

**PEYTON FIRE PROTECTION DISTRICT**  
**PENSION BOARD MEETING**

**Administrative Offices**

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[www.peytonfiredistrict.com](http://www.peytonfiredistrict.com)

**NOTICE OF REGULAR MEETING AND AGENDA**

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
Clayton Miller	Director	2023/May 2023
Vacant	Treasurer	2025/May 2023
David Rolenc	President	2023/May 2023
Ryan Orness	Director	2023/May 2023
VACANT	Director	2025/May 2023
Jeff Turner	Fire Chief	
Michael Dell'Ario	Secretary	

DATE: May 10, 2022 (Tuesday)

TIME: 6:30 p.m.

PLACE: ***Physical Location***  
Peyton Fire Protection District  
13665 Railroad Street  
Peyton, CO 80831

***Conference Call***  
Telephone Number: ***1-877-250-3814***  
Passcode: ***5592663***

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Approve Agenda.

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C. Consider appointment of Amy Turner to the Pension Board.

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D. Election of Officers.

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- E. Review and approve the Minutes from the February 8, 2022 Pension Board Meeting (enclosure).
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II. PUBLIC COMMENT

- A. \_\_\_\_\_

III. CORRESPONDENCE

- A. \_\_\_\_\_

IV. UNFINISHED BUSINESS

- A. \_\_\_\_\_

V. NEW BUSINESS

- A. Review and accept 2021 Fourth Quarter Financial Report (enclosure).
- 

VI. OTHER BUSINESS

- A. \_\_\_\_\_

VII. ADJOURNMENT     **RECONVENE TO THE PEYTON FIRE PROTECTION DISTRICT BOARD MEETING.**

# RECORD OF PROCEEDINGS

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## MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PEYTON FIRE PROTECTION DISTRICT PENSION BOARD MEETING HELD FEBRUARY 8, 2022

A Regular Meeting of the Board of Directors of the Peyton Fire Protection District Pension Board (referred to hereafter as “Board”) was held on Tuesday, the 8<sup>th</sup> day of February, 2022 at 6:30 p.m. at the Peyton Fire Protection District Fire Station, 13665 Railroad Street, Peyton, Colorado 80831 and was also held by conference call. The meeting was open to the public.

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### ATTENDANCE

#### Directors In Attendance Were:

Clayton Miller  
Amy Turner  
David Rolenc  
Ryan Orness  
Michael Dell’Ario

Following discussion, upon motion duly made by Director Brooks, seconded by Director Levin and, upon vote, unanimously carried, the absence of Director Jeff Turner was excused.

#### Also In Attendance Were:

David Solin; Special District Management Services, Inc. (“SDMS”)

Jack Reutzal, Esq.; Fairfield & Woods, P.C.

Deputy Chief Oakley Revels

John Hill; Ranchland News

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### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Solin noted that there were no new conflicts of interest raised.

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## RECORD OF PROCEEDINGS

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### **ADMINISTRATIVE MATTERS**

**Agenda:** Mr. Solin reviewed the proposed agenda for the Pension Board's Regular Meeting.

Following discussion, upon motion duly made by Director Dell'Ario, seconded by Director Rolenc and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Minutes:** The Board reviewed Minutes from the October 12, 2021 Pension Board Meeting.

Following discussion, upon motion duly made by Director Dell'Ario, seconded by Director Rolenc and, upon vote, unanimously carried, the Minutes of the October 12, 2021 Pension Board Meeting were approved, as presented.

**Appointment of Director:** The Board considered the appointment of Mr. Ryan Orness to fill a vacancy on the Board of Directors.

Following discussion, upon motion duly made by Director Dell'Ario and seconded by Director Rolenc and, upon vote, unanimously carried, the Board appointed Mr. Ryan Orness to fill the vacancy on the Board. The Oath of Office was administered.

**Appointment of Officers:** The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director Dell'Ario, seconded by Director Rolenc and, upon vote, unanimously carried, the following slate of officers was appointed:

President	David Rolenc
Treasurer	Amy Turner
Secretary	Michael Dell'Ario
Director	Ryan Orness
Director	Clayton Miller
Fire Chief	Jeff Turner

### **PUBLIC COMMENT**

There was no public comment.

### **CORRESPONDENCE**

There was no correspondence.

