

Comprehensive

Annual Report

for the

fiscal year ended

December 31, 2012

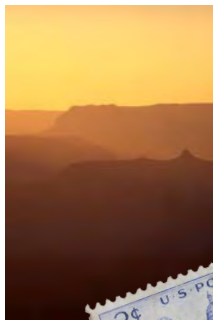
**FPPA**

Fire & Police

Pension Association

of

Colorado





This report was created  
under the direction of the  
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**FPPA**

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of Colorado

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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.

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, 2011

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.



*Christopher P. Morille*  
President

*Jeffrey R. Emor*  
Executive Director



Public Pension Coordinating Council

**Public Pension Standards Award  
For Funding and Administration  
2012**

Presented to

**Fire and 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*

Alan H. Winkle  
Program Administrator



June 30, 2013

Dear Fire & Police Pension Association Members, Benefit Recipients, Employers, and Members of the Board of Directors:

We are pleased to present the Fire & Police Pension Association's (FPPA) Comprehensive Annual Financial Report (CAFR) for the calendar year ended December 31, 2012. This CAFR was prepared to aid interested parties in assessing FPPA's financial status as of December 31, 2012, and its results for the year then ended.

#### Overview of FPPA

The Fire & Police Pension Association 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 220 employer plans participating in the Defined Benefit System – Statewide Defined Benefit Plan, 32 employer plans participating in the Defined Benefit System – Statewide Hybrid Plan, 2 employer plans participating in the Defined Benefit System – Colorado Springs New Hire Pension Plans, 43 employer plans with employees participating in the Fire & Police Members' Statewide Money Purchase Plan, 405 employer plans covered by the Statewide Death & Disability Plan, 51 affiliated Local "Old Hire" plans, and 175 affiliated Local Volunteer Fire pension plans as of December 31, 2012.

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.

## Introductory Section

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### Letter of Transmittal *continued*

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## Financial Highlights

### General Economic Conditions

The Fire & Police Members' Benefit Investment Fund experienced positive performance for the year ended December 31, 2012. 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 2.20% in 2012, compared to an increase of 1.80% in 2011. The labor markets improved in 2012 with non-farm payroll employment increasing by 2.2 million jobs during the year. The unemployment rate decreased to 7.8% from 8.5% during 2012.

The Federal Reserve maintained the targeted federal funds at a range of 0.0% to 0.25% throughout 2012 citing the continued need to support economic recovery in light of low inflation expectations. The consumer price index increased 1.76% in 2012 compared to an increase of 3.02% in 2011.

On the heels of relatively flat performance in 2011, the U.S. equity markets ended 2012 strongly positive. Large company stocks, as measured by the Russell 1000 Index, increased 16.42% in 2012 compared to an increase of 1.50% in 2011. Smaller company stocks, as measured by the Russell 2000 Index, increased 16.35% in 2012 compared to a decrease of 4.18% in 2011. Supported by a continued low interest rate environment and strong credit markets, the U.S. bond market posted solid returns. The Barclays Capital U.S. Aggregate Bond Index produced a return of 4.21% in 2012 compared to a 7.84% return in 2011.

The international equity markets outperformed the U.S. equity markets in 2012. The MSCI EAFE Index increased by 17.90% in 2012 compared to a decrease of 11.73% in 2011. The MSCI Emerging Markets Index increased 18.63% after decreasing 18.17% in 2011.

In the currency markets, with the exception of the Japanese Yen, the U.S. Dollar depreciated in value against most major currencies in 2012. The Euro appreciated 1.79% against the Dollar, closing at 1.3193 Dollars per Euro from 1.2961 at the end of 2011. The British Pound appreciated 4.58% against the Dollar, closing at 1.6255 Dollars per GRB from 1.543 at the end of 2011. The Dollar depreciated 2.86% against the Canadian Dollar resulting in a rate of 0.9921 Canadian Dollars per U.S. Dollar from 1.0213 at the end of 2011. The Dollar appreciated 12.79% relative to the Japanese Yen to 86.75 Yen per Dollar from 76.91 at the end of 2011.

### Investments

Net investible assets totaled \$3.731 billion in market value as of December 31, 2012, which was comprised of the Fire & Police Members' Benefit Investment Fund (\$3.414 billion) and the Fire & Police Members' Self-Directed Investment Fund (\$317 million). The Members' Benefit Investment Fund had a total net return of 11.92% for the one-year period ending December 31, 2012. At year-end, the Fire & Police Members' Benefit Investment Fund was allocated as follows: Global Equity 49.4%; Fixed Income 18.7%; Absolute Return 8.7%; Opportunistic 1.6%; Private Capital 16.2%; Real Assets 4.1%; and Cash & Short Term Investments 1.3%. In February 2012, the Board reaffirmed interim investment allocation targets of Global Equity at 49.0%; Fixed Income & Cash 20%; Absolute Return 11.0%; Real Assets 4.0%; Private Capital 14.0%; and Opportunistic 2.0%. 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.

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 below give an indication of how well this objective has been met to date. The higher the funding ratio, the better funded the plan is.

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, 2012 is as follows:



<b>Plan (information as of January 1, 2012)</b>	<b>Funding Ratio</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>
Statewide Death & Disability Plan	113.7%	\$290,988,339	\$255,841,269
<b>Defined Benefit System</b>			
Statewide Defined Benefit Plan	96.4%	\$1,225,537,747	\$1,271,490,169
Statewide Hybrid Plan	125.7%	\$23,666,933	\$18,832,849
Colorado Springs New Hire Pension Plan – Police Component	80.2%	\$197,710,046	\$246,518,300
Colorado Springs New Hire Pension Plan – Fire Component	79.2%	\$98,326,872	\$124,211,363

The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans. 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.”

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, 2012 actuarial valuations.

Investment income is the most significant driver in a defined benefit plan. Positive market performance during 2012 will likely improve the funded status of the plans in the near term.

### Independent Audit

The accounting firm of CliftonLarsonAllen LLP rendered an opinion as to the fairness of the Fund’s 2012 financial statements. The audit was performed in accordance with government auditing standards generally accepted in the United States of America. The Independent Auditors’ Report may be found listed in the Table of Contents at the beginning of this document.

### 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 2012 amounted to \$609.4 million, an increase of \$278.7 million or 84.3% from 2011.

The net revenues for 2012 were comprised of \$104.2 million in member contributions, down 9.5% from \$115.1 million in 2011. Employer contributions totaled \$104.8 million in 2012, up 2.9% from \$101.8 million in 2011. The State of Colorado contributed \$8.3 million to plans affiliated with the Association in 2012. The Association’s investment income for 2012 totaled \$392.6 million. The net position of the Fire & Police Members’ Self-Directed Investment Fund decreased by \$1.5 million in 2012 as a result of the disaffiliation of one fire department from the 457 Deferred Compensation Plan. The net position of the Fire & Police Members’ Benefit Fund decreased by \$17,186 in 2012 as a result of the idle funds distribution of one Old Hire police department.

Active membership is distributed as follows: 6,448 Defined Benefit System – Statewide Defined Benefit Plan members, up 2.8% from 6,271 in 2011; 472 Defined Benefit System – Statewide Hybrid Plan members, down 1.5% from 479 in 2011; 662 Colorado Springs New Hire Pension Plans members, down 5.0% from 697 the prior year; 51 old hire members, down 25.0% from 68 in 2011; 161 statewide money purchase plan members, up 28.8% from 125 last year; 4,139 volunteer fire members, up 3.3% from 4,008 in 2011; and 4,228 members covered for Death & Disability only, up 0.4% from 4,212 last year. The members listed above are comprised of 38.4% police officers, 60.9% firefighters, and 0.7% administrative fire district staff.

The net investment income for 2012 amounted to \$392.6 million. Interest, dividends and other investment income increased by \$1.7 million over the prior year. Realized and unrealized gains on investment transactions increased \$371.3 million for 2012 over those in 2011. The total market value of the investment portfolio increased \$320.6 million to \$3.7 billion.

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 2012 is included in that section.

## Introductory Section

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### Letter of Transmittal *continued*

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#### 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 2012 totaled \$288.8 million, which is a decrease of \$15.6 million or 5.1% from 2011.

Benefit payments to retirees and beneficiaries totaled \$230.3 million in 2012, up 4.1% or \$9.0 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 9,097 as of December 31, 2012, up 2.7% from 8,861 at the end of 2011.

Administration expenses of the Fund increased to \$30.3 million in 2012 from \$25.1 million in 2011. This represented an increase of 20.7%. Administrative expenses include money management fees, making up 72.4% of total administrative expenses. Investment management fees are asset based and increase as the size of the fund increases. Of the \$5.2 million total increase in administrative expenses, \$4.2 million is attributable to investment management fees. The majority of that increase, \$3.9 million, is a result of a change in accounting policy. During 2012, a one-time additional (fifth) quarter of alternative investment fund fees were recognized. Additional information on this change is described in Note 3, Change in Accounting Policy, of the financial statements. The remaining \$1.0 million increase in administrative expenses is related to the implementation of major initiatives as described within this Letter of Transmittal and other projects within the Association.

#### 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 accounting principles generally accepted in the United States of America applicable to financial audit contained in Government Auditing Standards, including the pronouncements of the Governmental Accounting Standards Board (GASB).

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 4 to 30 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, 2012, 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. The concept of reasonable assurance recognizes that:

- (1) The cost of a control should not exceed the benefits likely to be derived; and
- (2) The valuation of costs and benefits requires estimates and judgments by management.

The internal control 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, 2012 adequately safeguarded assets and provided reasonable assurance regarding the proper recording and reporting of financial transactions.

### New Accounting Pronouncements

On June 25, 2012, the Government Accounting Standards Board (GASB) adopted new standards for accounting by and for public sector retirement systems. Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions, replace current GASB Statements Nos. 25 and 27, which have been in effect since the mid-1990's. The objective of Statement No. 67 is to improve financial reporting by governmental pension plans by providing significantly expanded note disclosure, greater transparency regarding measures of net pension liabilities, and enhanced comparability of reporting from plan to plan. The provisions of Statement No. 67 are effective for financial statements for periods beginning after June 15, 2013. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses. Governmental employers will have to show the net pension liabilities of their retirement systems on their balance sheets. The provisions of Statement No. 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of these new standards and will work to assist our employers with implementation.

### Major Initiatives

In 2012, FPPA continued to follow its strategic plan and made adjustments as needed in response to changing economic conditions. Resources were devoted to several major initiatives.

- FPPA continued its efforts to streamline business operations and increase operational efficiency.
- FPPA increased its in-house investment capabilities in order to reduce the overall expenses of the investment program. The Investment Staff now oversees and implements portfolio construction and manager selection for all asset classes. The Investment Staff continues to expand its responsibility in conducting investment analyses in-house, utilizing external consultants as a resource for concurrence. The Investment Staff provides annual investment class reviews.
- A task force of the membership met in 2012 and recommended to the FPPA Board that it authorize a vote of the active members on whether to increase the member contribution rate by 4% of base pay, achieved by an incremental increase of ½% of base pay per year for eight years beginning in 2015. Increasing the member contribution increases the likelihood that a member will get a greater benefit adjustment during retirement and decreases the possibility of reducing the member's base benefit or increasing the retirement age in times of severe market downturns. FPPA supports this proposal and is currently working to conduct an election in 2014.
- FPPA continues to affiliate new employer plans into the Defined Benefit System.
- FPPA completed an actuarial experience study and the recommended assumption changes were effective for actuarial valuations beginning January 1, 2012. The main actuarial factor changes were:
  - Reduce the normal investment return assumption from 8.00% to 7.50%
  - Reduce the inflation assumption from 3.50% to 3.00%
  - Reduce the productivity component of the salary scale assumption from 1.25% to 1.00%
  - Reduce the payroll growth rate assumption from 4.25% to 3.50%
  - Revise the post-retirement mortality tables to reflect increased longevity

### Legislation

In 2012, four pieces of legislation important to FPPA were passed:

#### **HB12 - 1031:** Concerning the Authority of the Board to Make Amendments to Plan for the Administration of Benefits

- This bill gives the FPPA Board authority to make plan amendments to the SWDB plan, the CSNHP plan, the SWH plan, the SWMP plan, and the SWD&D plan as necessary to make the administration of the plans consistent and uniform. It does not permit changes to the normal benefit or changes that have an actuarial cost.
- This bill enables FPPA to more efficiently manage the many different plans it is responsible for administering.

#### **HB12 - 1018:** Concerning the Social Security supplemental plans

- This bill repeals language regarding the former plan that was replaced in 2007.
- This bill also provides for employers participating in the Statewide Defined Benefit supplemental social security plan to also participate in the Statewide Death and Disability plan

#### **HB12 - 1077:** Concerning investment confidentiality

- This bill broadens the scope of the type of private investments that are covered under the statutory protections of confidential and proprietary information from public disclosure. Maintains transparency by requiring that the name of investment vehicles, the amount invested and the rate of return on the investment must be reported annually.
- The protections are required in order to provide greater transparency to FPPA fiduciaries regarding investments. With the protections in place, FPPA will be allowed by investment managers to participate in private alternative investments.
- This amendment is necessary as FPPA has broadened its asset allocation to include a wider range of private alternative investments.

## Introductory Section

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### Letter of Transmittal *continued*

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## Other Programs and Services

### On-Site Benefit Meetings

During 2012, FPPA's Benefits & Communication Division continued its communication programs with members, employers and active members. Approximately 315 presentations were made to members from 142 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. money purchase account, deferred retirement option plans (DROP), separate retirement account (SRA), and IRC 457 Deferred Compensation Plan assets) 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. This is in addition to projections a member can generate through the secure Member Account Portal.

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 on-site benefit meetings. 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 2012, 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 2012. Discussions are currently on hold due to the impending SWDB member contribution election. After the moratorium is lifted, these meetings will again be conducted at the request of the members and/or employers.

### FPPA Seminars

Year 2012 also marks FPPA's twenty-fifth year of offering various seminars to help members plan for retirement, both financially and psychologically. FPPA hosted two seminars, a Member seminar with topics including pre-retirement planning, estate and tax planning, insurance services and long term care insurance, and an Employer seminar with topics including GASB, the employer's role in a statewide election process and an overview of important reminders involving employment matters. 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 2012, there were 117 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 22 employer plans with full-time members and 13 employer plans with part-time 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 2012, there were a total of 175 volunteer plans with participating

members. 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 broker 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, 2011. 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 2012 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.

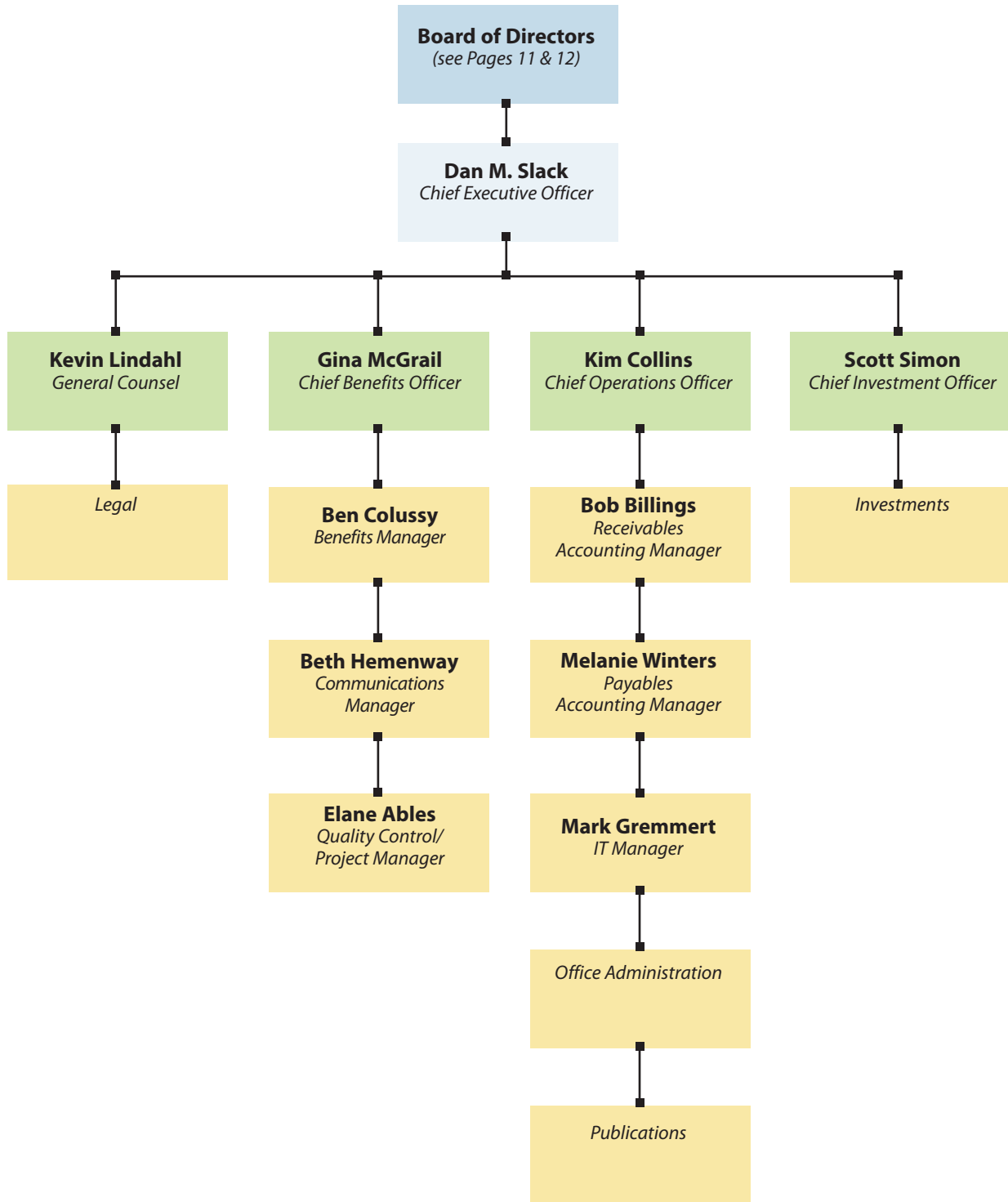
Access to this report is being provided to the State Auditor, the Joint Budget Committee, the Police Officers' and Firefighters' Pension Reform Commission, all participating employers, and other interested parties.

Respectfully submitted,



Dan M. Slack  
FPPA 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 or her 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 regularly throughout the 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. A schedule of the Board meetings can be found on the FPPA website, [www.FPPAco.org](http://www.FPPAco.org).

## Introductory Section

### Board of Directors *as of December 31, 2012*



**Clifford W. Stanton**  
Board Chair  
*CIO, Prima Capital Holding*  
Member since 2009  
Current term expires 9/1/16



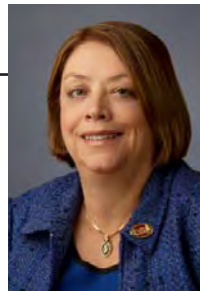
**Susan R. Eaton**  
Board Vice Chair  
*Human Resources Director,  
City of Englewood*  
Member since 2009  
Current term expires 9/1/14



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



**Todd Bower**  
*Deputy Chief,  
Denver Fire Department*  
Member since 2001  
Current term expires 9/1/13



**Pamela M. Feely**  
*President,  
West Metro  
Fire Rescue District IV*  
Member since 2011  
Current term expires 9/1/15



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



**Tyson Worrell**  
*Detective,  
Denver Police Department*  
Member since 2012  
Current term expires 9/1/16



Professional Consultants & Investment Managers

**Professional Consultants**

*Actuarial*

Gabriel Roeder Smith & Co.

*Auditor*

CliftonLarsonAllen LLP

*Board Medical Advisor*

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

*Governmental Relations*

Lombard & Clayton

*Investment Consultants*

Albourne

Hamilton Lane

Pension Consulting Alliance

RiskMetrics Group/ISS Governance

Bidart & Ross, Inc.

*Legal Counsel*

Ballard Spahr

Ice Miller LLP

Pendleton Friedberg Wilson & Hennessey, P.C.

Thomas Pollart & Miller LLC

Murray Dahl Kuechenmeister & Renaud LLP

Lee + Kinder, LLC

*Management*

SE2

*Master Custodian/Trustee*

BNY Mellon Asset Servicing

**Investment Managers**

*Absolute Return*

Brookside Capital, LLC

Cadian Capital Management, LLC

Conatus Capital Associates, LLC

Kriticos Associates L.P.

Moon Capital Advisers, LLC

Marshal Wace Funds, PLC

North River Partners, L.P.

Samlyn Capial, LLC

Tiger Consumer Partners, L.P.

GAM Fund Management Limited

- Alphadyne Asset Management

- Autonomy Capital

- Boronia Capital

- Crabel Capital Management, LLC

- Dymon Asia Capital. Ltd.

- Pharo Global Advisors Limited

- Pivot Capital Management

K2 Advisors

- Astenbeck Capital Management, LLC

- Brevan Howard Capital Management, LP

- Chilton Investment Company

- Lubben Capital Management, LLC

- Oslo Asset Management Fund PLC

*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

Catterton Partners

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

*continued*

## Introductory Section

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### Professional Consultants & Investment Managers *continued*

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#### Investment Managers - *continued*

##### *Alternative Investments - continued*

Energy & Minerals Group  
Enhanced Equity  
Ethos Private Equity  
First Reserve Corporation  
Focus Ventures  
Gilde Buyout Partners  
Granite Global Ventures  
Green Equity Investors  
H2 Real Estate  
Harvest Partners  
HIG Bayside  
High Road Capital Partners  
Insight Venture 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  
NGP Energy Capital Management  
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

##### *Fixed Income*

C.S. McKee L.P.  
Pacific Investment Management Co.  
Prudential Capital Group  
State Street Global Advisors

##### *Global Equity*

AKO Capital L.L.P.  
Baillie Gifford Overseas Ltd.  
Brigade Capital Management  
Coatue Qualified Partners, L.P.  
Cortina Asset Management  
Driehaus Asset Management  
J.P. Morgan Asset Management  
Luxor Capital Partners, L.P.  
Pershing Square Capital Management, L.P.  
Scout Capital, LLC  
Senator Investment Group L.P.  
State Street Global Markets  
State Street Global Advisors  
Southpoint Capital Advisors, L.P.  
Walter Scott Partners

##### *Opportunistic*

Babson Capital Management LLC  
Capital Royalty Partners  
Metropolitan West Asset Management  
Mountain View Capital Holdings  
Pauls Realty Fund Advisor, LLC  
Raven Capital Management  
Rosemont Investment Partners, LLC

##### *Real Assets*

ArcLight Energy Partners  
Blackrock, Inc.  
Enervest, Ltd  
EIG Management Company  
JP Morgan Asset Management – Real Estate  
Morgan Stanley Real Estate  
Prudential Real Estate Investors  
RREEF Alternative Investments  
Scout Energy Partners

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.



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the 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, 2012, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fire and Police Members' Benefit Investment Fund and the Fire and Police Members' Self-Directed Investment Fund as of December 31, 2012, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Association's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects with the audited financial statements from which it has been derived.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and schedule of employer contributions on pages 6 – 9 and 48 – 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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 information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2013, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
April 22, 2013



## Financial Section

### Management's Discussion & Analysis

The following is an overview of the financial activities of the Fire & Police Pension Association for the year ended December 31, 2012.

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.

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.

### Financial Highlights

Net Position for all plans administered by FPPA increased \$320,639,551 during the calendar year 2012.

Change in Net Position	
Affiliated Local Plans	\$40,832,173
Statewide Death & Disability Plan	25,784,726
Defined Benefit System	235,964,935
Fire & Police Members' Statewide Money Purchase Plan	350,104
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans	9,653,212
IRC 457 Deferred Compensation Plan	8,054,401
<b>Total Increase in Net Position</b>	<b>\$320,639,551</b>

The Fire & Police Members' Benefit Investment Fund experienced continued positive performance for the year ended December 31, 2012. Global stock indices were up approximately 16 percent along with global bond indices being up approximately 4 percent for the year (compared to 2011, where global stock indices were down approximately 7 percent along with global bond indices being up 5 percent).

For the year ended December 31, 2012, the gross rate of return on the Fire & Police Members' Benefit Investment Fund was 12.32 percent, (11.92 percent, net of fees). Performance for the year ended December 31, 2011 was 1.23 percent (0.73 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, 2012 was \$392,569,038 as compared to \$23,803,060 for 2011. While the financial position of FPPA improved in 2012, overall the investment portfolio continues to face a low return environment. 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.

Resulting from a recent asset liability study, FPPA began implementing additional risk reducing strategies, primarily through



Management's Discussion & Analysis *continued*

the use of alternative investments. Noting the additional management fees associated with alternative investments, FPPA studied the most cost-efficient way to effectively implement these investment strategies. FPPA chose to develop in-house investment capabilities in lieu of utilizing third party consultants and fund-of-funds. As a result, a modest increase in FPPA's operating budget for additional investment staff and resources is balanced against a significant reduction in potential management fees.

**Net Investment Gain**

Affiliated Local Plans	\$154,454,956
Statewide Death & Disability Plan	32,230,102
Defined Benefit System	177,166,949
Fire & Police Members' Statewide Money Purchase Plan	681,003
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans	20,173,141
IRC 457 Deferred Compensation Plan	7,862,887
<b>Total Net Investment Gain</b>	<b>\$392,569,038</b>

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, 2012 and January 1, 2011:

Funding Ratio	1/1/2012	1/1/2011
Statewide Death & Disability Plan	113.7%	108.0%
Defined Benefit System – Statewide Defined Benefit Plan	96.4%	102.9%
Defined Benefit System – Statewide Hybrid Plan	125.7%	132.6%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Police Component	80.2%	82.8%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Fire Component	79.2%	85.1%

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, 2012 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 Net Position is a snapshot of account balances as of December 31, 2012. This statement reflects the net assets available to pay future pension benefits. The Statement of Changes in Net Position reflects all the activities that occurred during the year ended December 31, 2012. 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.

## Financial Section

### Management's Discussion & Analysis *continued*

**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 Position by Participating Employer, Payments to Consultants, Schedule of Administration and Investment Expenses) are presented for the purpose of additional 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 Position	12/31/2012	12/31/2011	% Change
<b>Assets</b>			
Cash and Short Term Investments	\$156,595,855	\$91,850,263	70.5%
Securities Lending Collateral	137,592,195	169,352,161	(18.8)%
Total Other Investments	3,283,838,573	3,040,689,660	8.0%
Receivables	69,291,525	84,213,147	(17.7)%
Other Assets	5,800,954	6,194,414	(6.4)%
<b>Total Assets</b>	<b>\$3,653,119,102</b>	<b>\$3,392,299,645</b>	<b>7.7%</b>
<b>Liabilities</b>			
Securities Lending Liabilities	138,313,720	174,426,260	(20.7)%
Investment and Other Liabilities	100,954,538	106,604,375	(5.3)%
<b>Total Liabilities</b>	<b>\$239,268,258</b>	<b>\$281,030,635</b>	<b>(14.9)%</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$3,413,850,844</b>	<b>\$3,111,269,010</b>	<b>9.7%</b>

Fire & Police Members' Self-Directed Investment Fund Net Position	12/31/2012	12/31/2011	% Change
<b>Assets</b>			
Cash and Short Term Investments	\$96,480	\$39,844	142.1%
Total Other Investments	316,937,539	298,761,792	6.1%
Receivables	481,373	656,039	(26.6)%
<b>Total Assets</b>	<b>\$317,515,392</b>	<b>\$299,457,675</b>	<b>6.0%</b>
<b>Liabilities</b>			
Investment and Other Liabilities	333	333	0.0%
<b>Total Liabilities</b>	<b>333</b>	<b>333</b>	<b>0.0%</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$317,515,059</b>	<b>\$299,457,342</b>	<b>6.0%</b>

Management's Discussion & Analysis *continued*

Fire & Police Members' Benefit Investment Fund Changes in the Net Position	12/31/2012	12/31/2011	% Change
<b>Additions</b>			
Employer Contributions	\$101,239,815	\$98,387,227	2.9%
Member Contributions	68,376,787	79,051,700	(13.5)%
Affiliations (Withdrawals) *	(17,186)	2,512,024	(100.7)%
State Contributions	8,303,953	3,102,866	167.6%
Investment Income/Loss	363,852,007	22,280,400	1,533.1%
Securities Lending Income	1,050,858	896,691	17.2%
<b>Total Additions</b>	<b>\$542,806,234</b>	<b>\$206,230,908</b>	<b>163.2%</b>
<b>Deductions</b>			
Benefit Payments	\$230,312,590	\$221,287,914	4.1%
Refund Of Contributions	2,303,654	3,032,293	(24.0)%
Administrative Costs	7,608,156	6,638,783	14.6%
<b>Total Deductions</b>	<b>\$240,224,400</b>	<b>\$230,958,990</b>	<b>4.0%</b>
<b>Change in Net Position Restricted for Pension Benefits</b>	<b>\$302,581,834</b>	<b>\$(24,728,082)</b>	<b>1,323.6%</b>

Fire & Police Members' Self-Directed Investment Fund Changes in Net Position	12/31/2012	12/31/2011	% Change
<b>Additions</b>			
Employer Contributions	\$3,593,750	\$3,436,171	4.6%
Member Contributions	35,798,693	36,075,740	(0.8)%
Affiliations (Withdrawals) **	(1,511,094)	83,427,455	(101.8)%
Investment Income/Loss	28,717,031	1,522,660	1,786.0%
<b>Total Additions</b>	<b>\$66,598,380</b>	<b>\$124,462,026</b>	<b>(46.5)%</b>
<b>Deductions</b>			
Refund Of Contributions	47,841,753	72,678,826	(34.2)%
Administrative Costs	698,910	748,018	(6.6)%
<b>Total Deductions</b>	<b>\$48,540,663</b>	<b>\$73,426,844</b>	<b>(33.9)%</b>
<b>Change in Net Position Restricted for Pension Benefits</b>	<b>\$18,057,717</b>	<b>\$51,035,182</b>	<b>(64.6)%</b>

\* The net position of the Fire & Police Members' Benefit Investment Fund decreased by \$17,185.77 due to idle funds distribution of Walsenburg Old Hire Police in November, 2012.

\*\* The net position of the Fire & Police Members' Self-Directed Investment Fund experienced a net decrease in the amount of \$1,511,094 during 2012 due to the disaffiliation of South Metro Fire Rescue Authority in the 457 Deferred Compensation Plan and the affiliation of Sheridan Police in the Defined Benefit System. 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. The members entered the Defined Benefit System and assets previously held in their local money purchase plan were brought into the Fire & Police Members' Self-Directed Investment Fund. A decrease of \$3,605,954 was due to the disaffiliation of South Metro Fire Rescue Authority in the 457 Deferred Compensation Plan in October 2012. An increase of \$2,094,860 was due to the affiliation of Sheridan Police in the Defined Benefit System in April 2012.

