fire Protection District (Volunteer)	518,209
Big Sandy Fire Protection District (Volunteer)	88,591
Big Thompson Canyon Fire (Volunteer)	279,349
Black Forest Fire Protection District (Volunteer)	1,059,060
Blanca Volunteer Fire (Volunteer)	119,822
Boone Volunteer Fire (Volunteer)	29,815
Boulder Mountain Fire Protection District (Volunteer)	682,080
Boulder Rural Fire Protection District (Volunteer)	566,202
Bow Mar Police	66,407
Brighton Fire (Volunteer)	3,499,629
Brush Volunteer Fire Department (Volunteer)	707,490
Buena Vista Fire (Volunteer)	334,687
Burning Mountain Fire Protection District (Volunteer)	1,422,063
Calhan Fire (Volunteer)	91,002
Cañon City Area Fire Protection District	2,972,075
Cañon City Area Fire Protection District (Volunteer)	214,659
Carbondale & Rural Fire Protection District (Volunteer)	1,890,209
Cascade Fire (Volunteer)	263,806
Castle Rock Volunteer Fire Department (Volunteer)	887,000
Cedaredge Police	197,927
Central City Fire Department (Volunteer)	417,715
Central Orchard Mesa Fire Protection District (Volunteer)	101,490
Cherry Hills Fire Protection District	2,531,227
Cheyenne County #1 Fire (Volunteer)	282,679
Clear Creek Fire Authority (Volunteer)	1,620,723
Clifton Fire Protection District (Volunteer)	1,812,076
Coal Creek Fire Protection District (Volunteer)	843,575
Colorado Sierra Fire Protection District (Volunteer)	130,207
Colorado Springs Police	66,554,103
Colorado Springs Fire	79,534,214
Cortez Police	278,969
Crested Butte Fire Protection District (Volunteer)	1,898,704
Cripple Creek Fire Protection District (Volunteer)	418,624
Crowley Fire Department (Volunteer)	26,354



**Net Assets by Participating Employer - December 31, 2010 (continued)**

Crystal Lakes Fire Department (Volunteer)	\$159,183
Del Norte Police	7,478
Denver Fire	364,063,381
Denver Police	492,426,728
Divide Volunteer Fire (Volunteer)	255,343
Donald Westcott Volunteer Fire (Volunteer)	862,397
Dove Creek Fire (Volunteer)	152,552
Durango Police	1,707,987
Durango Fire	1,104,561
Durango Fire & Rescue Authority	4,803,943
Eads Volunteer Fire Department (Volunteer)	120,254
East Grand Fire Protection District #4 (Volunteer)	1,652,242
Eaton Volunteer Fire Department (Volunteer)	910,499
Eckley Fire (Volunteer)	18,850
Elbert Fire (Volunteer)	135,808
Elizabeth Fire Protection District (Volunteer)	1,112,964
Englewood Police	5,404,424
Englewood Fire Department	7,944,222
Englewood Fire Department (Volunteer)	118,847
Evans Volunteer Fire Department (Volunteer)	455,022
Evergreen Fire (Volunteer)	3,470,413
Falcon Fire Protection District (Volunteer)	615,668
Federal Heights Volunteer Fire Department (Volunteer)	2,010,751
Firestone Marshalls Police	15,718
Fisher's Peak Fire (Volunteer)	101,159
Florence Fire (Volunteer)	1,060,612
Foothills Fire Protection District (Volunteer)	1,085,094
Fort Lewis-Mesa Fire Protection District (Volunteer)	246,937
Fort Morgan Fire (Volunteer)	1,116,033
Fort Morgan Rural Fire (Volunteer)	539,042
Fort Morgan Police	605,964
Franktown Fire Protection District (Volunteer)	2,027,851
Frederick Area Fire Protection District (Volunteer)	153,454
Galeton Fire (Volunteer)	519,675
Genesee Fire Protection District (Volunteer)	1,027,976
Glacier View Fire (Volunteer)	162,947
Glendale Volunteer Fire Department (Volunteer)	206,781
Glenwood Springs Fire Department (Volunteer)	768,491
Golden Volunteer Fire Department (Volunteer)	2,705,101
Golden Gate Fire Protection District (Volunteer)	243,902
Grand Fire Protection District (Volunteer)	1,169,437
Grand Junction Fire	9,690,462
Grand Junction Police	3,021,076
Grand Lake Fire (Volunteer)	1,531,198
Grand Valley Fire (Volunteer)	2,511,756
Greeley Police	1,065,154
Green Mountain Falls-Chipita Park Fire Protection District (Volunteer)	191,904

*Other  
Supplementary  
Schedules for  
Financial Section*

Other  
Supplementary  
Schedules for  
Financial Section

**Net Assets by Participating Employer - December 31, 2010 (continued)**

Gypsum Fire (Volunteer)	\$ 455,890
Hartsel Fire Protection District (Volunteer)	426,227
Haxtun Volunteer Fire Department (Volunteer)	139,541
Haxtun Police	167,246
High Country Fire Protection District (Volunteer)	1,279,309
Hillrose Rural Fire (Volunteer)	145,077
Holyoke (City) Volunteer Fire Department (Volunteer)	151,420
Holyoke Fire Protection District (Volunteer)	213,808
Hot Sulphur Springs-Parshall Fire Protection District (Volunteer)	171,683
Hygiene Fire (Volunteer)	806,532
Indian Hills Fire Protection District (Volunteer)	298,530
Inter-Canyon Fire Protection District (Volunteer)	1,071,969
Jackson 105 Fire Protection District (Volunteer)	207,513
Jefferson-Como Fire Protection District (Volunteer)	779,347
Kiowa Fire Protection District (Volunteer)	539,771
Kremmling Fire Protection District (Volunteer)	361,569
La Junta Police	808,712
La Junta Fire	838,240
La Junta Rural Fire Protection District (Volunteer)	424,231
Lafayette Volunteer Fire Department (Volunteer)	1,155,541
Lake City Fire (Volunteer)	51,141
Lake Dillon Fire (Volunteer)	3,084,315
Lake George Fire Protection District (Volunteer)	242,512
Lakewood Fire Protection District	10,335,483
Lamar Fire	738,078
Lamar Fire Protection District (Volunteer)	481,204
Larkspur Fire Protection District (Volunteer)	1,397,352
Las Animas Police	382,117
La Salle Police	806,036
La Salle Fire Protection District (Volunteer)	2,182,031
Leadville Fire	196,528
Left Hand Fire Protection District (Volunteer)	927,798
Lewis-Arriola Fire Protection District (Volunteer)	1,001,822
Limon Area Fire Protection District (Volunteer)	391,585
Livermore Fire Protection District (Volunteer)	116,959
Log Hill Mesa Fire Protection District (Volunteer)	121,388
Loveland Fire	281,025
Loveland & Rural Consolidated Volunteer Fire	2,676,462
Lower Valley Fire Protection District (Volunteer)	852,494
Lyons Fire Protection District (Volunteer)	756,906
Mancos Fire Protection District (Volunteer)	607,857
Manitou Springs Fire	354,687
Manitou Springs Volunteer Fire Department (Volunteer)	355,762
Manzanola Rural Fire Protection District (Volunteer)	122,271
Milliken Fire Protection District (Volunteer)	551,118
Montrose Fire Protection District	161,841
Montrose Fire Protection District (Volunteer)	537,527

**Net Assets by Participating Employer - December 31, 2010 (continued)**

Mountain View Fire Protection District	\$ 350,530
Mountain View Fire Protection District (Volunteer)	2,262,865
Nederland Fire Protection District (Volunteer)	454,098
New Raymer-Stoneham Fire (Volunteer)	152,007
North Fork Fire Protection District (Volunteer)	182,356
North Routt Fire Protection District (Volunteer)	151,560
North Washington Fire Protection District	2,680,438
North Washington Fire Protection District (Volunteer)	154,842
Northeast Teller County Fire Protection District (Volunteer)	479,429
Northwest Fire Protection District (Volunteer)	315,065
Northwest Conejos Fire Protection District (Volunteer)	399,730
Norwood Fire Protection District (Volunteer)	227,135
Nucla-Naturita Fire (Volunteer)	432,158
Nunn Fire Protection District (Volunteer)	559,242
Oak Creek Fire Protection District (Volunteer)	234,208
Olathe Fire Protection District (Volunteer)	503,190
Olney Springs Volunteer Fire Department (Volunteer)	154,046
Ordway Fire (Volunteer)	170,327
Ouray Volunteer Fire Department (Volunteer)	279,931
Palisade Volunteer Fire Department (Volunteer)	566,476
Palmer Lake Volunteer Fire Department (Volunteer)	10,393
Parker Fire Protection District (Volunteer)	467,120
Pawnee Fire (Volunteer)	98,570
Peetz Fire Protection District (Volunteer)	48,000
Peyton Volunteer Fire Department (Volunteer)	18,034
Pinewood Springs Fire (Volunteer)	113,458
Plateau Valley Fire (Volunteer)	733,572
Platte Canyon Fire Protection District (Volunteer)	936,784
Platte Valley Fire Protection District (Volunteer)	2,114,128
Platteville/Gilcrest Fire Protection District (Volunteer)	2,954,347
Pleasant View Fire Protection District (Volunteer)	231,428
Pleasant View Metro Fire Protection District (Volunteer)	1,362,863
Poudre Fire Authority (Volunteer)	112,871
Pueblo Fire	30,388,166
Pueblo Fire - DROP	2,156,243
Pueblo Police	52,832,821
Pueblo Rural Fire Protection District	2,211,104
Rangely Rural Fire (Volunteer)	513,951
Rattlesnake Fire Protection District (Volunteer)	728,816
Red Feather Lakes Fire Protection District (Volunteer)	230,405
Red, White & Blue Fire Protection District	318,304
Red, White & Blue Fire Protection District (Volunteer)	1,216,832
Ridgway Fire (Volunteer)	454,186
Rio Blanco Fire Protection District (Volunteer)	1,890,700
Rifle Fire (Volunteer)	3,513,196
Rocky Ford Police	361,173
Rocky Ford Fire	291,478

*Other  
Supplementary  
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Other  
Supplementary  
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**Net Assets by Participating Employer - December 31, 2010 (continued)**

Rocky Ford Volunteer Fire Department (Volunteer)	\$454,028
Rocky Mountain Fire Protection District (Volunteer)	426,807
Sable Altura Fire Protection District (Volunteer)	528,951
Salida Fire	187,746
Salida Police	710,238
Sheridan Fire (Volunteer)	478,116
Silverton Fire (Volunteer)	184,113
South Adams County Fire Protection District	447,124
South Adams County Fire Protection District (Volunteer)	4,030,999
South Arkansas Fire Protection District (Volunteer)	191,966
South Conejos Fire Protection District (Volunteer)	184,941
South Metro Fire Rescue (Volunteer)	378,155
Springfield Police	475,425
Springfield Fire (Volunteer)	107,228
Steamboat Springs Volunteer Fire Department (Volunteer)	976,375
Sterling Fire	682,924
Sterling Volunteer Fire Department (Volunteer)	378,684
Sterling Police	1,297,437
Stonewall Fire (Volunteer)	455,763
Stratton Fire Protection District (Volunteer)	90,259
Sugar City Fire Department (Volunteer)	99,489
Sugarloaf Fire Protection District (Volunteer)	349,606
SW Washington Fire (Volunteer)	83,513
Telluride Fire Protection District (Volunteer)	1,133,924
Thornton Fire	6,344,660
Thornton Fire DROP	45
Trinidad Fire	630,255
Trinidad Police	85,988
Union Colony Fire	8,339,657
Walsenburg Police	13,760
Walsh Fire (Volunteer)	45,150
Wellington Fire Protection District (Volunteer)	1,027,305
West Cheyenne Fire Protection District (Volunteer)	111,212
West Douglas County Fire Protection District (Volunteer)	494,146
West Metro Fire (Volunteer)	704,806
West Routt Fire Protection District (Volunteer)	2,089,755
Westminster Fire (Volunteer)	2,554,366
Wet Mountain Fire (Volunteer)	1,105,204
Wiggins Fire (Volunteer)	641,363
Wiley Rural Fire Protection District (Volunteer)	101,756
Windsor Severance (Volunteer)	2,368,377
Yampa Fire Protection District (Volunteer)	393,416
Yuma Fire (Volunteer)	386,967
<b>Sub-Total Affiliated Local Plans Net Assets</b>	<b>\$1,464,504,556</b>
Contributions Receivable at 12/31/10	255,302
<b>Total Affiliated Local Plans Net Assets</b>	<b>\$1,464,759,858</b>

**Net Assets by Participating Employer - December 31, 2010 (continued)**

Statewide Death & Disability Plan	\$279,881,962
Contributions Receivable at 12/31/10	297,152
<b>Total Statewide Death &amp; Disability Plan Net Assets</b>	<b>\$280,179,114</b>
Defined Benefit System - Statewide Defined Benefit Plan	\$1,079,535,702
Defined Benefit System - Colorado Springs New Hire Plans	291,588,157
Defined Benefit System - Statewide Hybrid Plan	18,169,731
FPPA Staff Healthcare Subsidy	156,098
<b>Sub-Total Defined Benefit System Net Assets</b>	<b>\$1,389,449,688</b>
Contributions Receivable at 12/31/10	1,608,432
<b>Total Defined Benefit System Net Assets</b>	<b>\$1,391,058,120</b>
<b>Total Net Assets - Members' Benefit Investment Fund</b>	<b>\$3,135,997,092</b>
Statewide Money Purchase Plan	\$5,786,853
Contributions Receivable at 12/31/10	22,470
<b>Total Statewide Money Purchase Plan Net Assets</b>	<b>\$5,809,323</b>
Statewide Defined Benefit Plan - Separate Retirement Accounts (SRA)	\$6,751,372
Statewide Hybrid Plan - MP Component	108,990,840
Statewide Defined Benefit Plan - Deferred Retirement Option Plan (DROP)	17,659,739
Statewide Hybrid Plan - DROP	301,082
Aurora Police - DROP	3,680,304
Aurora Fire - DROP	3,053,994
Colorado Springs Police - DROP	3,155,112
Colorado Springs Fire - DROP	1,026,530
Colorado Springs New Hire Plans - Police Component DROP	9,601,576
Colorado Springs New Hire Plans - Police Component SRA	60,793
Colorado Springs New Hire Plans - Fire Component DROP	5,381,057
Colorado Springs New Hire Plans - Fire Component SRA	39,313
Denver Fire - DROP	11,424,368
Denver Police - DROP	7,883,944
Durango Fire - DROP	84,815
Englewood Police - DROP	348,400
Englewood Fire - DROP	59,119
Pueblo Fire - DROP	764,156
<b>Sub-Total Affiliated Local &amp; DB System Net Assets</b>	<b>\$180,266,514</b>
Contributions Receivable at 12/31/10	356,573
<b>Total Affiliated Local &amp; DB System Net Assets</b>	<b>\$180,623,087</b>
IRC 457 Deferred Compensation Plans	\$61,864,088
Contributions Receivable at 12/31/10	125,662
<b>Total IRC 457 Deferred Compensation Net Assets</b>	<b>\$61,989,750</b>
<b>Total Net Assets - Members' Self-Directed Investment Fund</b>	<b>\$248,422,160</b>
<b>Grand Total - FPPA Net Assets</b>	<b>\$3,384,419,252</b>

*Other  
Supplementary  
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Other  
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**Payments To Consultants - December 31, 2010**

**ACTUARIAL CONSULTANTS**

Gabriel Roeder Smith & Co. . . . . \$272,650

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**AUDITORS**

Clifton Gunderson LLP . . . . . 97,220

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**INVESTMENT CONSULTANTS**

Pension Consulting Alliance . . . . . 128,125  
 Bidart & Ross, Inc. . . . . 50,000  
 Conflict Securities Advisory Group . . . . . 10,500  
 Abel/Noser Corporation. . . . . 7,000

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**LEGAL COUNSEL**

Ballard Spahr . . . . . 60,436  
 Mayer Brown LLP . . . . . 32,235  
 Ice Miller LLP . . . . . 21,179  
 Inman Flynn Biesterfeld & Brentlinger, PC . . . . . 11,198  
 Pendleton Friedberg Wilson & Hennessey PC. . . . . 7,906  
 Thomas Pollart & Miller LLC . . . . . 5,570  
 Bingham Mccutchen LLP. . . . . 1,301  
 Bracewell & Giuliani LLP . . . . . 197  
 Day Pitney LLP . . . . . 153

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**LEGISLATIVE CONSULTANTS**

Lombard & Clayton . . . . . 30,000

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**MANAGEMENT CONSULTANTS**

McLagan Partners Inc. . . . . 23,375

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**MEDICAL CONSULTANTS**

Roderic Gottula, M.D./ Correctional MED/LEGAL Consultants . . . . . 31,448  
 Clarence Henke, M.D., PC. . . . . 15,000

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**Total Payments To Consultants . . . . . \$805,493**

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*Note: The above schedule reflects actual cash payments made during 2010. These amounts may differ from those presented in the financial statements since FPPA prepares its financial statements based on the accrual method of accounting.*

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## Financial Section

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### Schedule Of Administrative And Investment Expenses

(With Comparative Totals for 9 Prior Years) - December 31, 2010

Expense Group	2010	2009	2008	2007
<b>PROFESSIONAL CONTRACTS</b>				
Actuarial Contract	\$272,000	\$453,000	\$301,000	\$246,998
Audit Fees	56,220	39,000	37,500	36,000
Computer Maintenance & Lease	225,997	344,595	98,328	114,595
Insurance & Bonding	158,784	111,335	124,258	128,980
Legal & Legislative Counsel	73,035	64,159	100,376	66,129
Management Consulting	23,375	29,400	277	19,950
Medical Exam Fees	157,822	144,441	122,377	136,630
Hearing Officers - D&D	13,625	13,965	9,954	10,402
Outside Svcs/Contract Help	53,392	54,705	58,599	85,141
Records Management	5,972	5,726	9,899	6,062
<b>Total Professional Contracts</b>	<b>1,040,222</b>	<b>1,260,326</b>	<b>862,568</b>	<b>850,887</b>
<b>PERSONNEL SERVICES</b>				
Salaries	2,952,056	2,839,136	2,588,431	2,135,055
Employee Benefits	829,521	747,331	640,571	517,372
Employment Programs	6,728	22,134	147,601	14,525
<b>Total Personnel Services</b>	<b>3,788,305</b>	<b>3,608,601</b>	<b>3,376,603</b>	<b>2,666,952</b>
<b>STAFF EDUCATION</b>				
Tuition Assistance Program	13,429	8,800	20,348	9,734
Conferences & Seminars	21,321	19,788	34,893	23,312
<b>TOTAL STAFF EDUCATION</b>	<b>\$34,750</b>	<b>\$28,588</b>	<b>\$55,241</b>	<b>\$33,046</b>



2006	2005	2004	2003	2002	2001
\$253,000	\$230,216	\$345,098	\$148,500	\$174,885	\$141,547
34,000	33,000	33,000	33,210	31,225	30,000
224,101	177,215	176,420	107,532	92,150	140,483
126,489	114,209	109,290	104,251	91,770	87,394
105,183	80,646	60,698	111,631	109,660	77,946
33,860	25,000	0	0	4,720	30,000
117,279	120,110	119,446	142,455	130,642	117,717
8,573	6,623	8,345	5,375	3,947	6,980
51,887	27,471	49,947	10,781	16,931	8,277
6,488	4,808	5,370	3,852	5,254	5,701
<b>960,860</b>	<b>819,298</b>	<b>907,614</b>	<b>667,587</b>	<b>661,184</b>	<b>646,045</b>
2,006,777	1,820,739	1,730,359	1,629,422	1,581,473	1,572,031
514,013	451,140	413,205	370,754	350,602	258,869
18,952	12,050	9,454	7,494	9,562	14,624
<b>2,539,742</b>	<b>2,283,929</b>	<b>2,153,018</b>	<b>2,007,670</b>	<b>1,941,637</b>	<b>1,845,524</b>
6,754	15,914	21,981	15,348	14,088	8,691
22,645	31,970	26,545	24,948	28,599	28,241
<b>\$29,399</b>	<b>\$47,884</b>	<b>\$48,526</b>	<b>\$40,296</b>	<b>\$42,687</b>	<b>\$36,932</b>

**Schedule Of Administrative And Investment Expenses**

(With Comparative Totals for 9 Prior Years) - December 31, 2010 - continued

<b>Expense Group</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>OTHER OPERATING EXPENSES</b>				
Company Vehicles	\$5,790	\$3,446	\$4,137	\$4,342
Board Expenses	30,504	31,884	47,799	43,355
Data Processing Supplies	60,189	45,135	115,649	57,136
Equipment Rental & Maint.	29,078	31,111	37,767	34,154
Meetings & Travel	25,267	20,628	23,217	26,613
Operating Exp. Two DTC	98,926	80,759	68,920	109,072
Other (Misc.)	500	0	0	0
Postage	58,828	57,794	65,460	59,653
Printing & Mailing	73,045	68,414	104,161	111,076
Retirement Services	7,441	9,926	8,032	9,099
Staff Expense	0	0	0	0
Subscriptions & Dues	23,699	21,131	20,320	11,836
Supplies	38,437	40,478	39,697	36,021
Telephone	23,701	28,123	30,655	23,577
<b>TOTAL OTHER OPERATING EXPENSE</b>	<b>475,405</b>	<b>438,829</b>	<b>565,814</b>	<b>525,934</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>5,338,682</b>	<b>5,336,344</b>	<b>4,860,226</b>	<b>4,076,819</b>
Depreciation/Amortization Expense	777,727	166,754	124,158	120,517
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>6,116,409</b>	<b>5,503,098</b>	<b>4,984,384</b>	<b>4,197,336</b>
Capital Expenditures	202,049	6,700	60,051	66,012
<b>TOTAL ADMINISTRATIVE EXPENSE AND CAPITAL</b>	<b>\$6,318,458</b>	<b>\$5,509,798</b>	<b>\$5,044,435</b>	<b>\$4,263,348</b>
<b>INVESTMENT FEES</b>				
Investment Consulting	\$217,000	\$242,125	\$372,500	\$361,512
Investment Mgmt. Fees	15,142,901	13,399,161	18,610,131	18,443,997
Investment Legal Fees	64,736	80,396	0	41,052
Investment Closing Costs	10,000	27,398	0	0
Bank/Security Lending Fees	510,865	628,407	1,104,469	807,614
<b>TOTAL INVESTMENT FEES</b>	<b>\$15,945,502</b>	<b>\$14,377,487</b>	<b>\$20,087,100</b>	<b>\$19,654,175</b>

2006	2005	2004	2003	2002	2001
\$4,966	\$5,582	\$2,779	\$4,439	\$3,931	\$7,251
63,881	68,315	56,747	44,439	74,379	78,343
107,313	23,847	12,604	11,544	15,182	13,396
32,501	42,919	38,995	37,406	36,644	39,495
24,683	25,569	29,335	27,281	28,172	24,584
69,834	(60,599)	25,812	(15,441)	88,742	8,913
0	0	699	28	984	1,299
57,476	55,494	52,097	66,909	63,744	62,590
82,062	118,476	109,470	145,465	143,412	137,942
9,177	10,626	9,148	8,870	14,197	14,246
5,413	4,426	3,138	3,797	4,960	5,323
11,975	11,673	10,432	10,805	8,674	15,092
82,624	30,587	26,959	24,305	30,507	35,732
17,820	15,636	20,207	20,434	20,981	23,219
<b>569,725</b>	<b>352,551</b>	<b>398,422</b>	<b>390,281</b>	<b>534,509</b>	<b>467,425</b>
<b>4,099,726</b>	<b>3,503,662</b>	<b>3,507,580</b>	<b>3,105,834</b>	<b>3,180,017</b>	<b>2,995,926</b>
103,831	194,536	147,257	43,980	140,759	126,085
<b>4,203,557</b>	<b>3,698,198</b>	<b>3,654,837</b>	<b>3,149,814</b>	<b>3,320,776</b>	<b>3,122,011</b>
42,615	42,507	74,800	48,797	55,386	223,543
<b>\$4,246,172</b>	<b>\$3,740,705</b>	<b>\$3,729,637</b>	<b>\$3,198,611</b>	<b>\$3,376,162</b>	<b>\$3,345,554</b>
\$310,500	\$180,001	\$234,916	\$186,003	\$175,000	\$177,499
14,689,108	12,825,394	10,167,622	5,491,021	5,028,068	4,422,092
142,182	35,196	61,843	28,224	14,457	46,277
0	0	0	0	0	0
759,789	726,617	332,650	374,755	371,514	379,146
<b>\$15,901,579</b>	<b>\$13,767,208</b>	<b>\$10,797,031</b>	<b>\$6,080,003</b>	<b>\$5,589,039</b>	<b>\$5,025,014</b>

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This section of the comprehensive annual financial report has been prepared by the Investment Division of the Fire & Police Pension Association of Colorado.

## Investment Section

Scott Simon, Chief Investment Officer



**FPPA**

Thirty Years Strong



Proudly Serving

Our Members

### *General Information*

The mission of the Fire and Police Pension Association – to provide for the retirement needs of police officers and firefighters throughout the State of Colorado – is facilitated by the management of various fund investment portfolios, which totaled \$3.384 billion in market value as of December 31, 2010. Specifically, the Association is responsible for administering two separate funds: the Fire & Police Members' Benefit Investment Fund (\$3.136 billion) defined benefit plans and the Fire & Police Members' Self-Directed Investment Fund (\$248 million) defined contribution plans.

The Members of the Association's Board of Directors serve as the fiduciaries for the Funds and are responsible for the investment of the Funds, or the selection of investment options available to defined contribution, deferred compensation and self-directed DROP plan members. As fiduciaries, the FPPA Board Members are required to discharge their duties solely in the interest of fund participants and beneficiaries. The Board has established investment policies and allocates assets, or selects investment options, based upon member characteristics, plan provisions, and the financial requirements of the Funds, in addition to considering the risk/reward trade-offs of various investments.

The Association has established long range statements of investment objectives and policies for managing and monitoring the Funds. The investment policies establish investment objectives and define the responsibilities of the fiduciaries with respect to the Funds, their investment authority under Colorado law, the level of acceptable risk for investments, investment allocation targets, investment performance objectives, and guidelines within which outside investment managers must operate.

The assets in the Fire & Police Members' Benefit Investment Fund are managed primarily by professional investment management firms. Similarly, investment options offered to defined contribution and deferred compensation plan members are typically pooled investment vehicles managed by professional money managers.

The Association's investment staff coordinates and monitors the investments and fund options, and assists the Board of Directors in the formulation and implementation of investment policies and long-term investment strategies. The investment staff is also responsible for the contents of this section of the annual report. To the extent applicable, investment managers are required to report results in conformance with standards developed by the CFA Institute (CFAI). FPPA utilizes its custodian bank to independently calculate investment performance.

### **Fire & Police Members' Benefit Investment Fund**

#### **Summary of Investment Objectives**

The Board, in developing long-term investment objectives, investment class allocation and investment guidelines, recognizes that the Fund includes the assets of several different benefit plans, all having a different funded status. The overall objective of the Fund is to balance and prudently manage the investment needs of all plans participating in the Fund, including the need to eliminate current unfunded liabilities and/or to protect surpluses, if possible.

Over the long-term, the performance objective of the Fund is to achieve a compound real rate of return on invested assets of 4.5%. Consistent with the current actuarial assumptions adopted by the Board, this equates to an 8.0% nominal investment rate of return assumption. The Board expects the objectives to be fulfilled within the levels of risk that a prudent investor would take under similar conditions.

### Investment Allocation

FPPA utilizes an asset liability study as its primary process to establish the overall risk tolerance for the Fund. In establishing Investment Allocation Policy Targets, the Board considers the historical and expected risks and correlations of investment classes in creating a portfolio which reduces risk through investment diversification. The Board conducts a formal asset liability study a minimum of every five years. The Board reviews these investment class assumptions through periodic investment allocation reviews.

In September 2009, the Board completed an asset liability study and approved the following investment allocation: global equity 45.0%; fixed income & cash 21%; absolute return 10.0%; real estate 7.0%; private capital 12.0%; and opportunistic 5.0%. In May 2010, as a result of the Annual Investment Allocation Review, the Board adopted an interim investment allocation of global equity 49.0%; fixed income & cash 23.0%; absolute return 10.0%; real assets 4.0%; private capital 13.0%; and opportunistic 1.0%. By year-end, FPPA had restructured the global equity and real assets portfolios. The fixed income and absolute return portfolios are scheduled to be implemented in early 2011.