## RECORD OF PROCEEDINGS

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**UNFINISHED  
BUSINESS**

There was no unfinished business.  
\_\_\_\_\_

**NEW BUSINESS**

**2021 Third Quarter Financial Report:** Mr. Solin presented the Board with the 2021 Third Quarter Financial Report prepared by the Fire & Police Pension Association (“FPPA”) of Colorado.

Following discussion, upon motion duly made by Director Dell’Ario, seconded by Director Rolenc and, upon vote, unanimously carried, the Board approved the 2021 Third Quarter Financial Report prepared by the Fire & Police Pension Association (“FPPA”) of Colorado.  
\_\_\_\_\_

**OTHER BUSINESS**

There was no other business.  
\_\_\_\_\_

**ADJOURNMENT**

The meeting was adjourned as there were no other business matters before the Board.

Respectfully submitted,

By: /s/ Michael Dell’Ario  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 8, 2022 MEETING MINUTES OF THE PEYTON FIRE PROTECTION DISTRICT PENSION BOARD BY THE BOARD OF DIRECTORS SIGNING BELOW:

\_\_\_\_\_  
Clayton Miller

\_\_\_\_\_  
Jeff Turner

\_\_\_\_\_  
Michael Dell'Ario

\_\_\_\_\_  
Amy Turner

\_\_\_\_\_  
David Rolenc

\_\_\_\_\_  
Ryan Orness

PEYTON FIRE PROTECTION DISTRICT  
PENSION TRUST FUND  
BALANCE SHEET  
DECEMBER 31, 2021

<u>ASSETS</u>			
4-118	FPPA PENSION FUND		101,466.01
	TOTAL ASSETS		101,466.01
<u>LIABILITIES AND EQUITY</u>			
 <u>FUND EQUITY</u>			
4-450	FUND BALANCE		146,345.49
	UNAPPROPRIATED FUND BALANCE:		
4-497	CURRENT EARNINGS	( 60,318.84)	
	REVENUE OVER EXPENDITURES - YTD	15,439.36	
	BALANCE - CURRENT DATE	( 44,879.48)	
	TOTAL FUND EQUITY		101,466.01
	TOTAL LIABILITIES AND EQUITY		101,466.01

PEYTON FIRE PROTECTION DISTRICT  
PENSION TRUST FUND  
STATEMENT OF REVENUE AND EXPENDITURES COMPARED TO BUDGET  
FOR THE 12 MONTHS ENDING DECEMBER 31, 2021

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE	PCNT
<u>REVENUE</u>					
4-545 STATE CONTRIBUTION	8,280.00	8,280.00	.00 (	8,280.00)	.0
4-560 INVESTMENT INCOME	361.46	685.04	.00 (	685.04)	.0
4-561 UNREALIZED GAIN OR (LOSS)	632.24	5,179.20	.00 (	5,179.20)	.0
4-565 REALIIZED GAIN OR (LOSS)	3,861.06	7,126.58	.00 (	7,126.58)	.0
4-570 ACCRUED INCOME	( 9.69)	( 2.39)	.00	2.39	.0
4-575 OTHER INCOME (LOSS)	119.81	274.34	.00 (	274.34)	.0
TOTAL REVENUE	13,244.88	21,542.77	.00 (	21,542.77)	.0
<u>EXPENSES</u>					
4-610 PENSION FUND EXPENSES	2,519.88	4,603.41	.00 (	4,603.41)	.0
4-615 PAYMENTS TO PARTICIPANTS	.00	1,500.00	.00 (	1,500.00)	.0
TOTAL EXPENSES	2,519.88	6,103.41	.00 (	6,103.41)	.0
EXCESS REVENUE OVER (UNDER) EXPENDITURES	10,725.00	15,439.36	.00 (	15,439.36)	.0
FUND BALANCE - ENDING	10,725.00	15,439.36	.00 (	15,439.36)	.0



# Fire and Police Pension Association

## Volunteer Fire Pension Plan Contributions PEYTON FPD 7281-5

For the Reporting Period: 01/01/2021 through 12/31/2021

<b>Deposit Date</b>	<b>Employer Contributions</b>	<b>State Matching Funds</b>	<b>Total Remittance</b>
11/23/2021	\$0.00	\$8,280.00	\$8,280.00
<b>Total Remittance</b>			\$8,280.00
<b>Calculated Contribution per the 01/01/2019 Actuarial Study</b>			\$2,357.00
<b>Difference Over/(Under)</b>			<b>\$5,923.00</b>