## Financial Section

### Basic Financial Statements

Statement of Net Position | December 31, 2012  
with Comparative Combined Totals for 2011

	Total Members' Benefit Investment Fund	Total Members' Self-Directed Investment Fund	Combined Totals 2012	Combined Totals 2011
<b>ASSETS</b>				
Cash & Short Term Investments (Note 5)	\$156,595,855	\$96,480	\$156,692,335	\$91,890,107
<b>Investments (Note 5)</b>				
Fixed Income	631,161,607		631,161,607	621,377,225
Global Equity	1,645,786,804		1,645,786,804	1,472,621,498
Real Assets	138,834,368		138,834,368	128,241,600
Absolute Return	264,789,978		264,789,978	302,949,698
Private Capital	549,911,538		549,911,538	493,367,137
Opportunistic	53,354,278		53,354,278	22,132,502
Domestic Equity Funds		59,674,722	59,674,722	57,542,683
International Equity Funds		12,025,325	12,025,325	11,710,922
Balanced Funds		127,410,462	127,410,462	114,744,763
Fixed Income Funds		28,116,921	28,116,921	22,458,297
Money Market & Stable Value Funds		34,295,143	34,295,143	42,190,446
Brokeragelink Funds		55,414,966	55,414,966	50,114,681
Securities Lending Collateral	137,592,195		137,592,195	169,352,161
<b>Total Investments</b>	<b>3,421,430,768</b>	<b>316,937,539</b>	<b>3,738,368,307</b>	<b>3,508,803,613</b>
<b>Total Cash and Investments</b>	<b>3,578,026,623</b>	<b>317,034,019</b>	<b>3,895,060,642</b>	<b>3,600,693,720</b>
<b>Receivables</b>				
Other	30,941	283	31,224	38,019
Assets Sold-Pending Trades	60,870,649		60,870,649	74,676,638
Contributions	3,710,422	481,090	4,191,512	4,436,239
Accrued Interest and Dividends	4,679,513		4,679,513	5,718,290
<b>Total Receivables</b>	<b>69,291,525</b>	<b>481,373</b>	<b>69,772,898</b>	<b>84,869,186</b>
Properties and Equipment, at Cost, Net of Accumulated Depreciation/Amortization (Note 7)	5,621,880		5,621,880	6,054,859
Other Assets	179,074		179,074	139,555
<b>TOTAL ASSETS</b>	<b>3,653,119,102</b>	<b>317,515,392</b>	<b>3,970,634,494</b>	<b>3,691,757,320</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Accounts, Employee and Participants Payable	1,656,681	333	1,657,014	3,539,837
For Assets Purchased-Pending Trades	99,297,857		99,297,857	103,064,871
Securities Lending Liabilities (Note 5)	138,313,720		138,313,720	174,426,260
<b>TOTAL LIABILITIES</b>	<b>239,268,258</b>	<b>333</b>	<b>239,268,591</b>	<b>281,030,968</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$3,413,850,844</b>	<b>\$317,515,059</b>	<b>\$3,731,365,903</b>	<b>\$3,410,726,352</b>

Basic Financial Statements *continued*Statement of Changes in Net Position | for the Year Ended December 31, 2012  
with Comparative Combined Totals for 2011

	Total Members' Benefit Investment Fund	Total Members' Self-Directed Investment Fund	Combined Totals 2012	Combined Totals 2011
<b>ADDITIONS</b>				
<b>Contributions (Note 4)</b>				
Employer	\$101,239,815	\$3,593,750	\$104,833,565	\$101,823,398
Plan Member	68,376,787	35,798,693	104,175,480	115,127,440
Affiliations (Withdrawals)	(17,186)	(1,511,094)	(1,528,280)	85,939,479
State Contributions	8,303,953		8,303,953	3,102,866
<b>Total Contributions</b>	<b>177,903,369</b>	<b>37,881,349</b>	<b>215,784,718</b>	<b>305,993,183</b>
<b>Investment Income</b>				
Net Appreciation (Depreciation) in Fair Value of Investments	312,210,158	16,757,126	328,967,284	(32,151,700)
Interest	15,502,439	35,021	15,537,460	19,535,103
Dividends	40,582,139	7,247,059	47,829,198	55,675,173
Other Income	13,164,815		13,164,815	(358,271)
Brokeragelink Income		4,677,825	4,677,825	(1,763,959)
Unrealized Gain on Securities Lending	4,352,573		4,352,573	585,642
<b>Total Investment Income (Loss)</b>	<b>385,812,124</b>	<b>28,717,031</b>	<b>414,529,155</b>	<b>41,521,988</b>
Less Investment Consulting	881,875		881,875	412,788
Less Investment Management Fees	19,963,855		19,963,855	16,457,643
Less Investment Legal Fees	203,171		203,171	79,304
Less Investment Closing Costs	54,117		54,117	26,273
Less Bank Fees	673,888		673,888	633,304
Less Other Misc. Investment Expenses	183,211		183,211	109,616
<b>Net Investment Income</b>	<b>363,852,007</b>	<b>28,717,031</b>	<b>392,569,038</b>	<b>23,803,060</b>
<b>Securities Lending</b>				
Income	312,865		312,865	481,304
Borrowers Rebates	1,000,602		1,000,602	639,440
Agent Fees	(262,609)		(262,609)	(224,053)
Net Securities Lending Income	1,050,858	-	1,050,858	896,691
<b>Total Additions</b>	<b>542,806,234</b>	<b>66,598,380</b>	<b>609,404,614</b>	<b>330,692,934</b>
<b>DEDUCTIONS</b>				
Benefit Payments	230,312,590		230,312,590	221,287,914
Refunds of Contributions (including interest earned)	2,303,654	47,841,753	50,145,407	75,711,119
Administrative Costs	7,608,156	698,910	8,307,066	7,386,801
<b>Total Deductions</b>	<b>240,224,400</b>	<b>48,540,663</b>	<b>288,765,063</b>	<b>304,385,834</b>
<b>NET INCREASE IN NET POSITION AVAILABLE</b>	<b>302,581,834</b>	<b>18,057,717</b>	<b>320,639,551</b>	<b>26,307,100</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>				
<b>BEGINNING OF YEAR</b>	<b>3,111,269,010</b>	<b>299,457,342</b>	<b>3,410,726,352</b>	<b>3,384,419,252</b>
<b>END OF YEAR</b>	<b>\$3,413,850,844</b>	<b>\$317,515,059</b>	<b>\$3,731,365,903</b>	<b>\$3,410,726,352</b>

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

## Financial Section

### Basic Financial Statements *continued*

#### Statement of Net Position | December 31, 2012

	Affiliated Local Plans	Statewide Death & Disability	Defined Benefit System	Total Members' Benefit Investment Fund
<b>ASSETS</b>				
Cash & Short Term Investments (Note 5)	\$64,421,370	\$13,852,084	\$78,322,401	\$156,595,855
<b>Investments (Note 5)</b>				
Fixed Income	259,651,160	55,831,002	315,679,445	631,161,607
Global Equity	677,053,939	145,582,249	823,150,616	1,645,786,804
Real Assets	57,114,540	12,280,946	69,438,882	138,834,368
Absolute Return	108,930,937	23,422,669	132,436,372	264,789,978
Private Capital	226,226,004	48,643,821	275,041,713	549,911,538
Opportunistic	21,949,212	4,719,588	26,685,478	53,354,278
Domestic Equity Funds				
International Equity Funds				
Balanced Funds				
Fixed Income Funds				
Money Market & Stable Value Funds				
Brokeragelink Funds				
Securities Lending Collateral	56,603,527	12,171,067	68,817,601	137,592,195
<b>Total Investments</b>	<b>1,407,529,319</b>	<b>302,651,342</b>	<b>1,711,250,107</b>	<b>3,421,430,768</b>
<b>Total Cash and Investments</b>	<b>1,471,950,689</b>	<b>316,503,426</b>	<b>1,789,572,508</b>	<b>3,578,026,623</b>
<b>Receivables</b>				
Other	12,729	2,737	15,475	30,941
Assets Sold-Pending Trades	25,041,343	5,384,468	30,444,838	60,870,649
Contributions	311,193	445,746	2,953,483	3,710,422
Accrued Interest and Dividends	1,925,087	413,938	2,340,488	4,679,513
<b>Total Receivables</b>	<b>27,290,352</b>	<b>6,246,889</b>	<b>35,754,284</b>	<b>69,291,525</b>
Properties and Equipment, at Cost, Net of Depreciation/Amortization (Note 7)	2,312,764	497,298	2,811,818	5,621,880
Other Assets	73,669	15,840	89,565	179,074
<b>TOTAL ASSETS</b>	<b>1,501,627,474</b>	<b>323,263,453</b>	<b>1,828,228,175</b>	<b>3,653,119,102</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Accounts, Employee and Participants Payable	681,536	146,546	828,599	1,656,681
For Assets Purchased-Pending Trades	40,849,766	8,783,644	49,664,447	99,297,857
Securities Lending Liabilities (Note 5)	56,900,352	12,234,891	69,178,477	138,313,720
<b>TOTAL LIABILITIES</b>	<b>98,431,654</b>	<b>21,165,081</b>	<b>119,671,523</b>	<b>239,268,258</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$1,403,195,820</b>	<b>\$302,098,372</b>	<b>\$1,708,556,652</b>	<b>\$3,413,850,844</b>

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

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 2012
\$(326)	\$38,554	\$58,252	\$96,480	\$156,692,335
				631,161,607
				1,645,786,804
				138,834,368
				264,789,978
				549,911,538
				53,354,278
1,630,515	33,552,650	24,491,557	59,674,722	59,674,722
226,899	8,144,254	3,654,172	12,025,325	12,025,325
3,629,002	93,598,371	30,183,089	127,410,462	127,410,462
604,310	21,362,227	6,150,384	28,116,921	28,116,921
505,177	29,182,890	4,607,076	34,295,143	34,295,143
26,082	52,880,497	2,508,387	55,414,966	55,414,966
				137,592,195
6,621,985	238,720,889	71,594,665	316,937,539	3,738,368,307
6,621,659	238,759,443	71,652,917	317,034,019	3,895,060,642
	283		283	31,224
				60,870,649
34,167	300,216	146,707	481,090	4,191,512
				4,679,513
34,167	300,499	146,707	481,373	69,772,898
				5,621,880
				179,074
6,655,826	239,059,942	71,799,624	317,515,392	3,970,634,494
	333		333	1,657,014
				99,297,857
				138,313,720
	333		333	239,268,591
6,655,826	239,059,609	71,799,624	317,515,059	3,731,365,903

## Financial Section

### Basic Financial Statements *continued*

#### Statement of Changes in Net Position for the Year Ended December 31, 2012

	Affiliated Local Plans	Statewide Death & Disability	Defined Benefit System	Total Members' Benefit Investment Fund
<b>ADDITIONS</b>				
Contributions (Note 4)				
Employer	\$46,585,541	\$11,100,211	\$43,554,063	\$101,239,815
Plan Member	140,504	2,516,758	65,719,525	68,376,787
Affiliations/(Withdrawals)	(17,186)			(17,186)
State Contributions	8,303,953			8,303,953
<b>Total Contributions</b>	<b>55,012,812</b>	<b>13,616,969</b>	<b>109,273,588</b>	<b>177,903,369</b>
<b>Investment Income</b>				
Net Appreciation in Fair Value of Investments	132,424,693	27,680,842	152,104,623	312,210,158
Interest	6,577,040	1,371,808	7,553,591	15,502,439
Dividends	17,211,367	3,589,921	19,780,851	40,582,139
Other Income	5,661,176	1,145,262	6,358,377	13,164,815
Brokeragelink Income				-
Unrealized Gain on Securities Lending	1,818,102	385,369	2,149,102	4,352,573
<b>Total Investment Income</b>	<b>163,692,378</b>	<b>34,173,202</b>	<b>187,946,544</b>	<b>385,812,124</b>
Less Investment Consulting	370,957	78,031	432,887	881,875
Less Investment Management Fees	8,397,703	1,766,465	9,799,687	19,963,855
Less Investment Legal Fees	85,463	17,977	99,731	203,171
Less Investment Closing Costs	22,764	4,788	26,565	54,117
Less Bank Fees	283,468	59,628	330,792	673,888
Less Other Misc. Investment Expenses	77,067	16,211	89,933	183,211
<b>Net Investment Income</b>	<b>154,454,956</b>	<b>32,230,102</b>	<b>177,166,949</b>	<b>363,852,007</b>
<b>Securities Lending</b>				
Income	128,712	27,689	156,464	312,865
Borrowers Rebates	411,648	88,553	500,401	1,000,602
Agent Fees	(108,037)	(23,241)	(131,331)	(262,609)
<b>Net Securities Lending Income</b>	<b>432,323</b>	<b>93,001</b>	<b>525,534</b>	<b>1,050,858</b>
<b>Total Additions</b>	<b>209,900,091</b>	<b>45,940,072</b>	<b>286,966,071</b>	<b>542,806,234</b>
<b>DEDUCTIONS</b>				
Benefit Payments	165,552,566	19,482,152	45,277,872	230,312,590
Refunds of Contributions (including interest earned)	315,017		1,988,637	2,303,654
Administrative Costs	3,200,335	673,194	3,734,627	7,608,156
<b>Total Deductions</b>	<b>169,067,918</b>	<b>20,155,346</b>	<b>51,001,136</b>	<b>240,224,400</b>
<b>NET INCREASE IN NET POSITION AVAILABLE</b>	<b>40,832,173</b>	<b>25,784,726</b>	<b>235,964,935</b>	<b>302,581,834</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>				
<b>BEGINNING OF YEAR</b>	<b>1,362,363,647</b>	<b>276,313,646</b>	<b>1,472,591,717</b>	<b>3,111,269,010</b>
<b>END OF YEAR</b>	<b>\$1,403,195,820</b>	<b>\$302,098,372</b>	<b>\$1,708,556,652</b>	<b>\$3,413,850,844</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 2012
\$378,338	\$2,460,673	\$754,739	\$3,593,750	\$104,833,565
357,791	27,921,453	7,519,449	35,798,693	104,175,480
	2,094,860	(3,605,954)	(1,511,094)	(1,528,280)
				8,303,953
<b>736,129</b>	<b>32,476,986</b>	<b>4,668,234</b>	<b>37,881,349</b>	<b>215,784,718</b>
488,616	10,378,703	5,889,807	16,757,126	328,967,284
252	26,666	8,103	35,021	15,537,460
189,489	4,954,356	2,103,214	7,247,059	47,829,198
				13,164,815
2,646	4,813,416	(138,237)	4,677,825	4,677,825
				4,352,573
<b>681,003</b>	<b>20,173,141</b>	<b>7,862,887</b>	<b>28,717,031</b>	<b>414,529,155</b>
				881,875
				19,963,855
				203,171
				54,117
				673,888
				183,211
<b>681,003</b>	<b>20,173,141</b>	<b>7,862,887</b>	<b>28,717,031</b>	<b>392,569,038</b>
				312,865
				1,000,602
				(262,609)
				1,050,858
<b>1,417,132</b>	<b>52,650,127</b>	<b>12,531,121</b>	<b>66,598,380</b>	<b>609,404,614</b>
				230,312,590
1,067,020	42,317,300	4,457,433	47,841,753	50,145,407
8	679,615	19,287	698,910	8,307,066
<b>1,067,028</b>	<b>42,996,915</b>	<b>4,476,720</b>	<b>48,540,663</b>	<b>288,765,063</b>
<b>350,104</b>	<b>9,653,212</b>	<b>8,054,401</b>	<b>18,057,717</b>	<b>320,639,551</b>
<b>6,305,722</b>	<b>229,406,397</b>	<b>63,745,223</b>	<b>299,457,342</b>	<b>3,410,726,352</b>
<b>\$6,655,826</b>	<b>\$239,059,609</b>	<b>\$71,799,624</b>	<b>\$317,515,059</b>	<b>\$3,731,365,903</b>

### 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 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 valuation of the underlying investments as reported by the general partner via the most recent capital account statements. 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 2012 financial statements were a positive \$4,449,400; and

Hedge funds are valued based upon net asset values provided by each Hedge Fund's third-party administrator.

Within the Fire & Police Members' Self-Directed Investment Fund, fair value of the Stable Value Funds are determined by the Investment Manager of the Fund and are based on the contract value of the investment adjusted for interest earned and accrued expenses.

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.

## Financial Section

Notes to the Financial Statements | December 31, 2012 *continued*

### 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, 2011, 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 Net Increase in Net Position Available of the Fire & Police Members' Benefit Investment Fund.

### K. New Pronouncement

Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, was implemented beginning with the fiscal year ending December 31, 2012. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

The Governmental Accounting Standards Board (GASB) has approved Statement No. 63, *Financial Reporting of Deferred*

Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement establishes guidance for reporting deferred outflows of resources and deferred inflows of resources. The Statement also discusses how net position—no longer net assets—should be displayed. FPPA has incorporated these requirements effective with the financial statements dated December 31, 2012.

In June 2012, GASB approved Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 67 addresses reporting by pension plans that administer benefits for governments, and is effective for financial statements for periods beginning after June 15, 2013. GASB Statement No. 68, which primarily relates to reporting by governments that provide pensions to their employees, is effective for fiscal years beginning after June 15, 2014. These standards were subsequently published in August 2012. Statement No. 67 will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. The new disclosure will enhance the financial reports by improving transparency regarding measures of net pension liabilities. For defined benefit pension plans, Statement No. 68 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability. Management is evaluating the impact of the new standards to assist employers with implementation. Management anticipates the related communications with participating employers will require significant effort.

### NOTE 3 | CHANGE IN ACCOUNTING POLICY

During 2012, FPPA changed its service provider which provides accounting oversight of FPPA's alternative investment funds. The previous service provider accounted for management fees at the end of each quarter, resulting in fourth quarter alternative investment fund fees being recognized in the following year. The new service provider accounts for management fees as they are paid. As a result of the change, FPPA recognized five quarters of alternative investment fund fees during 2012. FPPA will revert to recognizing four quarters of alternative investment fund fees in 2013. The additional recognition of \$3,855,947 fees in 2012 will affect year-by-year comparisons of such fees.

### NOTE 4 | 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.

##### 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. In 2011, legislation was adopted to change the payment dates to 2012 until 2019.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

#### 3. Membership

The memberships of these groups as of December 31, 2012, are as follows:

Deferred Retirement Option Plan (DROP) Participants - Active Old Hire	42
Retirees and Beneficiaries Currently Receiving Benefits	6,397
Terminated Vested Employees Entitled To Benefits But Not Yet Receiving Them	241
Current Employees – Active Old Hire	9
Current Volunteers – Active	4,139
<b>Total Members</b>	<b>10,828</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, 2012 and January 1, 2011, 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)
\$1,501,490,065	\$2,027,014,020	\$525,523,955	74.1%	\$874,274	60,109.8%

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	January 1, 2011 and January 1, 2012
Actuarial Method	Entry Age Normal
Amortization Method	Varies, Major Method is Level Dollar, Open
Amortization Period	Varies, Average is 18.1 years
Asset Valuation Method	3 Year Smoothed Fair Value
Actuarial Assumptions for the January 1, 2011 Valuations:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment (COLA)	0% - 4%
*Includes inflation at	3.5%
Actuarial Assumptions for the January 1, 2012 Valuations:	
Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0%
Cost of Living Adjustment (COLA)	0% - 3.5%
*Includes inflation at	3.0%

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 from 2009 through 2011. The global assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Significant changes include:

- Reduce inflation from 3.5% to 3.0%
- Reduce investment return from 8.0% to 7.5%
- Reduce productivity component of salary increase rate from 1.25% to 1.0%
- Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees.

These changes increased the aggregate Old Hire Actuarial Accrued Liability by approximately \$9 million as of January 1, 2012.

## B. Statewide Death & Disability Plan

### 1. Plan Description

The Plan is a cost sharing multiple-employer 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 405 participating employer plans. Included in that number are 9 contributing employers as of December 31, 2012, 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 Colo-

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

rado 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 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 8.8 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 benefit adjustment each year of 3 percent, effective October 1.

#### 4. Membership

The participating employees (members) of the Plan as of December 31, 2012, are as follows:

Retirees and Beneficiaries Currently Receiving Benefits	928
Active non-vested members	11,076
<b>Total Members</b>	<b>12,004</b>



5. Funded Status and Funding Progress

The funded status of the Statewide Death & Disability Plan as of January 1, 2012, 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)
\$290,988,339	\$255,841,269	\$(35,147,071)	113.7%	\$755,952,497	(4.6%)

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 Amortizations Period
\$290,988,339	\$253,869,640	\$(37,118,699)	114.6%	\$755,952,497	(4.9%)	8.8 years

The funded status of the Statewide Death & Disability Plan decreased slightly on an Entry Age Normal Funding Method basis. This was due to a modest asset loss on the actuarial value of assets. The funded ratio increased from 108.0% to 113.7% as of January 1, 2012, primarily due to the assumption changes effective as of the current valuation date, in particular, the reduction of the assumed rates of disability.

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	January 1, 2012
Actuarial Method	Aggregate Funding (1)
Amortization Method	N/A
Amortization Period	N/A
Asset Valuation Method	3 Year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Benefit Adjustment	0% - 3%
*Includes inflation at	3.0%

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

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 global assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Significant changes include:

- Reduction in active member disability rates
- Reduce inflation from 3.5% to 3.0%
- Reduce investment return from 8.0% to 7.5%
- Reduce productivity component of salary increase rate from 1.25% to 1.0%
- Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees.

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

### 1. Plan Description

The Plan is a cost sharing multiple-employer 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 220 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 may be 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 Separate Retirement 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, 2012, 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 3.54 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, 2012, are as follows:

Retirees and Beneficiaries Receiving Benefits	516
Terminated Members Entitled to Benefits But Not Yet Receiving Such Benefits	171
Deferred Retirement Option Plan (DROP) Participants	236
Fully Vested	365
Partially Vested	4,161
Non-Vested	1,686
<b>Total Members</b>	<b>7,135</b>

#### 5. Funded Status and Funding Progress

The funded status of the Defined Benefit System - Statewide Defined Benefit Plan as of January 1, 2012, 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)
\$1,225,537,747	\$1,271,490,169	\$45,952,422	96.4%	\$384,803,645	11.9%

The funded status of the Defined Benefit System - Statewide Defined Benefit Plan decreased from 102.9% to 96.4% as of January 1, 2012. This was primarily due to the change in assumptions as of January 1, 2012, investment losses during 2011, and further recognition of asset losses which occurred in 2008. The annual required contribution rate (with no future benefit adjustments) increased from 12.28% to 14.60% as of January 1, 2012. The majority of this increase was due to the changes in assumptions. The changes in life expectancy, inflation and discount rates were the most significant assumptions affecting the unfunded actuarial accrued liability. The annual required contribution rate based on the January 1, 2011 valuation and the assumptions recommended in the experience study was 14.43%. The remaining increase was due to asset losses and liability losses from salary increases that were more than expected during 2011.

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	January 1, 2012
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	3 Year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 16.0%
Benefit Adjustment	0%
*Includes inflation at	3.0%

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

Liability gains from salary increases were less than expected and the fair value of investment returns during 2010 were in excess of the actuarial assumption and have countered the previously seen negative trend in funded status attributed to the performance of the financial markets during 2008. The global assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Significant changes include:

- Reduce inflation from 3.5% to 3.0%
- Reduce investment return from 8.0% to 7.5%
- Reduce productivity component of salary increase rate from 1.25% to 1.0%
- Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees.

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

1. Plan Description

The Plan was established January 1, 2004 as a cost sharing multiple-employer defined benefit 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 32 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, 13.0 percent as of July 1, 2012 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 January 1, 2012 through June 30, 2012 was 12.9 percent.

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 may be 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.

4. Membership

The participating employees (members) of the Plan – Defined Benefit Component and Money Purchase Only Component as of December 31, 2012, are as follows:

Defined Benefit Component: Retirees and Beneficiaries Receiving Benefits and Terminated Members Entitled to Benefit But Not Yet Receiving Such Benefits	15
Money Purchase Component: Retirees and Beneficiaries Receiving Benefits and Terminated Members Entitled to Benefits But Not Yet Receiving Such Benefits	168
Deferred Retirement Option Plan (DROP) Participants	2
Fully Vested	290
Partially Vested	126
Non-Vested	54
<b>Total Members</b>	<b>655</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, 2012, 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)
\$23,666,933	\$18,832,849	\$(4,834,084)	125.7%	\$12,195,940	(39.6%)

The funded status of the Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component decreased from 132.6% as of January 1, 2011 to 125.7% as of January 1, 2012. This was primarily due to the change in assumptions as of January 1, 2012, investment losses during 2011, and further recognition of asset losses which occurred in 2008. The current contribution levels into the Plan continue to exceed the normal cost for base plan benefits. Due to the small size of this group, a large influx of membership could and does quickly alter the actuarial measures of the plan. Thus, these measures should be viewed with the potential in volatility that could occur.

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	January 1, 2012
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	3 Year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Benefit Adjustment	0%
*Includes inflation at	3.0%

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**

Liability gains from salary increases were less than expected and the fair value of investment returns during 2010 were in excess of the actuarial assumption and have countered the previously seen negative trend in funded status attributed to the performance of the financial markets during 2008. The global assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Significant changes include:

- Reduce inflation from 3.5% to 3.0%
- Reduce investment return from 8.0% to 7.5%
- Reduce productivity component of salary increase rate from 1.25% to 1.0%
- Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees.

**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. As of January 1, 2012, 7 active police members and 83 active fire members transferred to the Statewide Defined Benefit Plan. 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 20.248 percent of the members' salary and the member portion is 10.0 percent. Effective January 1, 2013, the fire plan employer contribution is \$4,685,823 and the member portion is 10.0 percent of base salary. For the police plan, the employer contribution for 2012 was 20.656 percent of the members' salary and the member portion was 8.0 percent. Effective January 1, 2013, the employer contribution is \$10,605,836 and the employee portion is 8.0 percent of base salary.

## 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 39 payroll periods) 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, 2012, 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 2013.

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 39 payroll periods) 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 39 payroll periods) 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, 2012, 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 2013.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

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 39 payroll periods) 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, 2012, are as follows:

Retirees and Beneficiaries Receiving Benefits	239
Terminated Members Entitled to Benefits But Not Yet Receiving Such Benefits	26
Deferred Retirement Option Plan (DROP) Participants	67
Fully Vested	50
Partially Vested	431
Non-Vested	114
<b>Total Members</b>	<b>927</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, 2012, the most recent actuarial valuation date, is as follows:

Component	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	\$197,710,046	\$246,518,300	\$48,808,254	80.2%	\$31,381,480	155.5%
Fire	\$98,326,872	\$124,211,363	\$25,884,491	79.2%	\$12,497,987	207.1%

The funded status of the Defined Benefit System – Colorado Springs New Hire Pension Plans deteriorated between the 2011 and 2012 actuarial valuations. This was primarily due to the changes in assumptions as of January 1, 2012, investment losses during 2011, further recognition of asset losses which occurred in 2008, and the member transfers to the Statewide Defined Benefit Plan. The required contribution levels for these Plans are expected to increase as a percentage of payroll 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.



Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2012
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Amortization Period	26 Years, Beginning January 1, 2012
Asset Valuation Method	3 Year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Cost of Living Adjustment (COLA)	2.4% (Fire Component) 2.6% (Police Component)
*Includes inflation at	3.0%

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

Liability gains from salary increases were less than expected and the fair value of investment returns during 2010 were in excess of the actuarial assumption and have countered the previously seen negative trend in funded status attributed to the performance of the financial markets during 2008. The global assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Significant changes include:

- Reduce inflation from 3.5% to 3.0%
- Reduce investment return from 8.0% to 7.5%
- Reduce productivity component of salary increase rate from 1.25% to 1.0%
- Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees.

## F. Fire & Police Members' Statewide Money Purchase Plan

### 1. Plan Description

The Plan is a multiple-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 43 contributing employer plans as of December 31, 2012. 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.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

#### 3. Membership

The participating employees (members) of the Plan as of December 31, 2012, are as follows:

Retirees and Beneficiaries Receiving Benefits and Terminated Members Entitled to Benefit But Not Yet Receiving Such Benefits	63
Fully Vested	32
Partially Vested	72
Non-Vested	57
<b>Total Members</b>	<b>224</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 4.

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 4, 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 4, 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 4, Section D.

The Separate Retirement Accounts within the Defined Benefit System are described above in Note 4, Section C and E.

##### 3. Membership

Membership is listed within the defined benefit plans described above in Note 4.

## NOTE 5 | 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 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, 2012, on the Statement of Net Position includes deposit and money market funds of \$8,972,170 and short term fixed income securities of \$147,720,165 for a total of \$156,692,335. 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, 2012.

Deposits with banks	\$8,972,170
Short Term Investments (maturity of 12 months or less)	147,720,165
<b>Total Deposits and Short Term Investments</b>	<b>\$156,692,335</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, 2012 are summarized in the following table:

<b>Cash and Short Term Investments</b>	<b>\$96,480</b>
<b>Investments</b>	
Domestic Equity Funds	59,674,722
International Equity Funds	12,025,325
Balanced Funds	127,410,462
Fixed Income Funds	28,116,921
Money Market & Stable Value Funds	34,295,143
Brokeragelink Funds	55,414,966
<b>Total Investments</b>	<b>\$316,937,539</b>
<b>Total Cash and Investments</b>	<b>\$317,034,019</b>

The investments reflected on the Statement of Net Position for the Fire & Police Members' Benefit Investment Fund at December 31, 2012 are summarized in the following table:

<b>Cash and Short Term Investments</b>	<b>\$156,595,855</b>
<b>Investments</b>	
Fixed Income	631,161,607
Global Equity	1,645,786,804
Real Assets	138,834,368
Absolute Return	264,789,978
Private Capital	549,911,538
Opportunistic	53,354,278
Securities Lending Collateral	137,592,195
<b>Total Investments</b>	<b>\$3,421,430,768</b>
<b>Total Cash and Investments</b>	<b>\$3,578,026,623</b>

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 and invested collateral within the securities lending program 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, 2012, FPPA had exposure to cash deposits in the amount of \$156,595,855 and invested collateral within the securities lending program of \$137,592,195 which would be exposed to custodial credit risk since these deposits are not collateralized or insured. For the Fire & Police Members' Self-Directed Investment Fund, all assets are in custody with Fidelity Investments. The custodial agent carries no custodial credit risk as all assets are insured and/or collateralized by the securities held by Fidelity Investments in FPPA's name.

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.

The following table summarizes FPPA's fixed income securities credit quality ratings as of December 31, 2012.

Credit Quality Rating	Fixed Income Portfolio	
	Fair Value	%
<b>Members' Benefit Investment Fund</b>		
Aaa/AAA	128,939,876	15.16%
Aa/AA	60,855,126	7.16%
A	103,745,584	12.20%
Baa/BBB	88,980,806	10.47%
Ba/BB	3,834,045	0.45%
B	4,453,669	0.52%
Caa/CCC	2,970,780	0.35%
Ca/CC	931,024	0.11%
C	4,271	0.00%
D	760,811	0.09%
Not Rated	9,738,186	1.15%
<b>Total Credit Risk Debt Securities</b>	<b>405,214,178</b>	<b>47.66%</b>
U.S Government and Agency Securities	225,947,429	26.57%
<b>Total Fixed Income Securities</b>	<b>631,161,607</b>	<b>74.23%</b>
Cash	156,595,855	18.42%
<b>Sub Total</b>	<b>787,757,462</b>	<b>92.65%</b>
<b>* Members' Self-Directed Investment Fund</b>		
Fixed Income Funds	28,116,921	3.31%
Money Market & Stable Value Funds	34,295,143	4.03%
Cash	96,480	0.01%
<b>Sub Total</b>	<b>62,508,544</b>	<b>7.35%</b>
<b>Total Fixed Income Investments</b>	<b>850,266,006</b>	<b>100.00%</b>

\* Members' Self-Directed Investment Fund not rated.

#### 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.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

The following table summarizes the effective duration of the FPPA's fixed income portfolios at December 31, 2012:

Security Type	Fixed Income Portfolio	
	Fair Value	Effective Duration
<b><i>Members' Benefit Investment Fund</i></b>		
Asset Backed Securities	\$2,262,691	0.03
Puts/Calls/Options	(282,521)	(1.58)
Corporate Bonds	258,752,710	4.66
Fixed Income Swaps	1,810,750	2.04
Financial Futures	7,554	5.60
Government & Agency	171,008,828	6.86
Mortgages-Agency	67,141,766	3.40
Mortgages- Non-Agency	14,481,632	1.43
International Bonds	23,675,957	1.59
Revenue Bonds	23,799,719	9.95
TIPS	41,460,397	4.71
Private Placements	27,042,124	3.98
Cash	156,595,855	0.003
<b>Sub Total</b>	<b>\$787,757,462</b>	
<b><i>Members' Self-Directed Investment Fund</i></b>		
Fixed Income Funds	28,116,921	4.00
Money Market & Stable Value Funds	34,295,143	0.94
Cash	96,480	0.003
<b>Sub Total</b>	<b>\$62,508,544</b>	
<b>Total</b>	<b>\$850,266,006</b>	<b>3.95</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, 2012 is summarized in the following table:

Currency	Cash	Global Equity	Fixed Income	Private Capital	Total
Australian Dollar	\$1,795,370	\$42,358,346			\$44,153,716
Brazilian Real		18,523,151			18,523,151
Canadian Dollar	1,173,081	51,302,213		3,961,750	56,437,044
Swiss Franc		42,017,909			42,017,909
Chinese Yuan		2,119,951			2,119,951
Danish Krone		8,743,078			8,743,078
Egyptian Pound		1,324,068			1,324,068
Euro Currency	2,319,246	132,319,726	15,130,183	49,838,102	199,607,257
British Pound	4,558,667	125,959,376		9,514,699	140,032,742
Hong Kong Dollar		51,992,847			51,992,847
Hungarian Forint		1,549,864			1,549,864
Indonesian Rupiah		6,365,795			6,365,795
Israeli Shekel		2,082,589			2,082,589
Indian Rupee		15,521,159			15,521,159
Japanese Yen	2,641,730	106,845,145			109,486,875
Korean Won		15,221,027			15,221,027
Mexican Peso		5,063,942			5,063,942
Malaysian Ringgit		2,464,386			2,464,386
Nigerian Naira		1,079,463			1,079,463
Norwegian Krone		4,686,219			4,686,219
Philippine Peso		4,421,769			4,421,769
Polish Zloty		2,053,176			2,053,176
Russian Ruble		2,128,903			2,128,903
Swedish Krona		16,863,934			16,863,934
Singapore Dollar		9,396,065			9,396,065
Thailand Baht		4,023,024			4,023,024
Turkish Lira		5,321,285			5,321,285
Taiwan Dollar		8,280,858			8,280,858
South African Rand		12,811,898			12,811,898
Other (less than \$1 million in holdings)	1,611,888	1,641,294	2,024,515		5,277,697
<b>Subtotal</b>	<b>\$14,099,982</b>	<b>\$704,482,460</b>	<b>\$17,154,698</b>	<b>\$63,314,551</b>	<b>\$799,051,691</b>
U.S. Dollar	142,495,873	941,304,344	614,006,909	486,596,987	2,184,404,113
<b>Grand Total</b>	<b>\$156,595,855</b>	<b>\$1,645,786,804</b>	<b>\$631,161,607</b>	<b>\$549,911,538</b>	<b>\$2,983,455,804</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.