For the Fire & Police Members' Benefit Investment Fund, as of December 31, 2010, the Association employed the external investment managers listed in the table on page 17.

## Fire & Police Members' Self-Directed Investment Fund

### Summary of the Fund's Objectives

Members of the Self-Directed Investment Fund direct their contributions to one or more of the investment options selected by the Board. It is the Board's intent to select well-managed funds, across diversified asset classes, as investment options for members participating in the plans. In doing so, the Board acts pursuant to the requirements of Colorado law governing its selection of investment options for such members, and pursuant to the Fund's master statement of investment policies and objectives, while at the same time seeking to delegate its fiduciary liability to the extent prudent.

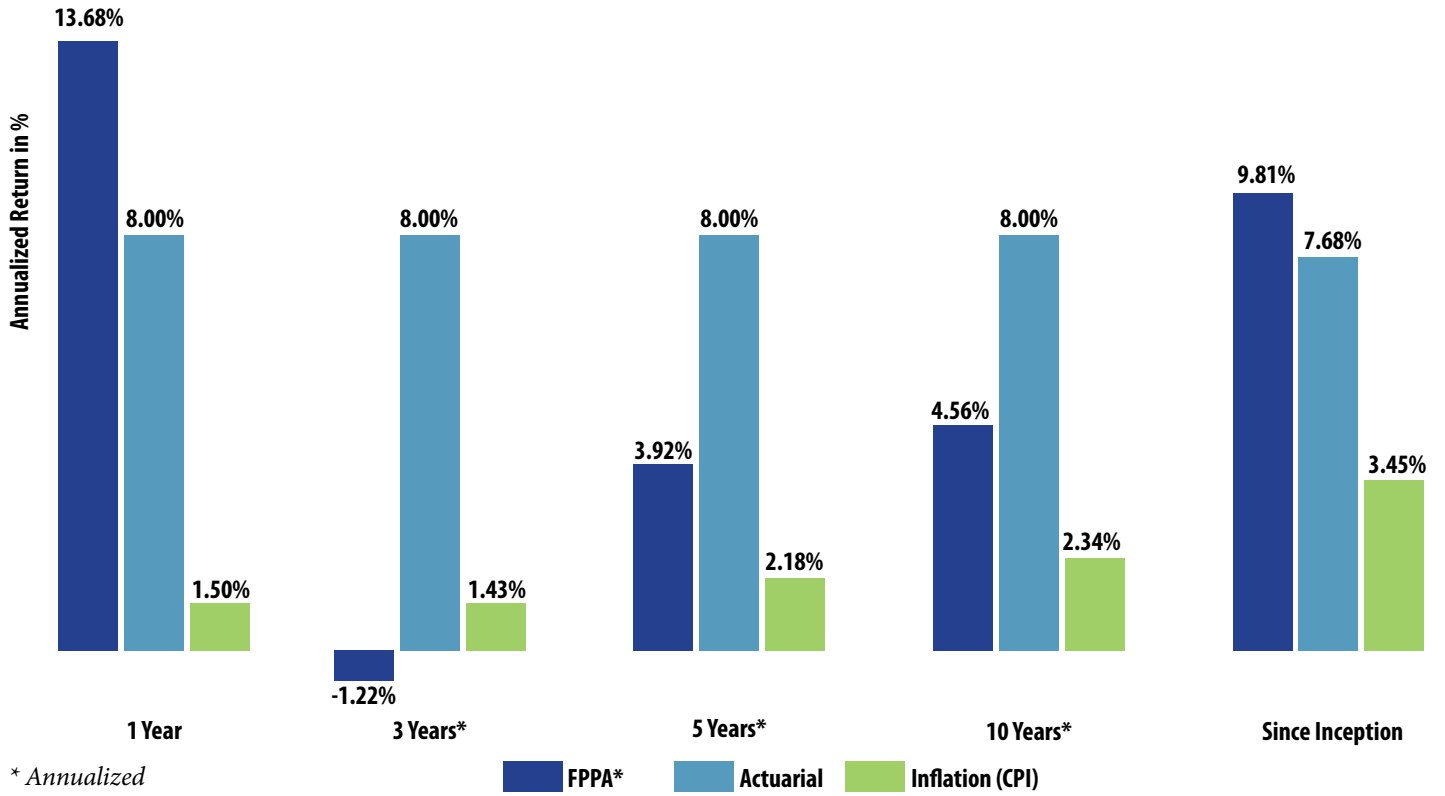
In order to provide members with the opportunity to select risk/reward strategies to meet their savings and investment goals, the Board provides fund options with distinctly different risk/reward trade-offs, each holding securities that are, in the majority, exclusive of the other managers. To this end, the Board's policy is to have a study of investment options performed approximately every two years. The purpose of this study is to provide updated information regarding the risk/reward profiles of current fund options, as well as alternative fund options across various asset classes. This information will be utilized by the Board in determining appropriate fund options.

Members make their own decisions when directing the investment of their contributions and accumulated account balances among the investment options offered. Members assume the risk of investment results derived from both the options offered and the strategies they select. It is the member's responsibility to allocate and reallocate assets among investment options as personal circumstances change. The options offered allow the members to address the risks and needs members face.

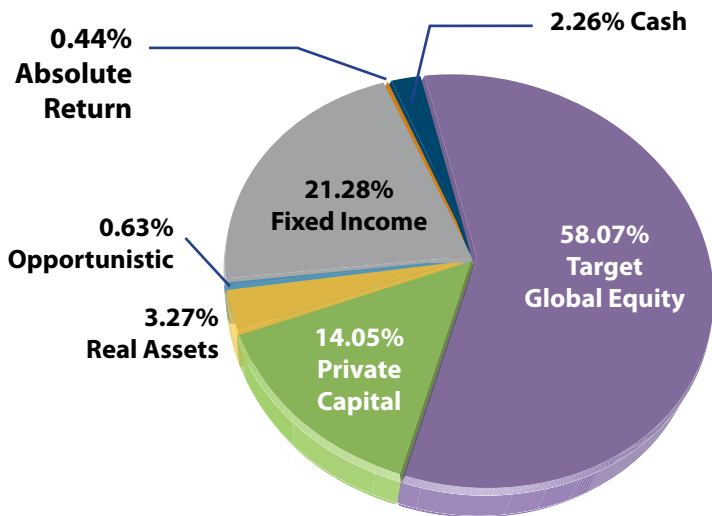
### Fund Options for Members

As with any investment strategy, diversification is a component of effective risk management. Consequently, FPPA's Board of Directors has selected a variety of funds across various asset classes from which members can select investment options. Within the funds, one or more pooled investment vehicles are offered in the following asset classes: Stable Value, Money Market, Domestic Bond, Domestic Equity, International Equity and Target Date Retirement Funds. FPPA selected Fidelity Investments® to provide recordkeeping and investment management services for FPPA's self directed plans.

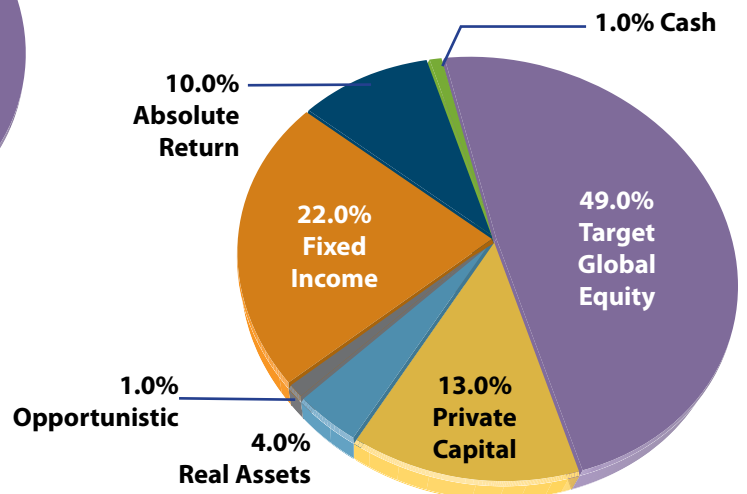
Net Performance vs. Inflation And Actuarial Requirements (Inception - 2010)



2010 Asset Allocation



2010 Target Asset Allocation





## Investment Summary

	Market Value per Financial Statement December 31, 2010	Reallocation	Market Value Per Investment Portfolio December 31, 2010	Percent of Market Value December 31, 2010
Global Equity	1,786,806,160	25,295,173	1,812,101,333	58.07%
Fixed Income	661,550,769	2,417,535	663,968,304	21.28%
Real Assets	101,998,549	-	101,998,549	3.27%
Private Capital	438,542,900	-	438,542,900	14.05%
Absolute Return	13,799,517	-	13,799,517	0.44%
Opportunistic	19,765,426	-	19,765,426	0.63%
Investment Cash & Short Term	254,585,692	(184,257,375)	70,328,317	2.26%
Securities Lending Investment Pool	174,029,897	(174,029,897)	-	-
<b>Total</b>	<b>3,451,078,910</b>	<b>(330,574,564)</b>	<b>3,120,504,346</b>	<b>100.0%</b>

\*The total market value per the investment portfolio of the Members' Benefit Investment Fund does not include physical assets of the Association, assets in the Association's operational cash account, receivable and payables of the Association, and assets held in the securities lending investment pool.

## Investment Section

### Asset Allocation By Category And Investment Manager

	INVESTMENT STYLE	MANAGEMENT FEES	TOTAL ASSETS	PERCENTAGE OF TOTAL FUND ASSETS
<b>GLOBAL EQUITY</b>				
TH&B	Domestic Small Cap Core	224,107	53,774,041	1.72%
Clarivest	Small Cap Value	307,978	49,047,406	1.57%
Cortina Asset Management	Small Cap Growth	368,843	60,248,883	1.93%
SSGA MSCI World	MSCI World Index	5,687	780,237,816	25.00%
Global Transition Account		-	658,414,822	21.10%
Walter Scott		14,657	111,535,122	3.57%
Baillie Gifford Overseas Ltd.	Active Emerging Markets	331,215	54,042,089	1.73%
Rexiter Capital Management	Active Emerging Markets	279,875	41,679,791	1.34%
Artio Global Investors <sup>1</sup>	Active EAFE	843,056	175,615	0.01%
LSV Asset Management <sup>1</sup>	Active EAFE	907,460	282,000	0.01%
Morgan Stanley <sup>1</sup>	Active EAFE	372,556	-	-
Fiduciary Asset Management <sup>1</sup>	Large Cap Core	393,175	-	0.00%
SSgA Russell 1000 Index <sup>1</sup>	Russell 1000 Index	(127,417)	-	0.00%
SSgM Cash Equitization Account	Equity Exposure	-	2,663,747	0.09%
<b>Total Global Equities</b>		<b>\$3,921,193</b>	<b>\$1,812,101,333</b>	<b>58.07%</b>
<b>FIXED INCOME</b>				
Trust Company of the West	High Yield	241,794	61,741,196	1.98%
PIMCO	Active	910,334	337,760,770	10.82%
Western Asset Mgmt	Active	596,853	264,466,338	8.48%
<b>Total Domestic Fixed</b>		<b>\$1,748,980</b>	<b>\$663,968,304</b>	<b>21.28%</b>
<b>OPPORTUNISTIC</b>				
Metropolitan West	Opportunistic	178,933	17,938,777	0.57%
Mountain View FD II	Opportunistic	320,210	1,826,649	0.06%
<b>Total Opportunistic</b>		<b>\$499,143</b>	<b>\$19,765,426</b>	<b>0.63%</b>
<b>ABSOLUTE RETURN</b>				
GAM	Fund of Hedge Funds	437,796	5,051,281	0.16%
Gottex Market Neutral	Fund of Hedge Funds	24,477	8,748,236	0.28%
<b>Total Absolute Return</b>		<b>\$462,273</b>	<b>\$13,799,517</b>	<b>0.44%</b>
<b>REAL ASSETS</b>				
Blackrock Diamond Fund	Enhanced	56,946	2,854,501	0.09%
Enervest Fund XII	Oil & Gas	-	3,719,353	0.12%
Hancock Timber	Timberland	6,708	158,400	0.01%
JP Morgan	Core	293,835	41,172,325	1.32%
Morgan Stanley	Core	128,150	16,115,641	0.52%
PRISA , PRISA II & PRISA III	Core & Core +	508,370	21,986,214	0.70%
RREEF	Core	92,010	15,992,116	0.51%
Townsend Group - RE Consultant		114,375	-	-
<b>Total Real Assets</b>		<b>\$1,200,394</b>	<b>\$101,998,549</b>	<b>3.27%</b>

## Asset Allocation By Category And Investment Manager (continued)

INVESTMENT STYLE	MANAGEMENT FEES	TOTAL ASSETS	PERCENTAGE OF TOTAL FUND ASSETS
<b>PRIVATE CAPITAL</b>			
ABS Capital Partners II	1,318	191,783	0.01%
AIF VII Euro Holdings L P	93,979	5,056,364	0.16%
American Securities Opportunity Fund	109,401	2,699,196	0.09%
Apollo Investment Fund IV	2,018	1,848,835	0.06%
Apollo Investment Fund VI		9,913,727	0.32%
Apollo Real Estate Fund III		1,351,061	0.04%
ARCH Venture Fund V	83,020	2,144,911	0.07%
Aurora Equity Partners II	16,116	7,091,389	0.23%
Aurora Equity Partners III	41,537	9,138,953	0.29%
Avenue Special Situations Fund IV	115,440	6,324,495	0.20%
Avenue Special Situations V	223,593	13,589,054	0.44%
Birch Hill Equity Partners (US) III	57,049	7,027,498	0.23%
Blackstone Capital Partners III		2,697,115	0.09%
Blackstone Capital Partners IV		3,234,340	0.10%
Blackstone Capital Partners V	77,420	8,056,842	0.26%
Blackstone Real Estate Fund III	(2,715)	105,577	0.00%
Blackstone Real Estate Fund VI	293,776	13,837,508	0.44%
Boston Ventures V		696,849	0.02%
Bowmark Capital Partners IV LP	184,634	2,035,221	0.07%
Candover 1997 Fund		0	0.00%
Catterton Partners V	42,233	3,039,352	0.10%
Catterton Partners VI	117,836	6,367,994	0.20%
Centennial Fund VI		531,078	0.02%
Centennial Fund VII	52,982	2,617,655	0.08%
Chisholm Partners III		352,208	0.01%
Chisholm Partners IV	142,945	1,173,936	0.04%
Coller International Partners IV	48,487	4,380,342	0.14%
Coller International Partners V	96,150	4,306,118	0.14%
CommonFund Capital Venture Partners IX		500,000	0.02%
CVC European Equity Partners III		5,495,158	0.18%
CVC European Equity Partners IV	30,826.70	7,762,656	0.25%
CVC European Equity Partners V	88,504	6,893,125	0.22%
Doughty Hanson Fund II		10,522	0.00%
Doughty Hanson Fund III	8,273	3,063,780	0.10%
Dune Real Estate Fund I	135,114	5,647,692	0.18%
Dune Real Estate Fund II	130,772	1,584,878	0.05%
Endeavour Capital Fund IV	31,800	7,546,376	0.24%
Energy Capital Partners II	51,848	4,308,012	0.14%
Enhanced Equity Fund II	104,610	439,471	0.01%
First Reserve GP VIII L P		309	0.00%
First Reserve Fund IX		174	0.00%
First Reserve Fund X		7,061,000	0.23%
First Reserve Fund XI	69,827	7,313,424	0.23%
First Reserve Fund XII	159,951	4,607,772	0.15%
Focus Ventures III	141,041	3,111,015	0.10%
Granite Global Ventures II		5,012,236	0.16%
Granite Global Ventures III	110,637	5,777,540	0.19%
Green Equity Investors IV	44,439	4,373,860	0.14%
Green Equity Investors V	146,096	5,265,753	0.17%
H/2 Special Opportunities Fund II		2,606,582	0.08%
Harvest Partners III		-	0.00%

## Asset Allocation By Category And Investment Manager (continued)

INVESTMENT STYLE	MANAGEMENT FEES	TOTAL ASSETS	PERCENTAGE OF TOTAL FUND ASSETS
<b>PRIVATE CAPITAL (continued)</b>			
Harvest Partners IV		809,726	0.03%
Heritage Fund III		12,999	0.00%
HIG Bayside Opportunities Fund II	54,710	2,301,686	0.07%
High Road Capital Partners	261,830	8,615,311	0.28%
JH Whitney VII	100,000	1,235,981	0.04%
JMI Equity Fund V	120,143	6,871,624	0.22%
JMI Equity Fund VI	159,985	9,424,183	0.30%
Kayne Anderson Energy Fund III	100,695	6,064,167	0.19%
Kayne Anderson Energy Fund IV	146,314	5,671,793	0.18%
Kelso Investment Assoc VIII LP	225,000	4,697,461	0.15%
Kohlberg Investors VI	229,121	10,720,637	0.34%
KPS Special Situations Fund	143,204	1,143,586	0.04%
Larimer Ventures		31,619	0.00%
Leapfrog Ventures II	49,756	3,280,558	0.11%
Lighthouse Capital Partners V		939,199	0.03%
LNK Partners	164,064	5,022,059	0.16%
MatlinPatterson Global Opps Fund	5,330	768,686	0.02%
MHR Institutional Partners III	131,144	6,692,640	0.21%
MVM Fund III LP	74,501	1,967,007	0.06%
Nautic Partners V	27,287	1,878,008	0.06%
Nautic Partners VI	127,240	3,907,424	0.13%
New Enterprise Associates XIII	103,975	2,324,322	0.07%
Nordic Capital Fund III		53,449	0.00%
Nordic Capital Fund V	27,159	10,356,876	0.33%
Nordic Capital Fund VI	29,784	7,408,208	0.24%
Nordic Capital Fund VII	170,454	5,503,080	0.18%
OHA Strategic Credit Fund II	9,040	4,825,390	0.15%
Oxford Bioscience Partners IV	96,175	1,612,227	0.05%
Oxford Bioscience Partners V	125,043	3,496,999	0.11%
Permira Europe IV	105,864	6,168,564	0.20%
Providence Equity Partners V	40,744	9,390,132	0.30%
Providence Equity Partners VI	111,192	7,011,820	0.22%
Roark Capital Partners II LP	147,678	7,553,988	0.24%
SAIF Partners IV		630,000	0.02%
SKM Equity Fund II		1,556,861	0.05%
Sprout Capital IX		1,205,376	0.04%
Sprout Capital VIII, L.P.		227,947	0.01%
Square Mile Partners III	150,926	4,858,145	0.16%
TA XI	12,015	777,173	0.02%
TCV VII LP	218,913	2,830,652	0.09%
Thomas H. Lee Equity Fund V	6,653	2,033,457	0.07%
Thomas McNerney & Partners	92,150	5,956,684	0.19%
Thomas, McNerney & Partners II	184,250	4,093,976	0.13%
TPG Partners II		1,682	0.00%
TPG Partners III		1,641,310	0.05%
TPG Partners IV		7,335,308	0.24%
TPG Partners V	14,658	5,892,678	0.19%
TPG Partners VI	111,377	3,091,355	0.10%
TPG Partners VI SEC	33,040	1,070,740	0.03%
Venture Investment Managers LP	187,500	2,629,524	0.08%
Veritas Capital Fund IV		2,448,980	0.08%

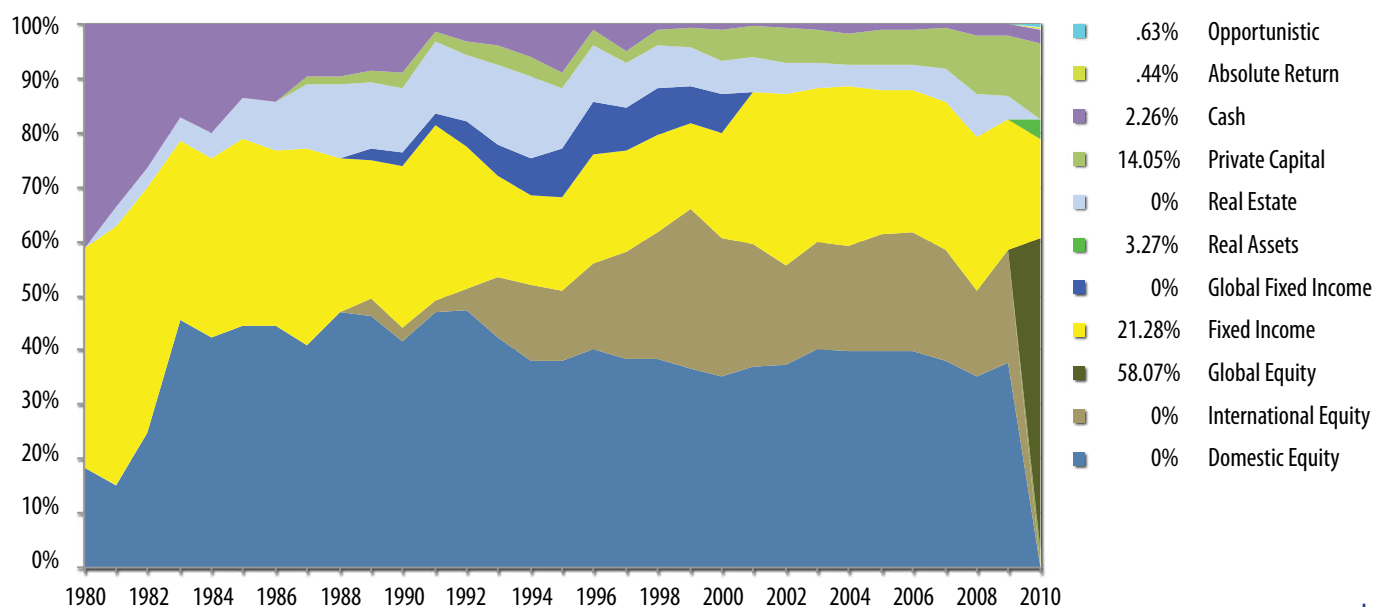
Asset Allocation By Category And Investment Manager (continued)

INVESTMENT STYLE	MANAGEMENT FEES	TOTAL ASSETS	PERCENTAGE OF TOTAL FUND ASSETS
<b>PRIVATE CAPITAL (continued)</b>			
Vestar Capital Partners III		3,373,431	0.11%
Vestar Capital Partners IV	14,793	2,582,793	0.08%
Vestar Capital Partners V-A	58,031	4,173,869	0.13%
W Capital Partners	77,841	2,464,208	0.08%
Willis Stein & Partners		696	0.00%
PE Stock Distribution Account		67	0.00%
Valuation Adjustment <sup>2</sup>		21,713,840	0.70%
Hamilton Lane - PE Consultant	400,000		
<b>Total Alternative Investments</b>	<b>7,700,535</b>	<b>438,542,900</b>	<b>14.05%</b>
Internal Cash account Mellon Bank		70,328,317	2.26%
Annual Accrual Adjustment	(389,618)		
<b>TOTAL FEES &amp; ASSETS</b>	<b>\$15,142,901</b>	<b>\$3,120,504,346</b>	<b>100%</b>

\*The total market value of the Members' Benefit Investment Fund does not include assets in the Association's operational cash account, receivable and payables of the Association, and assets held in the securities lending investment pool.

1. Manager terminated in 2010
2. See Note 2.C. Summary of Significant Accounting Policies, within the Financial Statements

FPPA Asset Allocation 1980-2010 - Fire & Police Members' Benefit Investment Fund



“Top 20” Equity Holdings

Company	Market Value
EXXON MOBIL CORP	\$21,782,448.00
APPLE INC	\$17,224,704.00
MICROSOFT CORP	\$14,959,760.00
NESTLE SA CHF0.1 (REGD)	\$14,150,064.37
HSBC HLDGS ORD USD0.50 (UK)	\$12,465,148.38
JOHNSON & JOHNSON	\$12,060,750.00
GENERAL ELECTRIC CO	\$11,455,027.00
GOOGLE INC	\$10,988,445.00
INTERNATIONAL BUSINESS MACHINE	\$10,830,888.00
CHEVRON CORP	\$10,758,375.00
PROCTER & GAMBLE CO/THE	\$10,665,914.00
AT&T INC	\$10,177,232.00
ORACLE CORP	\$9,890,800.00
JPMORGAN CHASE & CO	\$9,879,618.00
SCHLUMBERGER LTD	\$9,485,600.00
INTEL CORP	\$9,152,256.00
BHP BILLITON LIMITED	\$9,101,511.97
WELLS FARGO & CO	\$9,011,892.00
CISCO SYSTEMS INC	\$8,694,854.00
WAL-MART STORES INC	\$8,537,119.00

The top 20 holdings exclude commingled funds.

“Top 20” Fixed Income Holdings

Company	Description	Market Value
CITIGROUP CAT 2MM REPO	0.250% 01/03/2011	\$43,900,000.00
BARCLAYS CP REPO REPO	0.200% 01/04/2011	\$33,600,000.00
U S TREASURY BILL	0.000% 06/16/2011	\$33,467,821.39
COMMIT TO PUR FNMA SF MTG	4.500% 01/01/2041	\$29,765,890.00
COMMIT TO PUR FNMA SF MTG	4.000% 02/01/2041	\$18,845,720.00
COMMIT TO PUR FNMA SF MTG	3.500% 01/01/2026	\$14,096,320.00
BARCLAYS CP REPO REPO	0.170% 01/13/2011	\$14,000,000.00
COMMIT TO PUR FNMA SF MTG	4.000% 01/01/2025	\$12,358,080.00
US TREAS-CPI INFLATION INDEX	1.250% 07/15/2020	\$12,219,011.22
MORGAN ST REV REPO	0.200% 01/04/2011	\$10,500,000.00
COMMIT TO PUR FHLMC GOLD SFM	4.000% 01/01/2041	\$9,926,600.00
FNMA POOL #0AC2996	4.500% 09/01/2024	\$7,923,118.96
ROYAL BANK OF SCOTLAND PLC/THE	4.875% 03/16/2015	\$6,239,812.00
BANK OF AMERICA CORP	5.650% 05/01/2018	\$5,926,266.00
ILLINOIS ST	3.321% 01/01/2013	\$5,294,011.00
U S TREAS BD STRIP PRIN PMT	02/15/2025	\$5,202,224.00
AUSTRALIAN GOVERNMENT	4.750% 06/15/2016	\$5,165,821.48
GENERAL ELECTRIC CAPITAL CORP	5.625% 09/15/2017	\$5,153,550.00
AMERICAN INTERNATIONAL GROUP I	8.250% 08/15/2018	\$5,069,108.00
CITIGROUP INC	6.125% 11/21/2017	\$4,712,327.00

The top 20 holdings exclude commingled funds.

## Performance Summary As Of December 31, 2010

Series Name Benchmark Indices	4Q Percentage	1 Year Return Percentage	3 year Annualized Returns Percentage	5 year Annualized Returns Percentage
FPPA Total Fund - Gross of Fees	7.40	14.26	-0.65	4.41
FPPA Total Fund - Net of Fees	7.26	13.68	-1.22	3.92
Custom Total Fund Benchmark <sup>1</sup>	6.68	13.80	0.39	5.10
Public Fund Median (Callan Associates)	5.93	13.07	0.39	4.47
Global Public Equity Accounts - Gross of Fees <sup>2</sup>	9.83	13.51	-5.22	1.76
Global Public Equity Accounts - Net of Fees	9.80	13.24	-5.53	1.53
MSCI ACWI IMI	9.44	14.87	-2.96	4.39
Fixed Income Accounts - Gross of Fees	-0.81	9.79	8.29	7.47
Fixed Income Accounts - Net of Fees	-0.88	9.47	8.00	7.27
Barclays Capital U.S. Universal Index	-1.04	7.16	6.02	5.90
Real Asset Accounts - Gross of Fees <sup>3</sup>	10.19	N/A	N/A	N/A
Real Asset Accounts - Net of Fees <sup>3</sup>	9.74	N/A	N/A	N/A
NCREIF ODCE Index <sup>2</sup>	4.99	N/A	N/A	N/A
Private Capital Accounts - Gross of Fees <sup>4</sup>	11.86	23.30	5.49	13.00
Private Capital Accounts - Net of Fees <sup>4</sup>	11.39	21.04	3.16	10.83
Cambridge Custom Benchmark <sup>5</sup>	4.80	15.78	0.26	9.37
MSCI ACWI IMI+300BP	10.10	N/A	N/A	N/A
Absolute Return - Gross of Fees <sup>6</sup>	-10.39	N/A	N/A	N/A
Absolute Return - Net of Fees <sup>6</sup>	-10.39	N/A	N/A	N/A
Actuarial Rate	1.94	N/A	N/A	N/A
Opportunistic Accounts - Gross of Fees <sup>7</sup>	6.32	N/A	N/A	N/A
Opportunistic Accounts - Net of Fees <sup>7</sup>	5.25	N/A	N/A	N/A
Actuarial Rate	1.94	N/A	N/A	N/A

## NOTES:

1. Composite of the index benchmark returns of each asset class multiplied by their target asset allocations.
  2. FPPA shifted to a Global Public Equity framework on 10/1/2010. Prior to change, public equity was separated into Domestic and International equity. Benchmark for Global Equity is MSCI ACWI IMI.
  3. FPPA shifted to a Real Assets framework from real estate on 10/1/2010. The NCREIF ODCE is reported on a quarter lag.
  4. Private Capital accounts are reported on a quarter lag. FPPA changed the Private Capital benchmark effective 10/1/2010 to the MSCI ACWI IMI+300BP.
  5. Composite of Cambridge Private Equity Index (82.5%) and Cambridge Venture Capital Index (17.5%), one quarter in arrears.
  6. FPPA adopted a new asset class in Absolute Return which took effect on 10/1/2010. Year end assets in this asset class are legacy hedge funds assets from the portable alpha program, which are in the process of being liquidated.
  7. FPPA adopted a new asset class in Opportunistic which took effect on 10/1/2010.
- Performance was calculated by FPPA's custodian bank, BNY Mellon. Returns were calculated using time-weighted rates of return adjusted for significant cash flows (5% of the portfolio or greater) or the Modified-Dietz method was used.