*Note: The Calculated Contribution amount is due to FPPA before 12/31/2021*

**Fire and Police Pension Association**  
**Peyton FPD Volunteers 7281-5**  
**For the Twelve Months Ending December 31, 2021**

Beginning Balance	\$86,026.65
Plan Direct Inflows and Outflows	
Member Contributions	
Employer Contributions	
Contributions from the SWDD Plan	
Refunds	
Affiliations/(Disaffiliations)	
Plan Transfers	
Net Benefits	(\$1,500.00)
Plan Directed Expenses	
State Funding	\$8,280.00
Plan Direct Inflows and Outflows Sub-Total	\$6,780.00
Allocated Income and Expense	
Interest	\$245.49
Dividends	\$439.55
Other Income	\$274.34
Net Change Accrued Income	(\$2.39)
Unrealized Gain/Loss	\$5,179.20
Realized Gain/Loss	\$7,126.58
Defined Contribution Earnings (Net)	
Investment Expenses	(\$745.81)
Direct Expense Allocation	(\$1,274.22)
Other Expenses	(\$2,583.38)
Allocated Income and Expense Sub-Total	\$8,659.36
Ending Balance	\$101,466.01

**Fire and Police Pension Association  
 Direct Expense Allocation Summary  
 Peyton FPD Volunteers 7281-5  
 For the Twelve Months Ending December 31, 2021**

Type of Expense	2021 Budget	Year-to-Date Expenses	Payment of 2021 Expenses
Actuarial Expenses	\$1,116.60	\$1,116.60	
Audit Expenses	\$146.43	\$157.62	
Other Asset Allocation Study Expenses			
<b>Total Direct Allocated Expenses &amp; Payments</b>	<b>\$1,263.03</b>	<b>\$1,274.22</b>	

*Actuarial expenses may exceed the budget related to asset allocation studies and implementation.*

**Contact Peggy Job at 720-479-2345 to obtain a detailed expense listing.**

# Peyton Fire Protection District Volunteer Pension Fund

GASB Statement No. 68 Employer Reporting and Accounting  
Schedules for the  
Measurement Period Ending December 31, 2020 and  
Employer Reporting Period Ending December 31, 2021





September 2021

Administrative Heads and Finance Officers  
For Funds Participation in FPPA  
Peyton Fire Protection District Volunteer Pension Fund

Dear Administrative Heads and Finance Officers:

The accounting schedules submitted in this report are required under the Governmental Accounting Standards Board (GASB) Statement No. 68 "Employer Reporting for Pension Plans."

Our actuarial calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 68. These calculations have been made on a basis that is consistent with our understanding of this Statement.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results. This report may be provided to parties other than the Peyton Fire Protection District Volunteer Pension Fund only in its entirety and only with the permission of Peyton Fire Protection District Volunteer Pension Fund.

This report is based upon information furnished to us by FPPA staff and verified by the department concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency but was not audited.

This report complements the actuarial valuation report that was provided to Peyton Fire Protection District Volunteer Pension Fund and should be considered in conjunction with that report. Please see the actuarial valuation report as of January 1, 2021 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

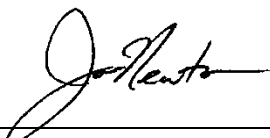
This report was prepared using our proprietary valuation model and related software which in our professional judgement has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

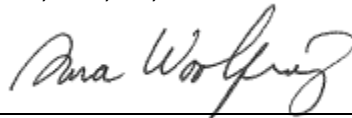
To the best of our knowledge, the information contained with this report is accurate and fairly represents the actuarial position of the Peyton Fire Protection District Volunteer Pension Fund. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

The signing actuaries are independent of the plan sponsor.

Joseph Newton and Dana Woolfrey are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. Both are experienced in performing valuations for public retirement systems.