FPPA receives as collateral U.S. and foreign dollar cash, U.S. government securities, foreign sovereign debt and irrevocable bank letters of credit. Borrowers are required to deliver collateral for each loan in amounts equal to 102 percent of the fair value of the loaned securities with respect to U.S. securities and 105 percent of the fair value of loaned securities with respect to foreign securities. FPPA does not impose any restrictions on the amounts of loans that BNY Mellon Bank made on its behalf. 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 is 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, 2012, the fair value of the securities on loan was \$201,431,393 relative to the collateral received of \$206,749,155. The fair value of the invested collateral was \$137,592,195 relative to the securities lending obligations of \$138,313,720. As of December 31, 2011, the fair value of the securities on loan was \$219,510,028 relative to the collateral received of \$226,481,862. The fair value of the invested collateral was \$169,352,161 relative to the securities lending obligations of \$174,426,260. The invested collateral and corresponding obligation are reflected in the Statement of Net Position 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. For the year ended December 31, 2012, the increase in fair value of the invested collateral was \$4,352,573 in comparison to the increase in fair value of the invested collateral for the year ended December 31, 2011 of \$585,642. These changes are reflected in the "Unrealized Gain on Securities Lending" line on the Statement of Changes in Net Position. 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 \$68,435,435 is not reported in the Statement of Net Position because FPPA is not permitted to pledge or sell these collateral securities received unless the borrower defaults.

As of December 31, 2012, FPPA had no credit exposure to the collateral held within the securities program because the fair value of the collateral exceeded the fair 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.

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, 2012:

Securities Lent	Fair Value of Securities on Loan	Collateral Held
<b>Lent for Cash Collateral:</b>		
U.S. Government and Agency Securities	\$15,794,374	\$16,115,565
Corporate Bonds	2,435,622	2,499,610
Domestic Stocks	97,109,587	99,570,467
International Stocks	19,038,608	20,128,078
<b>Subtotal</b>	<b>\$134,378,191</b>	<b>\$138,313,720</b>
<b>Lent for Securities Collateral:</b>		
U.S. Government and Agency Securities	65,622,070	66,975,227
Domestic Stocks	1,431,132	1,460,208
<b>Subtotal</b>	<b>\$67,053,202</b>	<b>\$68,435,435</b>
<b>Total</b>	<b>\$201,431,393</b>	<b>\$206,749,155</b>



#### D. Interest Income

The Statement of Changes in Net Position for the Fire & Police Members' Benefit Investment Fund reflects interest investment income of \$15,502,439 for the year 2012. Interest income for the Fire & Police Members' Self-Directed Investment Fund totaled \$35,021 for 2012.

#### NOTE 6 | 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: Wells Fargo Advantage DJ Target 2010 Fund Administrator Class, Wells Fargo Advantage DJ Target 2015 Fund Administrator Class, Wells Fargo Advantage DJ Target 2020 Fund Administrator Class, Wells Fargo Advantage DJ Target 2025 Fund Administrator Class, Wells Fargo Advantage DJ Target 2030 Fund Administrator Class, Wells Fargo Advantage DJ Target 2035 Fund Administrator Class, Wells Fargo Advantage DJ Target 2040 Fund Administrator Class, Wells Fargo Advantage DJ Target 2045 Fund Administrator Class, Wells Fargo Advantage DJ Target 2050 Fund Administrator Class, Wells Fargo Advantage DJ Target 2055 Fund Administrator Class, Wells Fargo Advantage DJ Target Today Fund Administrator Class, American Beacon Large Cap Value Fund Institutional Class, American Funds New Perspective Fund Class R6, Artisan Mid Cap Fund Investor Class, DWS Alternative Asset Allocation Fund Class S, Dreyfus/The Boston Company Small Cap Value Fund Class I, Fidelity® Growth Company Fund Class K, Fidelity® Money Market Trust Retirement Government Money Market Portfolio, Franklin International Small Cap Growth Fund Class Advisor, Gabelli Small Cap Growth Fund Class I, Harbor International Fund Institutional Class, Metropolitan West High Yield Bond Fund Class Institutional, Oppenheimer Developing Markets Fund Class Y, PIMCO Total Return Fund Institutional Class, Perkins Mid Cap Value Fund Class I, Templeton Global Bond Fund Advisor Class, Vanguard Total Bond Market Index Fund Signal Shares, Vanguard Total International Stock Index Fund Signal Shares, Wells Fargo Stable Return Portfolio Class C, and Vanguard Total Stock Market Index Fund Institutional Shares. 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, 2012, there were 2,062 participants with account balances within the plan.

In 2012, participants could contribute \$17,000 into the plan. Catch-up contributions up to \$5,500 in 2012 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.

Participants are eligible to take distributions from their account under any of the following conditions: 1.) Participant attains age 70 ½ in the current calendar year 2.) Participant incurs a separation of service, defined as the termination of employment with the Employer due to death, retirement, or other cause 3.) Participant suffers an approved hardship that results from an unforeseeable emergency. Benefits for a Participant or Beneficiary shall commence no later than April 1 of the calendar year in which the Participant attains age 70 ½.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

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, 2012 is \$71,799,624.

## NOTE 7 | PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012, is comprised of the following:

General Assets	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
<b>Nondepreciable Assets:</b>				
Land	\$1,937,742			\$1,937,742
<b>Depreciable Assets:</b>				
Building & Improvements	2,224,481	\$342,993		2,567,474
Equipment	733,939	32,578	\$(3,644)	762,873
Intangible Assets (Internally generated computer software)	4,698,629			4,698,629
<b>Totals at Historical Cost</b>	<b>\$9,594,791</b>	<b>\$375,571</b>	<b>\$(3,644)</b>	<b>\$9,966,718</b>
<b>Less Accumulated Depreciation/Amortization for:</b>				
Building & Improvements	(1,462,249)	(109,514)		(1,571,763)
Equipment	(679,281)	(27,803)	3,644	(703,440)
Intangible Assets (Internally generated computer software)	(1,398,402)	(671,233)		(2,069,635)
<b>Total Accumulated Depreciation</b>	<b>(3,539,932)</b>	<b>(808,550)</b>	<b>3,644</b>	<b>(4,344,838)</b>
<b>Total Net Assets</b>	<b>\$6,054,859</b>	<b>\$(432,979)</b>	<b>\$0</b>	<b>\$5,621,880</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 2012 totaled \$808,550.

## NOTE 8 | 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 9 | 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 15.65 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 employer contribution by FPPA, in lieu of passing the additional 2.5 percent of covered salary on to plan members. Senate Bill 11-076 extended the current contribution rates through June 2012. The FPPA Board of Directors continued payment of the full employer contribution by FPPA in lieu of passing the additional 2.5 percent of covered salary on to the 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, 2012, 2011, and 2010 were \$598,474, \$436,927, and \$386,496, respectively, equal to the required contributions for each year.

**NOTE 10 | OTHER POST EMPLOYMENT BENEFITS (OPEB)****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, 18 employees meet those eligibility requirements and 3 are receiving a benefit. The program began in March 1993.

**B. Contributions and 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.

Contributions to the FPPA Staff Healthcare Subsidy Plan are made solely by the Employer. Employees do not contribute to the Plan.

## Financial Section

### Notes to the Financial Statements | December 31, 2012 *continued*

#### C. Funding Policy

FPPA applies alternative measurement methods instead of obtaining actuarial valuations due to the small size of this plan. FPPA is funding this plan by taking the projected liability (\$272,861 as of December 31, 2012) less the unsmoothed fair value of assets (\$174,970 as of October 31, 2012) and amortizing this over 10 years at the FPPA 7.5% actuarial rate. (The FPPA actuarial rate changed from 8.0% to 7.5% effective January 1, 2012.) Based on this calculation, FPPA contributed \$13,266 in 2012. FPPA has provided contributions to the Plan equivalent to the annual required contribution. As a result, the Net OPEB obligation is zero as of December 31, 2012.

The following table contains information regarding the OPEB cost of the FPPA Staff Healthcare Subsidy Plan:

	12/31/2012	12/31/2011	12/31/2010
Annual OPEB Cost	\$13,266	\$14,823	\$14,316
% of Annual OPEB Cost Contributed this period	100%	100%	100%
Net OPEB Obligation	\$0	\$0	\$0

#### D. Funded Status and Funding Progress

The funded status of the FPPA Staff Healthcare Subsidy Plan as of December 31, 2012, the most recent date in which alternative measurement methods were applied, is as follows:

Value of Assets (as of 10/31/2012) (a)	Accrued Liability (b)	(Surplus)/ Unfunded Accrued Liability (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded Liability as a Percentage of Covered Payroll ((b - a) / c)
\$174,970	\$272,861	\$97,891	64.1%	\$0	N/A

The funded status of the FPPA Staff Healthcare Subsidy Plan improved between December 31, 2011 and December 31, 2012 due to FPPA's continued payment of contributions equivalent to the annual required contribution. In addition, the Plan also experienced an increase in asset value due to realized investment gains that were in excess of the projected earnings rate. In the absence of an unforeseen downturn in market performance, it is expected that the funded status will continue to trend favorably.

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

Additional information as of the most recent measurement date follows:

Valuation Date	December 31, 2012
Actuarial Method	Not Applicable – Alternative Measurement Methods Used
Amortization Method	Level Dollar Amortization
Amortization Period	10 Years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Discount Rate	7.5%

For financial reporting purposes, the projection of benefits for the FPPA Staff Healthcare Subsidy Plan does not explicitly incorporate the potential effects of the legal limit on employer contributions.

#### E. Significant Factors Affecting Trends in Valuation Information

As of January 1, 2012, FPPA changed the assumed earnings rate from 8.0% to 7.5% which had a negative impact on the funded status of the plan. This change led to a \$11,715 increase in the unfunded liability. However, the impact of favorable investment returns contributed to a positive change in the funded status of the Plan.

### NOTE 11 | DEFINED CONTRIBUTION PENSION PLAN

#### A. Plan Description

The SDTF members of FPPA may contribute to the Voluntary Investment Program (VIP) known as PERAPlus 401k) Plan, 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, 2012 was \$86,242.

### NOTE 12 | DERIVATIVE INSTRUMENTS

The GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative instruments." This statement establishes accounting and financial reporting for derivative instruments.

#### 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, 2012, the total portfolio had less than -0.03% net exposure to forward foreign exchange contracts. The fair value of exposure was comprised of \$45,062,147 in payables and \$44,154,232 in receivables, for a net exposure of (\$907,915).

#### 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, 2012, the total portfolio had less than .01% net exposure to equity index futures. The fair value of exposure was comprised of \$47,239 in payables and \$343,679 in receivables, for a net exposure of \$296,440.

#### 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 Euro-

dollar 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, 2012, the total portfolio had 0.77% net exposure financial futures. The fair value of exposure was comprised of \$7,978,465 in payables and \$34,083,714 in receivables, for a net exposure of \$26,105,249.

**NOTE 13 | 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, 2012, FPPA had committed approximately \$343.7 million in additional funds to these investments.



## Financial Section

### Required Supplementary Information

#### Schedule of Funding Progress (Unaudited) | December 31, 2012

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability
<b>Defined Benefit System - Statewide Defined Benefit Plan</b>			
2012	1/1/2012	\$1,225,537,747	\$1,271,490,169
2011	1/1/2011	1,080,284,447	1,049,622,033
2010	1/1/2010	963,500,681	963,300,852
2009	1/1/2009	856,090,014	847,821,122
2008	1/1/2008	950,114,346	795,499,983
2007	1/1/2007	801,426,848	654,097,657
2006	1/1/2006	681,193,087	569,819,934
2005	1/1/2005	557,949,693	495,915,617
2004	1/1/2004	473,006,658	426,673,675
2003	1/1/2003	424,088,589	371,056,405

#### Defined Benefit System - Statewide Hybrid Plan

2012	1/1/2012	\$23,666,933	\$18,832,849
2011	1/1/2011	18,107,030	13,658,025
2010	1/1/2010	15,373,546	12,107,329
2009	1/1/2009	13,642,709	10,648,712
2008	1/1/2008	14,075,984	9,774,906
2007	1/1/2007	9,624,239	6,299,422
2006	1/1/2006	7,998,356	5,366,912
2005	1/1/2005	5,040,067	4,035,894

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

2012	1/1/2012	\$197,710,046	\$246,518,300
2011	1/1/2011	187,249,190	226,088,133
2010	1/1/2010	170,960,335	213,764,095
2009	1/1/2009	156,099,012	198,695,916
2008	1/1/2008	178,548,095	188,263,199
2007	1/1/2007	159,508,243	161,530,980
2006	1/1/2006	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 October 1, 2006.

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

2012	1/1/2012	\$98,326,872	\$124,211,363
2011	1/1/2011	108,848,941	127,909,057
2010	1/1/2010	100,709,022	121,361,624
2009	1/1/2009	92,515,096	113,068,434
2008	1/1/2008	104,946,386	107,389,381
2007	1/1/2007	98,290,761	99,137,903
2006	1/1/2006	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 October 1, 2006.



Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
\$45,952,422	96.4%	\$384,803,645	11.9%
(30,662,414)	102.9%	353,484,986	(8.7%)
(199,829)	100.0%	363,265,902	(0.1%)
(8,268,892)	101.0%	337,918,774	(2.4%)
(154,614,363)	119.4%	312,857,166	(49.4%)
(147,329,191)	122.5%	271,906,902	(54.2%)
(111,373,153)	119.5%	246,693,626	(45.1%)
(62,034,076)	112.5%	217,752,582	(28.5%)
(46,332,983)	110.9%	189,359,234	(24.5%)
(53,032,184)	114.3%	172,625,858	(30.7%)
\$ (4,834,084)	125.7%	\$12,195,940	(39.6%)
(4,449,005)	132.6%	8,770,187	(50.7%)
(3,266,217)	127.0%	9,026,182	(36.2%)
(2,993,997)	128.1%	7,726,670	(38.7%)
(4,301,078)	144.0%	7,342,967	(58.6%)
(3,324,817)	152.8%	4,391,954	(75.7%)
(2,631,444)	149.0%	4,053,146	(64.9%)
(1,004,173)	124.9%	2,587,830	(38.8%)
\$48,808,254	80.2%	\$31,381,480	155.5%
38,838,943	82.8%	33,357,427	116.4%
42,803,760	80.0%	35,550,304	120.4%
42,596,904	78.6%	36,735,114	116.0%
9,715,104	94.8%	39,048,754	24.9%
2,022,737	98.7%	40,438,034	5.0%
N/A	N/A	N/A	N/A
\$25,884,491	79.2%	\$12,497,987	207.1%
19,060,116	85.1%	19,664,027	96.9%
20,652,602	83.0%	21,535,495	95.9%
20,553,338	81.8%	22,483,956	91.4%
2,442,995	97.7%	23,827,770	10.3%
847,142	99.1%	26,867,827	3.2%
N/A	N/A	N/A	N/A

## Financial Section

### Required Supplementary Information *continued*

#### Schedule of Funding Progress (Unaudited) | December 31, 2012 *continued*

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability
<b>Statewide Death &amp; Disability Plan - Results Using the Aggregate Funding Method</b>			
2012	1/1/2012	\$290,988,339	\$255,841,269
2011	1/1/2011	281,577,454	260,688,472
2010	1/1/2010	266,477,875	250,709,436
2009	1/1/2009	257,279,496	241,813,411
2008	1/1/2008	300,642,721	223,999,678
2007	1/1/2007	274,091,581	258,243,478
2006	1/1/2006	249,299,173	258,726,894
2005	1/1/2005	223,389,097	231,252,507
2004	1/1/2004	212,273,124	241,966,436
2003	1/1/2003	218,151,921	261,133,007

*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 & Disability Plan - Results Using the Entry Age Normal Funding Method

2012	1/1/2012	\$290,988,339	\$253,869,640
2011	1/1/2011	281,577,454	229,959,016
2010	1/1/2010	266,477,875	216,103,895
2009	1/1/2009	257,279,496	203,673,786
2008	1/1/2008	300,642,721	182,814,659

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**Unfunded (Surplus)  
Actuarial  
Accrued Liability**

**Funded Ratio**

**Covered Payroll**

**Unfunded (Surplus)  
Actuarial Accrued Liability as a  
Percentage of Covered Payroll**

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\$(35,147,071)	113.7%	\$755,952,497	(4.6%)
(20,888,982)	108.0%	750,497,200	(2.8%)
(15,768,440)	106.3%	758,113,476	(2.1%)
(15,466,086)	106.4%	740,172,854	(2.1%)
(76,643,044)	134.2%	679,223,009	(11.3%)
(15,848,103)	106.1%	631,667,107	(2.5%)
9,427,721	96.4%	610,620,208	1.5%
7,863,410	96.6%	567,949,536	1.4%
29,693,312	87.7%	547,190,145	5.4%
42,981,086	83.5%	515,529,441	8.3%

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\$(37,118,699)	114.6%	\$755,952,497	(4.9%)
(51,618,438)	122.4%	750,497,200	(6.9%)
(50,373,981)	123.3%	758,113,476	(6.6%)
(53,605,710)	126.3%	740,172,854	(7.2%)
(117,828,062)	164.5%	679,223,009	(17.3%)

**Financial Section**

**Required Supplementary Information** *continued*

**Schedule of Funding Progress (Unaudited) | December 31, 2012** *continued*

	Actuarial Valuation Date**	Actuarial Value of Assets	Actuarial Accrued Liability
<b>Affiliated Local Plans</b>			
2012	1/1/2011 and 1/1/2012	\$1,501,490,065	\$2,027,014,020
2011	1/1/2010 and 1/1/2011	1,626,454,118	2,038,237,183
2010	1/1/2009 and 1/1/2010	1,618,455,903	2,036,107,581
2009	1/1/2008 and 1/1/2009	1,855,493,729	2,081,304,156
2008	1/1/2007 and 1/1/2008	1,859,987,228	2,064,576,138
2006	1/1/2005 and 1/1/2006	1,818,993,571	2,246,572,810
2004	1/1/2003 and 1/1/2004	1,642,270,820	2,160,729,353
2002	1/1/2001 and 1/1/2002	1,902,729,069	2,086,914,286
2000	1/1/1999 and 1/1/2000	1,824,520,033	1,958,959,749
1998	1/1/1997 and 1/1/1998	1,466,608,186	1,813,999,862

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

	Valuation Date	Value of Assets (as of 10/31)	Accrued Liability
<b>FPPA Staff Healthcare Subsidy Plan</b>			
2012	12/31/2012	\$174,970	\$272,861
2011	12/31/2011	154,188	263,567
2010	12/31/2010	136,612	240,356
2009	12/31/2009	113,146	211,935

Information on the Funding Progress for the FPPA Staff Healthcare Subsidy Plan is not available prior to 2009.

Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
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\$525,523,955	74.1%*	\$874,274	60,109.8%
411,783,065	79.8%*	3,416,792	12,051.7%
417,651,678	79.5%*	3,483,331	11,990.0%
225,810,427	89.2%*	6,199,241	3,642.5%
204,588,910	90.1%	6,160,242	3,321.1%
427,579,239	81.0%*	75,130,892	569.1%
518,458,533	76.0%*	70,053,951	740.1%
184,185,217	91.2%	74,373,501	247.6%
134,439,716	93.1%	82,304,632	163.3%
347,391,676	80.9%	104,522,694	332.4%

Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
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\$97,891	64.1%	\$0	N/A
109,379	58.5%	0	N/A
103,744	56.8%	0	N/A
98,789	53.4%	0	N/A

## Financial Section

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### Required Supplementary Information *continued*

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#### Schedule of Employer Contributions (Unaudited) | December 31, 2012

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##### A. Statewide Death & Disability Plan

Year Ended 12/31	Annual Required Contribution Rate*	Percentage Contribution
2012	0%	100%
2011	0%	100%
2010	0%	100%
2009	0%	100%
2008	0%	100%
2007	0%	100%
2006	0%	100%
2005	0%	100%
2004	0%	100%
2003	0%	100%

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

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

Year Ended 12/31	Annual Required Contribution Rate	Percentage Contribution
2012	8.00%	100%
2011	8.00%	100%
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%

Schedule of Employer Contributions (Unaudited) | December 31, 2012 *continued***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.

Year Ended 12/31	Annual Required Contribution Rate	Percentage Contribution
2012	8.00%	100%
2011	8.00%	100%
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 2007.

Year Ended 12/31	Police Component Annual Required Contribution Rate	Fire Component Annual Required Contribution Rate	Percentage Contribution
2012	20.656%	20.248%	100%
2011	20.906%	15.095%	100%
2010	21.160%	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**

Year Ended 12/31	Annual Required Contribution Amount	Percentage Contribution
2012	\$55,344,651	99.45%
2011	46,120,697	100%
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%

## Financial Section

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### Required Supplementary Information *continued*

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Notes to the Required Supplementary Information | December 31, 2012

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#### 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 Financial Section

Net Position by Participating Employer | December 31, 2012

Alamosa Volunteer Fire Department (Volunteer)	\$1,419,515
Alamosa County Fire Protection District (Volunteer)	479,538
Allenspark Fire (Volunteer)	381,191
Aspen Fire Protection District (Volunteer)	1,692,989
Ault Fire Protection District (Volunteer)	511,290
Aurora Police	85,613,006
Aurora Fire	74,722,114
Bancroft Fire Protection District	1,065,069
Basalt and Rural Fire Protection District (Volunteer)	1,615,253
Bennett Volunteer Fire (Volunteer)	757,695
Berthoud Fire Protection District (Volunteer)	525,878
Big Sandy Fire Protection District (Volunteer)	104,245
Big Thompson Canyon Fire (Volunteer)	317,842
Black Forest Fire Protection District (Volunteer)	1,094,462
Blanca Volunteer Fire (Volunteer)	136,556
Boone Volunteer Fire (Volunteer)	32,568
Boulder Mountain Fire Protection District (Volunteer)	728,135
Boulder Rural Fire Protection District (Volunteer)	568,957
Bow Mar Police	51,063
Brighton Fire (Volunteer)	3,482,488
Brush Volunteer Fire Department (Volunteer)	736,218
Buena Vista Fire (Volunteer)	368,926
Burning Mountain Fire Protection District (Volunteer)	1,789,412
Calhan Fire (Volunteer)	109,501
Cañon City Area Fire Protection District	2,828,739
Cañon City Area Fire Protection District (Volunteer)	221,387
Carbondale & Rural Fire Protection District (Volunteer)	1,961,130
Cascade Fire (Volunteer)	287,075
Castle Rock Volunteer Fire Department (Volunteer)	921,196
Cedaredge Police	190,948
Central City Fire Department (Volunteer)	463,720
Central Orchard Mesa Fire Protection District (Volunteer)	85,880
Cherry Hills Fire Protection District	2,361,035
Cheyenne County #1 Fire (Volunteer)	347,369
Clear Creek Fire Authority (Volunteer)	1,699,178
Clifton Fire Protection District (Volunteer)	1,719,335
Coal Creek Fire Protection District (Volunteer)	876,656
Colorado Springs Police	63,291,153
Colorado Springs Fire	75,615,818
Cortez Police	274,802
Crested Butte Fire Protection District (Volunteer)	2,286,469
Cripple Creek Fire Protection District (Volunteer)	455,719
Crowley Fire Department (Volunteer)	32,111
Crystal Lakes Fire Department (Volunteer)	196,209
Del Norte Police	4,933
Denver Fire	334,721,847
Denver Police	471,145,294
Divide Volunteer Fire (Volunteer)	333,283
Donald Westcott Volunteer Fire (Volunteer)	895,868
Dove Creek Fire (Volunteer)	230,602
Durango Police	1,633,969
Durango Fire	1,139,605
Durango Fire & Rescue Authority	4,908,621
Eads Volunteer Fire Department (Volunteer)	\$125,188

## Financial Section

### Other Supplementary Schedules for Financial Section *continued*

#### Net Position by Participating Employer | December 31, 2012 *continued*

East Grand Fire Protection District #4 (Volunteer)	\$1,739,348
Eaton Volunteer Fire Department (Volunteer)	985,168
Eckley Fire (Volunteer)	21,025
Elbert Fire (Volunteer)	162,311
Elizabeth Fire Protection District (Volunteer)	1,094,922
Elk Creek FPD (Volunteer)	2,496,057
Englewood Police	4,735,124
Englewood Fire Department	6,930,277
Englewood Fire Department (Volunteer)	94,694
Evans Volunteer Fire Department (Volunteer)	523,820
Evergreen Fire (Volunteer)	3,691,369
Falcon Fire Protection District (Volunteer)	617,620
Federal Heights Volunteer Fire Department (Volunteer)	2,240,426
Firestone Marshalls Police	14,000
Fisher's Peak Fire (Volunteer)	126,009
Florence Fire (Volunteer)	1,292,611
Foothills Fire Protection District (Volunteer)	1,238,865
Fort Lewis-Mesa Fire Protection District (Volunteer)	291,891
Fort Morgan Fire (Volunteer)	1,110,033
Fort Morgan Rural Fire (Volunteer)	622,572
Fort Morgan Police	538,870
Franktown Fire Protection District (Volunteer)	2,334,732
Frederick Area Fire Protection District (Volunteer)	142,422
Galeton Fire (Volunteer)	604,144
Genesee Fire Protection District (Volunteer)	1,184,749
Glacier View Fire (Volunteer)	207,707
Glendale Volunteer Fire Department (Volunteer)	205,652
Glenwood Springs Fire Department (Volunteer)	715,410
Golden Volunteer Fire Department (Volunteer)	2,717,074
Golden Gate Fire Protection District (Volunteer)	267,191
Grand Fire Protection District (Volunteer)	1,212,004
Grand Junction Fire	9,051,367
Grand Junction Police	3,249,948
Grand Lake Fire (Volunteer)	1,524,289
Grand Valley Fire (Volunteer)	3,093,740
Greeley Police	849,107
Green Mountain Falls-Chipita Park Fire Protection District (Volunteer)	211,958
Gypsum Fire (Volunteer)	507,540
Hartsel Fire Protection District (Volunteer)	543,877
Haxtun Volunteer Fire Department (Volunteer)	148,070
Haxtun Police	149,433
Hillrose Rural Fire (Volunteer)	178,969
Holyoke (City) Volunteer Fire Department (Volunteer)	170,070
Holyoke Fire Protection District (Volunteer)	206,632
Hot Sulphur Springs-Parshall Fire Protection District (Volunteer)	197,860
Hygiene Fire (Volunteer)	939,487
Indian Hills Fire Protection District (Volunteer)	301,407
Inter-Canyon Fire Protection District (Volunteer)	1,183,542
Jackson 105 Fire Protection District (Volunteer)	236,048
Jefferson-Como Fire Protection District (Volunteer)	887,645
Kiowa Fire Protection District (Volunteer)	607,875
Kremmling Fire Protection District (Volunteer)	381,946
La Junta Police	749,105
La Junta Fire	790,678
La Junta Rural Fire Protection District (Volunteer)	\$463,998

Other Supplementary Schedules for Financial Section *continued*Net Position by Participating Employer | December 31, 2012 *continued*

Lafayette Volunteer Fire Department (Volunteer)	\$1,190,476
Lake City Fire (Volunteer)	66,711
Lake Dillon Fire (Volunteer)	3,429,429
Lake George Fire Protection District (Volunteer)	272,274
Lakewood Fire Protection District	9,302,799
Lamar Fire	768,107
Lamar Fire Protection District (Volunteer)	597,181
Larkspur Fire Protection District (Volunteer)	1,383,553
Las Animas Police	322,498
La Salle Police	905,191
La Salle Fire Protection District (Volunteer)	2,441,226
Leadville Fire	169,864
Lefthand Fire Protection District (Volunteer)	1,027,757
Lewis-Arriola Fire Protection District (Volunteer)	1,091,530
Limon Area Fire Protection District (Volunteer)	463,767
Livermore Fire Protection District (Volunteer)	147,157
Log Hill Mesa Fire Protection District (Volunteer)	171,587
Loveland Fire	211,365
Loveland & Rural Consolidated Volunteer Fire	2,672,884
Lower Valley Fire Protection District (Volunteer)	1,126,670
Lyons Fire Protection District (Volunteer)	865,226
Mancos Fire Protection District (Volunteer)	721,023
Manitou Springs Fire	326,947
Manitou Springs Volunteer Fire Department (Volunteer)	348,973
Manzanola Rural Fire Protection District (Volunteer)	143,414
Milliken Fire Protection District (Volunteer)	543,331
Montrose Fire Protection District	137,493
Montrose Fire Protection District (Volunteer)	548,140
Mountain View Fire Protection District	321,842
Mountain View Fire Protection District (Volunteer)	2,263,468
Nederland Fire Protection District (Volunteer)	527,675
New Raymer-Stoneham Fire (Volunteer)	182,624
North Fork Fire Protection District (Volunteer)	204,553
North Routt Fire Protection District (Volunteer)	182,062
North Washington Fire Protection District	1,822,349
North Washington Fire Protection District (Volunteer)	151,864
Northeast Teller County Fire Protection District (Volunteer)	509,672
Northwest Fire Protection District (Volunteer)	304,527
Northwest Conejos Fire Protection District (Volunteer)	421,933
Norwood Fire Protection District (Volunteer)	302,986
Nucla-Naturita Fire (Volunteer)	447,100
Nunn Fire Protection District (Volunteer)	666,184
Oak Creek Fire Protection District (Volunteer)	289,602
Olathe Fire Protection District (Volunteer)	560,917
Olney Springs Volunteer Fire Department (Volunteer)	158,204
Ordway Fire (Volunteer)	188,537
Ouray Volunteer Fire Department (Volunteer)	359,912
Palisade Volunteer Fire Department (Volunteer)	735,601
Palmer Lake Volunteer Fire Department (Volunteer)	17,247
Parker Fire Protection District (Volunteer)	406,212
Pawnee Fire (Volunteer)	123,028
Peetz Fire Protection District (Volunteer)	135,002
Peyton Volunteer Fire Department (Volunteer)	32,721
Pinewood Springs Fire (Volunteer)	141,583
Plateau Valley Fire (Volunteer)	\$1,192,297

## Financial Section

### Other Supplementary Schedules for Financial Section *continued*

#### Net Position by Participating Employer | December 31, 2012 *continued*

Platte Canyon Fire Protection District (Volunteer)	\$930,901
Platte Valley Fire Protection District (Volunteer)	2,117,169
Platteville/Gilcrest Fire Protection District (Volunteer)	3,498,174
Pleasant View Fire Protection District (Volunteer)	305,989
Pleasant View Metro Fire Protection District (Volunteer)	1,474,086
Poudre Canyon FPD (Volunteer)	55,553
Poudre Fire Authority (Volunteer)	106,881
Pueblo Fire	26,207,086
Pueblo Fire - DROP	1,903,910
Pueblo Police	50,288,483
Pueblo Rural Fire Protection District	1,999,664
Rangely Rural Fire (Volunteer)	526,712
Rattlesnake Fire Protection District (Volunteer)	830,556
Red Feather Lakes Fire Protection District (Volunteer)	266,619
Red, White & Blue Fire Protection District	283,666
Red, White & Blue Fire Protection District (Volunteer)	1,222,099
Ridgway Fire (Volunteer)	517,563
Rio Blanco Fire Protection District (Volunteer)	2,643,634
Rifle Fire (Volunteer)	3,932,485
Rocky Ford Police	317,985
Rocky Ford Fire	299,985
Rocky Ford Volunteer Fire Department (Volunteer)	64,503
Rocky Mountain Fire Protection District (Volunteer)	405,501
Sable Altura Fire Protection District (Volunteer)	529,197
Salida Fire	156,016
Salida Police	619,822
Sheridan Fire (Volunteer)	405,362
Silverton Fire (Volunteer)	213,595
South Adams County Fire Protection District	389,574
South Adams County Fire Protection District (Volunteer)	4,726,781
South Arkansas Fire Protection District (Volunteer)	177,293
South Conejos Fire Protection District (Volunteer)	199,238
South Metro Fire Rescue (Volunteer)	354,461
Springfield Police	459,929
Springfield Fire (Volunteer)	117,557
Steamboat Springs Volunteer Fire Department (Volunteer)	1,099,587
Sterling Fire	707,759
Sterling Volunteer Fire Department (Volunteer)	382,635
Sterling Police	1,406,759
Stonewall Fire (Volunteer)	647,988
Stratton Fire Protection District (Volunteer)	105,509
Sugar City Fire Department (Volunteer)	97,552
Sugarloaf Fire Protection District (Volunteer)	359,439
SW Washington Fire (Volunteer)	104,847
Telluride Fire Protection District (Volunteer)	1,393,341
Thornton Fire	5,551,392
Thornton Fire DROP	45
Timberline FPD (Volunteer)	1,552,265
Trinidad Fire	613,818
Trinidad Police	73,270
Union Colony Fire	7,103,874
Walsh Fire (Volunteer)	57,079
Wellington Fire Protection District (Volunteer)	1,189,511
West Cheyenne Fire Protection District (Volunteer)	125,067
West Douglas County Fire Protection District (Volunteer)	\$504,924