### Schedule Of Brokerage Commissions

Broker Name	Total Commission	Shares Traded	Per Share
INSTINET CORP, NEW YORK	39,249.26	3,901,298.00	0.010
BNY CONVERGEX, NEW YORK	46,385.57	1,757,164.00	0.026
J P MORGAN SECURITIES INC, BROOKLYN	24,006.61	1,402,605.00	0.017
CREDIT SUISSE, NEW YORK	14,233.08	1,128,528.00	0.013
CITIGROUP GBL MKTS INC, NEW YORK	14,918.62	991,324.00	0.015
CANTOR FITZGERALD & CO INC, NEW YORK	13,799.33	833,947.00	0.017
LIQUIDNET INC, BROOKLYN	22,157.99	791,327.00	0.028
JEFFERIES & CO INC, NEW YORK	12,052.18	754,804.00	0.016
OPPENHEIMER & CO INC, NEW YORK	18,228.84	520,147.00	0.035
CRAIG HALLUM, MINNEAPOLIS	15,921.23	460,717.00	0.035
MILLER TABAK & CO, BROOKLYN	6,664.32	417,435.00	0.01
ABEL NOSER CORP, NEW YORK	4,719.45	379,200.00	0.012
FIDELITY CAP MKTS (DIV OF NFSC), BOSTON	4,640.48	376,924.00	0.012
CREDIT RESEARCH & TRADING LLC, JERSEY CITY	6,905.50	343,100.00	0.020
WEEDEN & CO, NEW YORK	5,262.65	315,073.00	0.017
BAIRD, ROBERT W & CO INC, MILWAUKEE	13,463.64	313,691.00	0.043
FIG PARTNERS LLC, ATLANTA	4,290.48	311,987.00	0.014
WESTMINSTER RESEARCH ASSOC, JERSEY CITY	12,975.37	286,627.00	0.045
BARCLAYS CAPITAL LE, JERSEY CITY	5,037.45	271,039.00	0.019
CANACCORD ADAMS INC, JERSEY CITY	9,862.58	240,116.00	0.041
WILLIAM BLAIR & CO, CHICAGO	9,731.26	231,874.00	0.042
THOMAS WEISEL PARTNERS, SAN FRANCISCO	4,999.80	223,960.00	0.022
STEPHENS INC, LITTLE ROCK	9,559.08	221,682.00	0.043
KEEFE BRUYETTE AND WOODS, JERSEY CITY	6,218.25	215,400.00	0.029
SUNTRUST CAPITAL MARKETS INC, ATLANTA	9,096.31	208,621.00	0.044
PIPER JAFFRAY & CO, MINNEAPOLIS	8,631.77	206,146.00	0.042
CLEARVIEW CORRESPONDENT SRVS, LLC, RICHMOND	9,052.36	203,308.00	0.045
STIFEL NICOLAUS, ST LOUIS	7,937.60	198,042.00	0.040
JONESTRADING INSTL SVCS LLC, WESTLAKE	4,529.93	193,521.00	0.023



Broker Name	Total Commission	Shares Traded	Per Share
PULSE TRADING LLC, BOSTON	5,558.64	185,288.00	0.030
FRIEDMAN BILLINGS, WASHINGTON DC	5,174.30	183,906.00	0.028
RBC CAPITAL MARKETS CORP, MINNEAPOLIS	7,370.06	180,383.00	0.041
MERRILL LYNCH PIERCE FENNER SMITH INC, NEW YORK	5,233.97	173,674.00	0.030
KEYBANC CAPITAL MARKETS INC, NEW YORK	6,805.04	173,168.00	0.039
PACIFIC CREST SEC, PORTLAND	7,216.46	171,365.00	0.042
LAZARD CAPITAL MARKETS LLC, NEW YORK	7,439.91	163,911.00	0.045
COMPASS POINT RESEARCH & TR, JERSEY CITY	3,597.00	158,300.00	0.023
MORGAN STANLEY & CO INC, NEW YORK	3,636.19	153,984.00	0.024
INVESTMENT TECHNOLOGY GROUP, NEW YORK	1,524.00	152,400.00	0.010
NEEDHAM & CO, NEW YORK	6,577.84	150,051.00	0.044
UBS SECURITIES LLC, STAMFORD	3,185.50	146,406.00	0.022
COMPASS POINT RESEARCH & TRDNG, NEW YORK	2,830.00	141,500.00	0.020
STERNE AGEE & LEACH INC, BIRMINGHAM	5,890.32	137,982.00	0.043
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	5,777.22	133,157.00	0.043
DEUTSCHE BK SECS INC, NEW YORK	4,801.28	132,622.00	0.036
SANDLER O'NEILL & PARTNERS, NEW YORK	4,165.50	130,500.00	0.032
DOUGHERTY COMPANY, BROOKLYN	5,097.87	119,068.00	0.043
BAYPOINT TRADING LLC, NEW YORK	3,989.98	103,766.00	0.038
ISI GROUP INC, NY	3,741.55	97,381.00	0.038
WELLS FARGO SECURITIES LLC, CHARLOTTE	3,396.36	92,276.00	0.037
All Other Brokers	77,615.26	2,120,073.00	0.037
<b>Total</b>	<b>\$545,155.24</b>	<b>22,900,768.00</b>	<b>0.024</b>

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**FPPA**

Thirty Years Strong



Proudly Serving

Our Members



Gabriel Roeder Smith & Company  
Consultants & Actuaries

4600 S. Ulster Street  
Suite 700  
Denver, CO 80237-2882

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303.846.3028 fax  
www.gabrielroeder.com

April 15, 2011

Board of Directors  
Fire & Police Pension Association  
5290 DTC Parkway, Suite 100  
Greenwood Village, CO 80111

**Re: Actuarial Certification of Defined Benefit Plans**

Dear Members of the Board:

This letter concerns the actuarial valuations of the FPPA Defined Benefit System - Statewide Defined Benefit Plan, the Defined Benefit System - Statewide Hybrid Plan Defined Benefit Component, the Statewide Death & Disability Plan, the Colorado Springs New Hire Plans, and affiliated local old hire and volunteer fire plans.

For each plan, a contribution rate was determined which provides for funding as shown in the following table:

Plan	Funding Objective
Defined Benefit System - Statewide Defined Benefit Plan	Current cost plus level percent of payroll amortization of unfunded liability over 30 years
Defined Benefit System - Statewide Hybrid Plan Defined Benefit Component	Current cost plus level percent of payroll amortization of unfunded liability over 30 years
Statewide Death & Disability Plan	Current cost funded as level percent of payroll of contributing members
Colorado Springs New Hire Plans	Current cost plus level dollar amortization of unfunded liability over 28 years
Affiliated Local Old Hire Plans	Current cost plus level dollar amortization of unfunded liability over 17 years
Affiliated Volunteer Fire Plans	Current cost plus level dollar amortization of unfunded liability over 20 years

Most affiliated plans are valued every two years, while the Defined Benefit System and Statewide Death & Disability Plans, and certain state assisted local old hire plans are valued every year. The funding objective for each plan is currently being realized, with the exception of certain affiliated local old hire plans.

The Statewide Death & Disability Plan ("D&D") contribution rate was increased to 2.6% effective January 1, 2007, the maximum rate currently permitted by statute. The D&D contribution rate may only be changed every two years by statute. Based on the January

Gabriel Roeder Smith & Company

Board of Directors, Fire and Police Pension Association  
April 15, 2011  
Page 2

1, 2010 actuarial valuation, the Board elected to leave the contribution rate unchanged at 2.6% for the two year period beginning January 1, 2011.

The Defined Benefit System and Statewide Death & Disability Plans, and local old hire plans were last valued as of January 1, 2010. The affiliated volunteer fire plans were last valued as of January 1, 2009.

The valuations were performed based on data provided by FPPA's administrative staff, with an examination of the data for reasonableness. The actuarial methods and assumptions used are in full compliance with all the parameters established by GASB Statements No. 25 & No. 27 and meet the parameters set for the disclosures presented in the financial section by GASB Statement No. 25. The supporting schedules in the actuarial section and the trend tables in the financial section were prepared by FPPA from information in GRS' actuarial reports. We have reviewed these schedules for their accuracy. To the best of our knowledge, the supporting schedules fully and fairly disclose the actuarial conditions of the plans.

The undersigned are independent actuaries. Both are Members of the Society of Actuaries and meet the Qualifications Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,  
Gabriel, Roeder, Smith & Company



Mark R. Randall, FCA, EA, MAAA  
Senior Consultant



Joseph P. Newton, F.S.A., E.A.  
Senior Consultant

Gabriel Roeder Smith & Company

### *General Information and Summary of Actuarial Assumptions*

#### **GENERAL INFORMATION**

The Fire & Police Members' Benefit Investment Fund of the Fire & Police Pension Association includes the assets of the Defined Benefit System, Affiliated Local "Old Hire" police and fire plans, Affiliated Local Volunteer Firefighter pension plans, and the Statewide Death & Disability Plan. The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans. An independent actuarial firm is hired by the Association to perform annual valuations on the three statewide plans and the Colorado Springs New Hire Pension Plans, and to perform bi-annual valuations on the local "Old Hire" and volunteer plans. In 2010 the independent actuarial valuations were performed by Gabriel, Roeder, Smith & Company.

All of the Affiliated Local "Old Hire" pension plans have a valuation performed as of January 1 of the even numbered years (2010, 2012, etc.). All of the Affiliated Local volunteer firefighters plans have valuations performed as of January 1 of the odd numbered years (2009, 2011, etc.). The state assisted Affiliated Local "Old Hire" pension plans have their valuation also updated on the odd numbered years per statutory requirement.

Each of the locally administered plans has a different benefit and member structure. All of the affiliated plans use the actuarial assumptions which have been established by FPPA's Board of Directors.

The following data covers detailed information on the Defined Benefit System, Statewide Death & Disability Plan and the Affiliated Local plans.

#### **SUMMARY OF ACTUARIAL ASSUMPTIONS**

The Defined Benefit System is a multi-tiered system that is comprised of the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans. The statewide plans are multiple employer, cost sharing public employee retirement systems (PERS).

The Defined Benefit System – Statewide Defined Benefit Plan was created by state statute to cover all members hired on and after April 8, 1978 for normal retirement benefits. This plan was created as the successor to local "Old Hire" plans, most of which had significant unfunded liabilities. The local "Old Hire" plans are closed to new entrants. As of December 31, 2010, 213 employer plans throughout the state were participating in the Defined Benefit System – Statewide Defined Benefit Plan.

The Defined Benefit System – Statewide Hybrid Plan was created by state statute on January 1, 2004 as an option for local Money Purchase plans and participants in the Fire & Police Members' Statewide Money Purchase plan. It allows participants in these plans to migrate to a defined benefit plan administered by FPPA. The plan is comprised of two components, the Defined Benefit Component and the Money Purchase Component. As of December 31, 2010, 25 employer plans throughout the state were participating.

Two plans joined the Defined Benefit System as of October 1, 2006. They are defined benefit plans for fire and police employees hired on and after April 8, 1978 but prior to October 1, 2006 for the City of Colorado Springs. The plans are closed to new members as of October 1, 2006

The Statewide Death & Disability Plan is a multiple employer cost sharing plan, previously funded almost exclusively by contributions from the state. This plan was created by state statute, and is designed to provide both on- and off-duty coverage for death and disability for all members in the state who have not yet completed the age and service requirements for a normal retirement. As of December 31, 2010, 372 employer plans were participating.

The Affiliated Local Plans include defined benefit retirement plans for fire and police employees in the State of Colorado hired before April 8, 1978 (Old Hires), provided that such plans have affiliated with FPPA, and the affiliated volunteer fire pension plans in the State of Colorado. There are 226 Affiliated Local Plans with FPPA as of December 31, 2010.

The valuation for the Defined Benefit System - Statewide Defined Benefit Plan and the Colorado Springs New Hire Pension Plans are used to determine the normal cost of the plan, and to determine any "excess" contribution amounts which may be allocated to the members' separate retirement accounts (SRAs) for the following year.

The valuation for the Defined Benefit System - Statewide Hybrid Plan is also used to determine the normal cost of the plan and to determine any "excess" contribution amounts which may be allocated to the Money Purchase Component of the Plan.

FPPA supplied the data for the retired, active and inactive members. The data was examined for general reasonableness and consistency with prior years' information by the independent consulting firm but was not audited.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA) and an Enrolled Actuary (EA).

The actuarial assumptions have been selected by the FPPA Board based upon the actuary's analysis and recommendations from the 2008 Experience Study. The assumptions and methods are detailed within the Actuarial Section of this report. The Board has sole authority to determine the actuarial assumptions used for the plans. The assumptions that are based upon the actuary's recommendations are internally consistent and are reasonably based on the actual past experience of the plans. These assumptions are also in full compliance with all of the parameters established by GASB Statement No. 25 and No. 27. The following economic and non-economic assumptions were adopted by the FPPA Board of Directors and were first used during the January 1, 2008 actuarial valuations.

#### **Economic Assumptions**

The investment rate of return for purposes of the actuarial valuation is 8.0% per annum, compounded annually and net of operating expenses. Future inflation is assumed to be 3.5% annually and is included in the active members' salary projections. Thus, the real investment rate of return, net of inflation, is 4.5% per annum.

### *General Information and Summary of Actuarial Assumptions*

Active members' salary increases are composed of three pieces, inflation increases, productivity component of 1.25%, and step-rate/promotional component which varies by the service of the member. As stated above, inflation is assumed to be 3.5% annually. For the Statewide Plans, retirees and beneficiaries are not assumed to receive annual cost-of-living increases as described under current state statute.

Under the Defined Benefit System - Statewide Defined Benefit Plan, social security benefits for supplemental social security departments are assumed to increase by 3.5% annually and the social security wage base is assumed to increase by 4.0% per year. Under the other affiliated plans, paid plan retirees and beneficiaries from limited rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum, compounded annually for benefits accrued prior to January 1, 1980, and 3% per annum compounded annually for benefits accrued after January 1, 1980 (maximum permitted by law). Paid plan retirees and beneficiaries from full rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum.

Assets are valued at an actuarial value of assets. The actuarial value of assets is based on a three-year moving average of expected and actual market values.

No new members are projected to be added to the plans.

#### **Non-economic Assumptions**

The 1994 Group Annuity Mortality (GAM) Table, reduced by 50%, is used in the valuation for non-duty mortality of active members. Duty related mortality is assumed to be .00025 per year for all members. The 1994 GAM Table, unchanged, is used in the projection of post-retirement benefits. For the Defined Benefit System - Statewide Defined Benefit Plan and Defined Benefit System - Statewide Hybrid Plan, those benefits are for retirees and their spouses. For the Statewide Death & Disability Plan, those benefits are for occupationally disabled retirees and surviving spouses. The 1983 Railroad Retirement Totally Disabled Annuity Mortality Table is used in the valuation of benefits for totally disabled retirees. And for the other affiliated plans, those benefits are for volunteer (actives and retirees) and paid retirees and their spouses.

The probabilities of separation from service and disablement are based on paid firefighter and police and volunteer experience, and for disablement reflect the increased probability of injury/disablement due to the hazardous nature of firefighter and police work.

The actuarial method used for the valuation of benefits is specified by state statute to be either the Entry Age Normal or Aggregate Cost Method, with experience gains or losses adjusting the unfunded actuarial accrued liability. The surplus in the Defined Benefit System - Statewide Defined Benefit Plan and the Defined Benefit System - Statewide Hybrid Plan are amortized over 30 years from the valuation date. Since the two Colorado Springs New Hire Pension Plans are closed plans, the amortization period for these plans are over 30 years from January 1, 2008. State statute also specifies that the Defined Benefit System - Statewide Defined Benefit Plan must be fully funded on an actuarially sound basis without necessitating an increase in the 8% employer and 8% member contribution.



**Pre-Retirement Assumptions – Increases In Earnings**

*General  
Information  
and Summary  
of Actuarial  
Assumptions*

Years of Service	Increases in earnings		
	(Step-Rate/ Promotional)	(Inflation + Productivity)	(Total)
1	12.00%	4.75%	16.75%
2	10.00%	4.75%	14.75%
3	8.00%	4.75%	12.75%
4	7.00%	4.75%	11.75%
5	2.50%	4.75%	7.25%
6	2.00%	4.75%	6.75%
7	1.50%	4.75%	6.25%
8	1.25%	4.75%	6.00%
9	1.00%	4.75%	5.75%
10	0.75%	4.75%	5.50%
11	0.75%	4.75%	5.50%
12	0.50%	4.75%	5.25%
13	0.50%	4.75%	5.25%
14	0.25%	4.75%	5.00%
15	0.00%	4.75%	4.75%

**Pre-Retirement Assumptions – Annual Rate Per 1,000 Members**

Sample Ages	Disability		Years of Service	Separation			Sample Ages	Death	
	(Paid)	(Volunteer)		(Fire)	(Police)	(Volunteer)		(Male)	(Female)
20	0.14	0.10	0	90.0	180.0	165.79	20	0.25	0.14
30	1.15	0.26	5	35.7	49.5	123.85	30	0.40	0.18
40	3.49	0.97	10	20.8	26.7	82.97	40	0.54	0.35
45	4.82	3.50	15	12.1	18.6	54.92	45	0.79	0.49
50	6.26	6.50	20	6.0	14.4	0.00	50	1.29	0.71
55	7.81	8.10	23	3.0	12	0.00	55	2.21	1.15

For Statewide Death and Disability Plan:

Service Retirement:

- 1) Statewide Defined Benefit System members - Age 55 with 5 years of service, or current age, if greater.
- 2) Money purchase plan members - Earlier of age 65 or age 55 with 25 years of service; or current age, if greater.
- 3) Denver Police local plan members - Age after 25 years of service or current age, if greater.
- 4) Denver Fire local plan members - Age 50 and 25 years of service or current age, if greater.
- 5) All other plan members - Age 52 or current age, if greater.

Post-Retirement Assumptions

Sample Ages	COLA Increases	Social Security (Benefit) (Wage Base)		Full Rank	Limited Rank (Pre 1980) (Post 1980)		Retiree/Surviving Spouse/ Occupational Disability Death Annual Rate Per 1,000 Members (Male) (Female)		Total Disability Death Annual Rate Per 1,000 Members (Unisex)
		20	3.0%		3.5%	4.0%	4.0%	4.0%	
30	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	0.80	0.35	10.60
40	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	1.07	0.71	13.50
45	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	1.58	0.97	20.00
50	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	2.58	1.43	31.64
55	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	4.43	2.29	37.81
60	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	7.98	4.44	42.46
65	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	14.54	8.64	51.20
70	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	23.73	13.73	67.47

DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN

Schedule of Active Member Valuation Data

Valuation Date	Number	Average Age	Average Service	Covered Payroll	Annual Average Pay	% Increase in Average Pay
1/1/2010	5,331	40.1	9.9	\$384,253,545	\$65,326	5.12%
1/1/2009	5,197	39.6	9.5	\$322,971,268	\$62,146	3.91%
1/1/2008	4,988	39.3	9.2	\$298,313,990	\$59,806	2.00%
1/1/2007	4,512	39.3	9.2	\$264,560,282	\$58,635	5.26%
1/1/2006	4,302	39.1	9.1	\$239,642,543	\$55,705	3.75%
1/1/2005	3,907	39.0	9.1	\$209,765,329	\$53,690	1.58%
1/1/2004	3,459	38.9	9.4	\$182,825,786	\$52,855	5.88%
1/1/2003	3,340	38.4	9.1	\$166,734,883	\$49,921	4.84%
1/1/2002	3,179	38.0	8.8	\$151,369,850	\$47,616	5.04%
1/1/2001	3,007	37.7	8.6	\$136,306,027	\$45,330	9.51%

**DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN**Summary  
of Plan  
Provisions**Gain/(Loss) on Actuarial Value of Assets**

	Valuation as of January 1, 2010	Valuation as of January 1, 2009
Actuarial assets, prior valuation	\$856,090,014	\$950,114,346
Total Contributions since prior valuation	\$68,550,470	\$52,585,187
Benefits and refunds since prior valuation	(\$15,199,342)	(\$14,146,387)
Assumed net investment income at 8%		
Beginning assets	\$68,487,201	\$76,009,148
Contributions	\$2,689,268	\$2,062,942
Benefits and refunds paid	(\$596,278)	(\$554,970)
Total	\$70,580,191	\$77,517,120
Expected actuarial assets	\$980,021,333	\$1,066,070,266
Actual actuarial assets, this valuation	\$963,500,681	\$856,090,014
Preliminary asset gain/(loss)	(\$16,520,652)	(\$209,980,252)
Excess Return on SRA	\$7,707,318	(\$44,925,453)
Net asset gain (loss) since prior valuation	(\$24,227,970)	(\$165,054,799)
	Loss	Loss

**Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll**

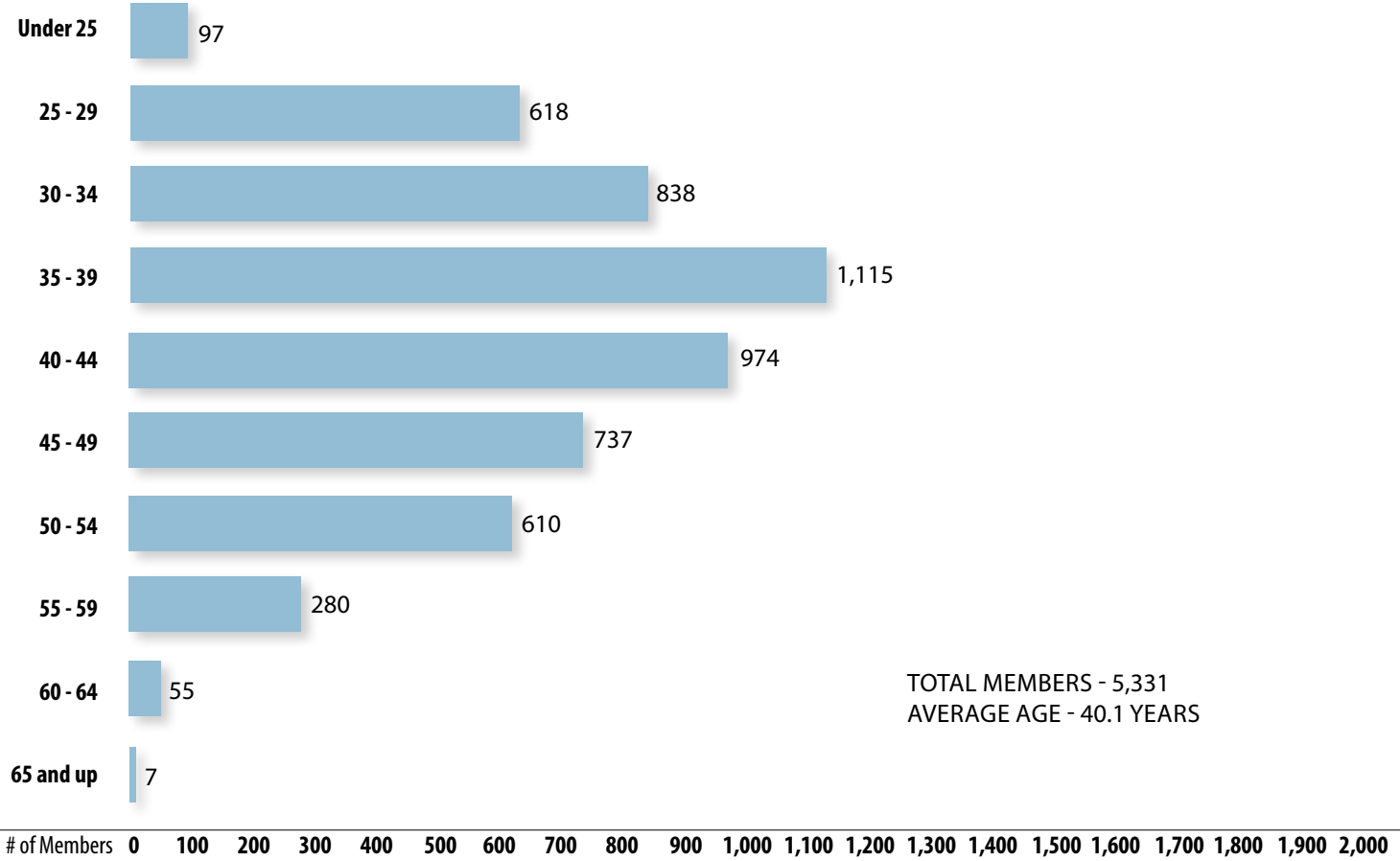
Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
12/31/2009	75	\$2,981,664	4	\$43,765	424	\$13,539,387	27.71%	\$31,933
12/31/2008	65	\$2,375,478	3	\$75,874	353	\$10,601,488	27.70%	\$30,033
12/31/2007	66	\$2,201,387	1	\$29,009	291	\$8,301,884	35.44%	\$28,529
12/31/2006	69	\$2,284,964	2	\$97,352	226	\$6,129,506	55.50%	\$27,122
12/31/2005	51	\$1,458,446	2	\$22,713	159	\$3,941,893	57.29%	\$24,792
12/31/2004	27	\$825,955	0	\$0	110	\$2,506,161	52.00%	\$22,783
12/31/2003	24	\$606,147	2	\$21,898	83	\$1,648,771	56.31%	\$19,865
12/31/2002	14	\$301,795	0	\$0	61	\$1,054,842	43.47%	\$17,292
12/31/2001	16	\$374,072	1	\$3,697	47	\$735,257	107.97%	\$15,644
12/31/2000	5	\$50,774	1	\$15,482	32	\$353,534	13.35%	\$11,048

\*Includes Cost-of-Living Adjustments

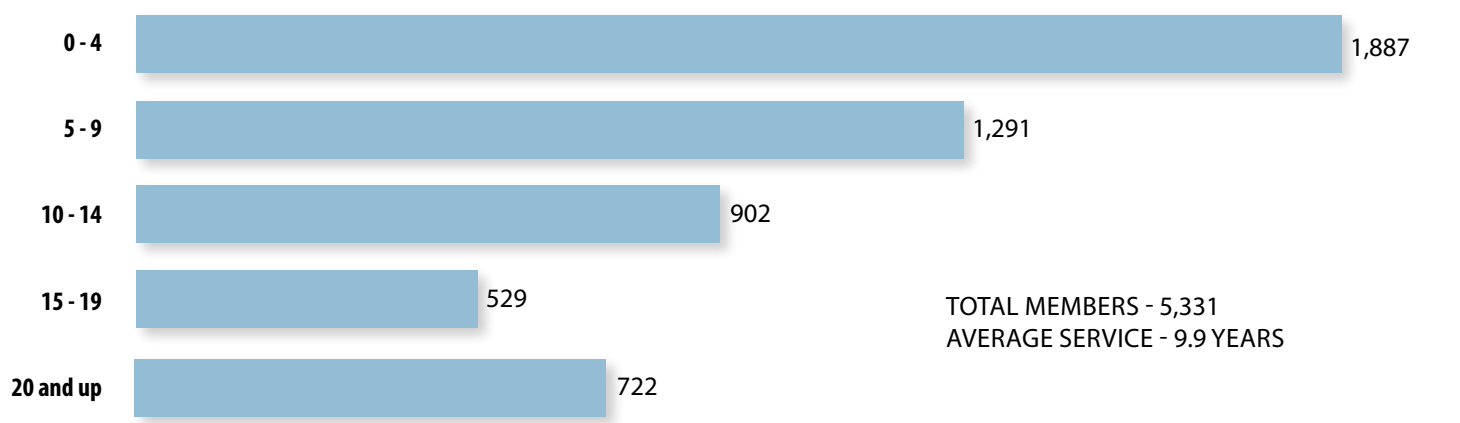
**DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN**

**Age and Years of Service Distribution**

**AGE DISTRIBUTION**



**YEARS OF SERVICE DISTRIBUTION**



**Solvency Test**

The FPPA funding objective for the Defined Benefit System - Statewide Defined Benefit Plan is to be able to pay the retirement benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries. The objective is to entirely fund these promised benefits by 16% of pay, 8% from the employee and 8% from the employer.

**DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN***Summary  
of Plan  
Provisions*

A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system.

The schedule on this page illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities continue to be 100% covered by current assets. This plan does not have any unfunded liability and current contributions exceed the cost of annual benefit accruals.

**Solvency Test Chart**

Valuation Date	Valuation Assets (000s)	Aggregate Accrued Liabilities For:			Funded Percentages		
		(1) Active Member Contributions (000s)	(2) Retirees and Beneficiaries (000s)	(3) Active Members (Employer Financed Portion) (000s)	(1)	(2)	(3)
1/1/2010	\$963,501	\$259,369	\$165,390	\$538,542	100%	100%	100%
1/1/2009	\$856,090	\$232,742	\$135,004	\$480,075	100%	100%	100%
1/1/2008	\$950,114	\$211,285	\$110,301	\$473,914	100%	100%	100%
1/1/2007	\$801,427	\$177,180	\$82,227	\$394,691	100%	100%	100%
1/1/2006	\$681,193	\$161,665	\$57,780	\$350,374	100%	100%	100%
1/1/2005	\$557,950	\$130,910	\$40,029	\$324,977	100%	100%	100%
1/1/2004	\$473,007	\$106,332	\$28,578	\$291,764	100%	100%	100%
1/1/2003	\$424,089	\$95,830	\$19,925	\$255,301	100%	100%	100%
1/1/2002	\$428,389	\$85,368	\$15,946	\$236,078	100%	100%	100%
1/1/2001	\$405,599	\$75,909	\$9,134	\$220,457	100%	100%	100%

**Summary of Plan Provisions****Members Included**

Members included are active employees who are full-time salaried employees of a participating municipality, fire protection district, fire authority, or county improvement district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Also included are employees of any employer that covers members under the federal Social Security Act or any county that chooses to affiliate with FPPA and that covers salaried employees whose duties are directly involved with the provision of law enforcement or fire protection as certified by the county under the federal Social Security Act.

## DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN

### *Summary of Plan Provisions*

#### **Compensation Considered**

Base salary means the total base rate of pay including Member Contributions to the Statewide Defined Benefit Plan or Statewide Money Purchase Plan which are “picked up” by the employer, and shall also include longevity pay, sick leave pay taken in the normal course of employment, vacation leave pay taken in the normal course of employment, shift differential, and mandatory overtime that is part of the Member’s fixed, periodic compensation. Accumulated vacation leave pay will also be included if a Member completes his/her service requirement for purposes of Normal retirement while exhausting accumulated vacation leave. Base salary shall not include overtime pay (except as noted in the preceding sentence), step-up pay or other pay for temporarily acting in a higher rank, uniform allowances, accumulated sick leave pay, accumulated vacation leave pay (except as noted in the preceding sentence), and other forms of extra pay (including Member Contributions which are paid by the employer and not deducted from the Member’s salary). In the event an employer has established or does establish a Deferred Compensation Plan, the amount of the Member’s salary that is deferred shall be included in the Member’s base salary. Any amounts voluntarily contributed to an Internal Revenue Code Section 125 “Cafeteria Plan” shall be included in the Member’s base salary. A Member is deemed temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months.

#### **Normal Retirement Date**

A member’s Normal Retirement Date shall be the date on which the member has completed at least twenty-five years of credited service and has attained the age of 55.

#### **Normal Retirement Benefit**

The annual Normal Retirement Benefit shall be 2% of the average of the member’s highest three years base salary for each year of credited service up to ten years plus 2.5% for each year thereafter.

The benefit for members of affiliated social security employers will be reduced by the amount of the social security income the member receives annually, calculated as if the social security benefit started as of age 62 for benefits prior to 2007. Beginning January 1, 2007, members of affiliated social security employers will participate in the FPPA supplemental social security program which will provide benefits equal to 1% of the average of the member’s highest three years base salary for each year of credited service up to ten years plus 1.25% for each year thereafter.

#### **Early Retirement Benefit**

A member shall be eligible for an Early Retirement Benefit after completion of thirty years of service or attainment of age 50 with at least five years of credited service. The Early Retirement Benefit shall be the reduction of the Normal Retirement Benefit on an actuarially equivalent basis.

#### **Deferred Retirement Benefit**

Members who qualify for a Normal or Vested Retirement may defer the receipt of their defined benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit.

**DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN***Summary  
of Plan  
Provisions***Terminated Vested Benefit**

A member who terminates with at least five years of service is vested. A vested member who does not withdraw their contributions from the fund is eligible for a vested benefit, payable at age 55. The monthly benefit is based on the retirement formula described above. Both the highest average salary and service are determined at the time the member leaves active employment or enters the Deferred Retirement Option Plan (DROP). Benefits may commence at age 55.

The benefit for members of affiliated social security employers earned prior to January 1, 2007 will be reduced by the amount of social security income the member receives annually.

**Severance Benefits**

In lieu of a future pension, a member may upon termination elect to have the member's accumulated contributions refunded in a lump sum. In addition to receiving the accumulated contributions, the member shall receive five percent of the total accumulated contributions as interest.

**Cost-of-Living Increases for Benefits in Pay Status**

Benefits to members and beneficiaries may be increased annually on October 1. The amount of increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

**Contribution Rates**

Members of this fund and their employers are currently each contributing at the rate of 8% of base salary.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors.

The contribution rate for members and employers of affiliated social security employers is 4% each effective January 1, 2007.

**Stabilization Reserve Account (SRA)**

Annually, at the discretion of the Board of Directors, the difference between the combined member/employer contribution and the actuarially determined contribution rate may be allocated to the stabilization reserve account. Amounts set aside in the SRA are allocated to individual accounts for each new hire member. A member may receive the amounts in his individual account only upon election of normal, early, disability, or vested retirement. If the cost of the defined benefit plan exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. If the member leaves with less than five years of service, the SRA account is forfeited. Likewise, if a vested member elects to take a refund of member contributions instead of a retirement, the SRA is forfeited. The SRA may be payable in the event of the active member's death if the member was vested at the time of death, or if the member's survivors receive benefits from the Statewide Death & Disability Plan, the applicable SRA offset applies.

## DEFINED BENEFIT SYSTEM — STATEWIDE DEFINED BENEFIT PLAN

### *Summary of Plan Provisions*

#### **Deferred Retirement Option Program (DROP)**

A member may elect to participate in the DROP after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member continues to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in the DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with a cost-of-living adjustment and survivor benefits. The member continues to make contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

#### **Death Benefits**

Upon the death of a non-vested active, unmarried member with no spouse, no dependent children, and no beneficiary, a refund of the member's contributions is paid to the member's estate. If the member was vested, single and had no dependent children and was not eligible for a Normal or Early retirement, a joint and survivor annuity may be paid to the beneficiary if greater than the refund. The benefit for members of affiliated social security employers earned prior to January 1, 2007 will be reduced by the amount of social security income the member receives annually. Survivors (spouse or dependent children) of active members who die prior to retirement eligibility are covered by the benefits provided by the Statewide Death & Disability Plan.

#### **Changes in Plan Provisions**

The plan provisions have not changed since the prior valuation.

#### **Changes in Actuarial Assumptions**

There was a change in the method used in determining the actuarial value of assets since the prior valuation. The new method allows the aggregation of excess returns or shortfalls before the three year recognition versus the old method of recognizing each year's gain or loss over a closed three year period. This change was immaterial to the results of this valuation.



**DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN**

The first actuarial valuation completed on the Statewide Hybrid Plan was in 2005.

**Schedule of Active Member Valuation Data**

Valuation Date	Number	Average Age	Average Service	Covered Payroll	Annual Average Pay	Percentage Increase in Average Pay
1/1/2010	126	42.7	8.9	\$8,622,865	\$68,435	6.30%
1/1/2009	114	41.2	8.8	\$7,338,959	\$64,377	5.93%
1/1/2008	115	40.9	8.5	\$6,988,987	\$60,774	(10.08%)
1/1/2007	63	41.7	10.3	\$4,257,723	\$67,583	14.12%
1/1/2006	67	42.4	9.8	\$3,967,889	\$59,222	(16.76%)
1/1/2005	36	48.7	12.2	\$2,561,203	\$71,145	N/A

**Gain/(Loss) on Actuarial Value of Assets**

	Valuation as of January 1, 2010	Valuation as of January 1, 2009
Actuarial assets, prior valuation	\$13,642,709	\$14,075,984
Total Contributions since prior valuation	\$1,384,791	\$1,880,763
Benefits and refunds since prior valuation	(\$427,666)	(\$233,859)
Assumed net investment income at 8%		
Beginning assets	\$1,091,417	\$1,126,079
Contributions	\$55,392	\$73,783
Benefits and refunds paid	(\$17,107)	(\$9,174)
Total	\$1,129,702	\$1,190,688
Expected actuarial assets	\$15,729,536	\$16,913,576
Actual actuarial assets, this valuation	\$15,373,546	\$13,642,709
Net asset gain (loss) since prior valuation	(\$355,990)	(\$3,270,867)
	Loss	Loss

**Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll**

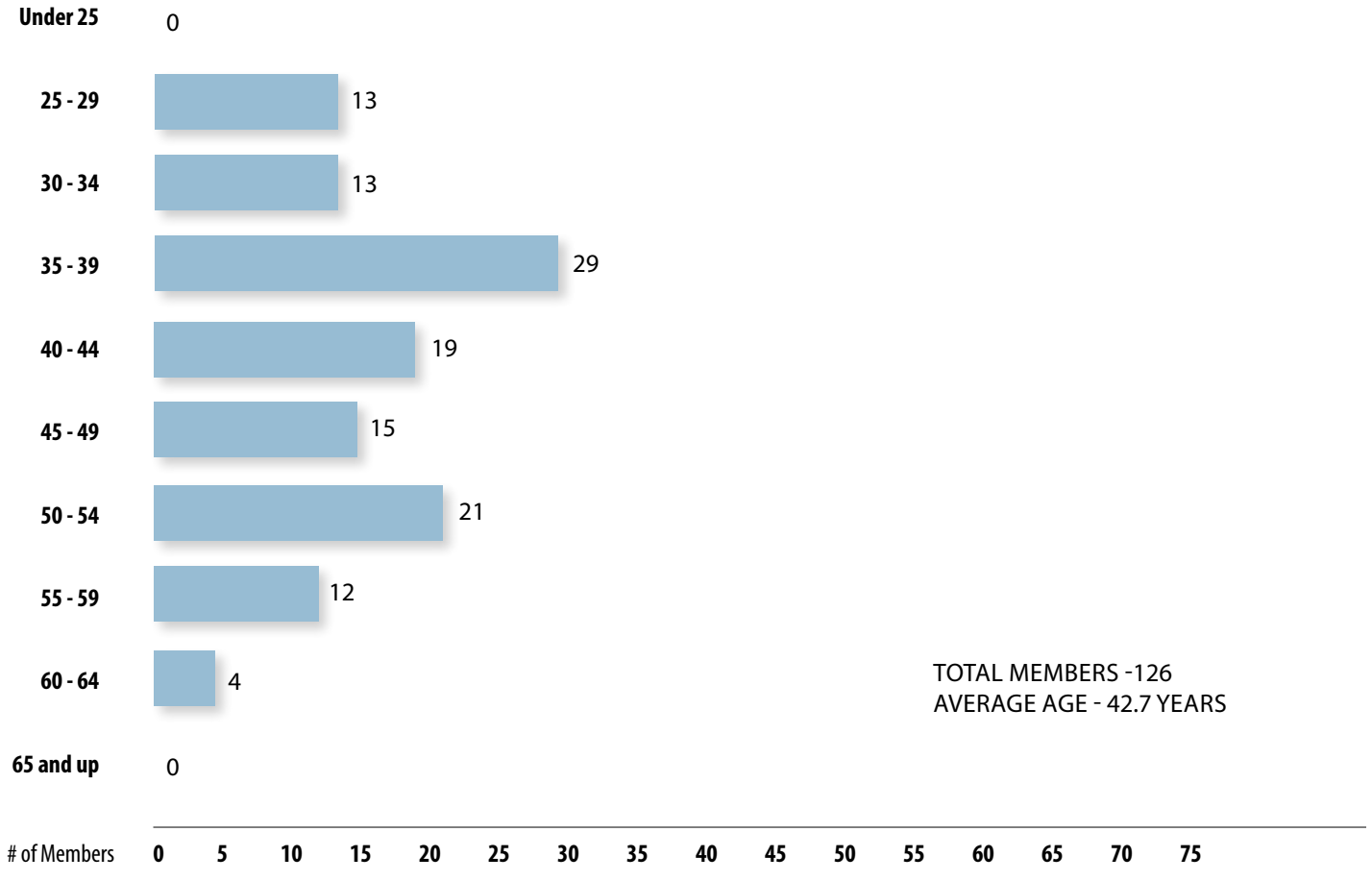
Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
12/31/2009	0	\$4,858	0	\$0	6	\$166,763	3.00%	\$27,794
12/31/2008	2	\$59,330	0	\$0	6	\$161,905	66.76%	\$26,984
12/31/2007	1	\$13,802	0	\$0	4	\$97,089	16.57%	\$24,272
12/31/2006	3	\$83,287	0	\$0	3	\$83,287	N/A	\$27,762
12/31/2005	0	\$0	0	\$0	0	\$0	N/A	\$0
12/31/2004	0	\$0	0	\$0	0	\$0	N/A	\$0

\*Includes Cost-of-Living Adjustments

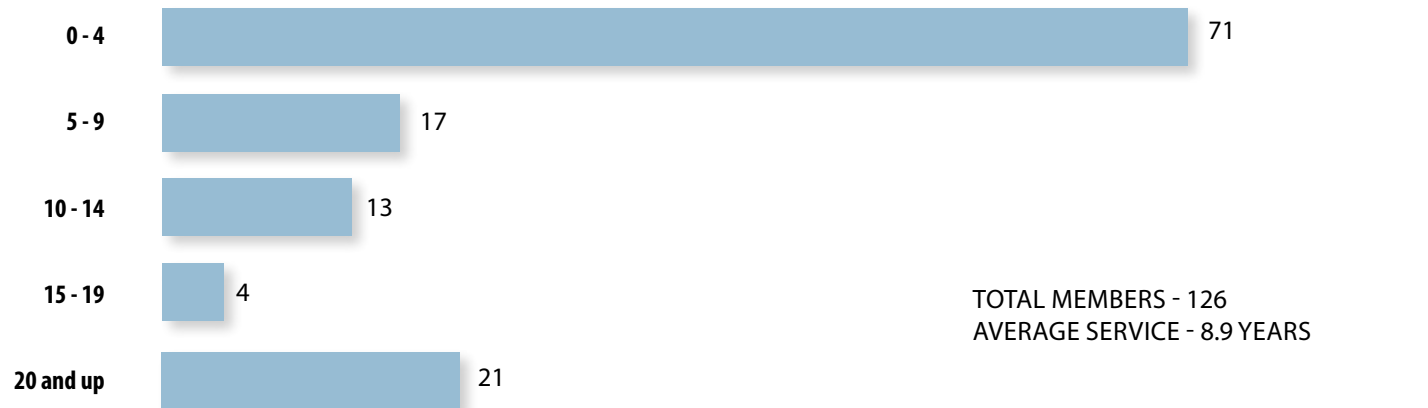
**DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN**

**Age and Years of Service Distribution**

**AGE DISTRIBUTION**



**YEARS OF SERVICE DISTRIBUTION**



**DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN****Solvency Test***Summary  
of Plan  
Provisions*

The FPPA funding objective for the Defined Benefit System - Statewide Hybrid Plan is to be able to pay the retirement benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries. Contribution rates are actuarially determined each year as the sum of the normal cost and the amortization of the unfunded accrued liability over a period of 30 years from the current valuation date. The Board of Directors then certifies the rates allocated to the Defined Benefit component of the Statewide Hybrid Plan such that the rates will remain relatively stable over time and that will meet this financing objective. As of July 1, 2009 this rate was 11.4%. Effective July 2010, the Board certified a contribution rate of 11.5%.

A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system.

The following schedule illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities are 100% covered by current assets. This plan does not have any unfunded liability and current contributions exceed the cost of annual benefit accruals.

**Solvency Test Chart**

Valuation Date	Valuation Assets (000s)	Aggregate Accrued Liabilities For:			Funded Percentages		
		(1) Active Member Contributions (000s)	(2) Retirees and Beneficiaries (000s)	(3) Active Members (Employer Financed Portion) (000s)	(1)	(2)	(3)
1/1/2010	\$15,373,546	\$7,717,567	\$2,233,942	\$2,155,820	100%	100%	100%
1/1/2009	\$13,642,709	\$7,488,207	\$2,201,593	\$958,912	100%	100%	100%
1/1/2008	\$14,075,984	\$9,263,435	\$1,249,679	(\$738,208)	100%	100%	100%
1/1/2007	\$9,624,239	\$6,372,113	\$869,103	(\$941,794)	100%	100%	100%
1/1/2006	\$7,998,356	\$6,565,089	\$0	(\$1,198,177)	100%	100%	100%
1/1/2005	\$5,040,067	\$4,796,229	\$0	(\$760,335)	100%	100%	100%

## DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN

### Summary of Plan Provisions

#### Summary of Plan Provisions

##### Members Included

Members included are active employees who are full-time salaried employees of a participating municipality, fire protection district, fire authority, or county improvement district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. The Plan may include clerical and other personnel from fire protection districts whose services are auxiliary to fire protection.

##### Compensation Considered

Base salary means the total base rate of pay including Member Contributions to the Defined Benefit System which are “picked up” by the employer. The definition of Base Salary is subject to the following conditions:

- 1) The definition of Base Salary shall also include longevity pay, sick leave pay taken in the normal course of employment, vacation leave pay taken in the normal course of employment, shift differential, and mandatory overtime that is part of the Member’s fixed, periodic compensation.
- 2) Accumulated vacation leave pay shall also be included if a Member completes his/her service requirement for purposes of normal retirement while exhausting accumulated vacation leave.
- 3) Base salary shall not include overtime pay (except as noted in (1) above), step-up pay or other pay for temporarily acting in a higher rank, uniform allowances, accumulated sick leave pay, accumulated vacation leave pay (except as noted in (2) above), and other forms of extra pay (including Member Contributions which are paid by the employer and not deducted from the Member’s salary). A member is deemed to be temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months.
- 4) In the event an employer has established or does establish a Deferred Compensation Plan in addition to the Defined Benefit System, the amount of the Member’s salary that is deferred shall be included in the member’s base salary.
- 5) Any amounts voluntarily contributed to an Internal Revenue Code Section 125 “Cafeteria Plan” shall be included in the Member’s base salary.

##### Normal Retirement Date

A member’s Normal Retirement Date shall be the date on which the member has completed at least twenty-five years of credited service and has attained the age of 55.

##### Normal Retirement Benefit

The annual Normal Retirement Benefit shall be 1.5% of the average of the member’s highest three years base salary for each year of credited service.

**DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN***Summary  
of Plan  
Provisions***Early Retirement Benefit**

A member shall be eligible for an Early Retirement Benefit after completion of thirty years of service or attainment of age 50 with at least five years of credited service. The Early Retirement Benefit shall be the reduction of the Normal Retirement Benefit on an actuarially equivalent basis.

**Deferred Retirement Benefit**

Members who qualify for a Normal or Vested Retirement may defer the receipt of their defined benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit.

**Terminated Vested Benefit**

A member who terminates with at least five years of active service may leave his contributions in the fund and when the member attains age 55 be eligible to receive an annual vested benefit equal to one and a half percent (1.5%) of the average of his highest three years base salary for each year of credited service.

**Severance Benefits**

In lieu of a future pension, a member may upon termination elect to have the member's accumulated contributions refunded in a lump sum. In addition to receiving the accumulated contributions, the member shall receive five percent of the total accumulated contributions as interest. In addition, upon termination, the vested account balance within the Money Purchase component is available to the employee.

**Cost-of-Living Increases for Benefits in Pay Status**

Benefits to members and beneficiaries may be increased annually on October 1. The amount of increase is based on the Board's discretion and can range from 0-3%.

**Contribution Rates**

Members of this fund and their employers are currently each contributing at the rate determined by the individual employer. The amount allocated to the Defined Benefit portion of the Hybrid Plan is annually set by the Board of Directors. Effective July 1, 2009, the rate was 11.4%. Effective July 1, 2010, the rate increased to 11.5%.

**Deferred Retirement Option Program (DROP)**

A member may elect to participate in the DROP after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member continues to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in the DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as a periodic installment, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with a cost-of-living adjustment and survivor benefits. The member continues to make contributions, which are credited to the DROP. The member shall self-direct the investments of their DROP funds.

**DEFINED BENEFIT SYSTEM — STATEWIDE HYBRID PLAN**

*Summary  
of Plan  
Provisions*

**Death Benefits**

Upon the death of an active, unmarried member with no dependent children, a refund of the member's contributions is paid. If the member was eligible for retirement, a joint and survivor annuity may be paid to the beneficiary when the member would have been age 55. Survivors (spouse or dependent children) of active members who die prior to retirement eligibility are covered by the benefits provided by the Statewide Death & Disability Plan.

**Changes in Plan Provisions**

The plan provisions have not changed since the prior valuation.

**Changes in Actuarial Assumptions**

Since the prior valuation, there was a change in the method used to determine the actuarial value of assets. This change continues to approximate a 3-year smoothing period and had no material impact on this valuation. The change was implemented because the new method is less volatile than the old method and will stay closer to the market value of assets over time. This was the only change to the actuarial methods and assumptions since the prior report.

## DEFINED BENEFIT SYSTEM — COLORADO SPRINGS NEW HIRE PENSION PLANS

Two plans joined the Defined Benefit System as of October 1, 2006. They are now one defined benefit plan, but with a fire component and a police component for fire and police employees hired by the City of Colorado Springs on or after April 8, 1978 but prior to October 1, 2006. The plans are closed to new members as of October 1, 2006.

*Note: The first actuarial valuation on the Defined Benefit System – Colorado Springs New Hire Pension Plans was January 1, 2007. The fire and police components are studied separately.*

### Schedule of Active Member Valuation Data

	Valuation Date	Number	Average Age	Average Service	Covered Payroll	Annual Average Pay	Percentage Increase in Average Pay
<b>Police Component</b>	1/1/2010	501	41.5	12.9	\$35,550,304	\$70,959	1.41%
	1/1/2009	525	40.7	12.1	\$36,735,114	\$69,972	0.71%
	1/1/2008	562	40.1	11.3	\$39,048,754	\$69,482	8.42%
	1/1/2007	631	39.4	10.4	\$40,438,034	\$64,086	N/A
<b>Fire component</b>	1/1/2010	288	42.7	13.7	\$21,535,495	\$74,776	1.44%
	1/1/2009	305	42.3	13.3	\$22,483,956	\$73,718	(1.31)%
	1/1/2008	319	41.7	12.5	\$23,827,770	\$74,695	14.54%
	1/1/2007	412	39.7	10.9	\$26,867,827	\$65,213	N/A

### Gain/(Loss) on Actuarial Value of Assets

	Police Component		Fire Component	
	Valuation as of January 1, 2010	Valuation as of January 1, 2009	Valuation as of January 1, 2010	Valuation as of January 1, 2009
Actuarial assets, prior valuation	\$156,099,012	\$178,548,095	\$92,515,096	\$104,946,386
Total Contributions since prior valuation	\$8,216,628	\$6,425,431	\$4,025,461	\$3,823,945
Benefits and refunds since prior valuation	(\$5,901,639)	(\$4,757,098)	(\$3,250,868)	(\$2,493,071)
Assumed net investment income at 8%				
Beginning assets	\$12,487,921	\$14,283,848	\$7,401,208	\$8,395,711
Contributions	\$328,665	\$257,017	\$161,018	\$152,958
Benefits and refunds paid	(\$236,066)	(\$190,284)	(\$130,035)	(\$99,723)
Total	\$12,580,520	\$14,350,581	\$7,432,191	\$8,448,946
Expected actuarial assets	\$170,994,521	\$194,567,009	\$100,721,880	\$114,726,206
Actual actuarial assets, this valuation	\$170,960,335	\$156,099,012	\$100,709,022	\$92,515,096
Preliminary asset gain/(loss)	(\$34,186)	(\$38,467,997)	(\$12,858)	(\$22,211,110)
Excess return on SRA	\$12,695	(\$359,498)	(\$3,080)	(\$2,631)
Net asset gain (loss) since prior valuation	(\$46,881)	(\$38,108,499)	(\$9,778)	(\$22,208,479)
	Loss	Loss	Loss	Loss

**DEFINED BENEFIT SYSTEM — COLORADO SPRINGS NEW HIRE  
PENSION PLANS**

**Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll**

	Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
		Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
<b>Police Component</b>	12/31/2009	16	\$791,367	1	\$14,525	145	\$5,516,768	16.4%	\$38,047
	12/31/2008	17	\$847,350	0	\$0	130	\$4,739,926	21.8%	\$36,461
	12/31/2007	21	\$897,046	0	\$0	113	\$3,892,576	29.9%	\$34,448
	12/31/2006	14	\$619,230	0	\$0	92	\$2,995,530	N/A	\$32,560
<b>Fire Component</b>	12/31/2009	14	\$725,800	0	\$0	79	\$3,394,136	27.2%	\$42,964
	12/31/2008	11	\$536,669	0	\$0	65	\$2,668,336	25.2%	\$41,051
	12/31/2007	12	\$592,154	0	\$0	54	\$2,131,667	38.5%	\$39,475
	12/31/2006	26	\$1,160,157	0	\$0	42	\$1,539,513	N/A	\$36,655

**Age and Years of Service Distribution\***

	Valuation Date	Average Age	Average Service
<b>Police Component</b>	1/1/2010	41.5	12.9
	1/1/2009	40.7	12.1
	1/1/2008	40.1	11.3
	1/1/2007	39.4	10.4
<b>Fire component</b>	1/1/2010	42.7	13.7
	1/1/2009	42.3	13.3
	1/1/2008	41.7	12.5
	1/1/2007	39.7	10.9

\*A breakdown by age/service was not available in the actuarial valuations.

**Solvency Test**

The FPPA funding objective for the Defined Benefit System – Colorado Springs New Hire Pension Plans is to be able to pay the retirement benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries. Contribution rates are actuarially determined each year as the sum of the normal cost and the amortization of the unfunded accrued liability over a period of 30 years from the current valuation date. The Board of Directors then certifies the rates allocated to the fire and police components of the Colorado Springs New Hire Pension Plans such that the rates will remain relatively stable over time and that will meet this financing objective. As of January 1, 2010, the employer contribution is 15.133% and the employee portion is 10.0% of the employees’ salary for the fire component. Effective January 1, 2011, the fire plan employer contribution is 15.095% of the members’ salary and the member portion is 10.0%. For the police plan, the employer contribution is 21.284% and the employee portion is 8.0% of the employees’ salary. Effective



## DEFINED BENEFIT SYSTEM — COLORADO SPRINGS NEW HIRE PENSION PLANS

January 1, 2011, the employer contribution is 20.906% of the members' salary and the employee portion is 8.0%. A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

*Summary  
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Provisions*

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system. The following schedule illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities are not covered by current assets.