Respectfully submitted,

By   
\_\_\_\_\_  
Joseph Newton  
FSA, FCA, EA, MAAA

By   
\_\_\_\_\_  
Dana Woolfrey  
FSA, FCA, EA, MAAA



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# SECTION A



## EXECUTIVE SUMMARY



**EXECUTIVE SUMMARY**  
**FOR THE MEASUREMENT PERIOD ENDING DECEMBER 31, 2020**  
**TO BE USED FOR DECEMBER 31, 2021 REPORTING PURPOSES**

Actuarial Valuation Date	January 1, 2021
Measurement Date of the Net Pension Liability/(Asset)	December 31, 2020
Employer's Fiscal Year Ending Date (Reporting Date)	December 31, 2021

**Membership as of January 1, 2021**

Number of	
- Retirees and Beneficiaries	1
- Inactive, Nonretired Members	1
- Active Members	20
- Total	22
Covered Payroll	N/A

**Net Pension Liability/(Asset)**

Total Pension Liability	\$ 62,649
Plan Fiduciary Net Position	86,027
Net Pension Liability/(Asset)	\$ (23,378)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	137.32 %
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A

**Development of the Single Discount Rate**

Single Discount Rate	7.00 %
Long-Term Expected Rate of Investment Return	7.00 %
Long-Term Municipal Bond Rate*	2.00 %
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120

**Total Pension Expense/(Income)** \$ 16,382

**Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expense/(Income)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,329	\$ 2,297
Changes in assumptions	1,005	0
Net difference between projected and actual earnings on pension plan investments	2,037	7,396
Total	\$ 13,371	\$ 9,693

\*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.



# Discussion

## Accounting Standard

For state and local government employers (as well as certain non-employers) that contribute to a defined benefit pension plan administered through a trust or equivalent arrangement, Governmental Accounting Standards Board (GASB) Statement No. 68 establishes standards for pension accounting and financial reporting. Under GASB Statement No. 68, the employer must account for and disclose the net pension liability/(asset), pension expense/(income), and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements. The volunteer fire plans are considered agent multiple-employer plans and employer reporting should apply the sections of the Statement No. 68 pertaining to agent employers.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information is not included in this report if it is not actuarial in nature, such as the notes to the financial statements regarding accounting policies and investments. As a result, the retirement system and/or plan sponsor is responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

## Financial Statements

GASB Statement No. 68 requires state and local government employers that contribute to defined benefit pension plans to recognize the net pension liability/(asset) and the pension expense/(income) on their financial statements, along with the related deferred outflows of resources and deferred inflows of resources. The net pension liability/(asset) is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 34 of GASB Statement No. 68 states, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability/(asset) and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to Peyton Fire Protection District Volunteer Pension Fund subsequent to the measurement date of December 31, 2020.

The pension expense/(income) recognized each fiscal year is equal to the change in the net pension liability/(asset) from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

## Notes to Financial Statements

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total pension expense/(income), the pension plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to pensions.

In addition, GASB Statement No. 68 requires the notes of the financial statements for the employers to include certain additional information, including:

- a description of the types of benefits provided by the plan, as well as any benefit improvements;
- the number and classes of employees covered by the benefit terms;
- for the current year, sources of changes in the net pension liability/(asset);
- significant assumptions and methods used to calculate the total pension liability;
- inputs to the Single Discount Rate;
- certain information about mortality assumptions and the dates of experience studies;
- the date of the valuation used to determine the total pension liability;
- information about changes of assumptions or other inputs and benefit terms;
- the basis for determining contributions to the plan, including a description of the plan's funding policy, as well as employer contribution requirements;
- the total pension liability, fiduciary net position, net pension liability/(asset), and the pension plan's fiduciary net position as a percentage of the total pension liability;
- the net pension liability/(asset) using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability/(asset) for financial reporting purposes; and
- a description of the system that administers the pension plan.

## Required Supplementary Information

The financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- sources of changes in the net pension liability/(asset);
- information about the components of the net pension liability/(asset) and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll\*; and
- a comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

While the first two tables may be built prospectively as the information becomes available, sufficient information is currently available for the third table.

The employer is responsible for maintaining the detailed records necessary to building the 10-year schedules.

## General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

This funding policy results in the expectation that the plan's assets will be able to fully pay for promised benefits through at least 2120. The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

## Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For the employer's financial reporting purposes, the net pension liability/(asset) and pension expense/(income) should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of January 1, 2021 and a measurement date of December 31, 2020. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2021 and may be used for December 31, 2021 reporting purposes.

Expense and deferred outflow calculations are shown starting with the year ending December 31, 2020, but can be used for the plan sponsor's December 31, 2021 financial reporting. Each reported amount will have a one-year lag so that year end December 31, 2020 can be used for December 31, 2021 plan sponsor reporting.