Other Supplementary Schedules for Financial Section *continued*Net Position by Participating Employer | December 31, 2012 *continued*

West Metro Fire (Volunteer)	\$693,091
West Routt Fire Protection District (Volunteer)	2,242,341
Westminster Fire (Volunteer)	2,432,653
Wet Mountain Fire (Volunteer)	1,359,680
Wiggins Fire (Volunteer)	738,396
Wiley Rural Fire Protection District (Volunteer)	109,513
Windsor Severance (Volunteer)	2,471,280
Yampa Fire Protection District (Volunteer)	397,222
Yuma Fire (Volunteer)	427,748
<b>Sub-Total Affiliated Local Plans Net Position</b>	<b>\$1,402,884,627</b>
Contributions Receivable at 12/31/12	311,193
<b>Total Affiliated Local Plans Net Position</b>	<b>\$1,403,195,820</b>

<b>Statewide Death &amp; Disability Plan</b>	<b>\$301,652,626</b>
Contributions Receivable at 12/31/12	445,746
<b>Total Statewide Death &amp; Disability Plan Net Position</b>	<b>\$302,098,372</b>

Defined Benefit System - Statewide Defined Benefit Plan	\$1,365,398,257
Defined Benefit System - Colorado Springs New Hire Plans	310,269,194
Defined Benefit System - Statewide Hybrid Plan	29,743,999
FPPA Staff Healthcare Subsidy	191,719
<b>Sub-Total Defined Benefit System Net Position</b>	<b>\$1,705,603,169</b>
Contributions Receivable at 12/31/12	2,953,483
<b>Total Defined Benefit System Net Position</b>	<b>\$1,708,556,652</b>

<b>Total Net Position - Members' Benefit Investment Fund</b>	<b>\$3,413,850,844</b>
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## Financial Section

### Other Supplementary Schedules for Financial Section *continued*

#### Net Position by Participating Employer | December 31, 2012 *continued*

Statewide Money Purchase Plan	\$6,621,659
Contributions Receivable at 12/31/12	34,167
<b>Total Statewide Money Purchase Plan Net Position</b>	<b>\$6,655,826</b>

Statewide Defined Benefit Plan - Separate Retirement Accounts (SRA)	\$14,351,404
Statewide Hybrid Plan - MP Component	149,251,908
Statewide Defined Benefit Plan - Deferred Retirement Option Plan (DROP)	31,062,205
Statewide Hybrid Plan - DROP	59,010
Aurora Police - DROP	2,052,089
Aurora Fire - DROP	2,343,263
Colorado Springs Police - DROP	1,444,445
Colorado Springs Fire - DROP	1,208,016
Colorado Springs New Hire Plans - Police Component DROP	11,892,719
Colorado Springs New Hire Plans - Police Component SRA	11,175
Colorado Springs New Hire Plans - Fire Component DROP	6,587,053
Colorado Springs New Hire Plans - Fire Component SRA	31,725
Denver Fire - DROP	11,245,654
Denver Police - DROP	6,150,576
Durango Fire - DROP	31,662
Englewood Police - DROP	315,602
Englewood Fire - DROP	117,770
Pueblo Fire - DROP	603,117
<b>Sub-Total Affiliated Local &amp; DB System Net Position</b>	<b>\$238,759,393</b>
Contributions Receivable at 12/31/12	300,216
<b>Total Affiliated Local &amp; DB System Net Position</b>	<b>\$239,059,609</b>

IRC 457 Deferred Compensation Plans	\$71,652,917
Contributions Receivable at 12/31/12	146,707
<b>Total IRC 457 Deferred Compensation Net Position</b>	<b>\$71,799,624</b>

<b>Total Net Position - Members' Self-Directed Investment Fund</b>	<b>\$317,515,059</b>
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<b>Net Position Restricted for Pension Benefits</b>	<b>\$3,731,365,903</b>
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Other Supplementary Schedules for Financial Section *continued*

Payments to Consultants | December 31, 2012

<b>Actuarial Consultants</b>	
Gabriel Roeder Smith & Co.	\$287,167
<b>Auditors</b>	
CliftonLarsonAllen LLP	44,055
Timothy M. O'Brien	21,303
<b>Investment Consultants</b>	
Albourne America LLC	352,000
Pension Consulting Alliance	264,750
Hamilton Lane	225,000
Institutional Shareholder Services	110,232
Bidart & Ross, Inc.	80,000
Conflict Securities Advisory Group	10,500
Scherzer International Risk Management Background Investigations	9,117
<b>Legal Counsel</b>	
Ballard Spahr	233,199
Pendleton Friedberg Wilson & Hennessey PC	26,006
Murray Dahl Kuechenmeister & Renaud LLP	22,826
Ritsema & Lyon, PC	16,620
Thomas Pollart & Miller LLC	7,985
Ice Miller LLP	7,964
Bingham McCutchen LLP	1,269
Bracewell & Giuliani LLP	353
<b>Legislative Consultants</b>	
Lombard & Clayton	30,000
<b>Management Consultants</b>	
SE2	15,000
<b>Medical Consultant</b>	
Clarence Henke, M.D., PC	45,000
<b>Total Payments To Consultants</b>	<b>\$1,810,346</b>

**NOTE:**

The above schedule reflects actual cash payments made during 2012. These amounts may differ from those presented in the financial statements since FPPA prepares its financial statements based on the accrual method of accounting.

## Financial Section

### Other Supplementary Schedules for Financial Section *continued*

#### Fire & Police Members' Benefit Investment Fund - Schedule of Administrative and Investment Expenses

(With Comparative Totals for 9 Prior Years) | Years Ended December 31

Expense Group	2012	2011	2010	2009
<b>Professional Contracts</b>				
Actuarial Contract	\$288,000	\$324,000	\$272,000	\$453,000
Audit Fees	59,555	57,875	56,220	39,000
Computer Maintenance & Lease	494,693	367,028	225,997	344,595
Insurance & Bonding	155,438	121,532	158,784	111,335
Legal & Legislative Counsel	123,582	141,701	73,035	64,159
Management Consulting	0	21,624	23,375	29,400
Medical Exam Fees	187,797	144,008	157,822	144,441
Hearing Officers - D&D	22,773	23,948	13,625	13,965
Outside Svcs/Contract Help	39,585	58,411	53,392	54,705
Records Management	6,913	6,366	5,972	5,726
<b>Total Professional Contracts</b>	<b>1,378,336</b>	<b>1,266,493</b>	<b>1,040,222</b>	<b>1,260,326</b>
<b>Personnel Services</b>				
Salaries	3,740,834	3,161,744	2,952,056	2,839,136
Employee Benefits	1,128,226	888,233	829,521	747,331
Employment Programs	18,087	16,980	6,728	22,134
<b>Total Personnel Services</b>	<b>4,887,147</b>	<b>4,066,957</b>	<b>3,788,305</b>	<b>3,608,601</b>
<b>Staff Education</b>				
Tuition Assistance Program	16,927	18,214	13,429	8,800
Conferences & Seminars	25,299	22,028	21,321	19,788
<b>Total Staff Education</b>	<b>\$42,226</b>	<b>\$40,242</b>	<b>\$34,750</b>	<b>\$28,588</b>



2008	2007	2006	2005	2004	2003
\$301,000	\$246,998	\$253,000	\$230,216	\$345,098	\$148,500
37,500	36,000	34,000	33,000	33,000	33,210
98,328	114,595	224,101	177,215	176,420	107,532
124,258	128,980	126,489	114,209	109,290	104,251
100,376	66,129	105,183	80,646	60,698	111,631
277	19,950	33,860	25,000	0	0
122,377	136,630	117,279	120,110	119,446	142,455
9,954	10,402	8,573	6,623	8,345	5,375
58,599	85,141	51,887	27,471	49,947	10,781
9,899	6,062	6,488	4,808	5,370	3,852
<b>862,568</b>	<b>850,887</b>	<b>960,860</b>	<b>819,298</b>	<b>907,614</b>	<b>667,587</b>
2,588,431	2,135,055	2,006,777	1,820,739	1,730,359	1,629,422
640,571	517,372	514,013	451,140	413,205	370,754
147,601	14,525	18,952	12,050	9,454	7,494
<b>3,376,603</b>	<b>2,666,952</b>	<b>2,539,742</b>	<b>2,283,929</b>	<b>2,153,018</b>	<b>2,007,670</b>
20,348	9,734	6,754	15,914	21,981	15,348
34,893	23,312	22,645	31,970	26,545	24,948
<b>\$55,241</b>	<b>\$33,046</b>	<b>\$29,399</b>	<b>\$47,884</b>	<b>\$48,526</b>	<b>\$40,296</b>

## Financial Section

### Other Supplementary Schedules for Financial Section *continued*

#### Fire & Police Members' Benefit Investment Fund - Schedule of Administrative and Investment Expenses

(With Comparative Totals for 9 Prior Years) | Years Ended December 31 *continued*

Expense Group	2012	2011	2010	2009
<b>Other Operating Expenses</b>				
Company Vehicles	\$3,275	\$4,449	\$5,790	\$3,446
Board Expenses	44,133	27,760	30,504	31,884
Data Processing Supplies	160,361	81,452	60,189	45,135
Equipment Rental & Maint.	34,176	26,416	29,078	31,111
Meetings & Travel	11,813	15,607	25,267	20,628
Operating Exp. Two DTC	81,678	74,930	98,926	80,759
Other (Misc.)	0	48	500	0
Postage	39,972	62,299	58,828	57,794
Printing & Mailing	64,249	84,172	73,045	68,414
Retirement Services	6,886	7,224	7,441	9,926
Staff Expense	0	0	0	0
Subscriptions & Dues	16,736	18,497	23,699	21,131
Supplies	16,213	62,152	38,437	40,478
Telephone	12,405	15,150	23,701	28,123
<b>Total Other Operating Expense</b>	<b>491,897</b>	<b>480,156</b>	<b>475,405</b>	<b>438,829</b>
<b>Total Operating Expense</b>	<b>6,799,606</b>	<b>5,853,848</b>	<b>5,338,682</b>	<b>5,336,344</b>
Depreciation/Amortization Expense	808,550	784,935	777,727	166,754
<b>Total Administrative Expense</b>	<b>7,608,156</b>	<b>6,638,783</b>	<b>6,116,409</b>	<b>5,503,098</b>
<b>Capital Expenditures</b>	<b>375,571</b>	<b>391,016</b>	<b>202,049</b>	<b>6,700</b>
<b>Total Administrative Expense And Capital</b>	<b>\$7,983,727</b>	<b>\$7,029,799</b>	<b>\$6,318,458</b>	<b>\$5,509,798</b>
<b>Investment Fees</b>				
Investment Consulting	\$881,875	\$412,788	\$217,000	\$242,125
Investment Mgmt. Fees	19,963,855	16,457,643	15,142,901	13,399,161
Investment Legal Fees	203,171	79,304	64,736	80,396
Investment Closing Costs	54,117	26,273	10,000	27,398
Bank/Security Lending Fees	673,888	633,304	510,865	628,407
Other Misc. Investment Expenses				
Computer Software	92,402	48,104	0	0
Meetings & Travel / Due Diligence	80,567	54,232	0	0
Subscriptions & Dues	4,580	4,255	0	0
Printing & Mailing Expense	5,662	3,025	0	0
<b>Total Investment Fees</b>	<b>\$21,960,117</b>	<b>\$17,718,928</b>	<b>\$15,945,502</b>	<b>\$14,377,487</b>

2008	2007	2006	2005	2004	2003
\$4,137	\$4,342	\$4,966	\$5,582	\$2,779	\$4,439
47,799	43,355	63,881	68,315	56,747	44,439
115,649	57,136	107,313	23,847	12,604	11,544
37,767	34,154	32,501	42,919	38,995	37,406
23,217	26,613	24,683	25,569	29,335	27,281
68,920	109,072	69,834	(60,599)	25,812	(15,441)
0	0	0	0	699	28
65,460	59,653	57,476	55,494	52,097	66,909
104,161	111,076	82,062	118,476	109,470	145,465
8,032	9,099	9,177	10,626	9,148	8,870
0	0	5,413	4,426	3,138	3,797
20,320	11,836	11,975	11,673	10,432	10,805
39,697	36,021	82,624	30,587	26,959	24,305
30,655	23,577	17,820	15,636	20,207	20,434
<b>565,814</b>	<b>525,934</b>	<b>569,725</b>	<b>352,551</b>	<b>398,422</b>	<b>390,281</b>
<b>4,860,226</b>	<b>4,076,819</b>	<b>4,099,726</b>	<b>3,503,662</b>	<b>3,507,580</b>	<b>3,105,834</b>
124,158	120,517	103,831	194,536	147,257	43,980
<b>4,984,384</b>	<b>4,197,336</b>	<b>4,203,557</b>	<b>3,698,198</b>	<b>3,654,837</b>	<b>3,149,814</b>
<b>60,051</b>	<b>66,012</b>	<b>42,615</b>	<b>42,507</b>	<b>74,800</b>	<b>48,797</b>
<b>\$5,044,435</b>	<b>\$4,263,348</b>	<b>\$4,246,172</b>	<b>\$3,740,705</b>	<b>\$3,729,637</b>	<b>\$3,198,611</b>
\$372,500	\$361,512	\$310,500	\$180,001	\$234,916	\$186,003
18,610,131	18,443,997	14,689,108	12,825,394	10,167,622	5,491,021
0	41,052	142,182	35,196	61,843	28,224
0	0	0	0	0	0
1,104,469	807,614	759,789	726,617	332,650	374,755
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<b>\$20,087,100</b>	<b>\$19,654,175</b>	<b>\$15,901,579</b>	<b>\$13,767,208</b>	<b>\$10,797,031</b>	<b>\$6,080,003</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.**

*Scott Simon, Chief Investment Officer*

The mission of the Fire and Police Pension Association – to provide for the retirement needs of police officers and fire-fighters throughout the State of Colorado – is facilitated by the management of various fund investment portfolios, which totaled \$3.731 billion in market value as of December 31, 2012.

Specifically, the Association is responsible for administering two separate funds:

- The Fire & Police Members' Benefit Investment Fund (\$3.414 billion) defined benefit plans. General Information and data found on the following pages, and
- The Fire & Police Members' Self-Directed Investment Fund (\$317 million) defined contribution plans.

*General Information continues on next page.*

## Investment Section

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### General Information

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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 a 7.5% 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

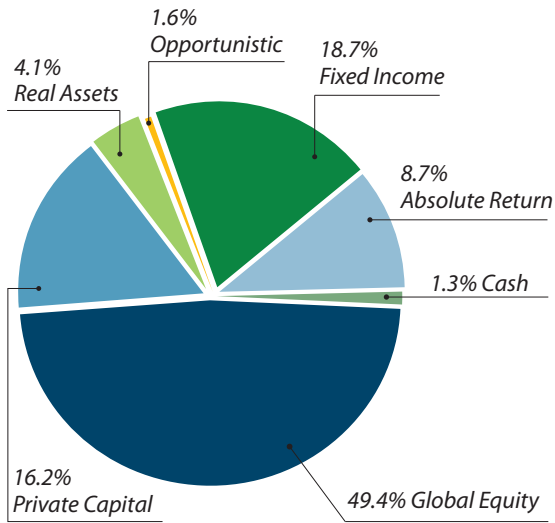
FPPA utilizes an asset liability study as its primary process to establish the overall risk tolerance for the Fund. In establishing Investment Allocation Policy Targets, the Board considers the historical and expected risks and correlations of investment classes in creating a portfolio which reduces 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 annual 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 February 2012, as a result of the Annual Investment Allocation Review, the Board reaffirmed an interim investment allocation of global equity 49.0%; fixed income & cash 20.0%; absolute return 11.0%; real assets 4.0%; private capital 14.0%; and opportunistic 2.0%.

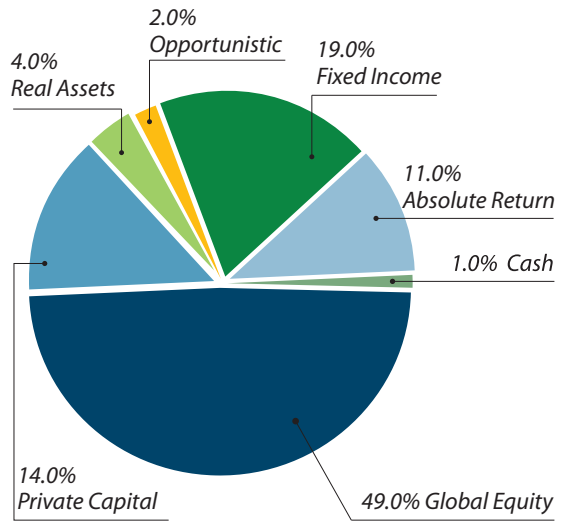
For the Fire & Police Members' Benefit Investment Fund, as of December 31, 2012, the Association employed the external investment managers listed further in this section.

Fire & Police Members' Benefit Investment Fund

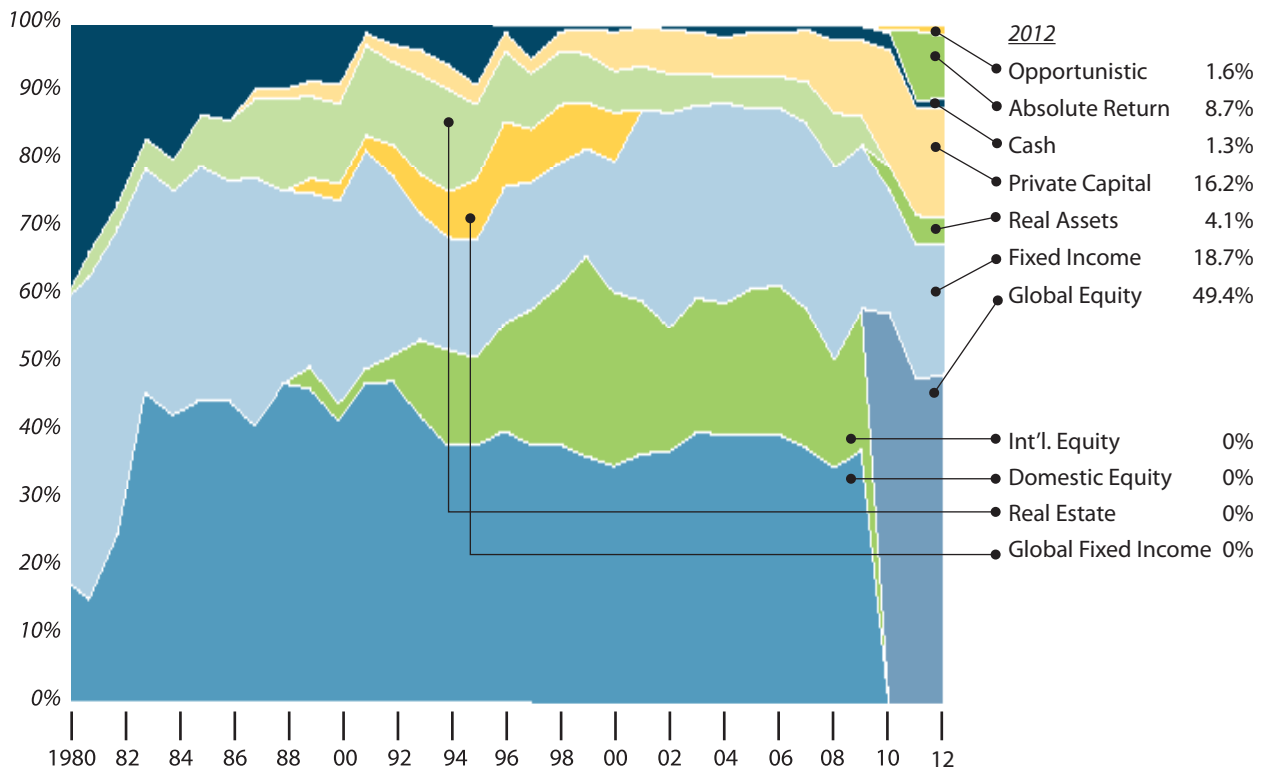
2012 Asset Allocation



2012 Target Asset Allocation



Fire & Police Members' Benefit Investment Fund  
FPPA Asset Allocation 1980 - 2012



## Investment Section

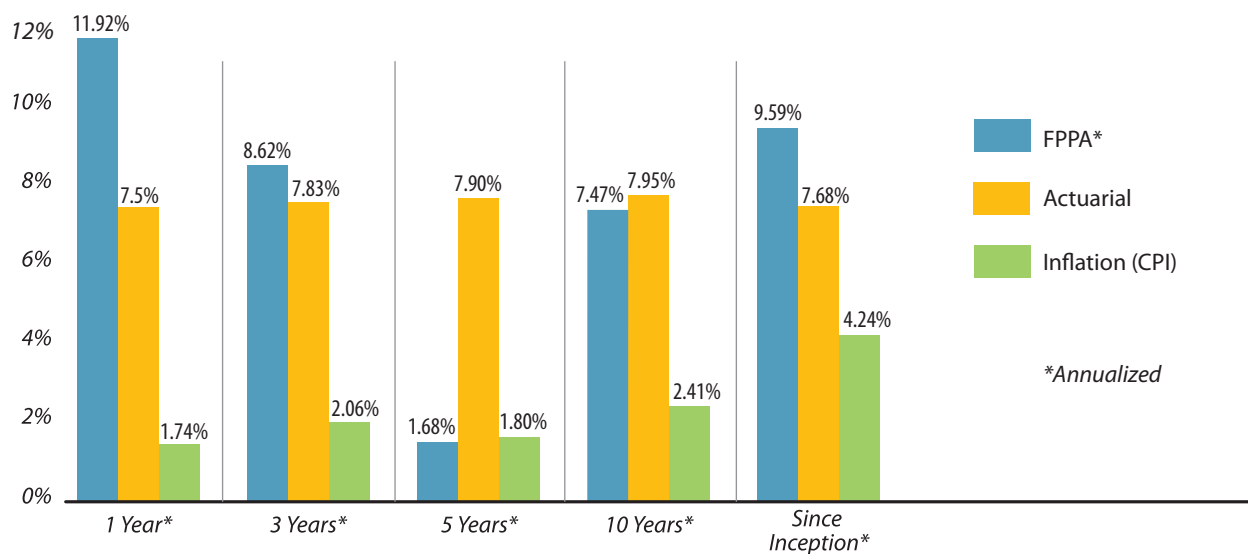
### Fire & Police Members' Benefit Investment Fund Investment Summary

	Market Value per Financial Statement December 31, 2012	Reallocation	Market Value Per Investment Portfolio December 31, 2012	Percent of Market Value December 31, 2012
Global Equity	1,645,786,804	31,520,464	1,677,307,268	49.4%
Fixed Income	631,161,607	4,160,376	635,321,983	18.7%
Real Assets	138,834,368	(0)	138,834,368	4.1%
Private Capital	549,911,538	104,439	550,015,977	16.2%
Absolute Return	264,789,978	31,986,180	296,776,158	8.7%
Opportunistic	53,354,278	1,140,311	54,494,589	1.6%
Investment Cash & Short Term	156,595,855	(111,535,155)	45,060,700	1.3%
Securities Lending Investment Pool	137,592,195	(137,592,195)	-	-
	<b>3,578,026,623</b>	<b>(180,215,580)</b>	<b>3,397,811,043</b>	<b>100.0%</b>

The total market value 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.

### Fire & Police Members' Benefit Investment Fund Return vs. Inflation and Actuarial Requirements (Inception - 2012)

Annualized  
Return





**Fire & Police Members' Benefit Investment Fund**  
 Asset Allocation by Category and Investment Manager

Asset Class Manager	Investment Style	Management Fees	TOTAL ASSETS	% of Total Fund Assets
<b>Global Equity</b>				
AKO	Equity Long/Short		40,353,864	1.19%
Artio Global Investors <sup>1</sup>	Active EAFE		9,476	0.00%
Baillie Gifford Overseas Ltd.	Active Emerging Markets	300,296	49,122,732	1.44%
Brigade	Growth-Oriented Public Debt		32,511,493	0.96%
Coatue	Equity Long/Short		40,367,261	1.19%
Cortina Asset Management	Small Cap Growth	708,438	103,899,611	3.06%
Driehaus	Global Small Cap	514,607	69,970,406	2.06%
Global Transition Account	MSCI World Index		81,498,994	2.40%
JP Morgan GEM Discovery	Active Emerging Markets	824,481	103,759,110	3.05%
LSV Asset Management <sup>1</sup>	Active EAFE		18,277	0.00%
Luxor	Equity Long/Short		29,965,214	0.88%
Pershing Square	Equity Long/Short		33,106,535	0.97%
Scout Capital II	Equity Long/Short		29,797,436	0.88%
Senator Global Opportunity	Equity Long/Short		32,418,599	0.95%
South Point	Equity Long/Short		36,267,112	1.07%
SSgA MSCI World	MSCI World Index	281,963	862,206,091	25.37%
SSgM Cash Equitization Account	Equity Exposure		3,038,260	0.09%
Walter Scott	Active World Equity	834,840	128,996,797	3.80%
<b>Total Global Equities</b>		<b>\$3,464,625</b>	<b>\$1,677,307,268</b>	<b>49.36%</b>
<b>Fixed Income</b>				
C.S. McKee	Core Bond	408,600	222,362,112	6.54%
Fixed Income Impaired			974,939	0.03%
Fixed Income Transition			926	0.00%
PIMCO	Active	693,135	253,183,758	7.45%
PriVest	Investment Grade Bonds	167,238	57,963,798	1.71%
SSgA BC Agg x-Credit Index Fund	Core ex Credit	8,811	100,836,450	2.97%
<b>Total Domestic Fixed</b>		<b>\$1,277,784</b>	<b>\$635,321,983</b>	<b>18.70%</b>
<b>Opportunistic</b>				
Babson Capital	Opportunistic	102,719	23,474,286	0.69%
Capital Royalty II	Opportunistic	890,258	6,313,059	0.19%
Metropolitan West	Opportunistic	100,865	2,240,569	0.07%
Mountain View FD II	Opportunistic	140,624	10,713,689	0.31%
Pauls REO II	Opportunistic		6,143,979	0.18%
Raven I	Opportunistic		4,931,676	0.14%
Rosemont Partners III	Opportunistic	319,579	277,867	0.01%
<i>Valuation Adjustment<sup>3</sup></i>			399,464	0.01%
<b>Total Opportunistic</b>		<b>\$1,554,045</b>	<b>\$54,494,589</b>	<b>1.60%</b>

## Investment Section

### Fire & Police Members' Benefit Investment Fund

Asset Allocation by Category and Investment Manager - *continued*

#### Absolute Return

Absolute Return Low Beta	Fund of Hedge Funds	619,871	135,595,799	3.99%
GAM	Fund of Hedge Funds		58,422	0.00%
GAM Global Macro	Fund of Hedge Funds	704,621	102,085,677	3.00%
Gottex Market Neutral <sup>2</sup>	Fund of Hedge Funds	(4,279)		0.00%
K2	Fund of Hedge Funds	417,281	59,036,260	1.74%
<b>Total Absolute Return</b>		<b>\$1,737,494</b>	<b>\$296,776,158</b>	<b>8.73%</b>

#### Real Assets

Arclight Capital V	Oil & Gas	655,404	4,821,928	0.14%
Blackrock Diamond Fund	Enhanced	41,790	3,504,664	0.10%
EIG Real Assets XV	Energy	157,026	12,941,350	0.38%
Enervest Fund XII	Oil & Gas	453,233	17,238,331	0.51%
JP Morgan	Core	457,468	49,219,281	1.45%
Morgan Stanley	Core	251,363	20,937,134	0.62%
PRISA	Core	230,277	24,714,295	0.73%
RREEF	Core	33,950	29,982	0.00%
Scout I-B	Oil & Gas	1,497,665	5,653,574	0.17%
<i>Valuation Adjustment<sup>3</sup></i>			(226,171)	-0.01%
<b>Total Real Assets</b>		<b>\$3,778,176</b>	<b>\$138,834,368</b>	<b>4.09%</b>

#### Private Capital

ABS Capital Partners II		169	85,330	0.00%
AIF VII Euro Holdings		(15,277)	7,328,651	0.22%
American Securities Opportunity Fund II		116,793	8,438,345	0.25%
American Securities Partners VI		165,718	4,502,370	0.13%
Apollo Investment Fund IV		(37,270)	125,599	0.00%
Apollo Investment Fund VI		(12,970)	9,480,325	0.28%
Apollo Real Estate Fund III			1,221,364	0.04%
ARCH Venture Fund V		(234)	1,384,521	0.04%
Aurora Equity Partners II			3,953,229	0.12%
Aurora Equity Partners III		11,452	10,092,241	0.30%
Avenue Special Situations Fund IV			393,193	0.01%
Avenue Special Situations V			759,069	0.02%
Birch Hill Equity Partners (US) III		70,053	3,961,750	0.12%
Blackstone Capital Partners III		1,408	52,565	0.00%
Blackstone Capital Partners IV		(3,553)	3,223,022	0.09%
Blackstone Capital Partners V		27,473	8,562,484	0.25%
Blackstone Real Estate Fund III			92,739	0.00%
Blackstone Real Estate Fund VI		135,990	23,215,160	0.68%
Blackstone Real Estate Fund VII		162,525	6,671,236	0.20%
Boston Ventures V			534,091	0.02%
Bowmark Capital Partners IV		93,854	5,731,814	0.17%
Catterton Partners V		10,233	3,372,969	0.10%
Catterton Partners VI		234,790	9,575,559	0.28%
Centennial Fund VII		15,699	2,915,085	0.09%
Chisholm Partners III		22,128	492,006	0.01%

**Fire & Police Members' Benefit Investment Fund**Asset Allocation by Category and Investment Manager - *continued*

Chisholm Partners IV	(34,910)	216,297	0.01%
Coller International Partners IV	35,506	2,547,324	0.07%
Coller International Partners V	85,402	4,545,872	0.13%
Commonfund Capital Venture Partners IX	20,313	4,813,373	0.14%
Commonfund Capital Venture Partners X		212,169	0.01%
CVC European Equity Partners III		2,502,031	0.07%
CVC European Equity Partners IV	25,789	4,533,522	0.13%
CVC European Equity Partners V	93,509	8,403,718	0.25%
Doughty Hanson Fund III		470,276	0.01%
Dune Real Estate Fund I	24,883	6,402,683	0.19%
Dune Real Estate Fund II	32,394	7,877,853	0.23%
Energy & Minerals Group II	466,259	4,816,300	0.14%
Endeavour Capital Fund IV	97,923	1,872,477	0.06%
Endeavour Capital Fund VI	208,710	2,428,217	0.07%
Energy Capital Partners II	214,836	8,554,833	0.25%
Enhanced Equity Fund II	170,567	4,438,289	0.13%
Ethos Private Equity VI	196,233	1,583,416	0.05%
First Reserve Fund X	6,665	1,839,034	0.05%
First Reserve Fund XI	45,275	8,331,826	0.25%
First Reserve Fund XII	274,543	11,206,591	0.33%
Focus Ventures III	89,773	4,560,922	0.13%
GBOF VI	236,192	4,831,733	0.14%
Granite Global Ventures II		6,044,037	0.18%
Granite Global Ventures III	93,149	7,414,507	0.22%
Green Equity Investors IV	(6,701)	5,134,975	0.15%
Green Equity Investors V	53,271	8,598,687	0.25%
H/2 Special Opportunities Fund II	6,520	5,034,294	0.15%
Harvest Partners IV		833,029	0.02%
HIG Bayside Opportunities Fund II	149,858	5,963,225	0.18%
High Road Capital Partners	270,186	10,419,792	0.31%
Insight Venture Partners VII	83,093	6,130,632	0.18%
JH Whitney VII	294,006	7,795,749	0.23%
JMI Equity Fund V	24,799	23,418,679	0.69%
JMI Equity Fund VI	558,872	9,200,485	0.27%
JMI Equity Fund VII	196,964	6,447,447	0.19%
Kayne Anderson Energy Fund III	20,284	5,632,324	0.17%
Kayne Anderson Energy Fund IV	87,695	7,928,956	0.23%
Kayne Anderson Energy Fund VI	29,173	393,402	0.01%
Kelso Investment Assoc VIII	208,541	9,581,091	0.28%
Kohlberg Investors VI	24,635	9,010,990	0.27%
KPS Special Situations Fund III	111,147	5,700,940	0.17%
Larimer Ventures II		19,026	0.00%
Leapfrog Ventures II	4,693	2,459,827	0.07%
Lighthouse Capital Partners V	15,187	190,259	0.01%
LNK Partners	(400,906)	3,218,241	0.10%
MatlinPatterson Global Opps Fund	(2,238)	3,837	0.00%
MHR Institutional Partners III	163,659	7,611,937	0.22%
MVM Fund III	123,747	3,783,186	0.11%
Nautic Partners V	(66,037)	669,296	0.02%

## Investment Section

### Fire & Police Members' Benefit Investment Fund

#### Asset Allocation by Category and Investment Manager - *continued*

Nautic Partners VI	59,515	6,329,345	0.19%
New Enterprise Associates XIII	17,486	8,488,664	0.25%
NGP Natural Resources X	181,696	2,155,854	0.06%
Nordic Capital Fund III	4,299	104,507	0.00%
Nordic Capital Fund V	39,019	4,924,654	0.15%
Nordic Capital Fund VI	19,312	6,858,739	0.20%
Nordic Capital Fund VII	236,104	11,661,118	0.34%
OHA Strategic Credit Fund II	6,581	4,783,470	0.14%
Oxford Bioscience Partners IV		658,711	0.02%
Oxford Bioscience Partners V	31,250	2,943,489	0.09%
Permira Europe IV	623,923	8,624,249	0.25%
Providence Equity Partners V	(18,915)	4,047,187	0.12%
Providence Equity Partners VI	82,411	9,002,647	0.26%
Roark Capital Partners II	195,379	16,108,824	0.47%
Roark Capital Partners III		1,054,780	0.03%
SAIF Partners IV	225,811	6,420,221	0.19%
SKM Equity Fund II		821,247	0.02%
Sprout Capital VIII		11,118	0.00%
Sprout Capital IX	9,668	336,397	0.01%
Square Mile Partners III	36,476	7,382,320	0.22%
TA XI	35,625	3,644,775	0.11%
TCV VII	55,848	7,640,617	0.23%
Thomas H. Lee Equity Fund V	(24,600)	729,277	0.02%
Thomas McNerney & Partners	71,416	4,823,805	0.14%
Thomas, McNerney & Partners II	64,790	7,662,081	0.23%
TPG Growth II	355,606	1,761,572	0.05%
TPG Partners III		1,198,251	0.04%
TPG Partners IV	(11,264)	5,229,029	0.15%
TPG Partners V	42,595	5,725,045	0.17%
TPG Partners VI	111,237	6,612,294	0.20%
TPG Partners VI SEC	43,597	2,285,639	0.07%
Venture Investment Managers	37,500	10,902,755	0.32%
Veritas Capital Fund IV	116,629	5,782,999	0.17%
Vestar Capital Partners III		700,328	0.02%
Vestar Capital Partners IV	2,769	3,535,286	0.10%
Vestar Capital Partners V	18,585	879,195	0.03%
W Capital Partners	8,862	2,117,000	0.06%
PE Stock Distribution Account		58	0.00%
<i>Valuation Adjustment<sup>3</sup></i>		4,276,107	0.13%
<b>Total Alternative Investments</b>	<b>8,011,650</b>	<b>550,015,977</b>	<b>16.19%</b>
Internal Cash account Mellon Bank		45,060,700	1.33%
Annual Accrual Adjustment	140,082		
<b>TOTAL FEES &amp; ASSETS</b>	<b>\$19,963,855</b>	<b>\$3,397,811,043</b>	<b>100%</b>

\*The total market value 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.