### Solvency Test Chart

	Valuation Date	Valuation Assets (000s)	Aggregate Accrued Liabilities For:			Funded Percentages		
			(1) Active Member Contributions (000s)	(2) Retirees and Beneficiaries (000s)	(3) Active Members (Employer Financed Portion) (000s)	(1)	(2)	(3)
<b>Police Component</b>	1/1/2010	\$170,960	\$28,025	\$82,218	\$103,521	100%	100%	58.7%
	1/1/2009	\$156,099	\$26,693	\$70,017	\$101,986	100%	100%	58.2%
	1/1/2008	\$178,548	\$26,162	\$57,986	\$104,116	100%	100%	90.7%
	1/1/2007	\$159,508	\$25,345	\$45,637	\$90,549	100%	100%	97.8%
<b>Fire Component</b>	1/1/2010	\$100,709	\$17,531	\$46,439	\$57,391	100%	100%	64.0%
	1/1/2009	\$92,515	\$17,117	\$36,551	\$59,400	100%	100%	65.4%
	1/1/2008	\$104,946	\$16,186	\$29,492	\$61,711	100%	100%	96.0%
	1/1/2007	\$98,291	\$17,106	\$21,479	\$60,554	100%	100%	98.6%

### Summary of Plan Provisions

#### POLICE COMPONENT

The Plan document states that any employee may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 50 years, if the member has at least twenty five years of service.

The annual normal pension shall be 2% of the member's final average salary (which is the average of the monthly base salary including longevity and third week pay, if applicable, received by the member for the 18 months immediately preceding the date the member separates service) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%. Cost-of-living-adjustments begin on October 1 immediately prior to the retired police officer turning age 60 or ten years after benefits payment commence, whichever is earlier. The amount of the cost-of-living-adjustment cannot exceed 3% per year subject to limitations linked to the consumer price index.

**DEFINED BENEFIT SYSTEM — COLORADO SPRINGS NEW HIRE  
PENSION PLANS**

*Summary  
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In addition, upon retirement a participant may receive additional benefits credited to the participant's Separate Retirement Account. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective January 1, 2008, the Separate Retirement Account contribution rate for members of the Police Component was set at 0%. The rate will remain at 0% for calendar years 2010 and 2011.

A member shall be eligible for an early retirement benefit after completion of twenty years of service and attainment of age 45. The early retirement benefit is reduced by 7.5% for each year that the member is less than age 50.

Upon termination, an employee may elect to have all member contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least ten years of accredited service may leave contributions with the Plan and continue to be eligible for a retirement pension at age 50 equal to 2% of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%.

Members who qualify for normal retirement may defer the receipt of their defined benefit pension to as late as age 65 and receive the actuarial equivalent benefit.

Members who qualify for normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for a maximum of five years.

**Changes in Plan Provisions**

The plan provisions have not changed since the prior valuation.

**Changes in Actuarial Assumptions**

The actuarial assumptions have not changed since the prior valuation.

**FIRE COMPONENT**

The Plan document states that any employee may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 55 years, if the member has at least twenty five years of service.

The annual normal pension shall be 2% of the member's final average salary (which is the average of the monthly base salary including longevity, mandatory overtime, and third week pay, if applicable, received by the member for the 18 months immediately preceding the date the member separates service) for each full year of credited service up to ten years plus 2.85% for each full year thereafter with a maximum benefit of 77%. Cost-of-living-adjustments begin on October 1 immediately prior to the retired firefighter turning

**DEFINED BENEFIT SYSTEM — COLORADO SPRINGS NEW HIRE  
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age 65 or ten years after benefits payment commence, whichever is earlier. The amount of the cost-of-living-adjustment cannot exceed 3% per year subject to limitations linked to the consumer price index. In addition, upon retirement a participant may receive additional benefits credited to the participant's Separate Retirement Account. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Effective January 1, 2008, the Separate Retirement Account contribution rate for members of the Fire Component was set at 0%. The rate will remain at 0% for calendar years 2010 and 2011.

A member shall be eligible for an early retirement benefit after completion of twenty years of service and attainment of age 50. The early retirement benefit is reduced by 4.615% for each year that the member is less than age 55.

Upon termination, an employee may elect to have all member contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least ten years of accredited service may leave contributions with the Plan and continue to be eligible for a retirement pension at age 55 equal to 2% of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.85% for each full year thereafter with a maximum benefit of 77%.

Members who qualify for normal retirement may defer the receipt of their defined benefit pension to as late as age 65 and receive the actuarial equivalent benefit.

Members may elect to participate in the Deferred Retirement Option Plan (DROP) for a maximum of five years if they are eligible for normal retirement or if the sum of their age and years of credited service equal at least 75.

**Changes in Plan Provisions**

The plan provisions have not changed since the prior valuation.

**Changes in Actuarial Assumptions**

The actuarial assumptions have not changed since the prior valuation.

STATEWIDE DEATH & DISABILITY PLAN

Schedule of Active Member Valuation Data

Valuation Date	Number	Average Age	Average Service	Covered Payroll	Annual Average Pay	% Increase in Average Pay
1/1/2010	11,077	40.8	10.9	\$751,781	\$67,869	3.77%
1/1/2009	11,157	40.3	10.4	\$729,724	\$65,405	7.34%
1/1/2008	10,971	40.0	10.1	\$668,502	\$60,934	3.56%
1/1/2007	10,600	39.9	10.2	\$623,699	\$58,840	2.02%
1/1/2006	10,338	39.7	10.1	\$596,231	\$57,674	3.28%
1/1/2005	10,031	39.6	10.1	\$560,173	\$55,844	2.16%
1/1/2004	9,669	39.5	10.2	\$528,557	\$54,665	3.65%
1/1/2003	9,462	39.3	10.1	\$499,043	\$52,742	3.38%
1/1/2002	9,177	39.2	10.2	\$468,169	\$51,015	6.76%
1/1/2001	8,949	39.2	10.4	\$427,649	\$47,787	5.06%

Gain/(Loss) on Actuarial Value of Assets

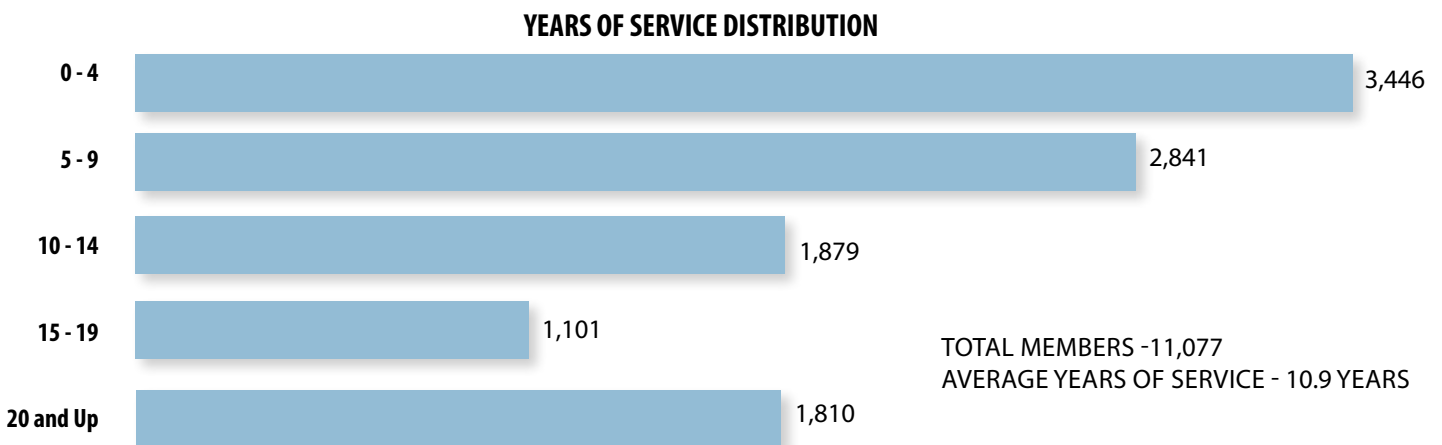
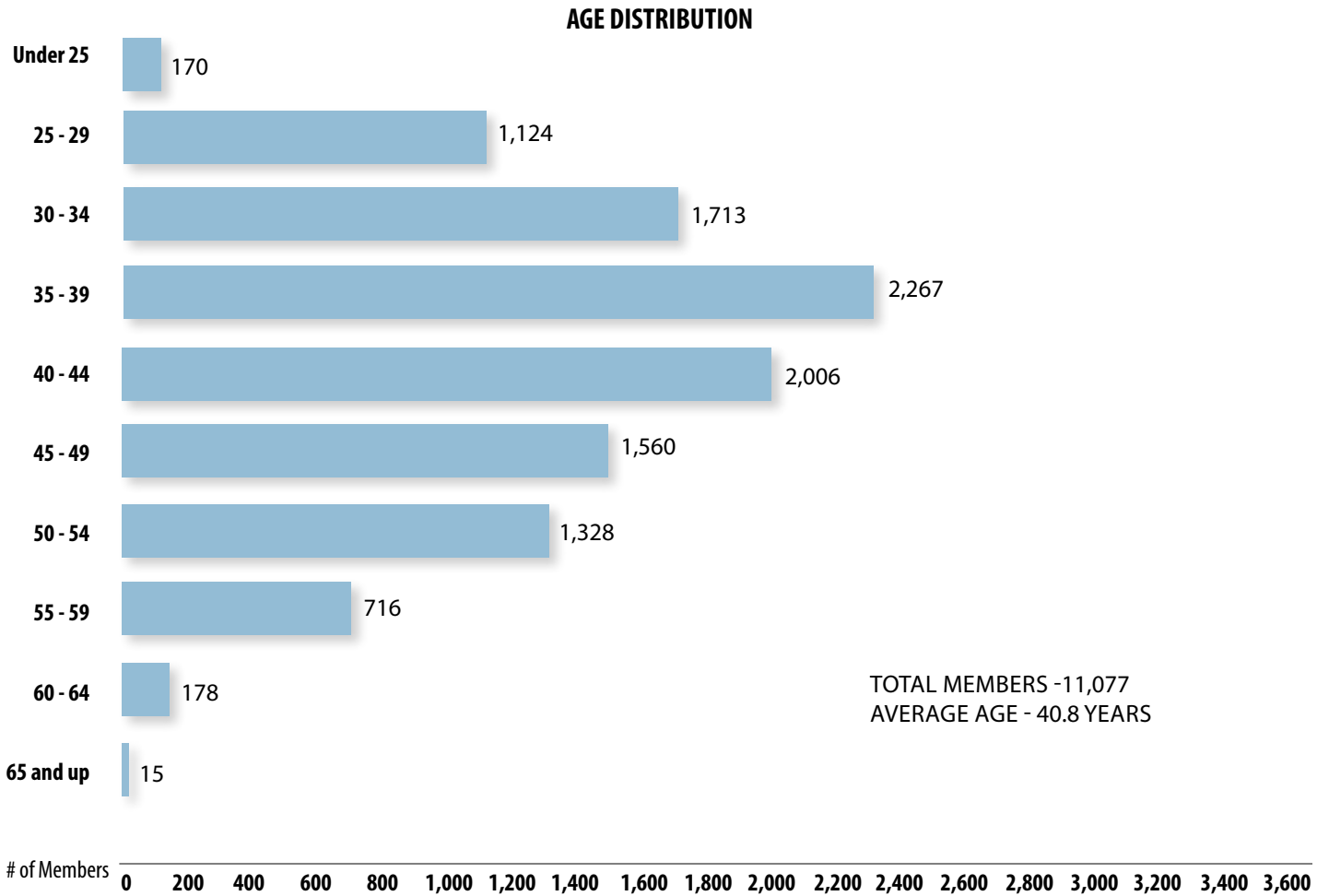
	Valuation as of January 1, 2010	Valuation as of January 1, 2009
Actuarial assets, prior valuation	\$257,279,496	\$300,642,721
Total contributions since prior valuation	\$11,956,606	\$10,962,844
Benefits since prior valuation	(\$16,009,654)	(\$14,886,707)
Assumed net investment income at 8%		
Beginning assets	\$20,582,360	\$24,051,418
Contributions	\$469,063	\$430,078
Benefits paid	(\$628,066)	(\$584,013)
Total	\$20,423,357	\$23,897,483
Expected actuarial assets	\$273,649,805	\$320,616,341
Actual actuarial assets, this valuation	\$266,477,875	\$257,279,496
Asset gain (loss) since prior valuation	(\$7,171,930)	(\$63,336,845)
	Loss	Loss

Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll

Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
12/31/2009	54	\$1,537,193	14	\$312,334	812	\$16,425,790	8.06%	\$20,229
12/31/2008	45	\$1,259,221	20	\$339,442	772	\$15,200,931	6.44%	\$19,690
12/31/2007	39	\$1,264,925	16	\$258,356	747	\$14,281,152	7.58%	\$19,118
12/31/2006	78	\$2,061,528	11	\$223,439	724	\$13,274,583	6.06%	\$18,335
12/31/2005	49	\$1,349,934	17	\$270,411	689	\$12,516,017	9.44%	\$18,165
12/31/2004	50	\$752,870	9	\$123,720	657	\$11,436,494	5.82%	\$17,407
12/31/2003	45	\$837,778	14	\$204,551	616	\$10,807,344	5.95%	\$17,544
12/31/2002	36	\$736,302	13	\$182,056	585	\$10,200,028	11.16%	\$17,436
12/31/2001	57	\$980,000	15	\$200,000	562	\$9,175,755	16.81%	\$16,327
12/31/2000	52	\$788,000	16	\$118,000	520	\$7,855,192	14.90%	\$15,106

STATEWIDE DEATH & DISABILITY PLAN

Age and Years of Service Distribution



**STATEWIDE DEATH & DISABILITY PLAN**

*Summary  
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**Solvency Test**

The FPPA funding objective for the Statewide Death & Disability Plan is to be able to pay the death and disability benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries.

A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system.

The schedule below illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities are 100% covered by current assets based on current law with a 0% cost-of-living-adjustment. This plan does not have any unfunded liability and current contributions exceed the cost of annual benefit accruals.

**Solvency Test Chart**

Valuation Date	Valuation Assets (000s)	Aggregate Accrued Liabilities For:			Funded Percentages		
		(1) Active Member Contributions (000s)	(2) Retirees and Beneficiaries (000s)	(3) Active Members (Employer Financed Portion) (000s)	(1)	(2)	(3)
1/1/2010	\$266,478	\$0	\$178,039	\$72,671	100%	100%	100%
1/1/2009	\$257,279	\$0	\$165,740	\$76,074	100%	100%	100%
1/1/2008	\$300,643	\$0	\$154,614	\$69,386	100%	100%	100%
1/1/2007	\$274,092	\$0	\$143,706	\$114,537	100%	100%	100%
1/1/2006	\$249,299	\$0	\$135,159	\$123,568	100%	100%	92%
1/1/2005	\$223,389	\$0	\$125,741	\$105,512	100%	100%	93%
1/1/2004	\$212,273	\$0	\$118,710	\$123,256	100%	100%	76%
1/1/2003	\$218,152	\$0	\$113,476	\$147,657	100%	100%	71%
1/1/2002	\$239,456	\$0	\$104,431	\$135,363	100%	100%	100%
1/1/2001	\$240,576	\$0	\$94,161	\$115,073	100%	100%	100%

## STATEWIDE DEATH & DISABILITY PLAN

### Summary of Plan Provisions

### Summary of Plan Provisions

#### Members Included

Members included are active employees who are full-time salaried employees of a participating municipality or fire protection district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. Former members who have died or become disabled and beneficiaries of these former members are also included. As of August 1, 2003, the Plan may include part-time police and fire employees. Former members and beneficiaries of former members who have died or become disabled are also included.

#### Compensation Considered

Base salary means the total base rate of pay including Member Contributions to the Statewide Defined Benefit Plan or Statewide Money Purchase Plan which are “picked up” by the employer, and shall also include longevity pay, sick leave pay taken in the normal course of employment, vacation leave pay taken in the normal course of employment, shift differential, and mandatory overtime that is part of the Member’s fixed, periodic compensation. Accumulated vacation leave pay will also be included if a Member completes his/her service requirement for purposes of Normal retirement while exhausting accumulated vacation leave. Base salary shall not include overtime pay (except as noted in the preceding sentence), step-up pay or other pay for temporarily acting in a higher rank, uniform allowances, accumulated sick leave pay, accumulated vacation leave pay (except as noted in the preceding sentence), and other forms of extra pay (including Member Contributions which are paid by the employer and not deducted from the Member’s salary). In the event an employer has established or does establish a Deferred Compensation Plan, the amount of the Member’s salary that is deferred shall be included in the Member’s base salary. Any amounts voluntarily contributed to an Internal Revenue Code Section 125 “Cafeteria Plan” shall be included in the Member’s base salary. A Member is deemed temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months.

The base salary under the Statewide Death & Disability Plan for each Member of the Colorado Springs New Hire Pension Plans shall be the same as the base salary as defined in the Colorado Springs New Hire Pension Plans.

#### Pre-Retirement Death Benefits

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit (including payments made from local defined contribution plans) equal to 40% of the monthly base salary paid to the member prior to death. An additional 10% of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or more dependent children, the benefit payable is 40% of the member’s monthly base salary. If there is no spouse but three or more dependent children, the monthly benefit equals 50% of the member’s base salary.

As of October 15, 2002, if a member dies prior to retirement while on-duty, the surviving spouse shall receive a benefit equal to 70% of the member’s monthly base salary regardless of the number of dependent children. If there is no spouse but one or more dependent children living in the member’s household, the monthly benefit equals 70% of the member’s monthly base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40% for the first child, and 15% for each additional child, but not greater than a 70% total benefit.

## STATEWIDE DEATH & DISABILITY PLAN

### Summary of Plan Provisions

Benefits will be paid to the spouse until death and to dependent children until death, marriage or other termination of dependency. These benefits are offset by the actuarial equivalent value of the Money Purchase, DROP, and SRA account balances, as if they were converted to annuities.

#### Disability Benefits

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is totally disabled, he shall receive 70% of his base salary preceding disability.

If the member is occupationally disabled and his disability is determined to be a permanent occupational disability, he shall receive 50% of his base salary preceding disability regardless of his family status. If the member is occupationally disabled and his disability is determined to be a temporary occupational disability, he shall receive 40% of his base salary preceding disability regardless of his family status for up to five years.

Total disability and permanent occupational disability benefits are offset by any applicable Money Purchase, DROP or SRA balance. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable. Further offset may apply based on a member's earned income.

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled.

#### Cost-of-Living Increases for Benefits in Pay Status

Benefits payable from the Statewide Death & Disability Plan may be subject to an ad-hoc cost-of-living adjustment up to 3% each year as determined by the Board. Totally disabled members and their beneficiaries receive an automatic cost-of-living-adjustment each year of 3%.

#### Contributions

Members hired after 1996 contribute 2.6% of base salary. This 2.6% contribution may be paid entirely by either the employer or member, or it may be split between the employer and the member.

#### Offsets for SRA, DROP, and Money Purchase

Death and disability benefits are reduced by the actuarially equivalent annuities of the SRA, DROP, and Money Purchase account balances. A maximum of 16% of the annual Money Purchase contributions apply for this purpose. Benefits provided by the Statewide Death & Disability Plan are also offset by any defined benefit that the member may have received due to work as a Colorado firefighter or police officer.

#### Changes in Plan Provisions

The plan provisions have not changed since the prior valuation.

#### Changes in Actuarial Assumptions

There was a change in the method used in determining the actuarial value of assets since the prior valuation. The new method allows the aggregation of excess returns or shortfalls before the three year recognition versus the old method of recognizing each year's gain or loss over a closed three year period. This change was immaterial to the results of this valuation.



## AFFILIATED LOCAL PLANS

Note: Data compilation began with the 1/1/1995 actuarial valuation. Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans' actuarial studies are completed on the odd years and the old hire actuarial pension plans' actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented in this section are indicative only of the overall condition of the system and are not indicative of the status of any one employer,

### Schedule of Active Member Valuation Data

Valuation Date	Number of Participating Employers	Number of Paid and Volunteer Members	Annual Payroll of Paid Members	Annual Average Pay of Paid Members	% Increase in Average Pay
1/1/2009 and 1/1/2010	227	3,730	\$3,483,331	\$91,667	12.38%
1/1/2008 and 1/1/2009	230	3,763	\$6,199,241	\$81,569	0.00%
1/1/2007 and 1/1/2008	228	3,927	\$6,199,241	\$81,569	28.87%
1/1/2005 and 1/1/2006	221	4,949	\$75,130,892	\$63,295	5.98%
1/1/2003 and 1/1/2004	220	5,179	\$70,053,951	\$59,722	48.88%
1/1/2001 and 1/1/2002	211	5,652	\$74,373,501	\$40,115	(2.67%)
1/1/1999 and 1/1/2000	191	5,687	\$82,304,632	\$41,214	(15.37%)
1/1/1997 and 1/1/1998	177	5,278	\$104,552,694	\$48,697	28.83%
1/1/1995 and 1/1/1996	154	5,033	\$96,013,582	\$37,801	N/A

### Development of Actuarial Gain or Loss

Note: Data to calculate a gain/loss analysis on all local plans was not available as of the 1/1/2010 actuarial valuations.

### Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll

Year Ended	Added to Payroll		Removed from Payroll		Payroll Annual Benefit	% Increase in Annual Benefit	Average Annual Benefit	
	Number	Annual Benefit	Number	Annual Benefit				
1/1/2009 and 1/1/2010	N/A	N/A	N/A	N/A	6,185	\$156,599,326	N/A	\$25,319
1/1/2008 and 1/1/2009	N/A	N/A	N/A	N/A	6,258	\$151,639,626	N/A	\$24,231
1/1/2007 and 1/1/2008	N/A	N/A	N/A	N/A	6,046	\$150,903,385	N/A	\$24,959
1/1/2005 and 1/1/2006	N/A	N/A	N/A	N/A	5,808	\$143,788,489	N/A	\$24,757
1/1/2003 and 1/1/2004	N/A	N/A	N/A	N/A	5,516	\$113,510,844	N/A	\$20,578
1/1/2002	N/A	N/A	N/A	N/A	2,989	\$110,003,326*	N/A	\$36,803

\*Does not include volunteer retirees.

Note: Data to calculate the retirees and beneficiaries added to and removed from payroll on all local plans was not available prior to the 1/1/2002 actuarial valuations.

**AFFILIATED LOCAL PLANS**

**Solvency Test Chart**

Valuation Date	Valuation Assets (000s)	Aggregate Accrued Liabilities For:			Funded Percentages		
		(1) Active Member Contributions (000s)	(2) Retirees and Beneficiaries (000s)	(3) Active Members (Employer Financed Portion) (000s)	(1)	(2)	(3)
1/1/2009 and 1/1/2010	\$1,618,456	*	*	\$2,036,108	N/A	N/A	79.5%
1/1/2008 and 1/1/2009	\$1,855,494	*	*	\$2,081,304	N/A	N/A	89.2%
1/1/2007 and 1/1/2008	\$1,859,987	*	*	\$2,064,576	N/A	N/A	90.1%
1/1/2005 and 1/1/2006	\$1,818,994	*	*	\$2,246,573	N/A	N/A	81.0%
1/1/2003 and 1/1/2004	\$1,642,271	*	*	\$2,160,729	N/A	N/A	76.0%
1/1/2001 and 1/1/2002	\$1,902,729	*	*	\$2,086,914	N/A	N/A	91.2%
1/1/1999 and 1/1/2000	\$1,824,520	*	*	\$1,958,960	N/A	N/A	93.1%
1/1/1997 and 1/1/1998	\$1,466,608	*	*	\$1,814,000	N/A	N/A	80.8%
1/1/1995 and 1/1/1996	\$1,121,445	*	*	\$1,593,928	N/A	N/A	70.4%

\*Included in Column 3

**Summary of Plan Provisions**

**Members Included**

The Affiliated Local Plans are for the benefit of two distinct groups. The first of those are fire and police employees of affiliated employers hired prior to April 8, 1978 (Old Hires). The second of those are the volunteer firefighters of affiliated plans.

**Compensation Considered**

Base salary, including longevity, sick and vacation pay.

Volunteer members are not compensated. Their benefit is generally based on the total assets in the plan.

**Normal Retirement Date**

A member's Normal Retirement Date varies with each Old Hire plan. Several plans are based on the date a member has completed years of credited service, usually twenty to twenty five years. Most plans require the member to complete twenty to twenty five years of credited service and attain the age of 50 to 55.

Volunteer plans Normal Retirement Date is at age 50 with 20 years of service.

**Normal Retirement Benefit**

The annual Normal Retirement Benefit varies with each Old Hire plan. The benefit calculation ranges from 50-75% of salary. Several plans offer a lump sum actuarial equivalent benefit.

Volunteer plans offer a flat dollar benefit from \$0 - \$1,400 per month.

## **AFFILIATED LOCAL PLANS**

### *Summary of Plan Provisions*

#### **Deferred Vested Benefit**

Some Old Hire plans allow a member to leave their contributions in the fund and be eligible to receive a vested benefit based on salary times years of credited service at termination, usually with a maximum benefit of 50% of pay. The benefit is payable at normal retirement age, typically age 50 or 55. The minimum eligibility for this benefit is usually ten or twenty years of service at termination. Most plans do not offer deferred vested benefits.

Volunteer plans offer a flat dollar benefit that ranges from 50-100% of the normal retirement benefit depending on the years of credited service at termination. The benefit is usually payable at age 50.

#### **Severance Benefits**

In lieu of a future pension, some Old Hire plans offer their members upon termination an election to have accumulated contributions refunded in a lump sum. In addition to receiving accumulated contributions, the member may receive interest on the total accumulated contributions. Most plans do not offer severance benefits.

Volunteer plans are restricted by statute and cannot offer severance benefits.

#### **Cost-of-Living Increases for Benefits in Pay Status**

Several Old Hire plans offer a cost-of-living increase to their retirees and beneficiaries. Some only offer an ad-hoc cost-of-living increase. Others offer an escalation benefit based on the rank at which the member retired.

Volunteer plans are restricted by statute and cannot offer a cost-of-living increase.

#### **Contribution Rates**

The contribution rate varies for each Old Hire plan. Paid member rates range from 0-10%.

Volunteer members do not contribute to their plan.

#### **Pre-Retirement Death and Disability Benefits**

The paid Old Hire members are covered by the Statewide Death & Disability Plan.

Some volunteer plans offer a 50% benefit. All volunteer plans are required to pay at least a \$100 lump sum funeral benefit.

#### **Post-Retirement Death Benefits**

Most Old Hire plans offer a 50-100% benefit to the surviving spouse until death or remarriage. Some plans also offer actuarially equivalent post-retirement death benefits.

Some volunteer plans offer a 50% benefit to the surviving spouse until death or remarriage.

## **AFFILIATED LOCAL PLANS**

### *Summary of Plan Provisions*

#### **Deferred Retirement Option Plan (DROP)**

Several Old Hire plans allow a member to participate in the DROP after reaching eligibility for normal or delayed retirement. A member continues to work while participating in the DROP, but must terminate employment within a given time frame, generally between three to five years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments accumulate in the DROP account until the member terminates service, at which time the DROP and accumulated benefits can be paid as a lump sum or periodic payments, if desired. The member continues contributing the employee percentage of pay which is credited to the DROP.

Volunteer plans are restricted by statutes and cannot offer a DROP.

#### **Changes in Plan Provisions**

The provisions of the local plans will vary from plan to plan, as will the periodic changes made to the plans.

#### **Changes in Actuarial Assumptions**

During 2009, legislation was approved and the FPPA Board adopted a change to the method used to amortize the unfunded actuarial accrued liability (UAAL). Under the prior methodology, the UAAL was amortized over the maximum period of (1) 10 years or (2) the number of years remaining until 2022, but not more than the average remaining life expectancy of the group. As this period continued to shorten towards 10 years for most plans, it increased the volatility of the contribution requirements. Under the new methodology, the UAAL is amortized over the lesser of 20 years or the remaining life expectancy of the covered group.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to an aggregate investment income gain or loss base recognition.

## Statistical Section

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using information in the financial statements, notes to the financial statements, and required supplementary information in order to understand and assess the overall financial condition of the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund. In support of these objectives, FPPA reports information in this section in compliance with *GASB Statement 44, Economic Condition Reporting: The Statistical Section*. This statement establishes standardized reporting requirements relative to the supplementary information provided in this section.