*\*Covered-employee payroll is not applicable for volunteer pension plans.*



Paragraph 34 of GASB Statement No. 68 indicates that contributions to the pension plan subsequent to the measurement date of the Net Pension Liability/(Asset) and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources related to pensions. The information contained in this report does not incorporate any contributions made to the Peyton Fire Protection District Volunteer Pension Fund subsequent to December 31, 2020; the employer will need to add 2021 contributions into the Deferred Outflows.

## **Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.00% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

## **Incorporation of Plan Changes**

The Total Pension Liability as of December 31, 2020 includes any plan changes through that date. If there were any plan changes effective during the year ending December 31, 2020, the increase in the Total Pension Liability will be reflected in the "Benefit Changes" item on page 11 as well as the Pension Expense on Page 7. The plan provisions used in determining the Total Pension Liability as of December 31, 2020 are shown on page 17 of the report.

**SECTION B**

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**FINANCIAL STATEMENTS**

**Pension Expense/(Income) Under GASB Statement No. 68  
Measurement Period Ending December 31, 2020  
for the Employer Fiscal Year Ending December 31, 2021**

**A. Pension Expense/(Income)**

1. Service Cost	\$	933
2. Interest on the Total Pension Liability		2,292
3. Current-Period Benefit Changes		15,501
4. Projected Earnings on Plan Investments (made negative here to offset expense)		(5,160)
5. Pension Plan Administrative Expense		2,906
6. State of Colorado Supplemental Discretionary Payment		0
7. Recognition of Outflow (Inflow) of Resources due to Liabilities		1,379
8. Recognition of Outflow (Inflow) of Resources due to Assets		(1,469)
<b>9. Total Pension Expense/(Income)</b>	<b>\$</b>	<b>16,382</b>

# Statement of Outflows and Inflows arising from the Current Measurement Period Ending December 31, 2020 for the Employer Fiscal Year Ending December 31, 2021

## A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$	12,242
2. Assumption Changes (gains) or losses	\$	0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all participants {in years}*		6.4000
4. Outflow (Inflow) of Resources to be recognized in the current pension expense/(income) for the difference between expected and actual experience of the Total Pension Liability	\$	1,913
5. Outflow (Inflow) of Resources to be recognized in the current pension expense/(income) for assumption changes	\$	0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense/(income) due to Liabilities (Item A.4 + Item A.5)	\$	1,913
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expense/(income) for the difference between expected and actual experience of the Total Pension Liability (Item A.1 - Item A.4)	\$	10,329
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expense/(income) for assumption changes (Item A.2 - Item A.5)	\$	0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expense/(income) due to Liabilities (Item A.7 + Item A.8)	\$	10,329

## B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$	(4,557)
2. Recognition period for Assets {in years, closed 5-year period}		5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense/(income) due to Assets (Item B.1 / Item B.2)	\$	(911)
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets (Item B.1 - Item B.3)	\$	(3,646)

*\*The expected remaining service life of a participant represents how long they are expected to be an active employee under the plan. The average shown is an average of all participants, including inactive participants (retirees, beneficiaries, etc.), who have a remaining service life of 0.0.*





# Statement of Outflows and Inflows arising from the Current and Prior Measurement Periods Through December 31, 2020 for the Employer Fiscal Year Ending December 31, 2021

## A. Current Pension Expense/(Income) - Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense/(Income)

	Outflows of Resources	Inflows of Resources	Net Outflows/(Inflows) of Resources
1. Due to Liabilities	\$ 2,196	\$ 817	\$ 1,379
2. Due to Assets	1,248	2,717	(1,469)
<b>3. Total</b>	<b>\$ 3,444</b>	<b>\$ 3,534</b>	<b>\$ (90)</b>

## B. Current Pension Expense/(Income) - Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense/(Income)

	Outflows of Resources	Inflows of Resources	Net Outflows/(Inflows) of Resources
1. Differences between expected and actual experience	\$ 1,913	\$ 817	\$ 1,096
2. Assumption Changes	283	0	283
3. Net Difference between projected and actual earnings on pension plan investments	1,248	2,717	(1,469)
<b>4. Total</b>	<b>\$ 3,444</b>	<b>\$ 3,534</b>	<b>\$ (90)</b>

## C. Future Pension Expense/(Income) - Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expense/(Income)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
1. Differences between expected and actual experience	\$ 10,329	\$ 2,297	\$ 8,032
2. Assumption Changes	1,005	0	1,005
3. Net Difference between projected and actual earnings on pension plan investments	2,037	7,396	(5,359)
<b>4. Total</b>	<b>\$ 13,371</b>	<b>\$ 9,693</b>	<b>\$ 3,678</b>