1) Manager terminated in 2010 – 2) Manager terminated in 2011 – 3) See Note 2.C. Summary of Significant Accounting Policies, within the Financial Statements

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**Fire & Police Members' Benefit Investment Fund**  
 "Top 20" Equity Holdings
 

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Company	Market Value
APPLE INC	\$18,014,056.05
EXXON MOBIL CORP	\$14,429,442.90
NESTLE SA	\$10,089,384.39
GOOGLE INC	\$9,634,515.60
MICROSOFT CORP	\$9,401,920.00
HSBC HLDGS ORD USD0.50 (UK)	\$9,011,168.87
JOHNSON & JOHNSON	\$8,972,800.00
GENERAL ELECTRIC CO	\$7,988,794.00
ROCHE HLDG AG GENUSSSCHEINE NPV	\$7,942,544.38
CHEVRON CORP	\$7,699,568.00
INTERNATIONAL BUSINESS MACHINE	\$7,489,605.00
ORACLE CORP	\$7,430,360.00
WAL-MART STORES INC	\$7,259,672.00
AT&T INC	\$7,079,100.00
PFIZER INC	\$6,803,932.70
PROCTER & GAMBLE CO/THE	\$6,721,110.00
QUALCOMM INC	\$6,194,660.40
WELLS FARGO & CO	\$6,152,400.00
JPMORGAN CHASE & CO	\$6,032,546.80
INTEL CORP	\$5,964,809.26

*The top 20 holdings exclude commingled funds.  
A complete list of holdings is available upon request.*

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**Fire & Police Members' Benefit Investment Fund**  
 "Top 20" Fixed Income Holdings
 

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Company	Description	Market Value
U S TREASURY NOTE	2.000% 11/15/2021	\$24,494,204.00
COMMIT TO PUR GNMA SF MTG	3.000% 02/15/2043	\$24,397,940.00
MORGAN ST REV REPO	0.250% 01/03/2013	\$21,200,000.00
U S TREASURY NOTE	2.125% 08/15/2021	\$16,504,625.00
MORGAN ST REV REPO	0.250% 01/02/2013	\$13,800,000.00
U S TREASURY NOTE	0.250% 11/30/2013	\$12,407,316.00
FNMA POOL #0AP7534	2.500% 09/01/2027	\$11,425,734.35
FEDERAL FARM CR BK CONS BD	0.259% 01/17/2017	\$9,450,339.02
US TREAS-CPI	0.125% 01/15/2022	\$8,878,906.07
US TREAS-CPI INFLATION INDEX	0.625% 04/15/2013	\$8,396,671.82
FEDERAL NATL MTG ASSN	6.000% 04/18/2036	\$8,017,213.40
BUNDESSCHATZANWEISUNGEN	0.750% 09/13/2013	\$7,817,927.29
US TREAS-CPI INFLATION INDEX	0.500% 04/15/2015	\$7,807,585.82
MORGAN ST REV REPO	0.260% 01/02/2013	\$7,300,000.00
BUNDESSCHATZANWEISUNGEN	1.750% 06/14/2013	\$6,642,837.50
GOLDMAN SACHS BANK USA/NEW YOR	1.800% 06/27/2017	\$6,529,661.46
U S TREASURY BOND	2.750% 11/15/2042	\$5,643,831.52
COMMIT TO PUR FHLMC GOLD SFM	4.000% 01/01/2043	\$5,337,500.00
NEW YORK NY	6.246% 06/01/2035	\$5,323,455.00
GE CAPITAL RETAIL BANK	1.800% 06/22/2017	\$5,303,114.60

*The top 20 holdings exclude commingled funds & SWAPS.  
A complete list of holdings is available upon request.*

## Investment Section

### Fire & Police Members' Benefit Investment Fund Performance Summary as of December 31, 2012

Series Name Benchmark Indices	4Q return Percentage	1 year return Percentage	Annualized 3 year return Percentage	Annualized 5 year return Percentage
FPPA Total Fund - Gross of Fees	2.37	12.32	9.12	2.20
FPPA Total Fund - Net of Fees	2.31	11.92	8.62	1.68
Custom Total Fund Benchmark <sup>1</sup>	2.80	13.45	8.88	2.78
Public Fund Median (BNY/Mellon)	1.99	13.01	9.03	2.94
Global Public Equity Accounts - Gross of Fees	2.55	15.94	7.41	-1.45
Global Public Equity Accounts - Net of Fees	2.48	15.69	7.17	-1.73
MSCI ACWI IMI	3.12	17.04	7.57	-0.20
Fixed Income Accounts - Gross of Fees	0.52	6.01	8.18	7.92
Fixed Income Accounts - Net of Fees	0.45	5.80	7.92	7.66
Barclays Capital U.S. Aggregate Index	0.21	4.21	6.19	5.95
Real Asset Accounts - Gross of Fees <sup>2</sup>	3.60	11.19	N/A	N/A
Real Asset Accounts - Net of Fees <sup>2</sup>	3.23	9.93	N/A	N/A
NCREIF ODCE Index	2.35	10.94	N/A	N/A
Private Capital Accounts - Gross of Fees <sup>3</sup>	5.11	15.38	17.42	9.04
Private Capital Accounts - Net of Fees <sup>3</sup>	5.18	14.66	15.77	7.07
Private Capital Benchmark	7.69	24.13	15.32	5.75
Absolute Return - Gross of Fees <sup>4</sup>	-0.14	2.69	N/A	N/A
Absolute Return - Net of Fees <sup>4</sup>	-0.27	2.12	N/A	N/A
Absolute Return Benchmark	1.01	4.07	N/A	N/A
Opportunistic Accounts - Gross of Fees <sup>5</sup>	3.27	10.05	N/A	N/A
Opportunistic Accounts - Net of Fees <sup>5</sup>	3.59	9.29	N/A	N/A
Actuarial Rate	1.83	7.50	N/A	N/A

**NOTES:**

1) Composite of the index benchmark returns of each asset class multiplied by their target asset allocations.

2) FPPA changed to a new allocation on 10/1/2010 moving from Real Estate to Real Assets allocation and Real Assets and NCREIF ODCE are reported on a quarter lag.

3) 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.

4) FPPA adopted a new asset class in Absolute Return which took effect on 10/1/2010. FPPA changed the Absolute Return benchmark to the 90-Day T-Bill+400BP.

5) 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.

**Fire & Police Members' Benefit Investment Fund**  
**Schedule of Brokerage Commissions**

Broker Name	Total Commission	Shares Traded	Per Share
UBS WARBURG LLC	\$10,985.92	\$22,521,185.00	0.000
DEUTSCHE SEC ASIA LTD	42,342.19	19,681,755.00	0.002
STATE STREET GLOBAL ADVISORS	254,690.33	17,200,199.00	0.015
MACQUARIE BANK LTD	20,178.72	16,134,211.00	0.001
CITIGROUP GBL MKTS INC	26,626.98	11,908,784.00	0.002
MERRILL LYNCH PIERCE FENNER SMITH INC	38,727.27	11,234,703.00	0.003
CREDIT SUISSE	45,030.65	9,417,624.00	0.005
CREDIT LYONNAIS SECS	10,806.07	9,412,699.00	0.001
DAIWA SECS AMER INC	17,993.36	8,083,255.00	0.002
CALYON SECURITIES	8,729.81	7,430,931.00	0.001
MORGAN STANLEY & CO INC	26,590.92	5,757,403.00	0.005
J.P. MORGAN CLEARING CORP	25,366.28	4,024,207.00	0.006
LIQUIDNET INC	36,002.06	2,654,580.00	0.014
JEFFERIES & CO INC	20,005.78	2,269,010.00	0.009
ITG HONG KONG LIMITED	3,592.36	1,950,697.00	0.002
GOLDMAN SACHS & CO	9,397.79	1,615,986.00	0.006
RBC DOMINION SECS INC	14,418.09	1,592,492.00	0.009
INSTINET CORP	3,832.05	1,571,008.00	0.002
JPMORGAN SECURITIES INC	6,167.13	1,568,044.00	0.004
ROYAL BANK OF CANADA EUROPE LTD	7,922.75	1,103,311.00	0.007
INVESTMENT TECHNOLOGY GROUP LTD	5,717.68	1,049,380.00	0.005
BARCLAYS CAPITAL LE	4,670.13	740,955.00	0.006
BNP PARIBAS PEREGRINE SEC LTD	1,882.58	722,050.00	0.003
SVENSKA HANDELSBANKEN	10,395.80	640,192.00	0.016
UBS EQUITIES	2,673.23	621,480.00	0.004
NUMIS SECURITIES LTD	4,356.28	512,467.00	0.009
CANACCORD GENUITY INC	10,970.34	494,907.00	0.022
BNY CONVERGEX	14,352.31	454,905.00	0.032
AGORA CTVM	3,720.58	441,003.00	0.008
SG SEC LTD	9,310.27	416,373.00	0.022
BANCO SANTANDER	4,476.57	412,997.00	0.011
STERNE AGEE & LEACH INC	19,900.52	404,970.00	0.049
BANCO BTG PACTUAL SA	6,624.17	386,189.00	0.017
PIPER JAFFRAY & CO	17,231.29	383,833.00	0.045
BAIRD, ROBERT W & CO INC	19,056.64	373,869.00	0.051
BB&T SECURITIES, LLC	15,715.47	366,674.00	0.043
MITSUBISHI UFJ SEC	8,843.85	329,189.00	0.027
UNION BANK SWITZERLAND SECS	1,706.58	325,928.00	0.005
KNIGHT EQUITY MARKETS L.P.	8,813.10	296,641.00	0.030
RAYMOND JAMES & ASSOC INC	14,381.07	291,845.00	0.049
CRAIG HALLUM	9,852.51	281,277.00	0.035
BENCHMARK COMPANY LLC	12,602.79	274,315.00	0.046
WILLIAM BLAIR & CO	9,392.56	262,920.00	0.036
CANTOR FITZGERALD & CO INC	9,776.58	254,352.00	0.038
STEPHENS INC	11,304.74	233,028.00	0.049
NEEDHAM & CO	8,056.86	224,067.00	0.036
PACIFIC CREST SECURITIES	8,668.68	203,838.00	0.043
CORMARK SECURITIES INC./CDS	2,692.55	202,198.00	0.013
SAMSUNG SECS	11,037.24	193,158.00	0.057
ASSENT LLC	7,676.11	192,095.00	0.040
All Other Brokers	219,418.38	5,201,916.00	0.042
<b>Total</b>	<b>\$1,124,683.97</b>	<b>\$174,321,095.00</b>	<b>0.006</b>

### 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. 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 utilizes Fidelity Investments® to provide recordkeeping and investment management services for FPPA's self-directed plans.







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April 26, 2013

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:

<b>Plan</b>	<b>Funding Objective</b>
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
Defined Benefit System – Colorado Springs New Hire Pension Plans	Current cost plus level dollar amortization of unfunded liability over 26 years
Affiliated Local Old Hire Plans	Current cost plus level dollar amortization of unfunded liability over 18 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.

Gabriel Roeder Smith & Company

Board of Directors, Fire and Police Pension Association  
April 26, 2013  
Page 2

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 1, 2012 actuarial valuation, the Board elected to leave the contribution rate unchanged at 2.6% for the two year period beginning January 1, 2013.

The Defined Benefit System and Statewide Death & Disability Plans, and affiliated local old hire plans were last valued as of January 1, 2012. The volunteer fire plans were last valued as of January 1, 2011.

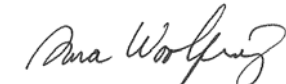
The valuations were performed based on data provided by FPPA's administrative staff, with an examination of the data for reasonableness. The actuarial methods and assumptions used are in full compliance with all the parameters established by GASB Statements No. 25 & No. 27 and meet the parameters set 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



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



Dana Woolfrey, F.S.A., E.A.  
Consultant

Gabriel Roeder Smith & Company

## Actuarial Section

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### General Information and Summary of Actuarial Assumptions

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#### 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 2011 and 2012 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 (2012, 2014, etc.). All of the Affiliated Local volunteer firefighters plans have valuations performed as of January 1 of the odd numbered years (2011, 2013, 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, 2012, 220 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, 2012, 32 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, 2012, 405 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, 2012.

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.

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

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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 2011 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, 2012 actuarial valuations.

### Actuarial Experience Study

At least every five years the FPPA Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of FPPA's past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

The main actuarial factor changes were:

- Reduce the inflation assumption from 3.50% to 3.00%. It was determined that the current 3.50% assumption is higher than the long term historical average, the recent historical average, and most sources of future expectations. The decision to lower the assumption to 3.00% places the assumption closer to recent inflation levels and closer to the levels expected in the bond market.
- Reduce the normal investment return assumption from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%. The investment return assumption is one of the principal assumptions in any actuarial valuation of a retirement plan. It is used to discount future expected benefit payments to the valuation date, in order to determine the liabilities of the plan. Even a small change to this assumption can produce significant changes to the liabilities and contribution rates. The FPPA Board reduced the assumption to 7.50% as this was the median expected portfolio return given the fund's target allocation and given a set of capital market assumptions.
- Revise the post-retirement mortality tables to reflect increased longevity. The post-retirement mortality tables for non-disabled retirees were updated to the generational mortality tables with blue collar adjustment as it reflected the plans experience. An explicit assumption for continuously increasing longevity was also added as the life expectancies for today's younger active members are expected to be materially longer than those of today's retirees. This has a significant impact on costs and liabilities.

These new actuarial assumptions are a more conservative position for FPPA as it proceeds forward. As always, the assumptions will be reviewed against actual experience each year and gains or losses recognized in accordance with Governmental Accounting Standards Board standards and our actuarial methods and policies.

### Economic Assumptions

The investment rate of return for purposes of the actuarial valuation is 7.5% per annum, compounded annually and net of operating expenses. Future inflation is assumed to be 3.0% 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.

## Actuarial Section

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

Active members' salary increases are composed of three pieces, inflation increases, productivity component of 1.0%, and step-rate/promotional component which varies by the service of the member. As stated above, inflation is assumed to be 3.0% 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 affiliated plans, paid plan retirees and beneficiaries from limited rank escalation departments are projected to receive annual cost-of-living increases of 3.5% 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 3.5% per annum.

Assets are valued at an actuarial value of assets. The actuarial value of assets is based on the fair value of assets with a three-year phase-in of actual investment return in excess of or less than expected investment income. The returns are computed net of administrative and investment expenses.

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

### Non-economic Assumptions

The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be .00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA 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, the RP-2000 Combined Mortality Table with Blue Collar Adjustment and a 110% load, projected with Scale AA is used for occupationally disabled retirees. The RP-2000 Disabled Generational Mortality Table, projected with Scale AA is used in the valuation of benefits for totally disabled retirees. 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.

### Post-Retirement Assumptions

Sample Ages	COLA Increases	Full Rank	Limited Rank		Annual Rate per 1,000 Members							
					Healthy Retiree or Survivor		Occupationally Disabled Retirees		Totally Disabled Retirees		Active Member Death	
					(Male)*	(Female)*	(Male)*	(Female)*	(Male)*	(Female)*	(Male)*	(Female)*
20	N/A	3.5%	3.5%	3.0%	0.28	0.16	0.31	0.18	18.63	6.34	0.31	0.26
30	N/A	3.5%	3.5%	3.0%	0.69	0.26	0.76	0.29	21.47	6.74	0.48	0.32
40	N/A	3.5%	3.5%	3.0%	1.27	0.75	1.39	0.83	20.83	6.40	0.71	0.55
45	N/A	3.5%	3.5%	3.0%	1.57	1.18	1.73	1.30	19.80	6.34	0.83	0.72
50	N/A	3.5%	3.5%	3.0%	2.01	1.65	2.21	1.82	24.16	9.72	1.00	0.89
55	N/A	3.5%	3.5%	3.0%	3.46	2.58	3.81	2.84	29.26	15.27	1.59	1.22
60	N/A	3.5%	3.5%	3.0%	7.04	4.71	7.74	5.18	35.78	20.77	3.02	2.08
65	N/A	3.5%	3.5%	3.0%	13.50	9.89	14.85	10.88	43.58	26.66	5.60	4.16
70	N/A	3.5%	3.5%	3.0%	23.00	17.72	25.31	19.50	53.81	35.80	9.40	7.29

\*Age attained in 2010.

General Information and Summary of Actuarial Assumptions *continued*

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

Sample Ages	Disability			Years of Service	Separation			Attained Age in 2010	Death	
	Occupational	Total	Volunteer		Fire	Police	Volunteer		Male	Female
25	0.24	0.01	0.16	0	90.0	180.0	165.79	25	0.34	0.28
30	1.13	0.11	0.26	5	34.2	44.6	123.85	30	0.48	0.32
35	1.53	0.23	0.45	10	17.7	23.0	82.97	35	0.61	0.42
40	2.24	0.35	0.97	15	9.1	15.6	54.92	40	0.71	0.55
45	2.76	0.48	3.50	20	4.7	11.9	0.00	45	0.83	0.72
50	4.11	0.63	6.50	23	3.2	10.4	0.00	50	1.00	0.89
55	5.78	0.78	8.10					55	1.59	1.22

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.

Pre-Retirement Assumptions – Salary Increase Rates

Years of Service	Annual Step-Rate/ Promotional Rate	Total Annual Rate of Increase Including 3% Inflation Component and 1% Productivity Component
1	10.00%	14.00%
2	9.00%	13.00%
3	8.50%	12.50%
4	8.00%	12.00%
5	2.50%	6.50%
6	1.50%	5.50%
7	1.50%	5.50%
8	1.00%	5.00%
9	0.75%	4.75%
10	0.50%	4.50%
11	0.50%	4.50%
12	0.50%	4.50%
13	0.25%	4.25%
14	0.25%	4.25%
15	0.00%	4.00%

## Actuarial Section

### 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
1/1/2012	5,717	40.8	10.5	\$384,803,645	\$67,309	1.19%
1/1/2011	5,314	40.7	10.5	\$353,484,986	\$66,520	1.83%
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%

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

	Valuation as of January 1, 2012	Valuation as of January 1, 2011
Actuarial assets, prior valuation	\$1,080,284,447	\$963,500,681
Total Contributions since prior valuation	\$113,795,122	\$64,648,361
Benefits and refunds since prior valuation	(\$30,167,011)	(\$26,028,445)
Assumed net investment income at actuarial rate %*		
Beginning assets	\$86,422,756	\$77,080,055
Contributions	\$4,551,805	\$2,585,934
Benefits and refunds paid	(\$1,206,680)	(\$1,041,138)
Total	\$89,767,881	\$78,624,851
Expected actuarial assets	\$1,253,680,439	\$1,080,745,448
Actual actuarial assets, this valuation	\$1,225,537,747	\$1,080,284,447
Asset gain/(loss)	(\$28,142,692)	(\$461,001)
	Loss	Loss

\*8.00% in fiscal year 2010 and 2011; 7.50% in fiscal year 2012.

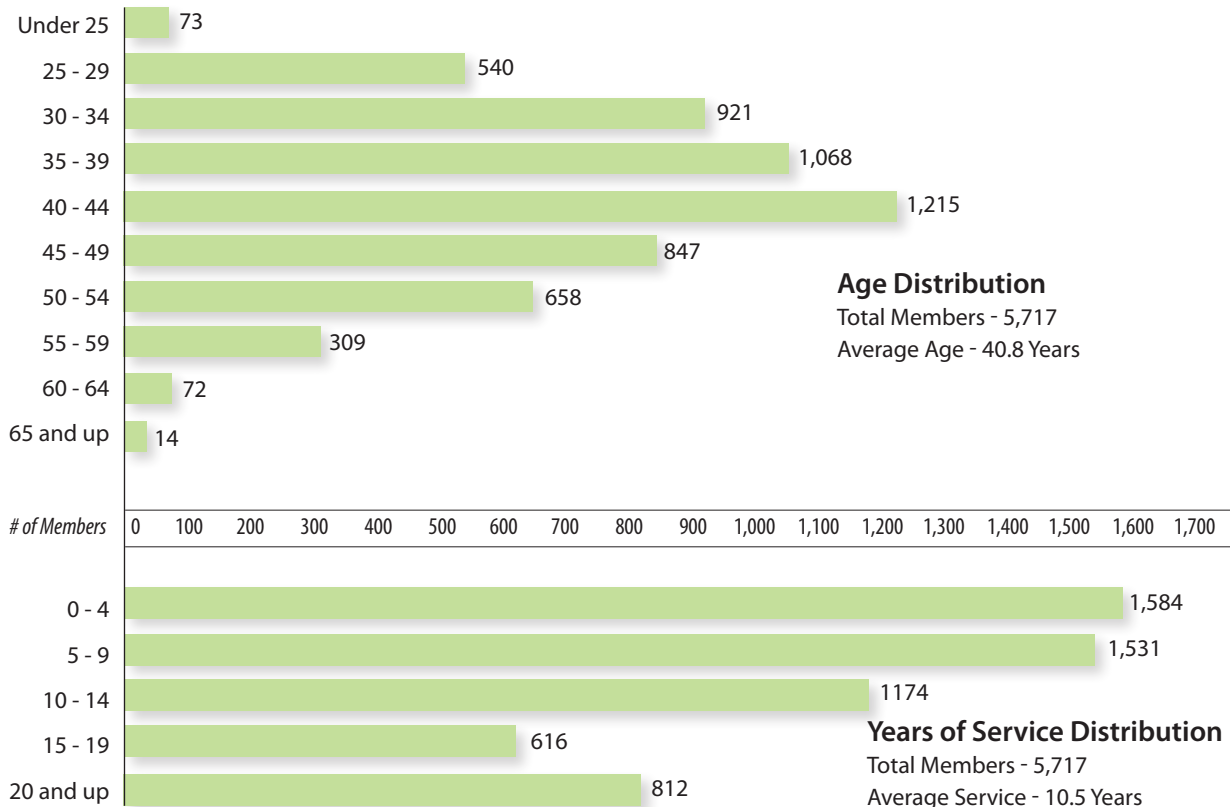


Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll

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		
12/31/2011	130	\$5,949,060	2	\$68,483	641	\$23,151,457	34.05%	\$36,118
12/31/2010	94	\$3,862,662	5	\$131,169	513	\$17,270,880	27.56%	\$33,666
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

\*Includes Benefit Adjustments

Age and Years of Service Distribution



## Actuarial Section

### Summary of Plan Provisions

#### Defined Benefit System | Statewide Defined Benefit Plan

#### 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 benefit adjustment 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.

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 are not covered by current assets beginning with the January 1, 2012 valuation date.

#### Solvency Test

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Portion of Accrued Liabilities Covered by Reported Assets		
		(1)	(2)	(3)	(1)	(2)	(3)
		Active Member Contributions (000's)	Retirees, Beneficiaries and Vested Terminations (000's)	Members (Employer Financed Portion) (000's)			
1/1/2012	\$1,225,538	\$331,763	\$296,225	\$643,502	100%	100%	92.9%
1/1/2011	\$1,080,284	\$276,908	\$210,799	\$561,915	100%	100%	100%
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%

### 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.

### 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:

- 1) 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.
- 2) 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.
- 3) 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).
- 4) 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.
- 5) 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.

### 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.

## Actuarial Section

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### Summary of Plan Provisions

#### Defined Benefit System | Statewide Defined Benefit Plan

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.

#### Benefit Adjustments for Benefits in Pay Status

Benefits to members and beneficiaries may be re-determined annually on October 1. The amount of any 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 a 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.

#### 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 can continue 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 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

The actuarial assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

#### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.
- The service-based promotional/longevity component of the salary scale was modified.
- In conjunction with the reduced inflation and ultimate salary scale assumptions, the payroll growth rate assumption was reduced from 4.25% to 3.50%.

#### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.
- The pre-retirement non-duty mortality tables were updated to 40% of the RP-2000 mortality tables and the duty mortality rate was adjusted downward from 0.00025 to 0.00020.

#### *Other Demographic Assumptions*

- Modified age-based and service-based retirement rates. The overall effect was to slightly reduce rates.
- Slightly reduced termination rates for both police and fire.
- Reduced the rates of both occupational and total disability.

## Actuarial Section

### 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	% Increase in Average Pay
1/1/2012	171	44.5	8.9	\$11,650,031	\$68,129	(2.59%)
1/1/2011	121	43.4	9.7	\$8,462,937	\$69,942	2.20%
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, 2012	Valuation as of January 1, 2011
Actuarial assets, prior valuation	\$18,107,030	\$15,373,546
Total Contributions since prior valuation	\$4,749,092	\$1,253,552
Benefits and refunds since prior valuation	(\$332,459)	\$162,522
Assumed net investment income at actuarial rate %*		
Beginning assets	\$1,448,562	\$1,229,884
Contributions	\$189,964	\$50,142
Benefits and refunds paid	(\$13,298)	\$6,501
Total	\$1,625,228	\$1,286,527
Expected actuarial assets	\$24,148,891	\$18,076,147
Actual actuarial assets, this valuation	\$23,666,933	\$18,107,030
Asset gain (loss) since prior valuation	(\$481,958)	\$30,883
	Loss	Gain

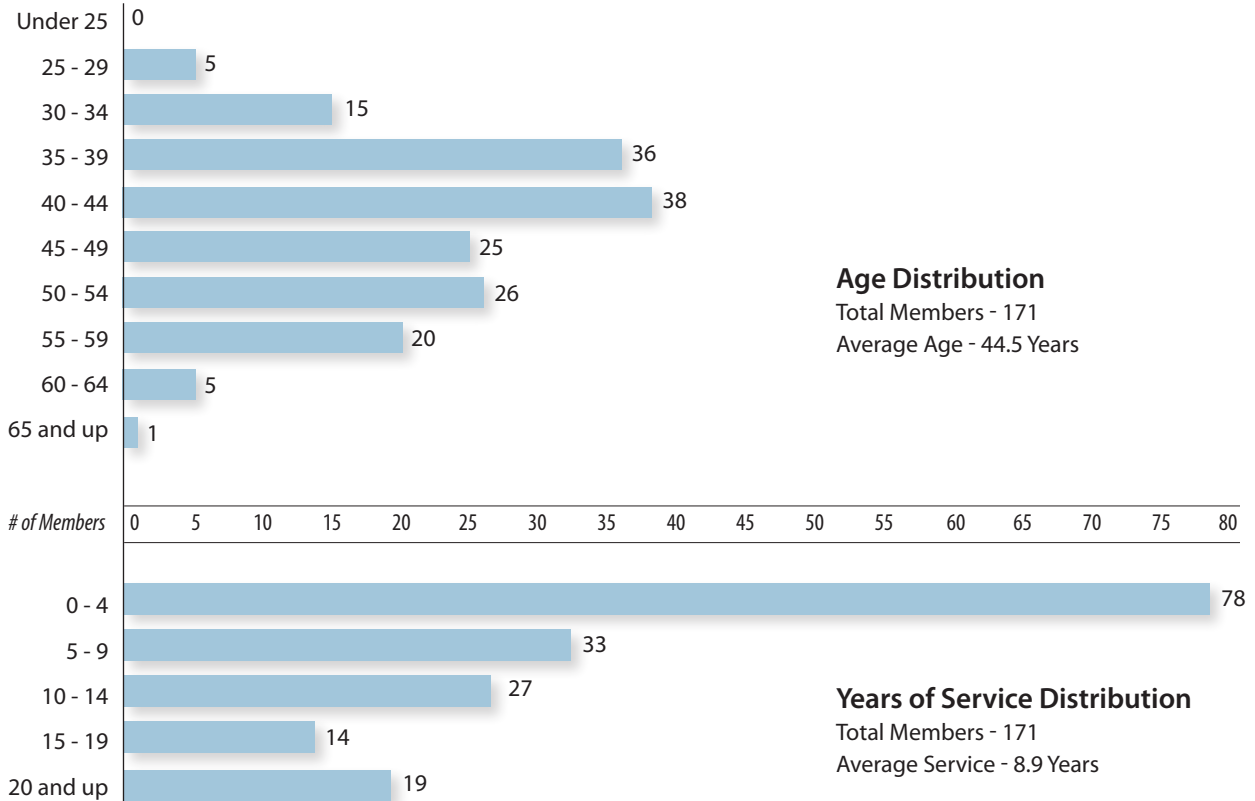
\*8.00% in fiscal year 2010 and 2011; 7.50% in fiscal year 2012.

#### 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		
12/31/2011	4	\$174,855	0	\$0	14	\$432,126	67.96%	\$30,866
12/31/2010	4	\$90,509	0	\$0	10	\$257,272	54.27%	\$25,727
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 Benefit Adjustments

Age and Years of Service Distribution



Solvency Test

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 benefit adjustment 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. The contribution rate from January 1, 2012 through June 30, 2012 was 12.9%. Effective July 1, 2012, the Board certified a contribution rate of 13.0%.

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.

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.

## Actuarial Section

### Summary of Plan Provisions

#### Defined Benefit System | Statewide Hybrid Plan

### Solvency Test

Valuation Date	Valuation Assets	Aggregate Accrued Liabilities For			Funded Percentages		
		(1) Active Member Contributions	(2) Retirees, and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1)	(2)	(3)
1/1/2012	\$26,666,933	\$9,883,610	\$5,280,530	\$3,668,709	100%	100%	100%
1/1/2011	\$18,107,030	\$7,303,256	\$3,146,943	\$3,207,826	100%	100%	100%
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%

### 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 will 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.



**Summary of Plan Provisions****Defined Benefit System | Statewide Hybrid Plan****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.

**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.

**Benefit Adjustments for Benefits in Pay Status**

Benefits to members and beneficiaries may be re-determined annually on October 1. The amount of any 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. The contribution rate for this plan was 11.5% effective July 1 2010 - June 30, 2011. The rate changed to 11.3% effective July 1, 2011 - December 31, 2011. Effective January 1, 2012 - June 30, 2012 the contribution rate was 12.9%. The contribution rate is 13.0% effective July 1, 2012.

**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 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.

### Summary of Plan Provisions

#### Defined Benefit System | Statewide Hybrid Plan

#### 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

The actuarial assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

##### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.
- The service-based promotional/longevity component of the salary scale was modified.
- In conjunction with the reduced inflation and ultimate salary scale assumptions, the payroll growth rate assumption was reduced from 4.25% to 3.50%.

##### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.
- The pre-retirement non-duty mortality tables were updated to 40% of the RP-2000 mortality tables and the duty mortality rate was adjusted downward from 0.00025 to 0.00020.

##### *Other Demographic Assumptions*

- Modified age-based and service-based retirement rates. The overall effect was to slightly reduce rates.
- Slightly reduced termination rates for both police and fire.
- Reduced the rates of both occupational and total disability.

## 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	% Increase in Average Pay
<b>Police Component</b>	1/1/2012	443	42.9	14.3	\$31,381,480	\$70,839	(0.19%)
	1/1/2011	470	42.2	13.6	\$33,357,527	\$70,973	0.02%
	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>	1/1/2012	165	45.0	16.0	\$12,497,987	\$75,745	1.69%
	1/1/2011	264	43.1	14.0	\$19,664,027	\$74,485	(0.39%)
	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, 2012	Valuation as of January 1, 2011	Valuation as of January 1, 2012	Valuation as of January 1, 2011
Actuarial assets, prior valuation	\$187,249,190	\$170,960,335	\$108,848,941	\$100,709,022
Total Contributions since prior valuation	\$9,666,399	\$10,233,797	\$4,604,275	\$5,123,834
Benefits and refunds since prior valuation	(\$7,351,231)	(\$6,219,750)	(\$5,047,853)	(\$4,102,856)
Transfer to FPPA Statewide DB Plan	(\$1,127,899)	\$0	(\$14,827,301)	\$0
Assumed net investment income at actuarial rate %*				
Beginning assets	\$14,979,935	\$13,676,827	\$8,707,915	\$8,056,722
Contributions	\$386,656	\$409,352	\$184,171	\$204,953
Benefits and refunds paid	(\$294,049)	(\$248,790)	(\$201,914)	(\$164,114)
Transfer to FPPA Statewide DB Plan	(\$45,116)	\$0	(\$593,092)	\$0
<b>Total</b>	<b>\$15,027,426</b>	<b>\$13,837,389</b>	<b>\$8,097,080</b>	<b>\$8,097,561</b>
Expected actuarial assets	\$203,463,885	\$188,811,771	\$101,675,142	\$109,827,561
Actual actuarial assets, this valuation	\$197,710,046	\$187,249,190	\$98,326,872	\$108,848,941
Asset gain (loss) since prior valuation	(\$5,753,839)	(\$1,562,581)	(\$3,348,270)	(\$978,620)
	Loss	Loss	Loss	Loss

\*8.00% in fiscal year 2010 and 2011; 7.50% in fiscal year 2012.

## Actuarial Section

### 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>	12/31/2011	25	\$1,044,739	3	\$97,040	188	\$7,471,474	14.5%	\$39,742
	12/31/2010	21	\$1,007,007	0	\$0	166	\$6,523,775	18.3%	\$39,300
	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>	12/31/2011	14	\$711,103	1	\$18,613	108	\$4,987,769	16.1%	\$46,183
	12/31/2010	16	\$901,143	0	\$0	95	\$4,295,279	26.5%	\$45,213
	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

\*Includes Cost-of-Living Adjustments granted since the prior valuation.

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

	Valuation Date	Average Age	Average Service
<b>Police Component</b>	1/1/2012	42.9	14.3
	1/1/2011	42.2	13.6
	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>	1/1/2012	45.0	16.0
	1/1/2011	43.1	14.0
	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 valuation.

#### 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 26 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, 2012, the employer contribution is 20.248% and the member portion is 10.0% of base salary for the fire component. Effective January 1, 2013, the fire plan employer contribution is \$4,685,823 and the member portion is 10.0% of base salary. As of January 1, 2012, the employer contribution is 20.656% and the member portion is 8.0% of base salary for the police component. Effective January 1, 2013, the employer contribution is \$10,605,836 and the member portion is 8.0% of base salary.

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 of Plan Provisions

## Defined Benefit System | Colorado Springs New Hire Pension Plans

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

	Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
			(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries (000's)	(3) Active Members (Employer Financed Portion) (000's)	(1)	(2)	(3)
Police Component	1/1/2012	\$197,710	\$29,048	\$112,336	\$105,134	100%	100%	53.6%
	1/1/2011	\$187,249	\$28,721	\$96,564	\$100,804	100%	100%	61.5%
	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%
Fire Component	1/1/2012	\$98,327	\$12,800	\$70,830	\$40,581	100%	100%	36.2%
	1/1/2011	\$108,849	\$17,297	\$59,509	\$51,103	100%	100%	62.7%
	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 39 payroll periods 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.

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 2012 and 2013.

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 one half of one percent for each month that the member is less than age 50.

## Actuarial Section

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### Summary of Plan Provisions

#### Defined Benefit System | Colorado Springs New Hire Pension Plans

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 39 payroll periods) 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 assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

##### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%. Accordingly, the Benefit Escalation assumption was reduced to 2.60% per year.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.
- The service-based promotional/longevity component of the salary scale was modified.

##### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.
- The pre-retirement non-duty mortality tables were updated to 40% of the RP-2000 mortality tables and the duty mortality rate was adjusted downward from 0.00025 to 0.00020.

##### *Other Demographic Assumptions*

- Modified age-based and service-based retirement rates.
- Slightly reduced termination rates for both police and fire.
- Reduced the rates of both occupational and total disability.

#### 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 39 payroll periods 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 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.

## Summary of Plan Provisions

## Defined Benefit System | Colorado Springs New Hire Pension Plans

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 2012 and 2013.

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 39 payroll periods) 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 assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

#### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%. Accordingly, the Benefit Escalation assumption was reduced to 2.40% per year.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.
- The service-based promotional/longevity component of the salary scale was modified.

#### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.
- The pre-retirement non-duty mortality tables were updated to 40% of the RP-2000 mortality tables and the duty mortality rate was adjusted downward from 0.00025 to 0.00020.

#### *Other Demographic Assumptions*

- Modified age-based and service-based retirement rates.
- Slightly reduced termination rates for both police and fire.
- Reduced the rates of both occupational and total disability.

## Actuarial Section

### Statewide Death & Disability Plan

#### Schedule of Active Member Valuation Data

Valuation Date	Number	Average Age	Average Service	Annual Payroll (000's)	Annual Average Pay	% Increase in Average Pay
1/1/2012	10,958	41.6	11.5	\$755,952	\$68,986	0.22%
1/1/2011	10,903	41.4	11.3	\$750,497	\$68,834	1.42%
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%

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

	Valuation as of January 1, 2012	Valuation as of January 1, 2011
Actuarial assets, prior valuation	\$281,577,454	\$266,477,875
Total contributions since prior valuation	\$12,812,568	\$12,258,588
Benefits since prior valuation	(\$18,264,762)	(\$17,435,085)
Assumed net investment income at actuarial rate %*		
Beginning assets	\$22,526,196	\$21,318,230
Contributions	\$512,502	\$490,343
Benefits paid	(\$730,591)	(\$697,404)
Total	\$22,308,107	\$21,111,169
Expected actuarial assets	\$298,433,367	\$282,412,547
Actual actuarial assets, this valuation	\$290,988,339	\$281,577,454
Asset gain (loss) since prior valuation	(\$7,445,028)	(\$835,093)
	Loss	Loss

\*8.00% in fiscal year 2010 and 2011; 7.50% in fiscal year 2012.

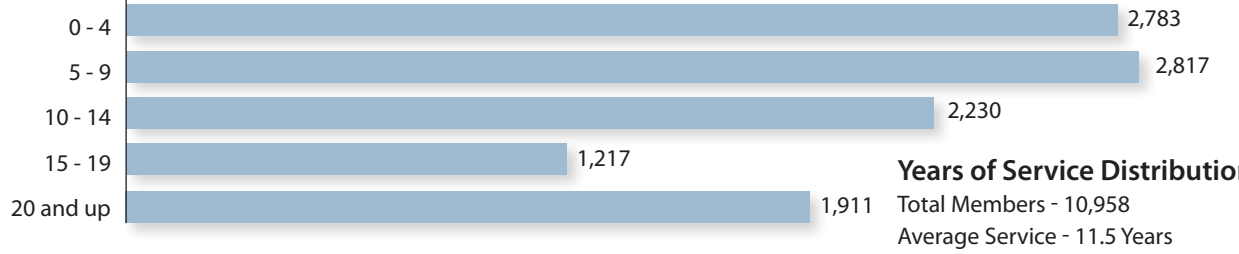
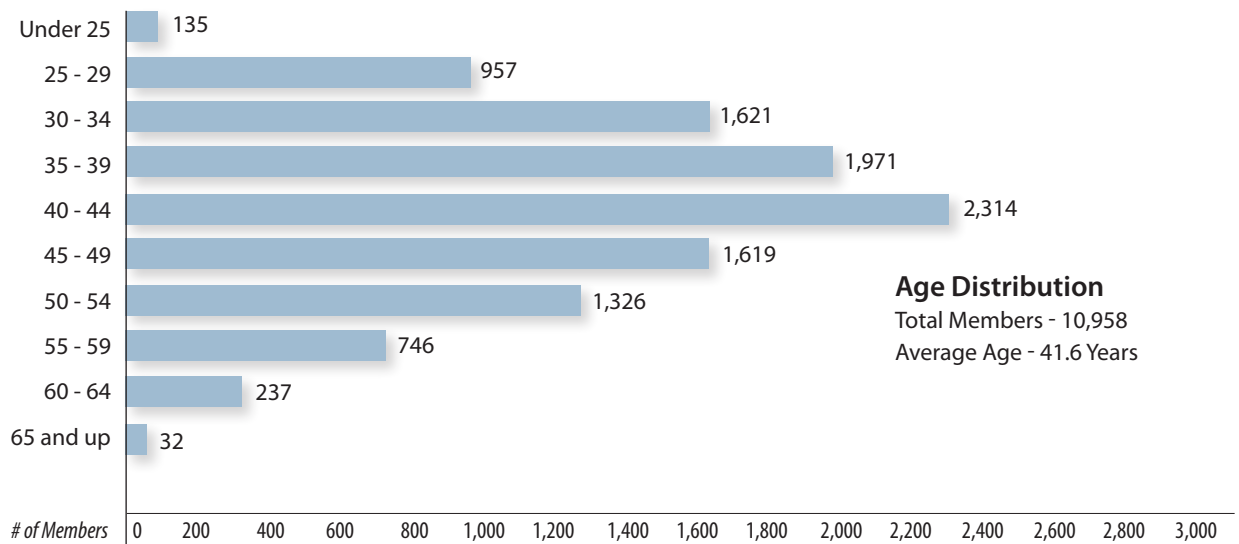


Schedule of Retirees and Beneficiaries Added To and Removed From Benefit Payroll

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		
12/31/2011	46	\$1,239,908	18	\$414,489	881	\$18,431,608	4.69%	\$20,921
12/31/2010	50	\$1,366,173	9	\$185,774	853	\$17,606,189	7.19%	\$20,640
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

\*Includes benefit adjustments

Age and Years of Service Distribution



## Actuarial Section

### Summary of Plan Provisions

#### Statewide Death & Disability Plan

#### 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 benefit adjustment 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 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

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries (000's)	(3) Active Members (Employer Financed Portion) (000's)	(1)	(2)	(3)
1/1/2012	\$290,988	\$0	\$212,239	\$43,602	100%	100%	100%
1/1/2011	\$281,577	\$0	\$191,243	\$69,445	100%	100%	100%
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%

### 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. 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.

**Summary of Plan Provisions****Statewide Death & Disability Plan****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:

- 1) 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.
- 2) 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.
- 3) 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).
- 4) 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.
- 5) 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.
- 6) 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.

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.

## Actuarial Section

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### Summary of Plan Provisions

#### Statewide Death & Disability Plan

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.

#### Benefit Adjustments for Benefits in Pay Status

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

The actuarial assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

##### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.
- The service-based promotional/longevity component of the salary scale was modified.
- In conjunction with the reduced inflation and ultimate salary scale assumptions, the payroll growth rate assumption was reduced from 4.25% to 3.50%.

##### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.
- The occupationally disabled post-retirement mortality assumption was updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA with a 110% load.
- Update the totally disabled post-retirement mortality assumption to the RP-2000 disabled generational mortality tables projected by scale AA.
- The pre-retirement non-duty mortality tables were updated to 40% of the RP-2000 mortality tables and the duty mortality rate was adjusted downward from 0.00025 to 0.00020.

##### *Other Demographic Assumptions*

- Modified age-based and service-based retirement rates. The overall effect was to slightly reduce rates.
- Slightly reduced termination rates for both police and fire.
- Reduced the rates of both occupational and total disability.

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
1/1/2011 and 1/1/2012	224	3,730	\$874,274	\$97,142	5.19%
1/1/2010 and 1/1/2011	226	3,758	\$3,416,792	\$92,346	0.74%
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%

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

Note: Data to calculate a gain/loss analysis on all local plans was not available as of the 1/1/2011 actuarial valuations.

### 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		
1/1/2011 and 1/1/2012	N/A	N/A	N/A	N/A	6,305	\$163,638,762	N/A	\$25,954
1/1/2010 and 1/1/2011	N/A	N/A	N/A	N/A	6,402	\$158,198,482	N/A	\$24,711
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.

## Actuarial Section

### Affiliated Local Plan

#### Solvency Test

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries (000's)	(3) Active Members (Employer Financed Portion) (000's)	(1)	(2)	(3)
1/1/2011 and 1/1/2012	\$1,501,490	*	*	\$2,027,014	N/A	N/A	74.1%
1/1/2010 and 1/1/2011	\$1,626,454	*	*	\$2,038,237	N/A	N/A	79.8%
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%

\* 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

IA 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.

### 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 Adjustments 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.

### 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.

## Actuarial Section

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### Summary of Plan Provisions

#### Affiliated Local Plan

#### 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

The actuarial assumption set for plans administered by FPPA was changed in conjunction with the 2011 Experience Study and effective with the January 1, 2012 valuations. Changes include:

##### *Economic Assumptions*

- The inflation assumption was reduced from 3.5% to 3.0%. Rank escalation increases were reduced accordingly from 4.0% to 3.5%.
- The nominal investment return assumption was reduced from 8.00% to 7.50%, taking into account the lower inflation assumption and maintaining an expected net real return of 4.50%.
- The productivity component of the salary scale assumption was reduced from 1.25% to 1.00%. Combining with the inflation rate of 3.00% creates a wage inflation assumption of 4.00%.

##### *Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to the RP-2000 generational mortality tables with blue collar adjustment projected using scale AA.



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 table on pages 126-127 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 128 detail revenue and expense categories for the past 10 years.
- The schedules beginning on page 129 show financial trend information about the growth of FPPA's assets within various reporting entities. These schedules, entitled "Changes in Net Position", provide detailed information about the trends of key sources of additions and deductions to the Plans' net position, which assist in providing a context framing how the Plans' financial position have changed over time.
- Pages 133-135 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 136-149.
- The listing of all Employers affiliated for coverage under each applicable Plan are on pages 150-154.
- The tables on page 156-161 outline Benefit and Refund Deductions from Net Position by Type.
- The schedules and graphs beginning on page 162 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 Net Position 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 Net Position
  - 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.

**Statistical Section**

**2012 Distribution of Funds Directly Received by the State of Colorado**

**State Funds Allocated to Local Plans to Reduce Unfunded Liabilities**

	1999	2000	2001	2002
<b>Aurora Fire</b>	\$0	\$0	\$0	\$0
<b>Aurora Police</b>	1,032,476	0	0	0
<b>Colorado Springs Fire</b>	0	0	0	0
<b>Colorado Springs Police</b>	646,302	0	0	0
<b>Denver Fire</b>	9,172,120	9,827,860	9,960,439	9,960,439
<b>Denver Police</b>	11,604,493	12,434,131	12,601,870	12,601,870
<b>Grand Junction Fire</b>	314,551	337,039	0	0
<b>Grand Junction Police</b>	265,881	284,890	288,733	288,733
<b>Greeley Fire (Union Colony)</b>	606,039	649,366	658,126	658,126
<b>Greeley Police</b>		0	0	0
<b>Pueblo Fire</b>	890,508	954,172	967,044	967,044
<b>Pueblo Police</b>	0	0	0	0
<b>Rocky Ford Fire</b>	10,710	0	0	0
<b>Rocky Ford Police</b>	0	0	0	0
<b>Lakewood FPD</b>	625,612	670,339	679,382	679,382
<b>Lamar Fire</b>	0	0	0	0
<b>Leadville Fire</b>	0	0	0	0
<b>North Washington FPD</b>	144,430	154,756	156,844	156,844
<b>All Other</b>	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**	2012	Total (1980-2012)
\$0	\$0	\$0	\$0	\$0	\$0	\$2,502,878
0	0	0	0	0	0	9,175,314
0	0	0	0	0	0	9,947,115
0	0	0	0	0	0	11,496,947
0	9,960,439	13,683,617	13,684,810	0	0	191,916,661
0	12,601,870	17,312,406	17,313,915	0	4,409,070	251,483,929
0	0	0	0	0	0	4,589,087
0	288,733	396,660	396,694	0	87,581	5,568,173
0	658,126	904,131	904,210	0	160,072	10,268,368
0	0	0	0	0	0	192,075
0	967,044	1,328,522	1,328,638	0	410,251	20,102,337
0	0	0	0	0	0	1,699,753
0	0	0	0	0	0	131,044
0	0	0	0	0	0	14,005
0	679,382	933,333	933,414	0	196,271	12,130,697
0	0	0	0	0	0	23,293
0	0	0	0	0	0	44,719
0	156,844	215,472	215,491	0	57,834	2,607,898
0	8,641	0	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>\$5,321,079</b>	<b>\$543,628,810</b>

## Statistical Section

### Revenues by Source — All Plans

For Year Ended	Investment Earnings	State Funding	Employers	Employees	Affiliations (Withdrawals)	Total
2012	\$393,619,896	8,303,953	104,833,565	104,175,480	(1,528,280)	\$609,404,614
2011	\$24,699,751	3,102,866	101,823,398	115,127,440	85,939,479	\$330,692,934
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	226,112,745	\$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

### Revenue Allocation — All Plans

For Year Ended	Additions to Fund Balance	Benefit Payments	Administrative Expenses	Refunds & Withdrawals	Total
2012	\$320,639,551	230,312,590	8,307,066	50,145,407	\$609,404,614
2011	\$26,307,100	221,287,914	7,386,801	75,711,119	\$330,692,934
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

### Expenses by Type — All Plans

For Year Ended	Benefit Payments	Refunds	Administrative Expenses	Capital Expenses	Total Expenses
2012	\$230,312,590	50,145,407	8,307,066	381,926	\$289,146,989
2011	\$221,287,914	75,711,119	7,386,801	391,016	\$304,776,850
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

## Changes in Fiduciary Net Position

## Affiliated Local Plans

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$46,585,541	\$46,108,486	\$37,239,905	\$30,813,175	\$46,007,841	\$47,549,603
Member Contributions	140,504	169,643	276,165	366,911	640,234	1,238,824
Affiliations (Withdrawals)	(17,186)	2,512,024	(678,910)		21,194	7,042,765
State Contributions	8,303,953	3,102,866	3,078,432	2,908,504	37,592,294	37,593,512
Investment Income (Loss)	154,887,279	11,809,291	178,431,326	240,361,700	(552,351,083)	167,049,310
<i>Total Additions</i>	<i>\$209,900,091</i>	<i>\$63,702,310</i>	<i>\$218,346,918</i>	<i>\$274,450,290</i>	<i>(\$468,089,520)</i>	<i>\$260,474,014</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors	165,552,566	162,511,376	164,220,145	157,644,750	152,270,531	146,375,432
Death/Disability						
Refunds of Contributions	315,017	584,749	1,823,003	5,045,932	2,958,380	3,219,143
Administrative Costs	3,200,335	3,002,396	2,927,262	2,797,233	2,693,660	2,337,465
<i>Total Deductions</i>	<i>\$169,067,918</i>	<i>\$166,098,521</i>	<i>\$168,970,410</i>	<i>\$165,487,915</i>	<i>\$157,922,571</i>	<i>\$151,932,040</i>
<i>Changes in Net Position</i>						
Available	40,832,173	(102,396,211)	49,376,508	108,962,375	(626,012,091)	108,541,974
<i>Net Position at Beginning</i>						
of Year	1,362,363,647	1,464,759,858	1,415,383,350	1,306,420,975	1,932,433,066	1,823,891,092
<i>Net Position at End of Year</i>	<i>\$1,403,195,820</i>	<i>\$1,362,363,647</i>	<i>\$1,464,759,858</i>	<i>\$1,415,383,350</i>	<i>\$1,306,420,975</i>	<i>\$1,932,433,066</i>

Note: Information prior to 2007 is not available.

## Statewide Death &amp; Disability Plan

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	11,100,211	\$10,602,122	\$10,001,394	\$9,573,756	\$8,562,034	\$7,522,862
Member Contributions	2,516,758	2,354,267	2,307,656	2,311,648	2,356,603	2,372,335
Affiliations (Withdrawals)						
State Contributions						
Investment Income (Loss)	32,323,103	2,035,621	33,679,604	42,062,468	(89,411,107)	26,139,800
<i>Total Additions</i>	<i>\$45,940,072</i>	<i>\$14,992,010</i>	<i>\$45,988,654</i>	<i>\$53,947,872</i>	<i>(\$78,492,470)</i>	<i>\$36,034,997</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors						
Death/Disability	19,482,152	18,217,570	17,376,644	15,995,412	14,886,707	13,741,872
Refunds of Contributions		47,192	58,440	14,242		
Administrative Costs	673,194	592,716	544,161	485,984	435,765	369,928
<i>Total Deductions</i>	<i>\$20,155,346</i>	<i>\$18,857,478</i>	<i>\$17,979,245</i>	<i>\$16,495,638</i>	<i>\$15,322,472</i>	<i>\$14,111,800</i>
<i>Changes in Net Position Available</i>						
	25,784,726	(3,865,468)	28,009,409	37,452,234	(93,814,942)	21,923,197
<i>Net Position at Beginning of Year</i>						
	276,313,646	280,179,114	252,169,705	214,717,471	308,532,413	286,609,216
<i>Net Position at End of Year</i>						
	\$302,098,372	\$276,313,646	\$280,179,114	\$252,169,705	\$214,717,471	\$308,532,413

Note: Information prior to 2007 is not available.

## Statistical Section

### Changes in Fiduciary Net Position *continued*

#### Defined Benefit System

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$43,554,063	\$41,676,619	\$40,075,299	\$36,109,248	\$31,867,543	\$29,464,995
Member Contributions	65,719,525	76,527,790	41,303,655	46,415,422	33,780,203	49,112,009
Affiliations (Withdrawals)						
State Contributions						
Investment Income (Loss)	177,692,483	9,332,179	165,582,369	193,591,955	(382,348,087)	103,317,713
<i>Total Additions</i>	<i>\$286,966,071</i>	<i>\$127,536,588</i>	<i>\$246,961,323</i>	<i>\$276,116,625</i>	<i>(\$316,700,341)</i>	<i>\$181,894,717</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors	45,277,872	40,558,968	35,951,656	22,584,678	18,029,951	13,025,265
Death/Disability						
Refunds of Contributions	1,988,637	2,400,352	1,883,717	2,488,556	4,076,623	5,375,671
Administrative Costs	3,734,627	3,043,671	2,644,986	2,219,881	1,854,959	1,489,943
<i>Total Deductions</i>	<i>\$51,001,136</i>	<i>\$46,002,991</i>	<i>\$40,480,359</i>	<i>\$27,293,115</i>	<i>\$23,961,533</i>	<i>\$19,890,879</i>
<i>Changes in Net Position</i>						
<i>Available</i>	<i>\$235,964,935</i>	<i>81,533,597</i>	<i>206,480,964</i>	<i>248,823,510</i>	<i>(340,661,874)</i>	<i>162,003,838</i>
<i>Net Position at Beginning</i>						
<i>of Year</i>	<i>1,472,591,717</i>	<i>1,391,058,120</i>	<i>1,184,577,156</i>	<i>935,753,646</i>	<i>1,276,415,520</i>	<i>1,114,411,682</i>
<i>Net Position at End of Year</i>	<i>\$1,708,556,652</i>	<i>\$1,472,591,717</i>	<i>\$1,391,058,120</i>	<i>\$1,184,577,156</i>	<i>\$935,753,646</i>	<i>\$1,276,415,520</i>

Note: Information prior to 2007 is not available.

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

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$ 378,338	\$313,947	\$319,739	\$295,874	\$282,877	\$250,200
Member Contributions	357,791	297,614	312,330	295,874	283,369	250,200
Affiliations (Withdrawals)		25,671				
State Contributions						
Investment Income (Loss)	681,003	71,541	684,169	958,382	(1,405,228)	417,710
<i>Total Additions</i>	<i>\$1,417,132</i>	<i>\$683,102</i>	<i>\$1,341,909</i>	<i>\$1,550,130</i>	<i>(\$838,982)</i>	<i>\$918,110</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors						
Death/Disability						
Refunds of Contributions	1,067,020	175,587	402,564	262,920	500,040	644,083
Administrative Costs	8	11,116	6,460	14,623		
<i>Total Deductions</i>	<i>\$1,067,028</i>	<i>\$186,703</i>	<i>\$409,024</i>	<i>\$277,543</i>	<i>\$500,040</i>	<i>\$644,083</i>
<i>Changes in Net Position Available</i>	<i>350,104</i>	<i>496,399</i>	<i>932,885</i>	<i>1,272,587</i>	<i>(1,339,022)</i>	<i>274,027</i>
<i>Net Position at Beginning of Year</i>	<i>6,305,722</i>	<i>5,809,323</i>	<i>4,876,438</i>	<i>3,603,851</i>	<i>4,942,873</i>	<i>4,668,846</i>
<i>Net Position at End of Year</i>	<i>\$6,655,826</i>	<i>\$6,305,722</i>	<i>\$5,809,323</i>	<i>\$4,876,438</i>	<i>\$3,603,851</i>	<i>\$4,942,873</i>

Note: Information prior to 2007 is not available.

Changes in Fiduciary Net Position *continued***Self-Directed Assets for Affiliated Local & Defined Benefit System Plans**

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$ 2,460,673	\$2,421,796	\$2,277,700	\$2,279,807	\$2,065,284	\$684,519
Member Contributions	27,921,453	29,697,334	28,407,353	17,604,699	17,009,496	16,815,374
Affiliations (Withdrawals)	2,094,860	83,427,455	865,113	26,112,745	1,532,625	69,134,962
State Contributions						
Investment Income (Loss)	20,173,141	1,596,788	16,632,880	27,211,960	(30,051,876)	6,163,503
<i>Total Additions</i>	<i>\$52,650,127</i>	<i>\$117,143,373</i>	<i>\$48,183,046</i>	<i>\$73,209,211</i>	<i>(\$9,444,471)</i>	<i>\$92,798,358</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors						
Death/Disability						
Refunds of Contributions	42,317,300	67,711,031	27,588,789	22,942,996	20,852,584	36,396,439
Administrative Costs	679,615	649,032	336,571	271,171		
<i>Total Deductions</i>	<i>\$42,996,915</i>	<i>\$68,360,063</i>	<i>\$27,925,360</i>	<i>\$23,214,167</i>	<i>\$20,852,584</i>	<i>\$36,396,439</i>
<i>Changes in Net Position Available</i>	<i>9,653,212</i>	<i>48,783,310</i>	<i>20,257,686</i>	<i>49,995,044</i>	<i>(30,297,055)</i>	<i>56,401,919</i>
<i>Net Position at Beginning of Year</i>	<i>229,406,397</i>	<i>180,623,087</i>	<i>160,365,401</i>	<i>110,370,357</i>	<i>140,667,412</i>	<i>84,265,493</i>
<i>Net Position at End of Year</i>	<i>\$239,059,609</i>	<i>\$229,406,397</i>	<i>\$180,623,087</i>	<i>\$160,365,401</i>	<i>\$110,370,357</i>	<i>\$140,667,412</i>

Note: Information prior to 2007 is not available.

**IRC 457 Deferred Compensation Plan**

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$ 754,739	\$700,428				
Member Contributions	7,519,449	6,080,792	7,084,610	5,860,778	6,856,002	6,433,829
Affiliations (Withdrawals)	(3,605,954)					
State Contributions						
Investment Income (Loss)	7,862,887	(145,669)	7,693,086	11,134,415	(17,374,290)	4,745,946
<i>Total Additions</i>	<i>\$12,531,121</i>	<i>\$6,635,551</i>	<i>\$14,777,696</i>	<i>\$16,995,193</i>	<i>(\$10,518,288)</i>	<i>\$11,179,775</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors						
Death/Disability						
Refunds of Contributions	4,457,433	4,792,208	4,837,214	1,909,744	1,821,135	2,861,400
Administrative Costs	19,287	87,870	41,913	40,629		
<i>Total Deductions</i>	<i>\$4,476,720</i>	<i>\$4,880,078</i>	<i>\$4,879,127</i>	<i>\$1,950,373</i>	<i>\$1,821,135</i>	<i>\$2,861,400</i>
<i>Changes in Net Position Available</i>	<i>8,054,401</i>	<i>1,755,473</i>	<i>9,898,569</i>	<i>15,044,820</i>	<i>(12,339,423)</i>	<i>8,318,375</i>
<i>Net Position at Beginning of Year</i>	<i>63,745,223</i>	<i>61,989,750</i>	<i>52,091,181</i>	<i>37,046,361</i>	<i>49,385,784</i>	<i>41,067,409</i>
<i>Net Position at End of Year</i>	<i>\$71,799,624</i>	<i>\$63,745,223</i>	<i>\$61,989,750</i>	<i>\$52,091,181</i>	<i>\$37,046,361</i>	<i>\$49,385,784</i>

Note 1: 2011 is the first year in which Contributions have been split between Employer and Member for financial reporting purposes for this Plan.

Note 2: Information prior to 2007 is not available.

**Statistical Section****Changes in Fiduciary Net Position** *continued***FPPA Staff Healthcare Subsidy Plan**

	2012	2011	2010	2009	2008	2007
<b>Additions</b>						
Employer Contributions	\$ 13,266	\$14,823	\$14,316	\$13,632	\$12,425	\$8,600
Member Contributions						
Affiliations (Withdrawals)						
State Contributions						
Investment Income (Loss)	19,028	962	17,556	19,670	(38,716)	11,167
<i>Total Additions</i>	<i>\$32,924</i>	<i>\$15,785</i>	<i>\$31,872</i>	<i>\$33,302</i>	<i>(\$26,291)</i>	<i>\$19,767</i>
<b>Deductions</b>						
Benefit Payments:						
Retirees/Survivors	\$6,500	\$5,958	\$7,041	\$6,349	\$1,348	\$2,226
Death/Disability						
Refunds of Contributions						
Administrative Costs					853	
<i>Total Deductions</i>	<i>\$6,500</i>	<i>\$5,958</i>	<i>\$7,041</i>	<i>\$6,349</i>	<i>\$1,348</i>	<i>\$3,079</i>
<i>Changes in Net Position Available</i>	<i>25,794</i>	<i>9,827</i>	<i>24,831</i>	<i>26,953</i>	<i>(27,639)</i>	<i>16,688</i>
<i>Net Position at Beginning of Year</i>	<i>165,925</i>	<i>156,098</i>	<i>131,267</i>	<i>104,314</i>	<i>131,953</i>	<i>115,265</i>
<i>Net Position at End of Year</i>	<i>\$191,719</i>	<i>\$165,925</i>	<i>\$156,098</i>	<i>\$131,267</i>	<i>\$104,314</i>	<i>\$131,953</i>

Note: Information prior to 2007 is not available.



Schedule of Average Benefit Payments for New Benefit Recipients

**Affiliated Local Plans**

<b>Year Retired</b>	<b>In Total</b>
<i>1/1/12 - 12/31/12</i>	
Average monthly benefit	\$344
Average highest average salary	Not Available
Number of service retirees	157
<i>1/1/11 - 12/31/11</i>	
Average monthly benefit	\$456
Average highest average salary	Not Available
Number of service retirees	135
<i>1/1/10 - 12/31/10</i>	
Average monthly benefit	\$415
Average highest average salary	Not Available
Number of service retirees	172
<i>1/1/09 - 12/31/09</i>	
Average monthly benefit	\$429
Average highest average salary	Not Available
Number of service retirees	125
<i>1/1/08 - 12/31/08</i>	
Average monthly benefit	\$399
Average highest average salary	Not Available
Number of service retirees	95
<i>1/1/07 - 12/31/07</i>	
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**

<b>Year Retired</b>	<b>In Total</b>
<i>1/1/12 - 12/31/12</i>	
Average monthly benefit	\$2,160
Average final salary	\$5,748
Number of service retirees	56
<i>1/1/11 - 12/31/11</i>	
Average monthly benefit	\$2,078
Average final salary	\$5,362
Number of service retirees	46
<i>1/1/10 - 12/31/10</i>	
Average monthly benefit	\$2,277
Average final salary	\$5,804
Number of service retirees	50
<i>1/1/09 - 12/31/09</i>	
Average monthly benefit	\$2,372
Average final salary	Not Available
Number of service retirees	54
<i>1/1/08 - 12/31/08</i>	
Average monthly benefit	\$2,332
Average final salary	Not Available
Number of service retirees	45
<i>1/1/07 - 12/31/07</i>	
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.