The narrative on page 126 describes legislation passed in 2010 which affected FPPA. The table on pages 128-129 reflects the funds received by the Local "Old Hire" police and fire plans from the State of Colorado for the purpose of reducing the unfunded liabilities within those plans. The tables on page 130 detail revenue and expense categories for the past 10 years. The schedules beginning on page 131 show financial trend information about the growth of FPPA's assets within various reporting entities. These schedules, entitled "Changes in Fiduciary Net Assets", provide detailed information about the trends of key sources of additions and deductions to the Plans' assets, which assist in providing a context framing how the Plans' financial position have changed over time. Pages 135-137 contain the Schedule of Average Benefit Payments for New Benefit Recipients which outline payment information according to Retirement Year within ranges of Years of Service Credit. The listing of Principal Participating Employers by Plan is found on pages 138-147, followed by a listing of all Employers affiliated for coverage under each applicable Plan on pages 147-150. The tables on page 151 outline Benefit and Refund Deductions from Net Assets by Type.

The schedules and graphs beginning on page 153 show demographic and economic information. The demographic information is designed to



provide additional insight regarding FPPA's active and retired membership. The economic information provides an overall summary of the sources of change within the Total Pension Fund Assets managed by FPPA. All non-accounting data is derived from FPPA internal sources. The demographic and economic information presented includes:

- Active Members by Plan Type
- Retired Members by Plan Type
- Defined Benefit System Membership by Status
- Statewide Death & Disability Plan Membership by Status
- Active and Retired Members by Occupation
- Growth of Total Pension Fund Assets
- Schedule of Retired Members by Type of Benefit

While the material in this section is intended to supplement the independent auditor's report contained elsewhere, none of the information within the Statistical Section has been reviewed or certified as to its accuracy by FPPA's auditors.

### 2010 FPPA Legislative Matters

In 2010, four pieces of legislation important to FPPA were passed.

#### **Senate Bill 10-022 | Authority for an election to approve an increase in the member contribution rate.**

- ◀ Offers a proactive measure driven by member request to further secure the benefits provided by the Statewide Defined Benefit Plan.
- ◀ Authorizes the Board to hold an election of the members and employers, to approve an increase in the member contribution rate in the Statewide Defined Benefit Plan.
- ◀ If an increase in the member contribution rate is approved, it would not affect the employer contribution rate.
- ◀ The increase in the member contribution rate shall not be subject to negotiation for payment by the employer.
- ◀ Approval process would follow the procedure for plan amendments. Member and employer approval are required.
- ◀ Provides a potential source to accrue funds for future ad hoc cost-of-living-adjustments (COLAs) for retirees.
- ◀ In the unlikely event that benefit rollbacks would otherwise be required due to adverse financial markets, allows member to choose the alternative of increased member contributions.
- ◀ The passage of this bill alone does not change the member contribution rate.
- ◀ **Origin** | This proposal was originally brought to the FPPA Board by active members of the plan. The legislation is a proactive measure that gives the Board, in conjunction with members and employers, the ability to increase the member contribution rate through an election process. The idea was proposed as a way to increase potential funding for future COLAs for retirees or, alternatively, in the event of significant market losses and reduction in funding status, to provide additional protection against the Board being required to reduce or eliminate Separate Retirement Accounts, rollback member approved plan amendments, or increase the retirement age.
- ◀ **Timing** | There is no specific time frame for the Board to conduct an election, and no election is currently being planned. The Statewide Defined Benefit plan is currently actuarially sound and adequately funded. Members may still wish to pursue a contribution increase to help ensure the fund's ability to pay a meaningful cost of living adjustment in retirement. This legislation simply grants authority to conduct an election and implement a member contribution rate increase if approved. Prior to any election an actuarial study would need to be conducted; at this time no specific contribution rate has been studied. An approved increase in the member contribution rate may be subsequently repealed through the election process.
- ◀ **Overview** | The FPPA Board feels that the legislation creates an appropriate opportunity for the members to decide, through the process of an election, whether increased funding through a higher member contribution rate outweigh the creation of a disproportionate contribution rate between employer and member.
- ◀ Passed through the House and Senate and signed by Governor Ritter: March 10, 2010.

## Senate Bill 10-023 | Return to Work by an FPPA Member Participating in the Defined Benefit System

2010 FPPA  
Legislative  
Matters

- ◀ Empowers FPPA to address the situation when a member retires from the FPPA Defined Benefit System and then subsequently returns to work for an employer as an FPPA “Member”.
- ◀ Authorizes the Board to adopt rules to suspend the pension benefits of a member who participates in the defined benefit system, separates from service, elects a retirement, and subsequently returns to work with an FPPA Defined Benefit System employer.
- ◀ Authorizes but does not require the Board to adopt rules allowing a member who has reached normal retirement age, separated from service, elected a retirement benefit under the FPPA Defined Benefit System, and subsequently returns to work to continue receiving distribution of benefits and earn additional retirement benefits in an alternate money purchase plan.
- ◀ Overview | This legislation gives the FPPA Board authority to adopt rules to address situations where a member returns to work after retirement. Upon passage of the legislation, the Board may or may not authorize the continuation of benefit payments during a member’s return to work. Further study is necessary to determine the actuarial/financial impact on the plan and compliance with the Internal Revenue Code requirements.

## Senate Bill 10-024 | Elimination of the local money purchase plan affiliation.

- ◀ Repeals a statutory provision that is currently obsolete.
- ◀ Eliminates the ability of local money purchase plans to affiliate with the Fire and Police Pension Association solely for investment and administration. Currently there are no such affiliated local money purchase plans. (Previous FPPA affiliated local money purchase plans have joined the FPPA Defined Benefit System.)
- ◀ Local money purchase plans would continue to be able to merge into the Statewide Money Purchase Plan or to re-enter the FPPA Defined Benefit System.

## House Bill 10-016 | FPPA Retiree Board Member Term Extension

- ◀ Extends the term of the retired firefighter or police officer serving as a member of the FPPA Board of Directors from 4 years to 6 years.
- ◀ Currently the “retiree” representative on the FPPA Board alternates between a retired police officer and a retired firefighter every 4 years. Because of this rotation this board member cannot be reappointed for a consecutive term; unlike the other 8 members.
- ◀ The FPPA Board feels that an extended term for the rotating membership would be of more value to FPPA because of the learning curve required for board participation.

## Distribution of Funds Directly Received from the State of Colorado

State Funds Allocated to Local Plans to Reduce Unfunded Liabilities

	1999	2000	2001	2002
Aurora Fire	\$0	\$0	\$0	\$0
Aurora Police	1,032,476	0	0	0
Colo Springs Fire	0	0	0	0
Colo Springs Police	646,302	0	0	0
Denver Fire	9,172,120	9,827,860	9,960,439	9,960,439
Denver Police	11,604,493	12,434,131	12,601,870	12,601,870
Grand Junction Fire	314,551	337,039	0	0
Grand Junction Police	265,881	284,890	288,733	288,733
Greeley Fire (Union Colony)	606,039	649,366	658,126	658,126
Greeley Police		0	0	0
Pueblo Fire	890,508	954,172	967,044	967,044
Pueblo Police	0	0	0	0
Rocky Ford Fire	10,710	0	0	0
Rocky Ford Police	0	0	0	0
Lakewood FPD	625,612	670,339	679,382	679,382
Lamar Fire	0	0	0	0
Leadville Fire	0	0	0	0
N. Washington FPD	144,430	154,756	156,844	156,844
All Other	7,957	8,526	8,641	8,641
<b>Total</b>	<b>\$25,321,079</b>	<b>\$25,321,079</b>	<b>\$25,321,079</b>	<b>\$25,321,079</b>

\*Senate Bill 2003-263 suspended funding from 2003-2005.

\*\*Senate Bill 2009-227 suspended funding from 2009-2011.



2003 - 2005*	2006	2007	2008	2009-2011**	TOTALS (1980-2010)
\$0	\$0	\$0	\$0	\$0	\$2,502,878
0	0	0	0	0	9,175,314
0	0	0	0	0	9,947,115
0	0	0	0	0	11,496,947
0	9,960,439	13,683,617	13,684,810	0	191,916,661
0	12,601,870	17,312,406	17,313,915	0	251,483,929
0	0	0	0	0	4,589,087
0	288,733	396,660	396,694	0	5,568,173
0	658,126	904,131	904,210	0	10,268,368
0	0	0	0	0	192,075
0	967,044	1,328,522	1,328,638	0	20,102,337
0	0	0	0	0	1,699,753
0	0	0	0	0	131,044
0	0	0	0	0	14,005
0	679,382	933,333	933,414	0	12,130,697
0	0	0	0	0	23,293
0	0	0	0	0	44,719
0	156,844	215,472	215,491	0	2,607,898
0	8,641	0	0	0	4,413,438
<b>\$0</b>	<b>\$25,321,079</b>	<b>\$34,774,141</b>	<b>\$34,777,172</b>	<b>\$0</b>	<b>\$538,307,731</b>

## Revenues by Source — All Plans

Year	Investment Earnings	State Funding	Employers	Employees	Affiliations	Total
2010	\$ 402,703,434	\$ 3,078,432	\$89,914,037	\$79,691,769	\$ 211,874	\$ 575,599,546
2009	\$ 515,320,880	\$ 2,908,504	\$79,071,860	\$72,855,332	\$26,112,745	\$ 696,269,321
2008	\$(1,072,758,209)	\$37,592,294	\$88,810,611	\$60,950,939	\$ 1,051,718	\$(884,352,647)
2007	\$ 307,987,773	\$37,593,512	\$85,552,218	\$76,320,853	\$70,777,656	\$ 578,232,012
2006	\$ 428,071,167	\$27,970,106	\$86,508,062	\$57,931,399	\$ 5,986,434	\$ 606,467,168
2005	\$ 270,239,803	\$ 2,628,849	\$85,341,786	\$53,119,943	\$12,576,166	\$ 423,906,547
2004	\$ 289,931,244	\$ 1,962,294	\$67,491,499	\$61,505,739	\$21,758,372	\$ 442,649,148
2003	\$ 441,061,479	\$ 2,425,586	\$58,278,401	\$49,414,320	\$ 3,545,138	\$ 554,724,924
2002	\$ (203,473,694)	\$28,060,171	\$55,686,872	\$44,081,226	\$ 364,746	\$ (75,280,679)
2001	\$ (162,204,276)	\$27,432,188	\$53,003,474	\$44,873,291	\$10,679,999	\$ (26,215,324)

## Revenue Allocation — All Plans

Year	Additions To Fund Balance	Benefit Payments	Administrative Expenses	Refunds & Withdrawals	Total
2010	\$ 314,956,021	\$217,548,445	\$6,501,353	\$36,593,727	\$ 575,599,546
2009	\$ 461,550,570	\$196,224,840	\$5,829,521	\$32,664,390	\$ 696,269,321
2008	\$(1,104,966,569)	\$185,187,189	\$5,215,816	\$30,210,917	\$(884,352,647)
2007	\$ 352,182,265	\$173,142,569	\$4,197,336	\$48,709,842	\$ 578,232,012
2006	\$ 401,908,001	\$164,846,096	\$4,203,557	\$35,509,514	\$ 606,467,168
2005	\$ 211,727,492	\$156,721,164	\$3,698,198	\$51,759,693	\$ 423,906,547
2004	\$ 247,094,343	\$150,284,940	\$3,654,837	\$41,615,028	\$ 442,649,148
2003	\$ 387,708,585	\$142,466,923	\$3,149,814	\$21,399,602	\$ 554,724,924
2002	\$ (231,233,712)	\$133,970,296	\$3,320,776	\$18,661,961	\$ (75,280,679)
2001	\$ (172,154,282)	\$125,003,556	\$3,122,013	\$17,813,389	\$ (26,215,324)

## Expenses by Type — All Plans

Year	Benefit Payments	Refunds	Administrative Expenses	Capital Expenses	Total Expenses
2010	\$217,548,445	\$36,593,727	\$6,501,353	\$202,049	\$260,845,574
2009	\$196,224,840	\$32,664,390	\$5,829,521	\$ 6,700	\$234,725,451
2008	\$185,187,189	\$30,210,917	\$5,215,816	\$ 60,051	\$220,673,973
2007	\$173,142,569	\$48,709,842	\$4,197,336	\$ 66,012	\$226,115,759
2006	\$164,846,096	\$35,509,514	\$4,203,557	\$ 42,615	\$204,601,782
2005	\$156,721,164	\$51,759,693	\$3,698,198	\$ 42,507	\$212,221,562
2004	\$150,284,940	\$41,615,028	\$3,654,837	\$ 74,800	\$195,629,605
2003	\$142,466,923	\$21,399,602	\$3,149,814	\$ 48,797	\$167,065,136
2002	\$133,970,296	\$19,823,566	\$3,320,776	\$ 55,386	\$157,170,024
2001	\$125,003,556	\$17,813,389	\$3,168,290	\$223,543	\$146,208,778

## Changes in Fiduciary Net Assets

## Affiliated Local Plans

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$37,239,905	\$30,813,175	\$46,007,841	\$47,549,603
Member Contributions	276,165	366,911	640,234	1,238,824
Affiliations (Withdrawals)	(678,910)		21,194	7,042,765
State Contributions	3,078,432	2,908,504	37,592,294	37,593,512
Investment Income (Loss)	178,431,326	240,361,700	(552,351,083)	167,049,310
<b>Total Additions</b>	<b>218,346,918</b>	<b>274,450,290</b>	<b>(468,089,520)</b>	<b>260,474,014</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors	164,220,145	157,644,750	152,270,531	146,375,432
Death/Disability				
Refunds of Contributions	1,823,003	5,045,932	2,958,380	3,219,143
Administrative Costs	2,927,262	2,797,233	2,693,660	2,337,465
<b>Total Deductions</b>	<b>168,970,410</b>	<b>165,487,915</b>	<b>157,922,571</b>	<b>151,932,040</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>49,376,508</b>	<b>108,962,375</b>	<b>(626,012,091)</b>	<b>108,541,974</b>
<b>Net Assets Held at Beginning of Year</b>	<b>1,415,383,350</b>	<b>1,306,420,975</b>	<b>1,932,433,066</b>	<b>1,823,891,092</b>
<b>Net Assets Held at End of Year</b>	<b>\$1,464,759,858</b>	<b>\$1,415,383,350</b>	<b>\$1,306,420,975</b>	<b>\$1,932,433,066</b>

Note: Information prior to 2007 is not available.

## Statewide Death &amp; Disability Plan

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$10,001,394	\$9,573,756	\$8,562,034	\$7,522,862
Member Contributions	2,307,656	2,311,648	2,356,603	2,372,335
Affiliations (Withdrawals)				
State Contributions				
Investment Income (Loss)	33,679,604	42,062,468	(89,411,107)	26,139,800
<b>Total Additions</b>	<b>45,988,654</b>	<b>53,947,872</b>	<b>(78,492,470)</b>	<b>36,034,997</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors				
Death/Disability	17,376,644	15,995,412	14,886,707	13,741,872
Refunds of Contributions	58,440	14,242		
Administrative Costs	544,161	485,984	435,765	369,928
<b>Total Deductions</b>	<b>17,979,245</b>	<b>16,495,638</b>	<b>15,322,472</b>	<b>14,111,800</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>28,009,409</b>	<b>37,452,234</b>	<b>(93,814,942)</b>	<b>21,923,197</b>
<b>Net Assets Held at Beginning of Year</b>	<b>252,169,705</b>	<b>214,717,471</b>	<b>308,532,413</b>	<b>286,609,216</b>
<b>Net Assets Held at End of Year</b>	<b>\$280,179,114</b>	<b>\$252,169,705</b>	<b>\$214,717,471</b>	<b>\$308,532,413</b>

Note: Information prior to 2007 is not available.

Changes in Fiduciary Net Assets (continued)

Defined Benefit System

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$40,075,299	\$36,109,248	\$31,867,543	\$29,464,995
Member Contributions	41,303,655	46,415,422	33,780,203	49,112,009
Affiliations (Withdrawals)				
State Contributions				
Investment Income (Loss)	165,582,369	193,591,955	(382,348,087)	103,317,713
<b>Total Additions</b>	<b>246,961,323</b>	<b>276,116,625</b>	<b>(316,700,341)</b>	<b>181,894,717</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors	35,951,656	22,584,678	18,029,951	13,025,265
Death/Disability				
Refunds of Contributions	1,883,717	2,488,556	4,076,623	5,375,671
Administrative Costs	2,644,986	2,219,881	1,854,959	1,489,943
<b>Total Deductions</b>	<b>40,480,359</b>	<b>27,293,115</b>	<b>23,961,533</b>	<b>19,890,879</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>206,480,964</b>	<b>248,823,510</b>	<b>(340,661,874)</b>	<b>162,003,838</b>
<b>Net Assets Held at Beginning of Year</b>	<b>1,184,577,156</b>	<b>935,753,646</b>	<b>1,276,415,520</b>	<b>1,114,411,682</b>
<b>Net Assets Held at End of Year</b>	<b>\$1,391,058,120</b>	<b>\$1,184,577,156</b>	<b>\$935,753,646</b>	<b>\$1,276,415,520</b>

Note: Information prior to 2007 is not available.

Fire & Police Members' Statewide Money Purchase Plan

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$319,739	\$295,874	\$282,877	\$250,200
Member Contributions	312,330	295,874	283,369	250,200
Affiliations (Withdrawals)	25,671			
State Contributions				
Investment Income (Loss)	684,169	958,382	(1,405,228)	417,710
<b>Total Additions</b>	<b>1,341,909</b>	<b>1,550,130</b>	<b>(838,982)</b>	<b>918,110</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors				
Death/Disability				
Refunds of Contributions	402,564	262,920	500,040	644,083
Administrative Costs	6,460	14,623		
<b>Total Deductions</b>	<b>409,024</b>	<b>277,543</b>	<b>500,040</b>	<b>644,083</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>932,885</b>	<b>1,272,587</b>	<b>(1,339,022)</b>	<b>274,027</b>
<b>Net Assets Held at Beginning of Year</b>	<b>4,876,438</b>	<b>3,603,851</b>	<b>4,942,873</b>	<b>4,668,846</b>
<b>Net Assets Held at End of Year</b>	<b>\$5,809,323</b>	<b>\$4,876,438</b>	<b>\$3,603,851</b>	<b>\$4,942,873</b>

Note: Information prior to 2007 is not available.

## Changes in Fiduciary Net Assets (continued)

## Self-Directed Assets for Affiliated Local &amp; Defined Benefit System Plans

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$2,277,700	\$2,279,807	\$2,065,284	\$684,519
Member Contributions	28,407,353	17,604,699	17,009,496	16,815,374
Affiliations (Withdrawals)	865,113	26,112,745	1,532,625	69,134,962
State Contributions				
Investment Income (Loss)	16,632,880	27,211,960	(30,051,876)	6,163,503
<b>Total Additions</b>	<b>48,183,046</b>	<b>73,209,211</b>	<b>(9,444,471)</b>	<b>92,798,358</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors				
Death/Disability				
Refunds of Contributions	27,588,789	22,942,996	20,852,584	36,396,439
Administrative Costs	336,571	271,171		
<b>Total Deductions</b>	<b>27,925,360</b>	<b>23,214,167</b>	<b>20,852,584</b>	<b>36,396,439</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>20,257,686</b>	<b>49,995,044</b>	<b>(30,297,055)</b>	<b>56,401,919</b>
<b>Net Assets Held at Beginning of Year</b>	<b>160,365,401</b>	<b>110,370,357</b>	<b>140,667,412</b>	<b>84,265,493</b>
<b>Net Assets Held at End of Year</b>	<b>\$180,623,087</b>	<b>\$160,365,401</b>	<b>\$110,370,357</b>	<b>\$140,667,412</b>

Note: Information prior to 2007 is not available.

## IRC 457 Deferred Compensation Plan

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions				
Member Contributions	7,084,610	5,860,778	6,856,002	6,433,829
Affiliations (Withdrawals)				
State Contributions				
Investment Income (Loss)	7,693,086	11,134,415	(17,374,290)	4,745,946
<b>Total Additions</b>	<b>14,777,696</b>	<b>16,995,193</b>	<b>(10,518,288)</b>	<b>11,179,775</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors				
Death/Disability				
Refunds of Contributions	4,837,214	1,909,744	1,821,135	2,861,400
Administrative Costs	41,913	40,629		
<b>Total Deductions</b>	<b>4,879,127</b>	<b>1,950,373</b>	<b>1,821,135</b>	<b>2,861,400</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>9,898,569</b>	<b>15,044,820</b>	<b>(12,339,423)</b>	<b>8,318,375</b>
<b>Net Assets Held at Beginning of Year</b>	<b>52,091,181</b>	<b>37,046,361</b>	<b>49,385,784</b>	<b>41,067,409</b>
<b>Net Assets Held at End of Year</b>	<b>\$61,989,750</b>	<b>\$52,091,181</b>	<b>\$37,046,361</b>	<b>\$49,385,784</b>

Note: Information prior to 2007 is not available.

Changes in Fiduciary Net Assets (continued)

FPPA Staff Healthcare Subsidy Plan

	2010	2009	2008	2007
<b>Additions</b>				
Employer Contributions	\$14,316	\$13,632	\$12,425	\$8,600
Member Contributions				
Affiliations (Withdrawals)				
State Contributions				
Investment Income (Loss)	17,556	19,670	(38,716)	11,167
<b>Total Additions</b>	<b>31,872</b>	<b>33,302</b>	<b>(26,291)</b>	<b>19,767</b>
<b>Deductions</b>				
Benefit Payments:				
Retirees/Survivors	7,041	6,349	1,348	2,226
Death/Disability				
Refunds of Contributions				
Administrative Costs				853
<b>Total Deductions</b>	<b>7,041</b>	<b>6,349</b>	<b>1,348</b>	<b>3,079</b>
<b>Changes in Net Assets Available for Benefits</b>	<b>24,831</b>	<b>26,953</b>	<b>(27,639)</b>	<b>16,688</b>
<b>Net Assets Held at Beginning of Year</b>	<b>131,267</b>	<b>104,314</b>	<b>131,953</b>	<b>115,265</b>
<b>Net Assets Held at End of Year</b>	<b>\$156,098</b>	<b>\$131,267</b>	<b>\$104,314</b>	<b>\$131,953</b>

Note: Information prior to 2007 is not available.

## Schedule of Average Benefit Payments for New Benefit Recipients

### Affiliated Local Plans

Year Retired	In Total
1/1/10 - 12/31/10	
Average monthly benefit	\$415
Average highest average salary	Not Available
Number of service retirees	172
1/1/09 - 12/31/09	
Average monthly benefit	\$429
Average highest average salary	Not Available
Number of service retirees	125
1/1/08 - 12/31/08	
Average monthly benefit	\$399
Average highest average salary	Not Available
Number of service retirees	95
1/1/07 - 12/31/07	
Average monthly benefit	\$1,717
Average highest average salary	Not Available
Number of service retirees	200

Note 1: Information prior to 2007 is not available.

Note 2: Information on Years of Service is not available for the Affiliated Local Plans.

### Statewide Death & Disability Plan

Year Retired	In Total
1/1/10 - 12/31/10	
Average monthly benefit	\$2,221
Average final salary	\$5,804
Number of service retirees	50
1/1/09 - 12/31/09	
Average monthly benefit	\$2,372
Average final salary	Not Available
Number of service retirees	54
1/1/08 - 12/31/08	
Average monthly benefit	\$2,332
Average final salary	Not Available
Number of service retirees	45
1/1/07 - 12/31/07	
Average monthly benefit	\$2,703
Average final salary	Not Available
Number of service retirees	39

Note 1: Information prior to 2007 is not available.

Note 2: Service is not taken into consideration in the benefit calculation for the Statewide Death & Disability Plan, therefore only totals are available.

**Schedule of Average Benefit Payments for  
New Benefit Recipients (continued)**

**Defined Benefit System - Statewide Defined Benefit Plan**

Year Retired	Years of Service Credit					
	0 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
1/1/10 - 12/31/10						
Average monthly benefit	\$681	\$863	\$1,692	\$3,171	\$3,954	\$4,571
Average highest average salary	\$1,958	\$3,607	\$4,463	\$6,487	\$6,829	\$6,945
Number of service retirees	4	4	13	15	32	26
1/1/09 - 12/31/09						
Average monthly benefit	\$0	\$834	\$2,275	\$2,527	\$3,600	\$4,601
Average highest average salary	\$0	\$3,903	\$5,755	\$5,457	\$6,056	\$6,613
Number of service retirees	0	8	7	13	30	17
1/1/08 - 12/31/08						
Average monthly benefit	\$1,165	\$1,193	\$1,632	\$2,566	\$3,667	\$3,717
Average highest average salary	\$3,940	\$3,957	\$4,107	\$4,965	\$5,478	\$6,892
Number of service retirees	2	5	9	15	26	8

Note: Detailed information prior to 2008 is not available.

**Defined Benefit System - Statewide Hybrid Plan - Defined Benefit Component**

Year Retired	Years of Service Credit					
	0 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
1/1/10 - 12/31/10						
Average monthly benefit	\$0	\$993	\$0	\$0	\$1,801	\$2,374
Average highest average salary	\$0	\$4,168	\$0	\$0	\$5,674	\$6,331
Number of service retirees	0	1	0	0	1	2
1/1/09 - 12/31/09						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	\$0	\$0	\$0	\$0	\$0	\$0
Number of service retirees	0	0	0	0	0	0
1/1/08 - 12/31/08						
Average monthly benefit	\$0	\$0	\$0	\$0	\$1,579	\$3,365
Average highest average salary	\$0	\$0	\$0	\$0	\$4,887	\$7,901
Number of service retirees	0	0	0	0	1	1

Note: Detailed information prior to 2008 is not available.

**Defined Benefit System - Colorado Springs New Hire Pension Plans (Combined Police and Fire Components)**

Year Retired	Years of Service Credit					
	0 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
1/1/10 - 12/31/10						
Average monthly benefit	\$0	\$1,283	\$1,843	\$3,607	\$4,397	\$5,879
Average final average salary	\$0	\$5,639	\$5,064	\$6,746	\$6,903	\$8,512
Number of service retirees	0	1	3	6	19	8
1/1/09 - 12/31/09						
Average monthly benefit	\$0	\$930	\$1,567	\$3,092	\$4,596	\$5,188
Average final average salary	\$0	\$4,312	\$5,223	\$5,839	\$7,030	\$6,868
Number of service retirees	0	3	1	6	8	12
1/1/08 - 12/31/08						
Average monthly benefit	\$0	\$1,767	\$0	\$3,238	\$4,116	\$5,981
Average final average salary	\$0	\$5,684	\$0	\$5,923	\$6,390	\$7,961
Number of service retirees	0	1	0	7	17	3

Note: Detailed information prior to 2008 is not available.



## Schedule of Average Benefit Payments for New Benefit Recipients (continued)

### FPPA Staff Healthcare Subsidy Plan

Year Retired	Years of Service Credit					
	0 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
1/1/10 - 12/31/10						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	Highest Average Salary is not taken into consideration in the benefit calculation for this plan.					
Number of service retirees	0	0	0	0	0	0
1/1/09 - 12/31/09						
Average monthly benefit	\$0	\$0	\$0	\$0	\$288	\$0
Average highest average salary	Highest Average Salary is not taken into consideration in the benefit calculation for this plan.					
Number of service retirees	0	0	0	0	1	0
1/1/08 - 12/31/08						
Average monthly benefit	\$0	\$0	\$213	\$0	\$0	\$0
Average highest average salary	Highest Average Salary is not taken into consideration in the benefit calculation for this plan.					
Number of service retirees	0	0	1	0	0	0
1/1/07 - 12/31/07						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	Highest Average Salary is not taken into consideration in the benefit calculation for this plan.					
Number of service retirees	0	0	0	0	0	0

Note: Information for years prior to 2007 is not available.