**Statistical Section**

**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+
<b>1/1/12 - 12/31/12</b>						
Average monthly benefit	\$314	\$963	\$2,052	\$3,088	\$3,978	\$5,002
Average highest average salary	\$3,787	\$4,863	\$5,771	\$6,733	\$6,709	\$7,147
Number of service retirees	2	9	9	23	35	37
<b>1/1/11 - 12/31/11</b>						
Average monthly benefit	\$708	\$986	\$1,459	\$3,003	\$4,031	\$4,775
Average highest average salary	\$5,403	\$4,914	\$4,656	\$6,329	\$6,842	\$6,786
Number of service retirees	4	9	6	24	44	43
<b>1/1/10 - 12/31/10</b>						
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
<b>1/1/09 - 12/31/09</b>						
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
<b>1/1/08 - 12/31/08</b>						
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+
<b>1/1/12 - 12/31/12</b>						
Average monthly benefit	\$0	\$1,552	\$0	\$2,065	\$0	\$0
Average highest average salary	\$0	\$4,964	\$0	\$5,815	\$0	\$0
Number of service retirees	0	1	0	1	0	0
<b>1/1/11 - 12/31/11</b>						
Average monthly benefit	\$4,560	\$1,671	\$0	\$0	\$0	\$4,889
Average highest average salary	N/A	\$8,854	\$0	\$0	\$0	\$7,530
Number of service retirees	1	1	0	0	0	1
<b>1/1/10 - 12/31/10</b>						
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
<b>1/1/09 - 12/31/09</b>						
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
<b>1/1/08 - 12/31/08</b>						
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.*

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

**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+
<b>1/1/12 - 12/31/12</b>						
Average monthly benefit	\$0	\$1,281	\$2,977	\$2,711	\$4,522	\$4,327
Average final average salary	\$0	\$5,629	\$7,088	\$5,449	\$6,885	\$5,769
Number of service retirees	0	2	1	3	4	1
<b>1/1/11 - 12/31/11</b>						
Average monthly benefit	\$0	\$1,253	\$1,903	\$3,114	\$4,559	\$5,255
Average final average salary	\$0	\$5,064	\$5,653	\$6,323	\$6,985	\$6,955
Number of service retirees	0	3	7	9	13	7
<b>1/1/10 - 12/31/10</b>						
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
<b>1/1/09 - 12/31/09</b>						
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
<b>1/1/08 - 12/31/08</b>						
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.

**FPPA Staff Healthcare Subsidy Plan**

Year Retired	Years of Service Credit					
	0-10	10-15	15-20	20-25	25-30	30+
<b>1/1/12 - 12/31/12</b>						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	0	0	0	0
<b>1/1/11 - 12/31/11</b>						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	0	0	0	0
<b>1/1/10 - 12/31/10</b>						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	0	0	0	0
<b>1/1/09 - 12/31/09</b>						
Average monthly benefit	\$0	\$0	\$0	\$0	\$288	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	0	0	1	0
<b>1/1/08 - 12/31/08</b>						
Average monthly benefit	\$0	\$0	\$213	\$0	\$0	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	1	0	0	0
<b>1/1/07 - 12/31/07</b>						
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0
Average highest average salary	<i>Highest Average Salary is not taken into consideration in the benefit calculation for this plan.</i>					
Number of service retirees	0	0	0	0	0	0

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

## Statistical Section

### Principal Participating Employers

#### Affiliated Local Plans

Employer	Rank	Covered Active Members	Percentage of
		as of 12/31/12	Total Plan
South Adams County Fire Protection District (Volunteer)	1	111	2.65%
Durango Fire & Rescue Authority (Volunteer)	2	104	2.48%
Golden Volunteer Fire Department	3	100	2.39%
Evergreen Fire (Volunteer)	4	88	2.10%
Wellington Fire Protection District (Volunteer)	5	74	1.77%
Elk Creek Fire Protection District (Volunteer)	6	64	1.53%
Bennet Fire Protection District (Volunteer)	7	62	1.48%
Telluride Fire Protection District (Volunteer)	8	61	1.46%
Florence Fire Protection District (Volunteer)	9	60	1.43%
Carbondale and Rural Fire Protection District (Volunteer)	10	55	1.31%

Employer	Rank	Covered Active Members	Percentage of
		as of 12/31/11	Total Plan
Durango Fire & Rescue Authority (Volunteer)	1	96	2.36%
Golden Volunteer Fire Department	2	93	2.28%
Evergreen Fire (Volunteer)	3	89	2.18%
South Adams County Fire Protection District (Volunteer)	4	88	2.16%
Elk Creek Fire Protection District (Volunteer)	5	66	1.62%
Bennet Fire Protection District (Volunteer)	6	62	1.52%
Telluride Fire Protection District (Volunteer)	6	62	1.52%
Carbondale and Rural Fire Protection District (Volunteer)	7	55	1.35%
Wellington Fire Protection District (Volunteer)	8	53	1.30%
Divide Fire (Volunteer)	9	52	1.28%
Florence Fire Protection District (Volunteer)	10	51	1.25%

Employer	Rank	Covered Active Members	Percentage of
		as of 12/31/10	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%
Florence 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%

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.

Principal Participating Employers *continued*Affiliated Local Plans *continued*

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/09</b>	<b>Percentage of Total Plan</b>
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%
Florence 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%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/08</b>	<b>Percentage of Total Plan</b>
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%
Florence 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%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/07</b>	<b>Percentage of Total Plan</b>
Durango Fire & Rescue Authority (Volunteer)	1	108	2.39%
Evergreen Fire (Volunteer)	2	86	1.91%
Golden Volunteer Fire Department	3	83	1.84%
Florence 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.

**Statistical Section****Principal Participating Employers** *continued***Statewide Death & Disability Plan**

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/12</b>	<b>Percentage of Total Plan</b>
Denver Police	1	1,280	11.56%
Denver Fire	2	832	7.51%
Aurora Police	3	672	6.07%
Colorado Springs Police	4	600	5.42%
Colorado Springs Fire	5	366	3.30%
West Metro Fire Protection District	6	321	2.90%
South Metro Fire Rescue	7	314	2.83%
Aurora Fire	8	291	2.63%
Fort Collins Police	9	219	1.98%
Pueblo Police	10	174	1.57%
Boulder Police	10	174	1.57%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/11</b>	<b>Percentage of Total Plan</b>
Denver Police	1	1,323	12.07%
Denver Fire	2	831	7.58%
Aurora Police	3	665	6.07%
Colorado Springs Police	4	575	5.25%
Colorado Springs Fire	5	354	3.23%
West Metro Fire Protection District	6	327	2.98%
South Metro Fire Rescue	7	306	2.79%
Aurora Fire	8	288	2.63%
Fort Collins Police	9	208	1.90%
Pueblo Police	10	187	1.71%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/10</b>	<b>Percentage of Total Plan</b>
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%

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

Principal Participating Employers *continued*

Statewide Death & Disability Plan *continued*

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%

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.

**Statistical Section**

**Principal Participating Employers** *continued*

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

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/12</b>	<b>Percentage of Total Plan</b>
Denver Police	1	1,406	21.81%
Denver Fire	2	908	14.08%
Aurora Fire	3	245	3.80%
Colorado Springs Fire	4	213	3.30%
Pueblo Police	5	188	2.92%
Colorado Springs Police	6	186	2.88%
Arvada Fire Protection District	7	143	2.22%
Pueblo Fire	8	133	2.06%
Westminster Fire	9	113	1.75%
Littleton Fire	10	110	1.71%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/11</b>	<b>Percentage of Total Plan</b>
Denver Police	1	1,440	22.96%
Denver Fire	2	903	14.40%
Aurora Fire	3	217	3.46%
Pueblo Police	4	202	3.22%
Colorado Springs Fire	5	195	3.11%
Colorado Springs Police	6	139	2.22%
Pueblo Fire	7	138	2.20%
Arvada Fire Protection District	8	120	1.91%
Littleton Fire	9	113	1.80%
Westminster Fire	10	110	1.75%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/10</b>	<b>Percentage of Total Plan</b>
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%

*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 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.

**Statistical Section**

**Principal Participating Employers** *continued*

**Defined Benefit System - Statewide Hybrid Plan**

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/12</b>	<b>Percentage of Total Plan</b>
West Metro Fire Protection District	1	249	52.75%
Aurora Fire	2	69	14.62%
Littleton Fire	3	29	6.14%
Evans Police	4	26	5.51%
Westminster Fire	5	18	3.81%
Canon City Police	6	14	2.97%
North Metro Fire Rescue	7	11	2.33%
Lafayette Police	8	10	2.12%
Lake Dillon Fire Protection District	9	8	1.69%
Snowmass Wildcat Fire Protection District	10	6	1.27%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/11</b>	<b>Percentage of Total Plan</b>
West Metro Fire Protection District	1	256	53.44%
Aurora Fire	2	72	15.03%
Littleton Fire	3	29	6.05%
Evans Police	4	24	5.01%
Westminster Fire	5	19	3.97%
Canon City Police	6	15	3.13%
North Metro Fire Rescue	7	11	2.30%
Lafayette Police	8	10	2.09%
Lake Dillon Fire Protection District	9	8	1.67%
Snowmass Wildcat Fire Protection District	10	6	1.25%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/10</b>	<b>Percentage of Total Plan</b>
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%

*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 *continued*

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%

Employer	Rank	Covered Active Members as of 12/31/07	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.

**Statistical Section****Principal Participating Employers** *continued***Fire & Police Members' Statewide Money Purchase Plan**

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/12</b>	<b>Percentage of Total Plan</b>
Rifle Fire Protection District	1	46	28.57%
Eaton Fire Protection District	2	20	12.42%
Elizabeth Fire Protection District	3	16	9.94%
Windsor Severance Fire Protection District	4	15	9.32%
Grand Valley Fire Protection District	4	15	9.32%
West Routt Fire Protection District	5	6	3.73%
Mountain Village Police	5	6	3.73%
Central City Police	5	6	3.73%
Sable-Altura Fire Protection District	6	4	2.48%
Jefferson-Como Fire Protection District	7	3	1.86%
Genesee Fire Protection District	8	2	1.24%
Bayfield Police	9	1	0.62%
Black Hawk Fire	9	1	0.62%
Brighton Fire Protection District	9	1	0.62%
Central City Fire	9	1	0.62%
Clear Creek Fire Authority	9	1	0.62%
Colorado Centre Metro District Fire	9	1	0.62%
Colorado Springs Police	9	1	0.62%
Denver Police	9	1	0.62%
Elizabeth Police	9	1	0.62%
Erie Police	9	1	0.62%
Falcon Fire Protection District	9	1	0.62%
Greater Eagle Fire Protection District	9	1	0.62%
Kremmling Fire Protection District	9	1	0.62%
Lake George Fire Protection District	9	1	0.62%
Manassa Police	9	1	0.62%
Mountain View Police	9	1	0.62%
Nederland Fire Protection District	9	1	0.62%
Platte Canyon Fire Protection District	9	1	0.62%
Platteville Police	9	1	0.62%
Rocky Mountain Fire Protection District	9	1	0.62%
Security Fire Protection District	9	1	0.62%
Southern Park County Fire Protection District	9	1	0.62%

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

Principal Participating Employers *continued*Fire & Police Members' Statewide Money Purchase Plan *continued*

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/11</b>	<b>Percentage of Total Plan</b>
Rifle Fire Protection District	1	33	26.40%
Eaton Fire Protection District	2	16	12.80%
Elizabeth Fire Protection District	3	15	12.00%
Windsor Severance Fire Protection District	4	11	8.80%
Mountain Village Police	5	7	5.60%
Central City Police	6	5	4.00%
Sable-Altura Fire Protection District	7	4	3.20%
West Routt Fire Protection District	7	4	3.20%
Jefferson-Como Fire Protection District	8	3	2.40%
Colorado Springs Police	9	2	1.60%
Bayfield Police	10	1	0.80%
Brighton Fire Protection District	10	1	0.80%
Burning Mountains Fire Protection District	10	1	0.80%
Central City Fire	10	1	0.80%
Clear Creek Fire Authority	10	1	0.80%
Colorado Centre Metro District Fire	10	1	0.80%
Denver Police	10	1	0.80%
Edgewater Fire	10	1	0.80%
Elizabeth Police	10	1	0.80%
Erie Police	10	1	0.80%
Falcon Fire Protection District	10	1	0.80%
Grand Valley Fire Protection District	10	1	0.80%
Greater Eagle Fire Protection District	10	1	0.80%
Kremmling Fire Protection District	10	1	0.80%
Lake George Fire Protection District	10	1	0.80%
Manassa Police	10	1	0.80%
Mountain View Police	10	1	0.80%
Nederland Fire Protection District	10	1	0.80%
Palisade Police	10	1	0.80%
Platteville Police	10	1	0.80%
Rocky Mountain Fire Protection District	10	1	0.80%
Salida Fire	10	1	0.80%
Security Fire Protection District	10	1	0.80%
Southern Park County Fire Protection District	10	1	0.80%
Upper Pine River Fire Protection District	10	1	0.80%

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

## Statistical Section

### Principal Participating Employers *continued*

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

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/10</b>	<b>Percentage of Total Plan</b>
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%

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

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 Rount 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%

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

## Statistical Section

### Principal Participating Employers *continued*

#### Fire & 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	32	31.68%
Eaton Fire Protection District	2	19	18.81%
Elizabeth Fire Protection District	3	16	15.84%
Mountain Village Police	4	8	7.92%
Central City Police	5	4	3.96%
Colorado Springs Police	6	3	2.97%
Brighton Fire Protection District	7	1	0.99%
Central City Fire	7	1	0.99%
Clear Creek Fire Authority	7	1	0.99%
Elizabeth Police	7	1	0.99%
Erie Police	7	1	0.99%
Fairmount Fire Protection District	7	1	0.99%
Falcon Fire Protection District	7	1	0.99%
Gilcrest Police	7	1	0.99%
Grand Valley Fire Protection District	7	1	0.99%
Kremmling Fire Protection District	7	1	0.99%
Lake George Fire Protection District	7	1	0.99%
Mountain View Police	7	1	0.99%
Nederland Fire Protection District	7	1	0.99%
Palisade Police	7	1	0.99%
Palmer Lake Police	7	1	0.99%
Rocky Mountain Fire Protection District	7	1	0.99%
Salida Fire	7	1	0.99%
Upper Pine River Fire Protection District	7	1	0.99%
West Rott Fire Protection District	7	1	0.99%

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 Rott 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.*



Principal Participating Employers *continued*

**Defined Benefit System - Colorado Springs New Hire Pension Plans**

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/12</b>	<b>Percentage of Total Plan</b>
Colorado Springs Police	1	470	71.00%
Colorado Springs Fire	2	192	29.00%

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/11</b>	<b>Percentage of Total Plan</b>
Colorado Springs Police	1	493	70.73%
Colorado Springs Fire	2	204	29.27%

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

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

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

<b>Employer</b>	<b>Rank</b>	<b>Covered Active Members as of 12/31/07</b>	<b>Percentage of Total Plan</b>
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.*

## Statistical Section

### Employers

#### Employers of Affiliated Local Volunteer Firefighters Plans

Alamosa VFD	Englewood VFD*	Lamar VFD	Pleasant View Metro VFD
Alamosa County FPD	Evans VFD	Larkspur FPD	Poudre Canyon FPD
Allenspark FPD	Evergreen VFD	Lefthand FPD	Poudre FA
Aspen FPD	Falcon FPD*	Lewis-Arriola FPD	Rangely Rural FPD
Ault FPD	Federal Heights VFD	Limon Area FPD	Rattlesnake FPD
Basalt & Rural FPD	Fisher's Peak FPD	Livermore FPD	Red Feather Lakes VFD
Bennett FPD #7	Florence FPD	Log Hill Mesa FPD	Red, White & Blue FPD*
Berthoud FPD	Foothills Fire & Rescue	Loveland & Rural	Ridgway FPD
Big Sandy FPD	Fort Lewis-Mesa FPD	Consol. VFD	Rifle FPD
Big Thompson VFD	Fort Morgan VFD	Lower Valley FPD	Rio Blanco FPD
Black Forest FPD	Fort Morgan Rural VFD	Lyons FPD	Rocky Ford VFD
Blanca VFD	Franktown FPD	Mancos FPD	Rocky Mountain FPD
Boone VFD	Frederick Firestone FPD	Manitou Springs VFD	Sable-Altura FPD
Boulder Mountain FPD	Galeton FPD	Manzanola Rural FPD	Sheridan VPD
Boulder Rural FPD	Genesee FPD	Milliken FPD	Silverton FD
Brighton VFD	Glacier View VFD	Montrose FPD	South Adams County FPD
Brush Combined Fire/VFD	Glendale VFD*	Mountain View FPD	South Arkansas FPD*
Buena Vista VFD	Glenwood Springs VFD	Nederland FPD	South Conejos FPD
Burning Mountains FPD	Golden VFD	New Raymer-Stoneham FPD	South Metro Fire Rescue*
Calhan FPD	Golden Gate Fire	North Fork VFD	Southwest Washington
Cañon City Area FPD	Grand FPD #1	North Routt County VFD	County FPD
Carbondale and Rural FPD	Grand Lake FPD	North Washington FPD*	Springfield VFD
Cascade FPD	Grand Valley FPD	Northeast Teller County FPD	Steamboat Springs VFD
Castle Rock VFD	Green Mountain Falls /	Northwest FPD	Sterling VFD
Central City VFD	Chipita Park FPD	Northwest Conejos	Stonewall VFD
Central Orchard Mesa FPD	Gypsum FPD	County FPD	Stratton FPD
Cheyenne County FPD #1	Hartsel FPD	Norwood FPD	Sugar City VFD
Clear Creek Fire Authority	Haxtun VFD	Nucla-Naturita FPD	Sugarloaf FPD
Clifton FPD	Hillrose Rural FPD	Nunn Volunteer FPD	Telluride FPD
Coal Creek Canyon FD	Holyoke - City VFD	Oak Creek FPD	Timberline FPD
Crested Butte FPD	Holyoke FPD	Olathe FPD	Walsh FD
Cripple Creek Fire*	Hot Sulphur Springs/	Olney Springs VFD	Wellington FPD
Crowley FD	Parshall FPD	Ordway Fire	West Cheyenne FPD
Crystal Lakes FPD	Hygiene VFD	Ouray VFD	West Douglas County FPD
Divide VFD	Indian Hills FPD	Palisade VFD	West Metro FPD*
Donald Wescott FPD	Inter-Canyon FPD	Palmer Lake VFD	West Routt FPD
Dove Creek FPD	Jackson 105 FPD	Parker FPD*	Westminster VFD*
Durango Fire & Rescue	Jefferson-Como FPD	Pawnee FPD	Wet Mountain FPD
Authority	Kiowa FPD	Peetz FPD	Wiggins Rural FPD
Eads VFD	Kremmling FPD	Peyton VFD	Wiley Rural FPD
East Grand FPD #4	La Junta VFD	Pinewood Springs VFD	Windsor Severance FPD
Eaton FPD	La Salle FPD	Plateau Valley VFD	Yampa FPD
Eckley VFD	Lafayette VFD	Platte Canyon FPD	Yuma VFD
Elbert FPD & Rescue	Lake City Area FPD	Platte Valley FPD	
Elizabeth FPD	Lake Dillon FPD	Platteville/Gilcrest FPD	
Elk Creek FPD	Lake George FPD	Pleasant View FPD	

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

Colorado Springs Police and Fire

\*Currently no active members.

**Employers of Affiliated Local “Old Hire” Pension Plans**

Aurora Police and Fire Bancroft FPD*	Durango Police* and Fire* Englewood Police and Fire Firestone Marshalls Police* Fort Morgan Police*	Lamar Fire* Las Animas Police* Leadville Fire* Loveland Fire* Manitou Springs Fire* Montrose FPD* Mountain View FPD* North Washington 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*
Cañon City Area FPD* Cedaredge Police* Cherry Hills FPD* Colorado Springs Police and Fire Cortez Police* Del Norte Police* Denver Police and Fire	Grand Junction Police* and Fire* Greeley Police* Haxtun Police* La Junta Police* and Fire* La Salle Police Lakewood FPD*	Pueblo Police and Fire Pueblo Rural FPD* Red, White and Blue FPD*	

**Employers Affiliated for Statewide Defined Benefit Supplemental Social Security Pension**

Akron Police*	Frederick Police Haxtun Police Holyoke Police	Johnstown Police Kremmling Police Springfield Police	Windsor Police
Cedaredge Police* Debeque 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) Broadmoor FPD 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 Falcon 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)* Grand FPD #1 Grand Lake FPD Grand Valley FPD Greeley, City of (Police & Fire) Green Mountain Falls/ Chipita Park FPD* Gypsum FPD Hartsel FPD Holyoke Police Hugo, Town of (Police) Idaho Springs, City of (Police)* Ignacio, Town of (Police)	Jefferson-Como FPD Kiowa FPD Kremmling FPD* La Jara, Town of (Police) Lake Dillon FPD Lakeside, Town of (Police) Larkspur FPD Lefthand FPD* Lochbuie, Town of (Police) Lone Tree, City of (Police) Los Pinos FPD Loveland, City of (Police & Fire) Lower Valley FPD Manitou Springs, City of (Police & Fire) Milliken FPD Montrose FPD Mountain View FPD Mountain Village, Town of (Police) Nederland FPD North Metro Fire Rescue Authority North Washington FPD Northeast Teller County FPD Northwest FPD Pagosa FPD Palisade (Police*& Fire) Plateau Valley FPD Platte Canyon FPD Platteville, Town of (Police) Platteville/Gilcrest FPD*	Pleasant View Metro Fire Poudre Fire Authority Pueblo Rural FPD Pueblo, City of (Police & Fire) Red, White & Blue FPD Rifle FPD Rocky Mountain FPD Sable-Altura FPD Salida, City of (Police & Fire) Snowmass Wildcat FPD South Adams County FPD Southeast Weld FPD Southern Park County FPD* Southwest Adams County FPD #2 Sterling, City of (Police & Fire) Stratmoor Hills FPD Stratton, Town of (Police)* Telluride FPD Tri-Lakes Monument FPD Trinidad, City of (Police & Fire) Upper Pine River FPD Vail, Town of (Police* and Fire) West Metro FPD West Routt FPD Wheat Ridge FPD Wiggins, Town of (Police)* Windsor Severance FPD Wray, City of (Police) Yuma, City of (Police)
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\*Currently no active members.

## Statistical Section

### Employers *continued*

#### Employers of Statewide Defined Benefit Pension Plan

Aguilar Police	Durango Fire & Rescue Authority	Kiowa FPD	Peyton FPD*
Alma Police*	Eads Police*	Kremmling FPD*	Pierce Police*
Antonito Police	East Grand FPD #4	La Jara Police	Plateau Valley FPD
Arvada FPD	Eaton FPD	La Salle FPD	Platte Canyon FPD
Aspen FPD*	Edgewater Fire*	La Salle Police	Platte Valley FPD
Ault Police	Elizabeth Police	La Veta Police	Platteville Police
Aurora Fire	Elk Creek FPD	Lafayette Police & Fire	Platteville/Gilcrest FPD
Basalt Police	Empire Police	Lake Dillon FPD	Pleasant View Metro Fire
Basalt & Rural FPD	Englewood Fire	Lake George FPD*	Pueblo Police and Fire
Bayfield Police	Erie Police	Lakeside Police	Pueblo Rural FPD
Bennett FPD #7	Estes Valley FPD	Lamar Fire*	Pueblo West Metro FPD
Berthoud FPD	Evans Police & Fire	Larkspur FPD	Rattlesnake FPD
Big Sandy FPD	Evergreen FPD	Las Animas Police	Red, White & Blue FPD
Black Forest FPD	Fairmount FPD	Leadville Police and Fire	Rifle FPD
Black Hawk Fire	Fairplay Marshalls	Lefthand FPD	Rocky Mountain FPD
Blanca Police	Falcon FPD	Littleton Fire	Rye FPD
Blue River Police*	Federal Heights Police & Fire	Lochbuie Police & Fire*	Sable-Altura FPD
Boulder Mountain FA	Firestone Police	Log Lane Village Police	Saguache Police*
Boulder Rural FPD	Florence Police	Lone Tree Police	Salida Police and Fire
Bow Mar Police*	Florissant FPD	Los Pinos FPD	San Luis Police*
Brighton (Greater) FPD	Fort Lewis-Mesa FPD	Lower Valley FPD	Sanford Police
Brighton Police	Fort Lupton FPD	Lyons FPD	Security FPD
Broadmoor FPD	Foothills Fire and Rescue	Manassa Police*	Sheridan Police
Brush Police	Fountain Fire	Manitou Springs Police and Fire	Silt Police
Buena Vista Police	Fowler Police	Milliken FPD	Silverton Police*
Burning Mountains FPD	Franktown FPD	Milliken Police	Snowmass Wildcat FPD
Cañon City Police	Frederick Firestone FPD	Minturn Fire*	South Adams County FPD
Carbondale & Rural FPD	Frisco Police	Montrose FPD	South Fork Police
Castle Rock Fire	Genesee FPD	Mountain View FPD	Southeast Weld FPD
Center Police	Georgetown Police	Mountain View Police	Southern Park County FPD
Central City Fire*	Gilcrest Police	Nederland FPD	Steamboat Springs Fire
Chaffee County FPD	Granada Police	North Fork Fire	Sterling Police and Fire
Cimarron Hills FPD	Grand FPD #1	North Metro Fire Rescue	Strasburg FPD #8
Clear Creek Fire Authority	Grand Lake Fire	North Routt County Fire	Stratmoor Hills FPD
Clifton FPD	Grand Valley FPD	North Washington FPD	Stratton Police
Collbran Marshalls Police*	Greater Eagle FPD	Northeast Teller County FPD	Telluride FPD
Colorado Centre Metro District Fire*	Greeley Fire	Northwest FPD	Thornton Fire
Colorado Springs Police & Fire	Green Mountain Falls/Chipita Park Fire*	Nunn Police*	Timberline FPD
Columbine Valley Police	Gypsum FPD	Oak Creek FPD	Tri Lakes Monument FPD
Copper Mountain Fire	Hartsel FPD	Oak Creek Police	Trinidad Fire
Cortez FPD	Holly Police*	Olathe Police	Upper Pine River FPD
Cripple Creek Fire	Hudson FPD	Ordway Police*	West Metro FPD
Cunningham FPD	Hugo Police	Otis Police*	West Routt FPD
Dacono Police	Idaho Springs Police	Pagosa FPD	Westminster Fire
Debeque FPD	Ignacio Police	Pagosa Springs Police	Wheat Ridge FPD
Denver Police and Fire	Indian Hills FPD	Palisade Police and Fire	Wiggins Police
Dinosaur Police*	Jackson 105 FPD	Palmer Lake Police	Windsor-Severance FPD
Dolores Police*	Jefferson-Como FPD	Paonia Police	Woodland Park Fire*
Donald Wescott FPD	Johnstown FPD	Parachute Police	Wray Police
		Parker Police	Yuma Police

\*Currently no active members.

**Employers of Statewide Hybrid Plan**

Arvada FPD*	Federal Heights Police & Fire	Lake Dillon FPD	Sheridan Police
Aurora Fire	Florence Police*	Littleton Fire	Snowmass Wildcat FPD
Brighton Police	Foothills Fire and Rescue	Milliken Police	Sterling Fire
Buena Vista Police	Fountain Fire	Montrose FPD*	Trinidad Fire
Cañon City Police	Granada Police	North Metro Fire Rescue	Upper Pine River FPD
Carbondale and Rural FPD	Grand FPD #1	Platteville Police	West Metro FPD
Dacono Police*	Hugo Police	Sable-Altura FPD	Westminster Fire
Evans Police	Lafayette Police	Security FPD	

**Employers of Statewide Money Purchase Plan**

Bayfield Police	Edgewater Fire	Kiowa FPD*	Platteville Police
Black Hawk Fire*	Elizabeth FPD	Kremmling FPD	Rifle FPD
Brighton (Greater) FPD	Elizabeth Police	Lake George FPD	Rocky Mountain FPD
Burning Mountains FPD*	Elk Creek FPD*	Las Animas Police*	Sable-Altura FPD
Central City Police and Fire	Erie Police	Louviers FPD*	Salida Fire
Clear Creek Fire Authority	Fairmont FPD	Manassa Police	Security FPD
Colorado Centre Metro	Falcon FPD	Mountain View Police	Southern Park County FPD
District Fire	Genesee FPD	Mountain Village Police	Upper Pine River FPD
Colorado Springs Police	Grand Valley FPD	Nederland FPD	West Routt FPD
Denver Police	Greater Eagle FPD	Palisade Police	Windsor Severance FPD
Eaton FPD	Jefferson-Como FPD	Platte Canyon FPD	

**Employers of Affiliated Statewide Death & Disability Supplemental Social Security Plan**

Cedaredge Police	Estes Park Police	Johnstown Police
Custer County Sheriffs	Haxtun Police	Monument Police
Debeque Police	Holyoke Police	Springfield Police

\*Currently no active members.

## Statistical Section

### Employers *continued*

#### Employers with Active Members in the Statewide Death & Disability Plan

Aguilar Police	Durango Fire & Rescue Authority	Jackson 105 FPD	Platte Canyon FPD
Alamosa Police	Durango Police	Jefferson-Como FPD	Platte Valley FPD
Antonito Police	Eagle River FPD	Johnstown FPD	Platteville Police
Arvada FPD	East Grand FPD #4	Kiowa FPD	Platteville/Gilcrest FPD
Arvada Police	Eaton FPD	Kremmling FPD	Pleasant View Metro Fire
Aspen Police	Edgewater Police & Fire	La Jara Police	Poudre Fire Authority
Ault Police	Elizabeth FPD	La Junta Police & Fire	Pueblo Police & Fire
Aurora Police & Fire	Elizabeth Police	La Salle FPD	Pueblo Rural FPD
Avon Police	Elk Creek FPD	La Salle Police	Pueblo West Metro Fire
Basalt & Rural FPD	Empire Police	La Veta Police	Rangely Police
Basalt Police	Englewood Police and Fire	Lafayette Police & Fire	Rattlesnake FPD
Bayfield Police	Erie Police	Lake Dillon FPD	Red White & Blue FPD
Bennett FPD #7	Estes Valley FPD	Lake George FPD	Rifle FPD
Berthoud FPD	Evans Police & Fire	Lakeside Police	Rifle Police
Big Sandy FPD	Evergreen FPD	Lamar Police & Fire	Rocky Ford Police & Fire
Black Forest Fire Rescue	Fairmount FPD	Larkspur FPD	Rocky Mountain FPD
Black Hawk Fire	Fairplay Marshalls Police	Leadville Police & Fire	Rye FPD
Blanca Police	Falcon FPD	Lefthand FPD	Sable-Altura FPD
Boulder Mountain Fire Auth	Federal Heights Police & Fire	Littleton Police & Fire	Salida Police & Fire
Boulder Police & Fire	Firestone Police	Lochbuie Police	Sanford Police
Boulder Rural FPD	Florence Police	Log Lane Village Police	Security FPD
Brighton (Greater) FPD	Florissant FPD	Lone Tree Police	Sheridan Police
Brighton Police	Foothills Fire & Rescue	Longmont Police & Fire	Silt Police
Broadmoor FPD	Fort Collins Police & Fire	Los Pinos FPD	Snowmass Village Police
Broomfield Police	Fort Lewis-Mesa FPD	Loveland Police & Fire	Snowmass Wildcat FPD
Brush Police	Fort Lupton FPD	Lower Valley FPD	South Adams County FPD
Buena Vista Police	Fort Lupton Police	Lyons FPD	South Fork Police
Burning Mountains FPD	Fort Morgan Police	Manassa Police	South Metro Fire Rescue
Canon City Area FPD	Fountain Police & Fire	Manitou Springs Police & Fire	Southeast Weld FPD
Canon City Police	Fowler Police	Milliken FPD	Southern Park County FPD
Carbondale And Rural FPD	Franktown FPD	Milliken Police	Southwest Adams County FPD
Castle Rock Fire	Frederick Firestone FPD	Minturn Police	Steamboat Springs Police & Fire
Center Police	Frisco Police	Monte Vista Police	Sterling Police & Fire
Central City Police & Fire	Fruita Police	Montrose FPD	Strasburg FPD
Chaffee County FPD	Genesee FPD	Montrose Police	Stratmoor Hills FPD
Cherry Hills Village Police	Georgetown Police	Mountain View FPD	Stratton Police
Cimarron Hills FPD	Gilcrest Police	Mountain View Police	Telluride FPD
Clear Creek Fire Authority	Glendale Police	Mountain Village Police	Telluride Police
Clifton FPD	Glenwood Springs Police & Fire	Nederland FPD	Thornton Police & Fire
Collbran Marshals	Golden Police & Fire	North Fork FPD	Timberline FPD
Colorado Centre Metro District Fire	Granada Police	North Metro Fire Rescue	Tri-Lakes Monument FPD
Colorado Springs Police & Fire	Grand FPD #1	North Routt County Fire	Trinidad Police & Fire
Columbine Valley Police	Grand Junction Police & Fire	North Washington FPD	Upper Pine River FPD
Commerce City Police	Grand Lake FPD	Northeast Teller County Fire	Vail Police & Fire
Copper Mountain Fire	Grand Valley FPD	Northglenn Police	Walsenburg Police
Cortez FPD	Greater Eagle FPD	North-West FPD	West Metro FPD
Cortez Police	Greeley Police & Fire	Oak Creek FPD	West Routt FPD
Cripple Creek Fire	Green Mtn Falls/Chipita Fire	Oak Creek Police	Westminster Fire
Cunningham FPD	Greenwood Village Police	Olathe Police	Wheat Ridge FPD
Dacono Police	Gypsum FPD	Pagosa FPD	Wheat Ridge Police
Debeque FPD	Hartsel FPD	Pagosa Springs Police	Wiggins Police
Del Norte Police	Hudson FPD	Palisade Police & Fire	Windsor Severance FPD
Delta Police	Hugo Police	Palmer Lake Police	Woodland Park Police
Denver Police & Fire	Idaho Springs Police	Paonia Police	Wray Police
Dillon Police	Ignacio Police	Parachute Police	Yuma Police
Donald Wescott FPD	Indian Hills FPD	Parker Police	
		Plateau Valley FPD	

\*Currently no active members.



## Statistical Section

### Benefit and Refund Deductions from Net Position by Type

#### Affiliated Local Plans

Type of Benefit	2012	2011	2010
Age and service benefits:			
Retirees & Survivors	\$165,552,566	\$162,511,376	\$164,220,145
Disability	0	0	0
<b>Total benefits</b>	<b>\$165,552,566</b>	<b>\$162,511,376</b>	<b>\$164,220,145</b>

Type of Refund	2012	2011	2010
Contributions (including interest earned)	315,017	584,749	1,823,003
<b>Total refunds</b>	<b>\$315,017</b>	<b>\$584,749</b>	<b>\$1,823,003</b>

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

#### Statewide Death & Disability Plan

Type of Benefit	2012	2011	2010
Age and service benefits:			
Retirees & Survivors	\$0	\$0	\$0
Disability	19,482,152	18,217,570	17,376,644
<b>Total benefits</b>	<b>\$19,482,152</b>	<b>\$18,217,570</b>	<b>\$17,376,644</b>

Type of Refund	2012	2011	2010
Contributions (including interest earned)	0	47,192	58,440
<b>Total refunds</b>	<b>\$0</b>	<b>\$47,192</b>	<b>\$58,440</b>

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

#### Defined Benefit System - Statewide Defined Benefit Plan

Type of Benefit	2012	2011	2010
Age and service benefits:			
Retirees & Survivors	\$31,959,003	\$28,284,899	\$25,448,990
Disability	0	0	0
<b>Total benefits</b>	<b>\$31,959,003</b>	<b>\$28,284,899</b>	<b>\$25,448,990</b>

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

Type of Refund	2012	2011	2010
Contributions (including interest earned)	1,616,336	1,882,112	1,493,913
<b>Total refunds</b>	<b>\$1,616,336</b>	<b>\$1,882,112</b>	<b>\$1,493,913</b>

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



2009	2008	2007	2006
\$157,644,750	\$152,270,531	\$146,375,432	\$142,548,265
0	0	0	0
<b>\$157,644,750</b>	<b>\$152,270,531</b>	<b>\$146,375,432</b>	<b>\$142,548,265</b>

2009	2008	2007	2006
5,045,932	2,958,380	3,219,143	6,207,794
<b>\$5,045,932</b>	<b>\$2,958,380</b>	<b>\$3,219,143</b>	<b>\$6,207,794</b>

2009	2008	2007	2006
\$0	\$0	\$0	\$0
15,995,412	14,886,707	13,741,872	13,007,054
<b>\$15,995,412</b>	<b>\$14,886,707</b>	<b>\$13,741,872</b>	<b>\$13,007,054</b>

2009	2008	2007	2006
14,242	0	0	0
<b>\$14,242</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

2009	2008	2007	2006
\$13,547,142	\$10,892,803	\$7,589,368	\$5,339,458
0	0	0	0
<b>\$13,547,142</b>	<b>\$10,892,803</b>	<b>\$7,589,368</b>	<b>\$5,339,458</b>

2009	2008	2007	2006
1,927,732	3,621,108	4,749,042	4,171,221
<b>\$1,927,732</b>	<b>\$3,621,108</b>	<b>\$4,749,042</b>	<b>\$4,171,221</b>

**Statistical Section****Benefit and Refund Deductions from Net Position by Type** *continued***Defined Benefit System - Statewide Hybrid Plan**

Type of Benefit	2012	2011	2010
Age and service benefits:			
Retirees & Survivors	\$449,818	\$317,469	\$236,346
Disability	0	0	0
<b>Total benefits</b>	<b>\$449,818</b>	<b>\$317,469</b>	<b>\$236,346</b>

Type of Refund	2012	2011	2010
Contributions			
(including interest earned)	3,097	14,990	5,069
<b>Total refunds</b>	<b>\$3,097</b>	<b>\$14,990</b>	<b>\$5,069</b>

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

**Defined Benefit System - Colorado Springs New Hire Pension Plans**

Type of Benefit	2012	2011	2010
Age and service benefits:			
Retirees & Survivors	\$12,832,278	\$11,920,608	\$10,259,279
Disability	0	0	0
<b>Total benefits</b>	<b>\$12,832,278</b>	<b>\$11,920,608</b>	<b>\$10,259,279</b>

Type of Refund	2012	2011	2010
Contributions			
(including interest earned)	\$353,856	479,250	384,736
<b>Total refunds</b>	<b>\$353,856</b>	<b>\$479,250</b>	<b>\$384,736</b>

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

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

Type of Benefit	2012	2011	2010
Age and service benefits:	<i>Retirees &amp; Survivors Age and Service benefits are not calculated for this plan.</i>		

Type of Refund	2012	2011	2010
Contributions			
(including interest earned)	\$1,067,020	\$175,587	\$402,564
<b>Total refunds</b>	<b>\$1,067,020</b>	<b>\$175,587</b>	<b>\$402,564</b>

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

2009	2008	2007	2006
\$282,930	\$155,143	\$95,405	\$42,482
0	0	0	0
<b>\$282,930</b>	<b>\$155,143</b>	<b>\$95,405</b>	<b>\$42,482</b>

2009	2008	2007	2006
232,027	78,716	122,503	2,108
<b>\$232,027</b>	<b>\$78,716</b>	<b>\$122,503</b>	<b>\$2,108</b>

2009	2008	2007	2006
\$8,754,606	\$6,982,005	\$5,340,492	\$3,908,837
0	0	0	0
<b>\$8,754,606</b>	<b>\$6,982,005</b>	<b>\$5,340,492</b>	<b>\$3,908,837</b>

2009	2008	2007	2006
0	376,799	504,126	364,850
<b>\$0</b>	<b>\$376,799</b>	<b>\$504,126</b>	<b>\$364,850</b>

2009	2008	2007	2006
2009	2008	2007	2006
\$262,920	\$500,040	\$644,083	\$167,481
<b>\$262,920</b>	<b>\$500,040</b>	<b>\$644,083</b>	<b>\$167,481</b>

## Statistical Section

### Benefit and Refund Deductions from Net Position by Type *continued*

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

Type of Benefit	2012	2011	2010
Age and service benefits:	<i>Retirees &amp; Survivors Age and Service benefits are not calculated for this plan.</i>		

Type of Refund	2012	2011	2010
Contributions (including interest earned)	\$42,317,300	\$67,711,031	\$27,588,789
<b>Total refunds</b>	<b>\$42,317,300</b>	<b>\$67,711,031</b>	<b>\$27,588,789</b>

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

#### IRC 457 Deferred Compensation Plan

Type of Benefit	2012	2011	2010
Age and service benefits:	<i>Retirees &amp; Survivors Age and Service benefits are not calculated for this plan.</i>		

Type of Refund	2012	2011	2010
Contributions (including interest earned)	\$4,457,433	\$4,792,208	\$4,837,214
<b>Total refunds</b>	<b>\$4,457,433</b>	<b>\$4,792,208</b>	<b>\$4,837,214</b>

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

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2009	2008	2007	2006
2009	2008	2007	2006
\$22,942,996	\$20,852,584	\$36,396,439	\$22,434,115
<b>\$22,942,996</b>	<b>\$20,852,584</b>	<b>\$36,396,439</b>	<b>\$22,434,115</b>

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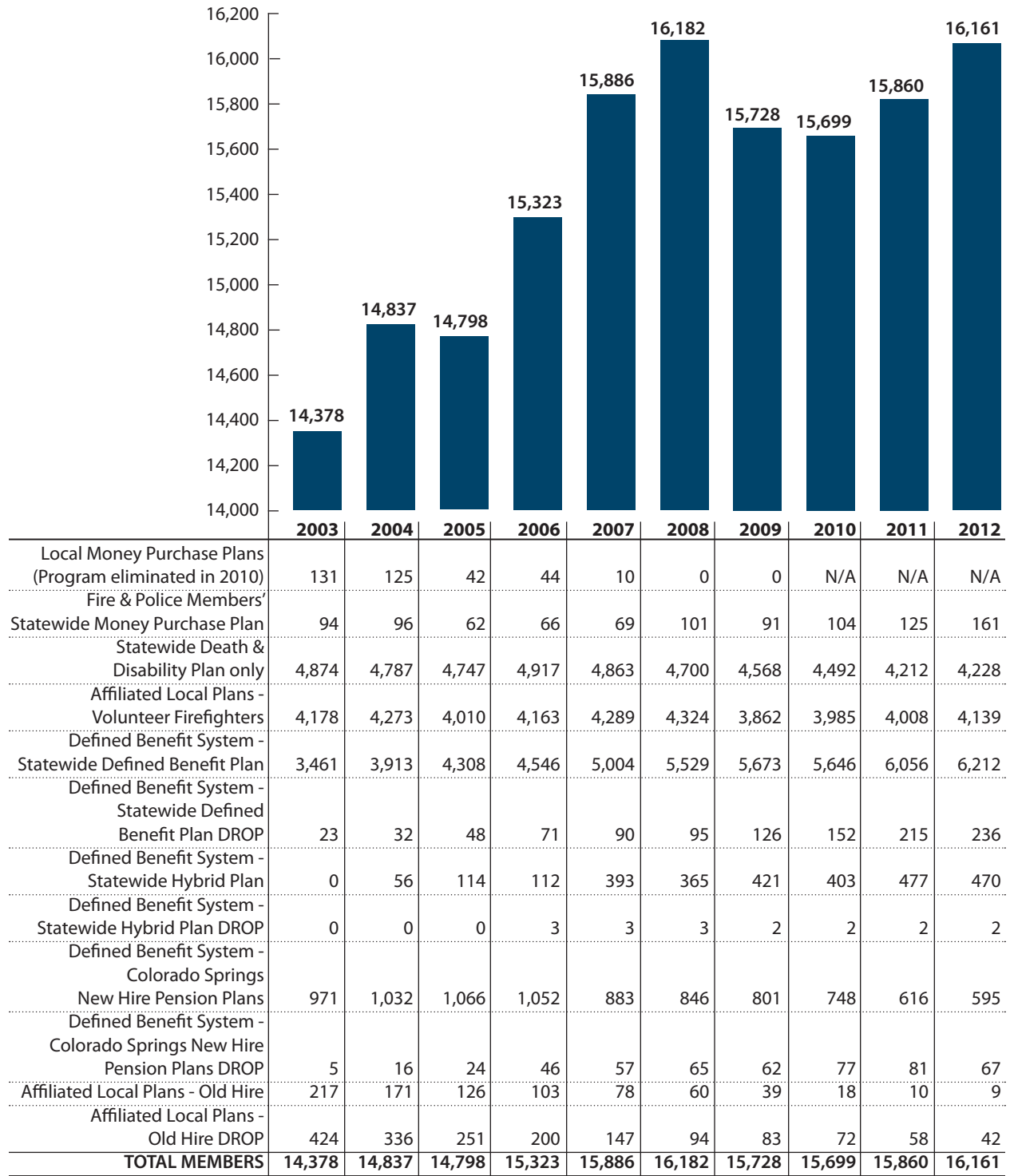
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2009	2008	2007	2006
2009	2008	2007	2006
\$1,909,744	\$1,821,135	\$2,861,400	\$1,865,766
<b>\$1,909,744</b>	<b>\$1,821,135</b>	<b>\$2,861,400</b>	<b>\$1,865,766</b>

**Statistical Section**

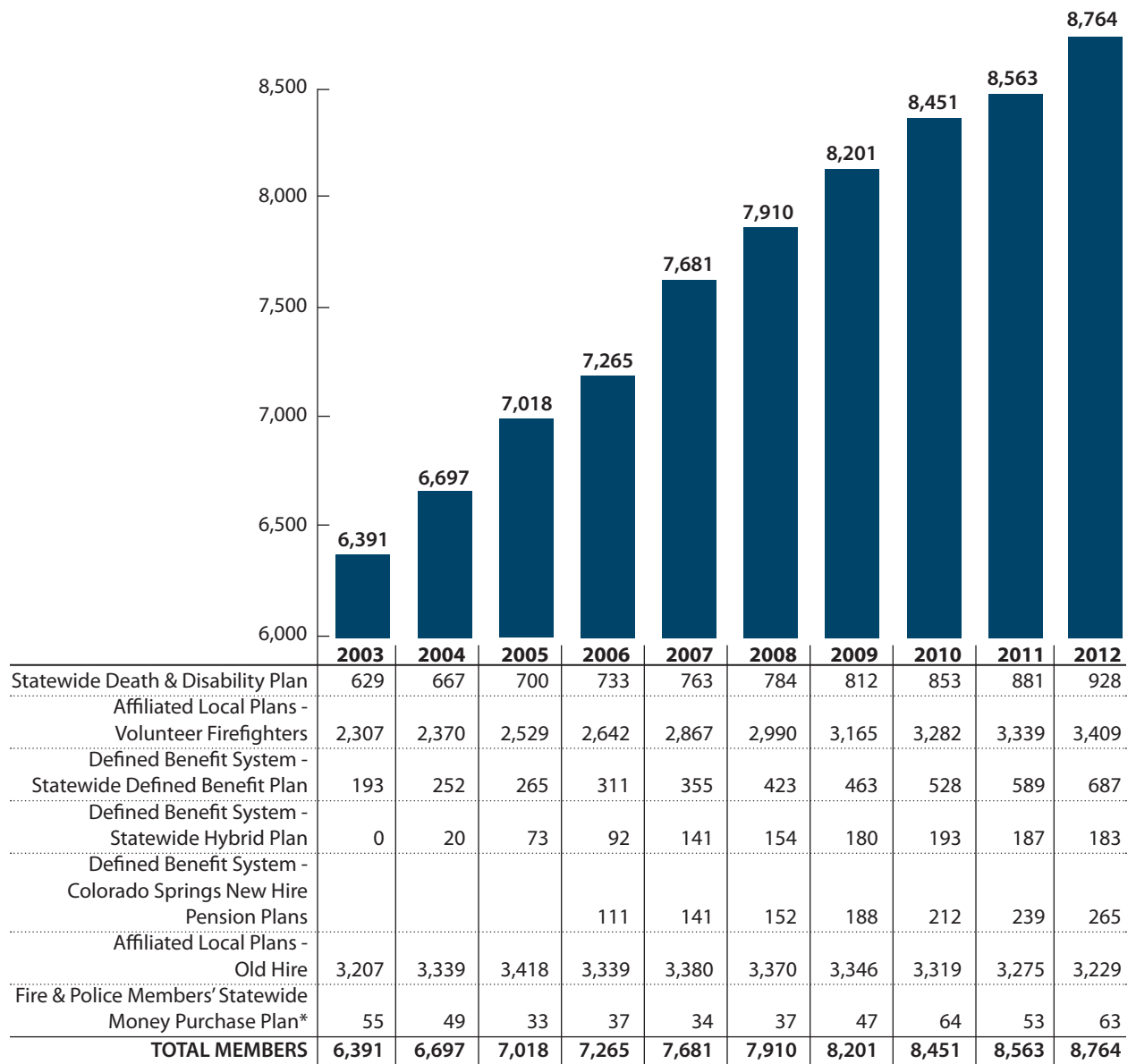
**FPPA Active Members by Plan Type (2003-2012)**

**Members Per Plan**



FPPA Retired Members by Plan Type (2003-2012)

Members Per Plan

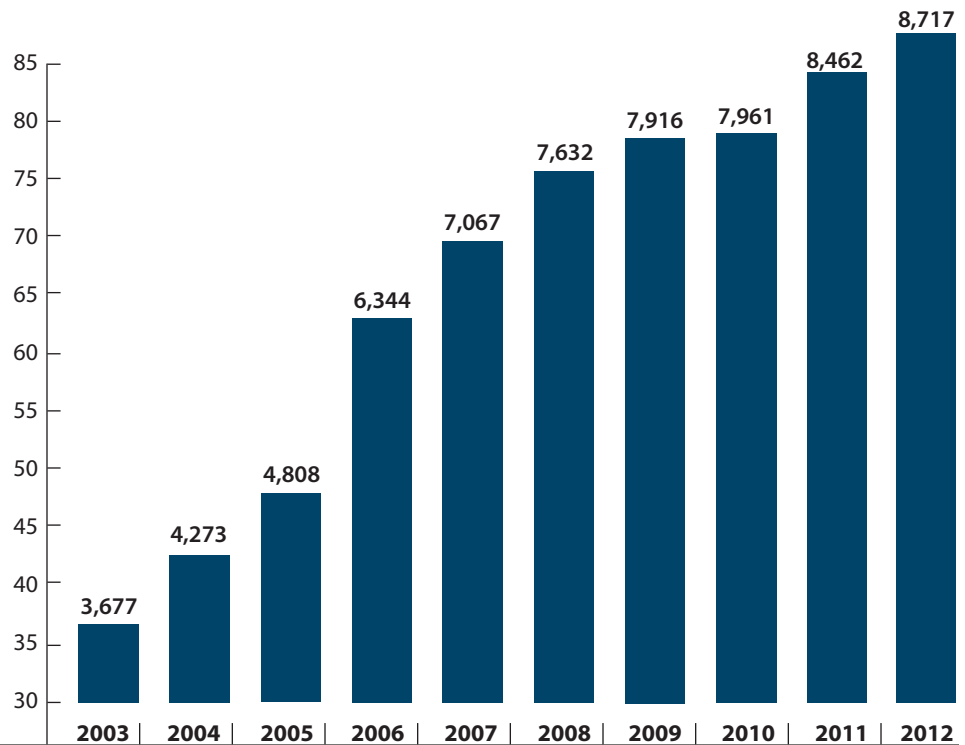


\*Includes Local Money Purchase Plans counts from 2001-2007.

**Statistical Section**

**Defined Benefit System Membership by Status (2003-2012)**

**Members Per Plan**



**Statewide Defined Benefit Plan**

Terminated Vested	134	176	157	162	156	164	167	170	165	171
Retired & Beneficiaries	59	76	108	149	199	259	296	358	424	516
Non-vested Actives	1,370	1,547	1,742	1,721	1,963	2,300	2,139	1,841	1,792	1,686
Partially Vested Actives	2,000	2,189	2,350	2,604	2,751	2,918	3,208	3,467	3,899	4,161
Fully Vested Actives	91	177	216	221	290	311	326	338	365	365
DROP Actives	23	32	48	71	90	95	126	152	215	236

**Statewide Hybrid Plan**

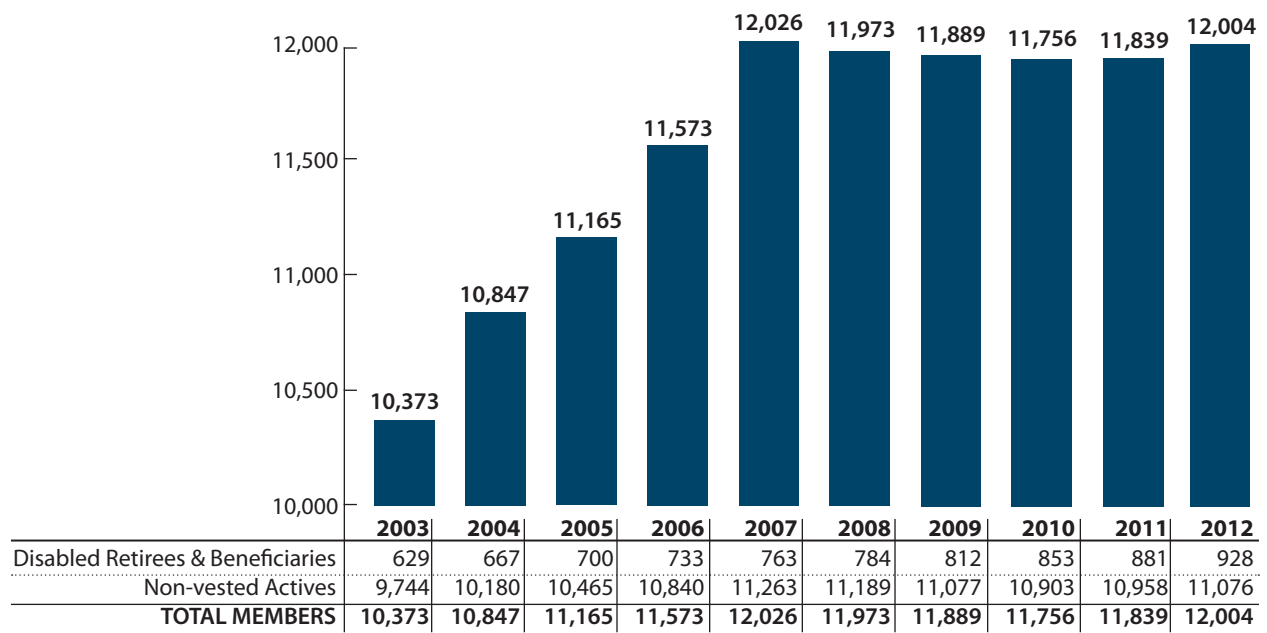
Retired, Beneficiaries, & Terminated Vested	0	20	73	92	141	154	180	193	187	183
Non-vested Actives	0	48	0	7	73	72	75	55	80	54
Partially Vested Actives	0	5	100	52	83	78	73	82	104	126
Fully Vested Actives	0	3	14	53	237	215	273	266	293	290
DROP Actives	0	0	0	3	3	3	2	2	2	2

**Colorado Springs New Hire Pension Plans**

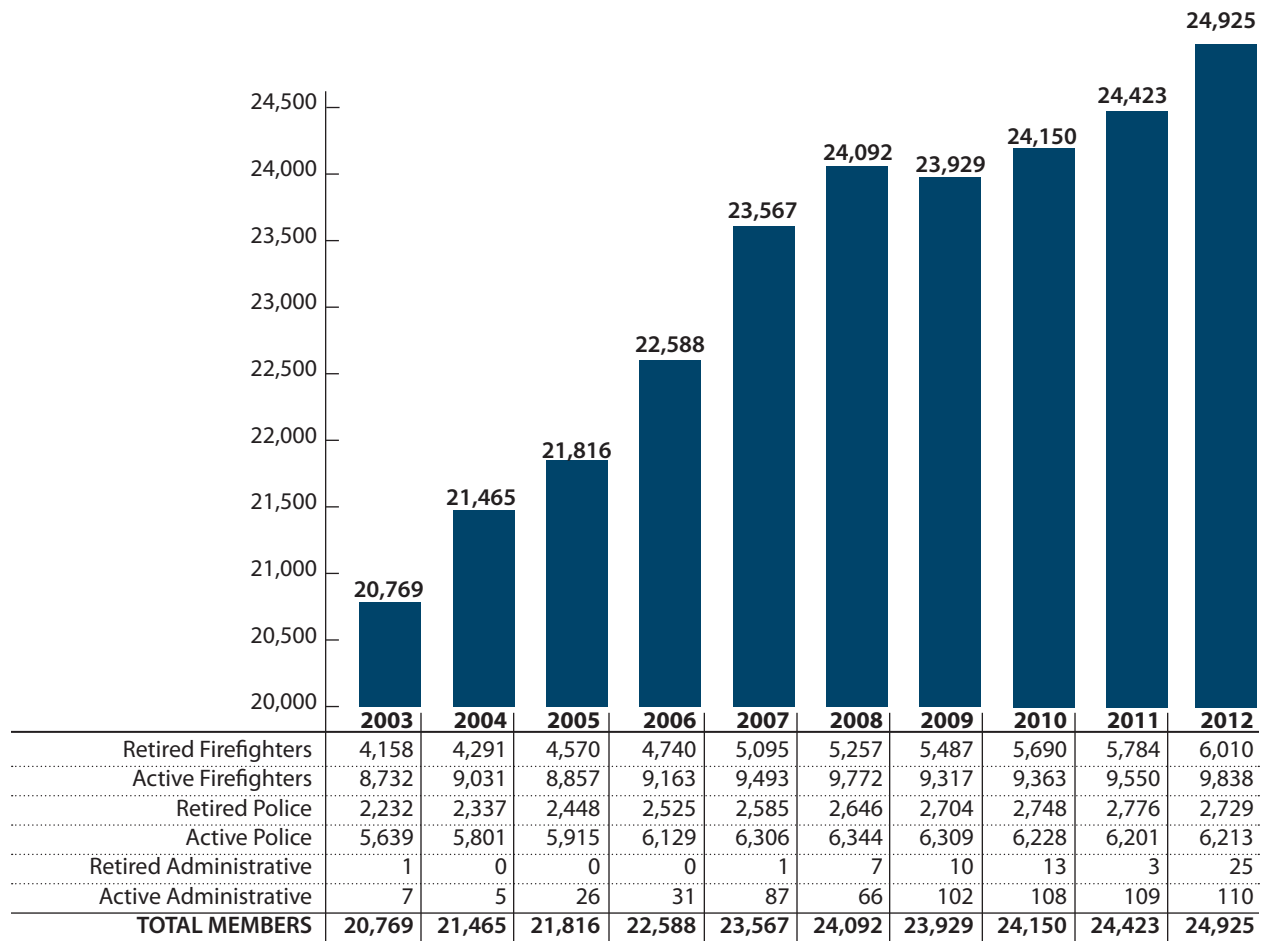
Retired, Beneficiaries, & Terminated Vested				111	141	152	188	212	239	265
Non-vested Actives				613	460	409	349	268	174	114
Partially Vested Actives				370	372	380	405	435	399	431
Fully Vested Actives				69	51	57	47	45	43	50
DROP Actives				46	57	65	62	77	81	67
<b>TOTAL MEMBERS</b>	<b>3,677</b>	<b>4,273</b>	<b>4,808</b>	<b>6,344</b>	<b>7,067</b>	<b>7,632</b>	<b>7,916</b>	<b>7,961</b>	<b>8,462</b>	<b>8,717</b>



**Statewide Death & Disability Plan Membership by Status (2003-2012)**

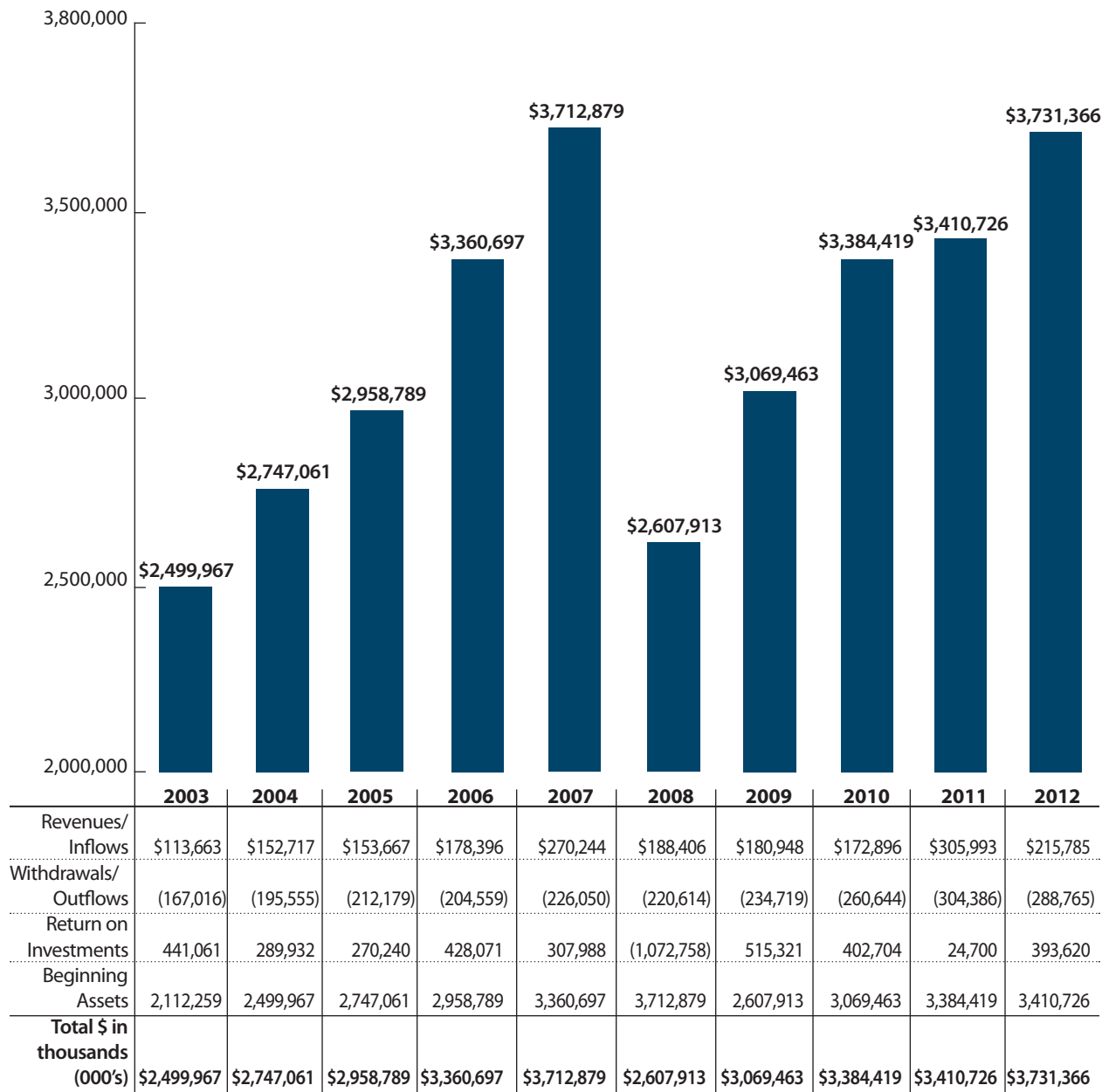


**FPPA All Plans Active and Retired Members by Occupation (2003-2012)**



**Statistical Section**

**Growth of Total Pension Fund Assets (2003-2012)**



**Schedule of Retired Members by Type of Benefit as of December 31, 2012**

	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	17	83	188	163	122	85	658
Occupational Disability-Survivor	19	9	8	4	0	0	40
Total Disability	1	1	1	7	5	50	65
Total Disability-Survivor	2	7	15	5	6	16	51
Survivor of Active	2	10	20	41	24	17	114
<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	63
<b>Defined Benefit System - Statewide Defined Benefit Plan</b>							
Retired	3	0	4	9	16	202	234
Vested	32	128	75	44	55	96	430
Retired-Survivor	2	10	3	0	0	8	23
<b>Defined Benefit System - Statewide Hybrid Plan</b>							
*Money Purchase Only	N/A	N/A	N/A	N/A	N/A	N/A	168
Retired	0	0	0	2	2	5	9
Vested	0	0	2	2	0	2	6
Retired-Survivor	0	0	0	0	0	0	0
<b>Defined Benefit System - Colorado Springs New Hire Pension Plans</b>							
Retired	0	0	3	12	9	122	146
Vested	0	9	30	13	7	52	111
Retired-Survivor	0	3	0	3	1	1	8
<b>Affiliated Local Plans</b>							
Disability Retirement	6	8	2	1	2	730	749
Disability-Survivor	4	9	4	15	143	153	328
Retired	947	512	21	24	46	1,608	3,158
Vested	1,377	220	7	4	2	62	1,672
Retired-Survivor	358	51	21	34	127	140	731
<b>Totals</b>	<b>2,770</b>	<b>1,060</b>	<b>404</b>	<b>383</b>	<b>567</b>	<b>3,349</b>	<b>8,764</b>

\* Details not available for Fire & Police Members' Statewide Money Purchase Plan.



# **FPPA**

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