Principal Participating Employers

Affiliated Local Plans

Employer	Rank	Covered Active members as of 12/31/10	Percentage of Total Plan
Golden Volunteer Fire Department	1	94	2.31%
Durango Fire & Rescue Authority (Volunteer)	2	89	2.18%
South Adams County Fire Protection District (Volunteer)	3	86	2.11%
Bennet Fire Protection District (Volunteer)	4	63	1.55%
Evergreen Fire (Volunteer)	4	63	1.55%
Foothills Fire Protection District (Volunteer)	4	63	1.55%
Telluride Fire Protection District (Volunteer)	4	63	1.55%
Larkspur Fire Protection District (Volunteer)	5	55	1.35%
Carbondale and Rural Fire Protection District (Volunteer)	6	52	1.28%
Forence Fire Protection District (Volunteer)	7	51	1.25%
Palmer Lake Fire (Volunteer)	8	46	1.13%
Denver Fire Old Hire Fire DROP	9	44	1.08%
Divide Fire (Volunteer)	10	43	1.06%

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
Durango Fire & Rescue Authority (Volunteer)	1	92	2.31%
Golden Volunteer Fire Department	2	88	2.21%
South Adams County Fire Protection District (Volunteer)	3	66	1.66%
Bennet Fire Protection District (Volunteer)	4	65	1.63%
Evergreen Fire (Volunteer)	5	64	1.61%
Telluride Fire Protection District (Volunteer)	6	63	1.58%
Forence Fire Protection District (Volunteer)	7	57	1.43%
Carbondale and Rural Fire Protection District (Volunteer)	8	56	1.41%
Larkspur Fire Protection District (Volunteer)	9	55	1.38%
Foothills Fire Protection District (Volunteer)	10	48	1.20%

Employer	Rank	Covered Active members as of 12/31/08	Percentage of Total Plan
Durango Fire & Rescue Authority (Volunteer)	1	107	2.39%
South Adams County Fire Protection District (Volunteer)	2	94	2.10%
Evergreen Fire (Volunteer)	3	86	1.92%
Golden Volunteer Fire Department	4	82	1.83%
Forence Fire Protection District (Volunteer)	5	77	1.72%
Mountain View Fire Protection District (Volunteer)	6	68	1.52%
Evans Volunteer Fire Department	7	62	1.38%
Telluride Fire Protection District (Volunteer)	8	61	1.36%
Lafayette Fire (Volunteer)	9	60	1.34%
Inter-Canyon Fire Protection District (Volunteer)	10	54	1.21%
Larkspur Fire Protection District (Volunteer)	10	54	1.21%

## Principal Participating Employers (continued)

## Affiliated Local Plans (continued)

Employer	Rank	Active members as of 12/31/07	Covered Percentage of Total Plan
Durango Fire & Rescue Authority (Volunteer)	1	108	2.39%
Evergreen Fire (Volunteer)	2	86	1.91%
Golden Volunteer Fire Department	3	83	1.84%
Forence Fire Protection District (Volunteer)	4	74	1.64%
South Adams County Fire Protection District (Volunteer)	5	73	1.62%
Evans Volunteer Fire Department	6	64	1.42%
Mountain View Fire Protection District (Volunteer)	6	64	1.42%
Telluride Fire Protection District (Volunteer)	7	63	1.40%
Denver Fire Old Hire Fire DROP	8	59	1.31%
Platte Canyon Fire Protection District (Volunteer)	9	54	1.20%
Wellington Fire Protection District (Volunteer)	9	54	1.20%
Inter-Canyon Fire Protection District (Volunteer)	10	50	1.11%
Northwest Conejos County Fire Protection District (Volunteer)	10	50	1.11%

Note 1: Data for the number of members by employer for years prior to 2007 is not available.

Note 2: The majority of the plans in this group are closed plans and do not have active members.

## Statewide Death &amp; Disability Plan

Employer	Rank	Covered Active members as of 12/31/10	Percentage of Total Plan
Denver Police	1	1,384	12.69%
Denver Fire	2	814	7.47%
Aurora Police	3	631	5.79%
Colorado Springs Police	4	571	5.24%
Colorado Springs Fire	5	351	3.22%
West Metro Fire Protection District	6	329	3.02%
South Metro Fire Rescue	7	312	2.86%
Aurora Fire	8	301	2.76%
Pueblo Police	9	195	1.79%
Fort Collins Police	10	188	1.72%

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
Denver Police	1	1,427	12.88%
Denver Fire	2	842	7.60%
Aurora Police	3	632	5.71%
Colorado Springs Police	4	612	5.52%
Colorado Springs Fire	5	384	3.47%
West Metro Fire Protection District	6	330	2.98%
South Metro Fire Rescue	7	324	2.92%
Aurora Fire	8	294	2.65%
Pueblo Police	9	192	1.73%
Fort Collins Police	10	189	1.71%

Principal Participating Employers (continued)

Satewide Death & Disability Plan (continued)

Employer	Rank	Covered	
		Active members as of 12/31/08	Percentage of Total Plan
Denver Police	1	1,472	13.16%
Denver Fire	2	865	7.73%
Aurora Police	3	629	5.62%
Colorado Springs Police	4	619	5.53%
Colorado Springs Fire	5	402	3.59%
South Metro Fire Rescue	6	329	2.94%
West Metro Fire Protection District	7	325	2.90%
Aurora Fire	8	289	2.58%
Pueblo Police	9	185	1.65%
Fort Collins Police	10	182	1.63%

Employer	Rank	Covered	
		Active members as of 12/31/07	Percentage of Total Plan
Denver Police	1	1,455	12.97%
Denver Fire	2	805	7.17%
Aurora Police	3	696	6.20%
Colorado Springs Police	4	616	5.49%
Colorado Springs Fire	5	420	3.74%
Aurora Fire	6	306	2.73%
Pueblo Police	7	179	1.60%
Thornton Police	8	158	1.41%
Poudre Fire Authority	9	153	1.36%
Greeley Police	10	152	1.35%

Note: Data for the number of members by employer for years prior to 2007 is not available.

Defined Benefit System - Statewide Defined Benefit Plan

Employer	Rank	Covered	
		Active members as of 12/31/10	Percentage of Total Plan
Denver Police	1	1,470	25.35%
Denver Fire	2	867	14.95%
Pueblo Police	3	200	3.45%
Pueblo Fire	4	142	2.45%
Littleton Fire	5	111	1.91%
Westminster Fire	6	110	1.90%
Colorado Springs Police	7	104	1.79%
Arvada Fire Protection District	8	100	1.72%
West Metro Fire Protection District	9	99	1.71%
Greeley Fire	10	98	1.69%

## Principal Participating Employers (continued)

## Defined Benefit System - Statewide Defined Benefit Plan (continued)

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
Denver Police	1	1,459	25.72%
Denver Fire	2	843	14.86%
Pueblo Police	3	191	3.37%
Pueblo Fire	4	127	2.24%
Colorado Springs Police	5	111	1.96%
Westminster Fire	5	111	1.96%
Littleton Fire	6	104	1.83%
Arvada Fire Protection District	7	100	1.76%
Colorado Springs Fire	8	95	1.67%
Union Colony Fire Rescue	9	93	1.64%
West Metro Fire Protection District	9	93	1.64%
North Metro Fire Rescue	10	90	1.59%

Employer	Rank	Covered Active members as of 12/31/08	Percentage of Total Plan
Denver Police	1	1,503	27.18%
Denver Fire	2	857	15.50%
Pueblo Police	3	185	3.35%
Pueblo Fire	4	121	2.19%
Westminster Fire	5	113	2.04%
North Metro Fire Rescue	6	105	1.90%
Union Colony Fire Rescue	7	101	1.83%
Arvada Fire Protection District	8	98	1.77%
Colorado Springs Fire	8	98	1.77%
West Metro Fire Protection District	9	94	1.70%
Colorado Springs Police	10	92	1.66%

Employer	Rank	Covered Active members as of 12/31/07	Percentage of Total Plan
Denver Police	1	1,455	29.08%
Denver Fire	2	805	16.09%
Pueblo Police	3	179	3.58%
Pueblo Fire	4	124	2.48%
Westminster Fire	5	110	2.20%
Colorado Springs Fire	6	100	2.00%
Arvada Fire Protection District	7	94	1.88%
Union Colony Fire Rescue	8	93	1.86%
North Metro Fire Rescue	9	88	1.76%
West Metro Fire Protection District	10	75	1.50%

Note: Data for the number of members by employer for years prior to 2007 is not available.

Principal Participating Employers (continued)

Defined Benefit System - Statewide Hybrid Plan

Employer	Rank	Covered Active members as of 12/31/10	Percentage of Total Plan
West Metro Fire Protection District	1	252	62.22%
Littleton Fire	2	29	7.16%
Evans Police	3	25	6.17%
Westminster Fire	4	21	5.19%
Canon City Police	5	18	4.44%
North Metro Fire Rescue	6	12	2.96%
Lafayette Police	7	10	2.47%
Lake Dillon Fire Protection District	8	8	1.98%
Snowmass Wildcat Fire Protection District	9	6	1.48%
Brighton Police	10	4	0.99%
Trinidad Fire	10	4	0.99%

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
West Metro Fire Protection District	1	261	62.00%
Littleton Fire	2	30	7.13%
Evans Police	3	27	6.41%
Westminster Fire	4	21	4.99%
Canon City Police	5	19	4.51%
North Metro Fire Rescue	6	16	3.80%
Lafayette Police	7	10	2.38%
Lake Dillon Fire Protection District	8	8	1.90%
Snowmass Wildcat Fire Protection District	9	6	1.43%
Brighton Police	10	4	0.95%
Trinidad Fire	10	4	0.95%

Employer	Rank	Covered Active members as of 12/31/08	Percentage of Total Plan
West Metro Fire Protection District	1	238	65.21%
Evans Police	2	27	7.40%
Westminster Fire	3	22	6.03%
Canon City Police	4	19	5.21%
North Metro Fire Rescue	5	14	3.84%
Lafayette Police	6	10	2.74%
Lake Dillon Fire Protection District	7	8	2.19%
Snowmass Wildcat Fire Protection District	8	6	1.64%
Brighton Police	9	4	1.10%
Trinidad Fire	9	4	1.10%
Federal Heights Police	10	3	0.82%

## Principal Participating Employers (continued)

## Defined Benefit System - Statewide Hybrid Plan (continued)

Employer	Rank	Active members as of 12/31/07	Covered Percentage of Total Plan
West Metro Fire Protection District	1	31	30.39%
Evans Police	2	20	19.61%
Westminster Fire	3	13	12.75%
Canon City Police	4	9	8.82%
Lafayette Police	4	9	8.82%
Lake Dillon Fire Protection District	5	6	5.88%
Trinidad Fire	6	5	4.90%
Brighton Police	7	2	1.96%
North Metro Fire Rescue	7	2	1.96%
Federal Heights Police	8	1	0.98%
Federal Heights Fire	8	1	0.98%
Milliken Police	8	1	0.98%
Montrose Fire Protection District	8	1	0.98%
Union Colony Fire Rescue	8	1	0.98%

Note: Data for the number of members by employer for years prior to 2007 is not available.

## Fire &amp; Police Members' Statewide Money Purchase Plan

Employer	Rank	Active members as of 12/31/10	Covered Percentage of Total Plan
Rifle Fire Protection District	1	29	27.88%
Eaton Fire Protection District	2	16	15.38%
Elizabeth Fire Protection District	3	15	14.42%
Sable-Altura Fire Protection District	4	8	7.69%
Mountain Village Police	5	6	5.77%
Central City Police	6	4	3.85%
West Routt Fire Protection District	7	2	1.92%
Brighton Fire Protection District	8	1	0.96%
Burning Mountains Fire Protection District	8	1	0.96%
Central City Fire	8	1	0.96%
Clear Creek Fire Authority	8	1	0.96%
Colorado Centre Metro District Fire	8	1	0.96%
Colorado Springs Police	8	1	0.96%
Edgewater Fire	8	1	0.96%
Elizabeth Police	8	1	0.96%
Erie Police	8	1	0.96%
Fairmount Fire Protection District	8	1	0.96%
Falcon Fire Protection District	8	1	0.96%
Gilcrest Police	8	1	0.96%
Grand Valley Fire Protection District	8	1	0.96%
Kremmling Fire Protection District	8	1	0.96%
Lake George Fire Protection District	8	1	0.96%
Mountain View Police	8	1	0.96%
Nederland Fire Protection District	8	1	0.96%
Palisade Police	8	1	0.96%
Platteville Police	8	1	0.96%
Rocky Mountain Fire Protection District	8	1	0.96%
Salida Fire	8	1	0.96%
Security Fire Protection District	8	1	0.96%
Southern Park County Fire Protection District	8	1	0.96%
Upper Pine River Fire Protection District	8	1	0.96%

Principal Participating Employers (continued)

Fire & Police Members' Statewide Money Purchase Plan (continued)

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
Rifle Fire Protection District	1	25	27.47%
Eaton Fire Protection District	2	17	18.68%
Elizabeth Fire Protection District	3	15	16.48%
Mountain Village Police	4	7	7.69%
Central City Police	5	4	4.40%
West Routt Fire Protection District	6	2	2.20%
Brighton Fire Protection District	7	1	1.10%
Central City Fire	7	1	1.10%
Clear Creek Fire Authority	7	1	1.10%
Colorado Centre Metro District Fire	7	1	1.10%
Colorado Springs Police	7	1	1.10%
Elizabeth Police	7	1	1.10%
Erie Police	7	1	1.10%
Fairmount Fire Protection District	7	1	1.10%
Falcon Fire Protection District	7	1	1.10%
Gilcrest Police	7	1	1.10%
Grand Valley Fire Protection District	7	1	1.10%
Kremmling Fire Protection District	7	1	1.10%
Lake George Fire Protection District	7	1	1.10%
Mountain View Police	7	1	1.10%
Nederland Fire Protection District	7	1	1.10%
Palisade Police	7	1	1.10%
Platteville Police	7	1	1.10%
Rocky Mountain Fire Protection District	7	1	1.10%
Salida Fire	7	1	1.10%
Southern Park County Fire Protection District	7	1	1.10%
Upper Pine River Fire Protection District	7	1	1.10%



## Principal Participating Employers (continued)

## Fire &amp; Police Members' Statewide Money Purchase Plan (continued)

Employer	Rank	Covered Active members as of 12/31/08	Percentage of Total Plan
Rifle Fire Protection District	1	25	27.47%
Eaton Fire Protection District	2	17	18.68%
Elizabeth Fire Protection District	3	15	16.48%
Mountain Village Police	4	7	7.69%
Central City Police	5	4	4.40%
West Routt Fire Protection District	6	2	2.20%
Brighton Fire Protection District	7	1	1.10%
Central City Fire	7	1	1.10%
Clear Creek Fire Authority	7	1	1.10%
Colorado Centre Metro District Fire	7	1	1.10%
Colorado Springs Police	7	1	1.10%
Elizabeth Police	7	1	1.10%
Erie Police	7	1	1.10%
Fairmount Fire Protection District	7	1	1.10%
Falcon Fire Protection District	7	1	1.10%
Gilcrest Police	7	1	1.10%
Grand Valley Fire Protection District	7	1	1.10%
Kremmling Fire Protection District	7	1	1.10%
Lake George Fire Protection District	7	1	1.10%
Mountain View Police	7	1	1.10%
Nederland Fire Protection District	7	1	1.10%
Palisade Police	7	1	1.10%
Platteville Police	7	1	1.10%
Rocky Mountain Fire Protection District	7	1	1.10%
Salida Fire	7	1	1.10%
Southern Park County Fire Protection District	7	1	1.10%
Upper Pine River Fire Protection District	7	1	1.10%

Principal Participating Employers (continued)

Fire & Police Members' Statewide Money Purchase Plan (continued)

Employer	Rank	Covered Active members as of 12/31/07	Percentage of Total Plan
Eaton Fire Protection District	1	19	27.54%
Elizabeth Fire Protection District	2	17	24.64%
Mountain Village Police	3	7	10.14%
Central City Police	4	6	8.70%
Upper Pine River Fire Protection District	5	2	2.90%
West Routt Fire Protection District	6	2	2.90%
Brighton Fire Protection District	7	1	1.45%
Central City Fire	7	1	1.45%
Cherryvale Fire Protection District	7	1	1.45%
Clear Creek Fire Authority	7	1	1.45%
Elizabeth Police	7	1	1.45%
Erie Police	7	1	1.45%
Fairmount Fire Protection District	7	1	1.45%
Falcon Fire Protection District	7	1	1.45%
Gilcrest Police	7	1	1.45%
Grand Valley Fire Protection District	7	1	1.45%
Kremmling Fire Protection District	7	1	1.45%
Lake George Fire Protection District	7	1	1.45%
Nederland Fire Protection District	7	1	1.45%
Palisade Police	7	1	1.45%
Salida Fire	7	1	1.45%
Wheat Ridge Fire Protection District	7	1	1.45%

Note: Data for the number of members by employer for years prior to 2007 is not available.

Defined Benefit System - Colorado Springs New Hire Pension Plans

Employer	Rank	Covered Active members as of 12/31/10	Percentage of Total Plan
Colorado Springs Police	1	522	63.27%
Colorado Springs Fire	2	303	36.73%

Employer	Rank	Covered Active members as of 12/31/09	Percentage of Total Plan
Colorado Springs Police	1	512	63.92%
Colorado Springs Fire	2	289	36.08%

Principal Participating Employers (continued)

Defined Benefit System - Colorado Springs New Hire Pension Plans (continued)

Employer	Rank	Active members as of 12/31/08	Covered Percentage of Total Plan
Colorado Springs Police	1	539	63.71%
Colorado Springs Fire	2	307	36.29%

Employer	Rank	Covered Active members as of 12/31/07	Percentage of Total Plan
Colorado Springs Police	1	564	63.87%
Colorado Springs Fire	2	319	36.13%

Note: Data for the number of members by employer for years prior to 2007 is not available.

Employers

Employers of Affiliated Local Volunteer Firefighter Plans

Alamosa VFD	Coal Creek Canyon FD	Glacier View VFD	Lamar VFD
Alamosa County FPD	Colorado Sierra FPD	Glendale VFD*	Larkspur FPD
Allenspark FPD	Crested Butte FPD	Glenwood Springs VFD	Left Hand FPD
Aspen FPD	Cripple Creek Fire	Golden VFD	Lewis-Arriola FPD
Ault FPD	Crowley FD	Golden Gate Fire	Limon Area FPD
Basalt & Rural FPD	Crystal Lakes FPD	Grand FPD #1	Livermore FPD
Bennett FPD #7	Divide VFD	Grand Lake FPD	Log Hill Mesa FPD
Berthoud FPD	Donald Wescott FPD	Grand Valley FPD	Loveland & Rural Consol. VFD
Big Sandy FPD	Dove Creek FPD	Green Mountain Falls/ Chipita Park FPD	Lower Valley FPD
Big Thompson VFD	Durango Fire & Rescue Authority	Gypsum FPD	Lyons FPD
Black Forest FPD	Eads VFD	Hartsel FPD	Mancos FPD
Blanca VFD	East Grand FPD #4	Haxtun VFD	Manitou Springs VFD
Boone VFD	Eaton FPD	High Country FPD	Manzanola Rural FPD
Boulder Mountain FPD	Eckley VFD	Hillrose Rural FPD	Milliken FPD
Boulder Rural FPD	Elbert FPD & Rescue	Holyoke - City VFD	Montrose FPD
Brighton VFD	Elizabeth FPD	Holyoke FPD	Mountain View FPD
Brush Combined Fire/VFD	Englewood VFD*	Hot Sulphur Springs/ Parshall FPD	Nederland FPD
Buena Vista VFD	Evans VFD	Hygiene VFD	New Raymer-Stoneham FPD
Burning Mountains FPD	Evergreen VFD	Indian Hills FPD	North Fork VFD
Calhan FPD	Falcon FPD	Inter-Canyon FPD	North Routt County VFD
Cañon City Area FPD	Federal Heights VFD	Jackson 105 FPD	North Washington FPD*
Carbondale and Rural FPD	Fisher's Peak FPD	Jefferson-Como FPD	Northeast Teller County FPD
Cascade FPD	Florence FPD	Kiowa FPD	Northwest FPD
Castle Rock VFD	Foothills Fire & Rescue	Kremmling FPD	Northwest Conejos County FPD
Central City VFD	Fort Lewis-Mesa FPD	La Junta VFD	Norwood FPD
Central Orchard Mesa FPD	Fort Morgan VFD	La Salle FPD	Nucla-Naturita FPD
Cheyenne County FPD #1	Fort Morgan Rural VFD	Lafayette VFD	Nunn Volunteer FPD
Clear Creek Fire Authority	Franktown FPD	Lake City Area FPD	Oak Creek FPD
Clifton FPD	Frederick Firestone FPD	Lake Dillon FPD	Olathe FPD
	Galeton FPD	Lake George FPD	Olney Springs VFD
	Genesee FPD		Ordway Fire

Employers

Ouray VFD  
 Palisade VFD  
 Palmer Lake VFD  
 Parker FPD\*  
 Pawnee FPD  
 Peetz FPD  
 Peyton VFD  
 Pinewood Springs VFD  
 Plateau Valley VFD  
 Platte Canyon FPD  
 Platte Valley FPD  
 Platteville/Gilcrest FPD  
 Pleasant View FPD  
 Pleasant View Metro VFD  
 Poudre FA  
 Rangely Rural FPD  
 Rattlesnake FPD  
 Red Feather Lakes VFD  
 Red, White & Blue FPD\*  
 Ridgway FPD  
 Rifle FPD  
 Rio Blanco FPD  
 Rocky Ford VFD  
 Rocky Mountain FPD  
 Sable-Altura FPD  
 Sheridan VPD  
 Silverton FD  
 South Adams County FPD  
 South Arkansas FPD\*  
 South Conejos FPD  
 South Metro Fire Rescue\*  
 Southwest Washington County FPD  
 Springfield VFD  
 Steamboat Springs VFD  
 Sterling VFD  
 Stonewall VFD  
 Stratton FPD  
 Sugar City VFD  
 Sugarloaf FPD  
 Telluride FPD  
 Walsh FD  
 Wellington FPD  
 West Cheyenne FPD  
 West Douglas County FPD

West Metro FPD  
 West Routt FPD  
 Westminster VFD\*  
 Wet Mountain FPD  
 Wiggins Rural FPD  
 Wiley Rural FPD  
 Windsor Severance FPD  
 Yampa FPD  
 Yuma VFD

**Employers of Affiliated Colorado Springs New Hire Pension Plans**

Colorado Springs Police and Fire

**Employers of Affiliated Local "Old Hire" Pension Plans**

Aurora Police and Fire  
 Bancroft FPD  
 Bowmar Police  
 Cañon City Area FPD  
 Cedaredge Police  
 Cherry Hills FPD  
 Colorado Springs Police and Fire  
 Cortez Police  
 Del Norte Police  
 Denver Police and Fire  
 Durango Police and Fire  
 Englewood Police and Fire  
 Firestone Marshalls Police  
 Fort Morgan Police  
 Grand Junction Police and Fire  
 Greeley Police  
 Haxtun Police  
 La Junta Police and Fire  
 La Salle Police  
 Lakewood FPD  
 Lamar Fire  
 Las Animas Police  
 Leadville Fire  
 Loveland Fire  
 Manitou Springs Fire

Montrose FPD  
 Mountain View FPD  
 North Washington FPD  
 Pueblo Police and Fire  
 Pueblo Rural FPD  
 Red, White and Blue FPD  
 Rocky Ford Police and Fire  
 Salida Police and Fire  
 South Adams County FPD  
 Springfield Police  
 Sterling Police and Fire  
 Thornton Fire  
 Trinidad Police and Fire  
 Union Colony Fire Rescue  
 Walsenburg Police

**Employers Affiliated for Statewide Defined Benefit Supplemental Social Security Pension and/or Death and Disability Coverage**

Akron Police\*  
 Cedaredge Police  
 Custer County Sheriffs  
 Debeque Police  
 Estes Park Police  
 Frederick Police  
 Haxtun Police  
 Holyoke Police  
 Johnstown Police  
 Kremmling Police  
 Monument Police  
 Springfield Police  
 Windsor Police

**Employers Participating in FPPA's 457 Deferred Compensation Plan**

Alamosa, City of (Police)  
 Arvada FPD  
 Arvada, City of (Police)  
 Ault, Town of (Police)  
 Aurora, City of (Police & Fire)

Basalt & Rural FPD  
 Bayfield, Town of (Police)  
 Bennett FPD No. 7  
 Berthoud FPD  
 Boulder Rural FPD  
 Brighton, City of (Police)  
 Brush, City of (Police)  
 Buena Vista, Town of (Police)\*  
 Burning Mountains FPD  
 Cañon City, City of (Police)  
 Cañon City Area FPD  
 Carbondale & Rural FPD  
 Castle Rock, Town of (Fire)  
 Cimarron Hills FPD  
 Clear Creek Fire Authority\*  
 Clifton FPD\*  
 Colorado Springs, City of (Police & Fire)  
 Columbine Valley, Town of (Police)  
 Cripple Creek, City of (Fire)  
 Cunningham FPD  
 Debeque FPD  
 Donald Wescott FPD  
 Durango Fire & Rescue Authority  
 East Grand FPD No. 4  
 Eaton FPD  
 Elizabeth FPD  
 Elk Creek FPD  
 Estes Valley FPD  
 Fairmount FPD\*  
 Federal Heights, City of (Police & Fire)  
 Firestone, Town of (Police)  
 Foothills FPD  
 Fort Collins, City of (Police and Fire\*)  
 Fort Lewis-Mesa FPD  
 Fort Lupton FPD  
 FPPA Employees  
 Frederick-Firestone FPD  
 Genesee FPD  
 Glendale Police  
 Granada, Town of (Police)\*

## Employers

Grand FPD #1	Pueblo Rural FPD	Black Hawk Fire	Erie Police
Grand Lake FPD	Pueblo, City of (Police & Fire)	Blanca Police	Estes Valley FPD
Grand Valley FPD	Red, White & Blue FPD	Blue River Police*	Evans Police & Fire
Greeley, City of (Police)	Rifle FPD	Boulder Mountain FA	Fairmount FPD
Green Mountain Falls/ Chipita Park FPD*	Rocky Mountain FPD	Boulder Rural FPD	Fairplay Marshalls
Gypsum FPD	Sable-Altura FPD	Bow Mar Police*	Falcon FPD
Hartsel FPD	Salida, City of (Police & Fire)	Brighton Police	Federal Heights Police & Fire
Hugo, Town of (Police)	Snowmass Wildcat FPD	Broadmoor FPD	Firestone Marshalls Police
Idaho Springs, City of (Police)*	South Adams County FPD	Greater Brighton FPD	Florence Police
Ignacio, Town of (Police)	South Metro Fire Rescue	Brush Police	Florissant FPD
Jefferson-Como FPD	Southern Park County FPD*	Burning Mountains FPD	Foothills Fire & Rescue
Kremmling FPD*	Southwest Adams County FPD #2	Cañon City Police	Fort Lewis-Mesa FPD*
La Jara, Town of (Police)	Sterling, City of (Police & Fire)	Carbondale & Rural FPD	Fort Lupton FPD
Lake Dillon FPD	Stratmoor Hills FPD	Castle Rock Fire	Fowler Police
Lakeside, Town of (Police)	Stratton, Town of (Police)*	Center Police	Franktown FPD
Larkspur FPD	Telluride FPD	Central City Fire*	Frederick Firestone FPD
Lefthand FPD	Tri-Lakes Monument FPD	Chaffee County FPD	Frisco Police
Lochbuie, Town of (Police)	Trinidad, City of (Police & Fire)	Cimarron Hills FPD	Genesee FPD
Lone Tree, City of (Police)	Union Colony Fire Rescue	Clear Creek Fire Authority	Georgetown Police
Los Pinos FPD	Upper Pine River FPD	Clifton FPD	Gilcrest Police
Loveland, City of (Police & Fire)	Vail, Town of (Police* and Fire)	Collbran Marshalls Police*	Granada Police
Lower Valley FPD	West Routt FPD	Colorado Centre Metro District Fire*	Grand FPD #1
Manitou Springs, City of (Police & Fire)	Wheat Ridge FPD	Colorado Springs Police & Fire	Grand Lake Fire
Milliken FPD	Wiggins, Town of (Police)*	Columbine Valley Police	Grand Valley FPD
Montrose FPD	Windsor Severance FPD	Copper Mountain Fire	Greater Eagle FPD
Mountain View FPD	Wray, City of (Police)	Cortez FPD	Green Mountain Falls/ Chipita Park Fire*
Mountain Village, Town of (Police)	Yuma, City of (Police)	Cripple Creek Fire	Gypsum FPD
Nederland FPD		Cunningham FPD	Hartsel FPD
North Metro Fire Rescue Authority	<b>Employers of Statewide Defined Benefit Plan</b>	Dacono Police	Holly Police*
North Washington FPD	Aguilar Police*	Debeque FPD	Hudson FPD
Northeast Teller County FPD	Alma Police*	Denver Police and Fire	Hugo Police
Northwest FPD	Antonito Police	Dinosaur Police*	Idaho Springs Police
Pagosa FPD	Arvada FPD	Dolores Police*	Ignacio Police
Palisade (Police*& Fire)	Aspen FPD*	Donald Wescott FPD	Jefferson-Como FPD
Plateau Valley FPD	Ault Police	Durango Fire & Rescue Authority	Johnstown FPD
Platte Canyon FPD	Basalt Police	Eads Police*	Kiowa FPD
Platteville, Town of (Police)	Basalt & Rural FPD	East Grand FPD #4	Kremmling FPD*
Platteville/Gilcrest FPD*	Bayfield Police	Eaton FPD	La Jara Police
Pleasant View Metro Fire	Bennett FPD #7	Edgewater Fire*	La Salle FPD
Poudre Fire Authority	Berthoud FPD	Elizabeth Police	La Salle Police
	Big Sandy FPD	Elk Creek FPD	La Veta Police
	Black Forest FPD	Empire Police	Lafayette Police & Fire
		Englewood Fire	Lake Dillon FPD
			Lake George FPD*

Employers

Lakeside Police	Plateau Valley FPD	Wray Police	Erie Police
Larkspur FPD	Platte Canyon FPD	Yuma Police	Fairmont FPD
Lamar Fire*	Platte Valley FPD		Falcon FPD
Las Animas Police	Platteville Police	<b>Employers of Statewide</b>	Gilcrest Police
Leadville Police and Fire	Platteville/Gilcrest FPD	<b>Hybrid Plan</b>	Grand Valley FPD
Lefthand FPD	Pleasant View Metro Fire	Arvada FPD*	Kiowa FPD*
Littleton Fire	Pueblo Police and Fire	Brighton Police	Kremmling FPD
Lochbuie Police & Fire*	Pueblo Rural FPD	Cañon City Police	Lake George FPD
Log Lane Village Police	Pueblo West Metro FPD	Carbondale and Rural FPD	Las Animas Police*
Lone Tree Police	Rattlesnake FPD	Dacono Police*	Louviers FPD*
Los Pinos FPD	Red, White & Blue FPD	Evans Fire* & Police	Manassa Police
Louisville Fire*	Rifle FPD	Federal Heights Police & Fire	Mountain View Police
Lower Valley FPD	Rocky Mountain FPD	Florence Police*	Mountain Village Police
Lyons FPD	Rye FPD	Granada Police	Nederland FPD
Manassa Police*	Sable-Altura FPD	Grand FPD #1	Palisade Police
Manitou Springs	Salida Police and Fire	Lafayette Police	Platteville Police
Police and Fire	Saguache Police*	Lake Dillon FPD	Rifle FPD
Milliken FPD	Sanford Police	Littleton Fire	Rocky Mountain FPD
Milliken Police	San Luis Police*	Milliken Police	Sable-Altura FPD
Minturn Fire*	Security FPD	Montrose FPD	Salida Fire
Montrose FPD	Silt Police	North Metro Fire Rescue	Security FPD
Mountain View FPD	Silverton Police*	Security FPD	Southern Park County FPD
Mountain View Police	Snowmass Wildcat FPD	Snowmass Wildcat FPD	Upper Pine River FPD
Nederland FPD	South Adams County FPD	Sterling Fire	West Routt FPD
Northeast Teller County FPD	South Fork Police	Trinidad Fire	
North Fork Fire	Southeast Weld FPD	Union Colony Fire Rescue*	
North Metro Fire Rescue	Southern Park County FPD	West Metro FPD	
North Routt County Fire	Steamboat Springs Fire	Westminster Fire	
North Washington FPD	Sterling Police and Fire		
Northwest FPD	Strasburg FPD	<b>Employers of Statewide</b>	
Nunn Police*	Stratmoor Hills FPD	<b>Money Purchase Plan</b>	
Oak Creek FPD	Stratton Police	Black Hawk Fire*	
Oak Creek Police	Telluride FPD	Burning Mountains FPD*	
Olathe Police	Thornton Fire	Greater Brighton FPD	
Ordway Police	Tri Lakes Monument FPD	Central City Police and Fire	
Otis Police*	Trinidad Fire	Clear Creek Fire Authority	
Pagosa FPD	Union Colony Fire Rescue	Colorado Centre	
Pagosa Springs Police	Upper Pine River FPD	Metro District Fire	
Palisade Police and Fire	West Metro FPD	Colorado Springs Police	
Palmer Lake Police	Westminster Fire	Cripple Creek Fire*	
Paonia Police	West Routt FPD	Eaton FPD	
Parachute Police	Wheat Ridge FPD	Edgewater Fire	
Parker Police	Wiggins Police	Elizabeth FPD	
Peyton FPD	Windsor-Severance FPD	Elizabeth Police	
Pierce Police*	Woodland Park Fire*	Elk Creek FPD*	

\* Currently inactive, with no active members

## Benefit and Refund Deductions from Net Assets by Type

### Affiliated Local Plans

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits:					
Retirees & Survivors	\$164,220,145	\$157,644,750	\$152,270,531	\$146,375,432	\$142,548,265
Disability	\$0	\$0	\$0	\$0	\$0
Total benefits	\$164,220,145	\$157,644,750	\$152,270,531	\$146,375,432	\$142,548,265
Type of Refund					
Contributions (including interest earned)	\$1,823,003	\$5,045,932	\$2,958,380	\$3,219,143	\$6,207,794
Total refunds	\$1,823,003	\$5,045,932	\$2,958,380	\$3,219,143	\$6,207,794

Note: Detailed information for years prior to 2006 is not available.

### Statewide Death & Disability Plan

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits:					
Retirees & Survivors	\$0	\$0	\$0	\$0	\$0
Disability	\$17,376,644	\$15,995,412	\$14,886,707	\$13,741,872	\$13,007,054
Total benefits	\$17,376,644	\$15,995,412	\$14,886,707	\$13,741,872	\$13,007,054
Type of Refund					
Contributions (including interest earned)	\$58,440	\$14,242	\$0	\$0	\$0
Total refunds	\$58,440	\$14,242	\$0	\$0	\$0

Note: Detailed information for years prior to 2006 is not available.

### Defined Benefit System - Statewide Defined Benefit Plan

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits:					
Retirees & Survivors	\$25,448,990	\$13,547,142	\$10,892,803	\$7,589,368	\$5,339,458
Disability	\$0	\$0	\$0	\$0	\$0
Total benefits	\$25,448,990	\$13,547,142	\$10,892,803	\$7,589,368	\$5,339,458
Type of Refund					
Contributions (including interest earned)	\$1,493,913	\$1,927,732	\$3,621,108	\$4,749,042	\$4,171,221
Total refunds	\$1,493,913	\$1,927,732	\$3,621,108	\$4,749,042	\$4,171,221

Note: Detailed information for years prior to 2006 is not available.

### Defined Benefit System - Statewide Hybrid Plan

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits:					
Retirees & Survivors	\$236,346	\$282,930	\$155,143	\$95,405	\$42,482
Disability	\$0	\$0	\$0	\$0	\$0
Total benefits	\$236,346	\$282,930	\$155,143	\$95,405	\$42,482
Type of Refund					
Contributions (including interest earned)	\$5,069	\$232,027	\$78,716	\$122,503	\$2,108
Total refunds	\$5,069	\$232,027	\$78,716	\$122,503	\$2,108

Note: Detailed information for years prior to 2006 is not available.

Benefit and Refund Deductions from Net Assets by Type (continued)

Defined Benefit System - Colorado Springs New Hire Pension Plans

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits:					
Retirees & Survivors	\$10,259,279	\$8,754,606	\$6,982,005	\$5,340,492	\$3,908,837
Disability	\$0	\$0	\$0	\$0	\$0
Total benefits	\$10,259,279	\$8,754,606	\$6,982,005	\$5,340,492	\$3,908,837
Type of Refund	2010	2009	2008	2007	2006
Contributions (including interest earned)	\$384,736	\$0	\$376,799	\$504,126	\$364,850
Total refunds	\$384,736	\$0	\$376,799	\$504,126	\$364,850

Note: Detailed information for years prior to 2006 is not available.

Fire & Police Members' Statewide Money Purchase Plan

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits: Age and Service benefits are not calculated for this plan.					
Type of Refund	2010	2009	2008	2007	2006
Contributions (including interest earned)	\$402,564	\$262,920	\$500,040	\$644,083	\$167,481
Total refunds	\$402,564	\$262,920	\$500,040	\$644,083	\$167,481

Note: Detailed information for years prior to 2006 is not available.

Self-Directed Assets for Affiliated Local and Defined Benefit System Plans

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits: Age and Service benefits are not calculated for this plan.					
Type of Refund	2010	2009	2008	2007	2006
Contributions (including interest earned)	\$27,588,789	\$22,942,996	\$20,852,584	\$36,396,439	\$22,434,115
Total refunds	\$27,588,789	\$22,942,996	\$20,852,584	\$36,396,439	\$22,434,115

Note: Detailed information for years prior to 2006 is not available.

IRC 457 Deferred Compensation Plan

Type of Benefit	2010	2009	2008	2007	2006
Age and service benefits: Age and Service benefits are not calculated for this plan.					
Type of Refund	2010	2009	2008	2007	2006
Contributions (including interest earned)	\$4,837,214	\$1,909,744	\$1,821,135	\$2,861,400	\$1,865,766
Total refunds	\$4,837,214	\$1,909,744	\$1,821,135	\$2,861,400	\$1,865,766

Note: Detailed information for years prior to 2006 is not available.



## FPPA Active Members by Plan Type (2001-2010)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Members per plan</b>	<b>13,650</b>	<b>14,382</b>	<b>14,378</b>	<b>14,837</b>	<b>14,798</b>	<b>15,323</b>	<b>15,886</b>	<b>16,182</b>	<b>15,728</b>	<b>15,699</b>
Local Money Purchase Plans (Program eliminated in 2010)	125	126	131	125	42	44	10	0	0	N/A
Fire & Police Members' Statewide Money Purchase Plan	88	92	94	96	62	66	69	101	91	104
Statewide Death & Disability Plan only	4,598	4,756	4,874	4,787	4,747	4,917	4,863	4,700	4,568	4,492
Affiliated Local Plans - Volunteer Firefighters	3,798	4,294	4,178	4,273	4,010	4,163	4,289	4,324	3,862	3,985
Defined Benefit System - Statewide Defined Benefit Plan	3,181	3,348	3,461	3,913	4,308	4,546	5,004	5,529	5,673	5,646
Defined Benefit System - Statewide Defined Benefit Plan DROP	6	10	23	32	48	71	90	95	126	152
Defined Benefit System - Statewide Hybrid Plan	0	0	0	56	114	112	393	365	421	403
Defined Benefit System - Statewide Hybrid Plan DROP	0	0	0	0	0	3	3	3	2	2
Defined Benefit System - Colorado Springs										
New Hire Pension Plans	890	955	971	1,032	1,066	1,052	883	846	801	748
Defined Benefit System - Colorado Springs New Hire Pension Plans DROP	0	0	5	16	24	46	57	65	62	77
Affiliated Local Plans - Old Hire	440	311	217	171	126	103	78	60	39	18
Affiliated Local Plans - Old Hire DROP	524	490	424	336	251	200	147	94	83	72
<b>TOTAL MEMBERS</b>	<b>13,650</b>	<b>14,382</b>	<b>14,378</b>	<b>14,837</b>	<b>14,798</b>	<b>15,323</b>	<b>15,886</b>	<b>16,182</b>	<b>15,728</b>	<b>15,699</b>

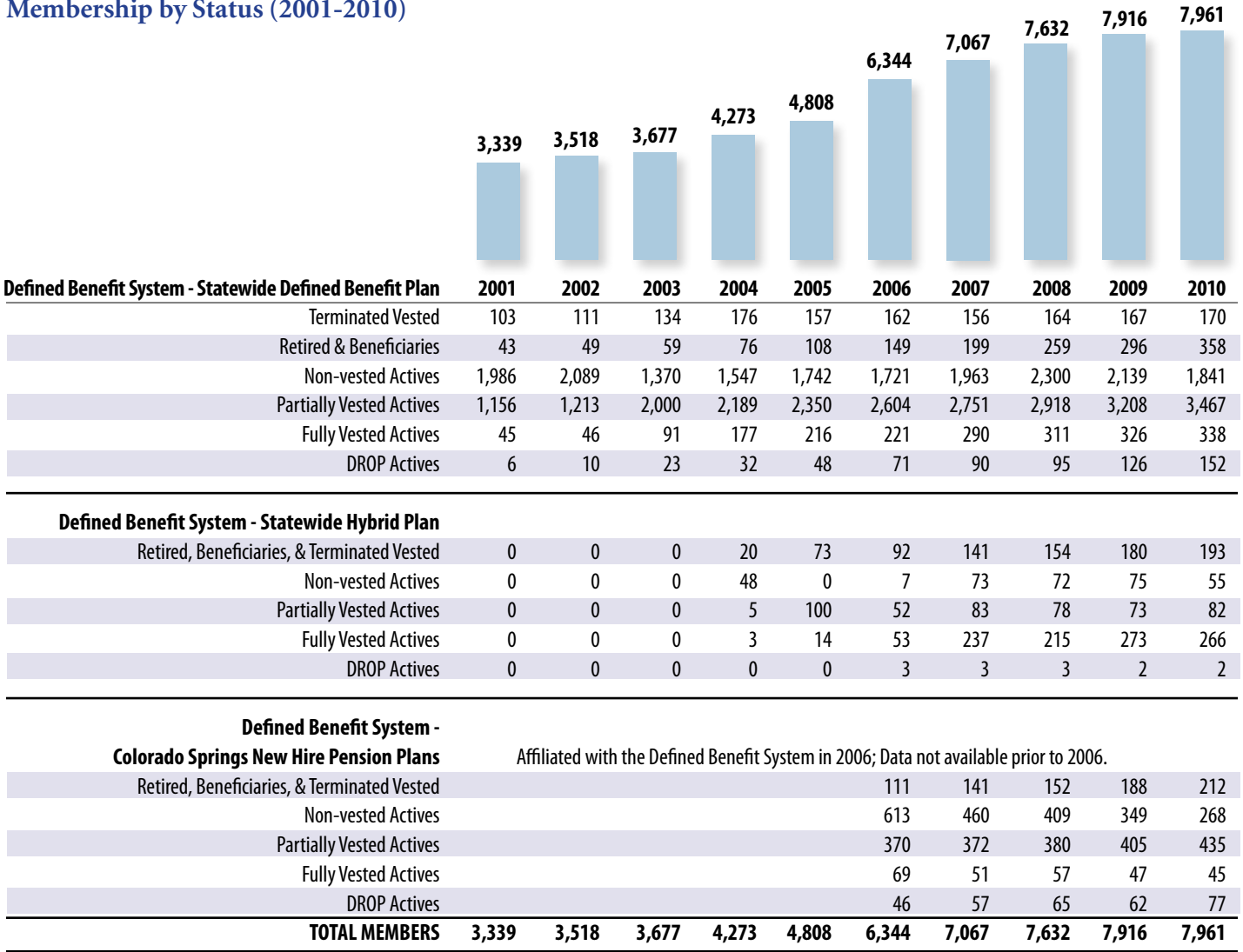
## FPPA Retired Members by Plan Type (2001-2010)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Members per plan</b>	<b>5,783</b>	<b>6,029</b>	<b>6,391</b>	<b>6,697</b>	<b>7,018</b>	<b>7,265</b>	<b>7,681</b>	<b>7,910</b>	<b>8,201</b>	<b>8,451</b>
Statewide Death & Disability Plan	567	594	629	667	700	733	763	784	812	853
Affiliated Local Plans - Volunteer Firefighters	2,035	2,105	2,307	2,370	2,529	2,642	2,867	2,990	3,165	3,282
Defined Benefit System - Statewide Defined Benefit Plan	146	160	193	252	265	311	355	423	463	528
Defined Benefit System - Statewide Hybrid Plan	0	0	0	20	73	92	141	154	180	193
Defined Benefit System - Colorado Springs New Hire Pension Plans						111	141	152	188	212
Affiliated Local Plans - Old Hire	2,989	3,128	3,207	3,339	3,418	3,339	3,380	3,370	3,346	3,319
Fire & Police Members' Statewide Money Purchase Plan*	46	42	55	49	33	37	34	37	47	64
<b>TOTAL MEMBERS</b>	<b>5,783</b>	<b>6,029</b>	<b>6,391</b>	<b>6,697</b>	<b>7,018</b>	<b>7,265</b>	<b>7,681</b>	<b>7,910</b>	<b>8,201</b>	<b>8,451</b>

\*Includes Local Money Purchase Plans counts from 2001-2007.

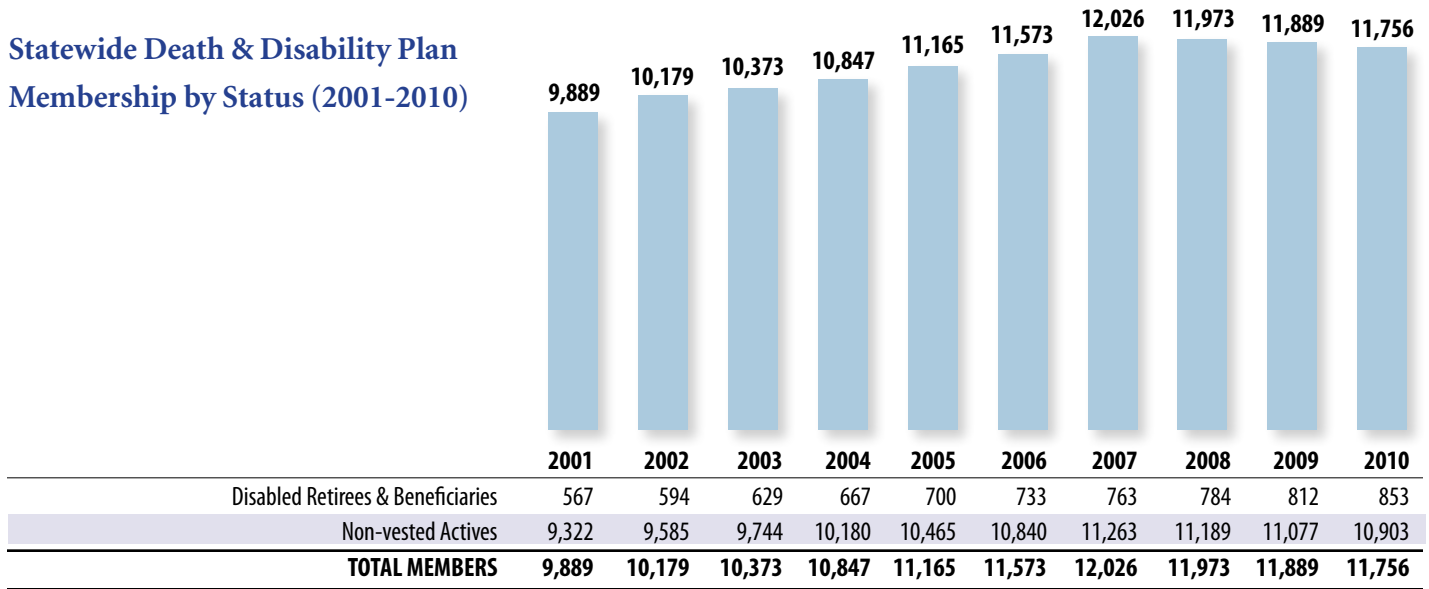
Defined Benefit System

Membership by Status (2001-2010)

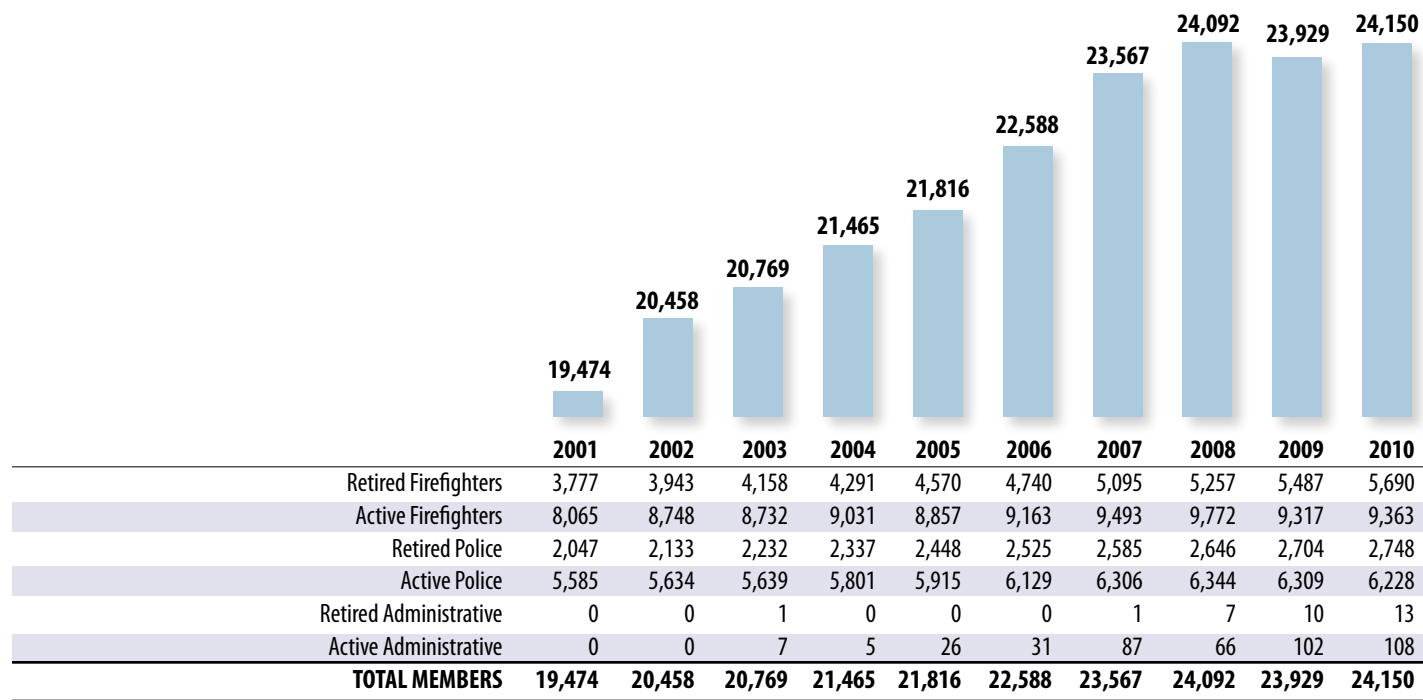


Statewide Death & Disability Plan

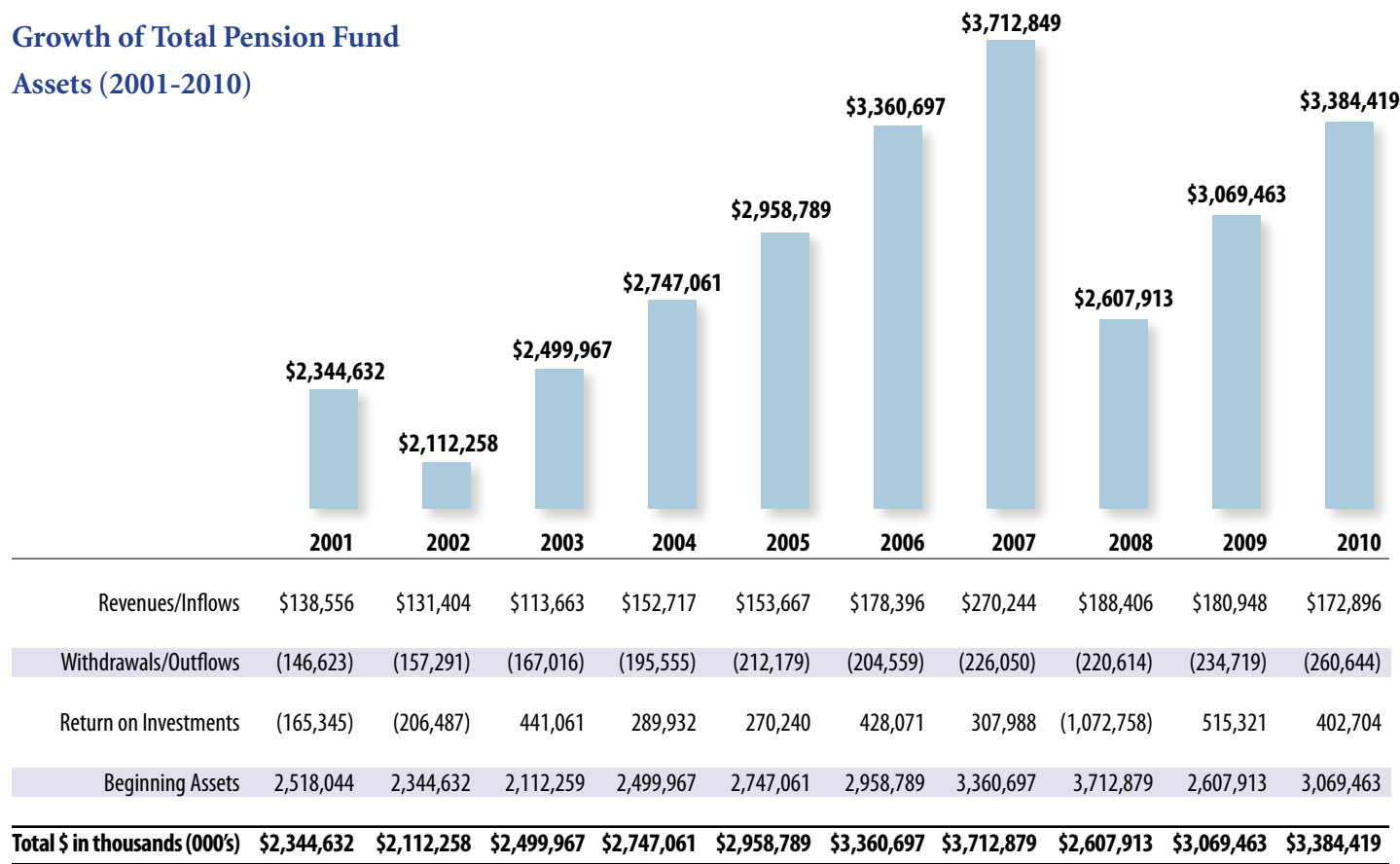
Membership by Status (2001-2010)



**FPPA All Plans Active and Retired  
Members by Occupation (2001-2010)**



**Growth of Total Pension Fund  
Assets (2001-2010)**



## Statistical Section

### Schedule of Retired Members by Type of Benefit as of December 31, 2010

	Monthly Benefit Amount						Total
	<=\$500	\$501-\$1,000	\$1,001-\$1,500	\$1,501-\$2,000	\$2,001-\$2,500	>\$2,501	
<b>Statewide Death &amp; Disability Plan</b>							
Occupational Disability	18	82	179	161	104	62	606
Occupational Disability-Survivor	16	7	6	2	0	0	31
Total Disability	1	1	1	9	11	39	62
Total Disability-Survivor	4	6	14	6	10	8	48
Survivor of Active	3	12	16	40	22	13	106
<b>*Fire &amp; Police Members' Statewide Money Purchase Plan</b>							
*Money Purchase Only	N/A	N/A	N/A	N/A	N/A	N/A	64
<b>Defined Benefit System - Statewide Defined Benefit Plan</b>							
Retired	3	0	4	7	19	123	156
Vested	76	96	50	30	44	55	351
Retired-Survivor	1	10	3	0	0	7	21
<b>Defined Benefit System - Statewide Hybrid Plan</b>							
*Money Purchase Only	N/A	N/A	N/A	N/A	N/A	N/A	184
Retired	0	0	0	2	1	2	5
Vested	0	1	1	0	1	1	4
Retired-Survivor	0	0	0	0	0	0	0
<b>Defined Benefit System - Colorado Springs New Hire Pension Plans</b>							
Retired	0	0	6	11	16	85	118
Vested	10	8	19	10	4	41	92
Retired-Survivor	0	2	0	0	0	0	2
<b>Affiliated Local Plans</b>							
Disability Retirement	8	9	3	1	7	783	811
Disability-Survivor	4	7	4	14	195	103	327
Retired	997	476	25	30	53	1,631	3,212
Vested	1,289	179	6	4	3	60	1,541
Retired-Survivor	347	53	21	36	142	111	710
<b>Totals</b>	<b>2,777</b>	<b>949</b>	<b>358</b>	<b>363</b>	<b>632</b>	<b>3,124</b>	<b>8,451</b>

\* Details not available for Money Purchase Plans.