## D. Future Pension Expense/(Income) - Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expense/(Income)

Fiscal Year Ending December 31	Net Deferred Outflows/ (Inflows) of Resources
2022	\$ (320)
2023	691
2024	(246)
2025	911
2026	1,878
Thereafter	764
<b>Total</b>	<b>\$ 3,678</b>



## History of Deferred Outflows and Inflows of Resources by Source for Measurement Periods Through December 31, 2020 for the Employer Fiscal Year Ending December 31, 2021

### Differences between expected and actual experience - Net outflows of resources

Recognition Period	8.0000 2015	7.7143 2016	7.7143 2017	7.4615 2018	7.4615 2019	6.4000 2020	6.4000 2021	Total	Deferred Net Outflows at Reporting Date
<b>Total</b>	<b>\$ (1,435)</b>	<b>\$ 0</b>	<b>\$ (3,208)</b>	<b>\$ 0</b>	<b>\$ (1,653)</b>	<b>\$ 0</b>	<b>\$ 12,242</b>		
2015	(179)							(179)	
2016	(179)	0						(179)	
2017	(179)	0	(416)					(595)	
2018	(179)	0	(416)	0				(595)	
2019	(179)	0	(416)	0	(222)			(817)	
2020	(179)	0	(416)	0	(222)	0		(817)	
2021	(179)	0	(416)	0	(222)	0	1,913	1,096	
2022	(182)	0	(416)	0	(222)	0	1,913	1,093	\$ 8,032
2023	0	0	(416)	0	(222)	0	1,913	1,275	
2024	0	0	(296)	0	(222)	0	1,913	1,395	
Thereafter	0	0	0	0	(321)	0	4,590	4,269	
	<b>\$ (1,435)</b>	<b>\$ 0</b>	<b>\$ (3,208)</b>	<b>\$ 0</b>	<b>\$ (1,653)</b>	<b>\$ 0</b>	<b>\$ 12,242</b>	<b>\$ 5,946</b>	

### Assumption changes - Net outflows of resources

Recognition Period	8.0000 2015	7.7143 2016	7.7143 2017	7.4615 2018	7.4615 2019	6.4000 2020	6.4000 2021	Total	
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,159</b>	<b>\$ 0</b>	<b>\$ 995</b>	<b>\$ 0</b>	<b>\$ 0</b>		
2015	0							0	
2016	0	0						0	
2017	0	0	150					150	
2018	0	0	150	0				150	
2019	0	0	150	0	133			283	
2020	0	0	150	0	133	0		283	
2021	0	0	150	0	133	0	0	283	
2022	0	0	150	0	133	0	0	283	\$ 1,005
2023	0	0	150	0	133	0	0	283	
2024	0	0	109	0	133	0	0	242	
Thereafter	0	0	0	0	197	0	0	197	
	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,159</b>	<b>\$ 0</b>	<b>\$ 995</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,154</b>	

### Net Difference between projected and actual earnings on pension plan investments - Net outflows of resources

Recognition Period	5.0000 2015	5.0000 2016	5.0000 2017	5.0000 2018	5.0000 2019	5.0000 2020	5.0000 2021	Total	
<b>Total</b>	<b>\$ 364</b>	<b>\$ 2,756</b>	<b>\$ 1,149</b>	<b>\$ (4,158)</b>	<b>\$ 5,094</b>	<b>\$ (4,868)</b>	<b>\$ (4,557)</b>		
2015	73							73	
2016	73	551						624	
2017	73	551	230					854	
2018	73	551	230	(832)				22	
2019	72	551	230	(832)	1,019			1,040	
2020	0	552	230	(832)	1,019	(974)		(5)	
2021	0	0	229	(832)	1,019	(974)	(911)	(1,469)	
2022	0	0	0	(830)	1,019	(974)	(911)	(1,696)	\$ (5,359)
2023	0	0	0	0	1,018	(974)	(911)	(867)	
2024	0	0	0	0	0	(972)	(911)	(1,883)	
Thereafter	0	0	0	0	0	0	(913)	(913)	
	<b>\$ 364</b>	<b>\$ 2,756</b>	<b>\$ 1,149</b>	<b>\$ (4,158)</b>	<b>\$ 5,094</b>	<b>\$ (4,868)</b>	<b>\$ (4,557)</b>	<b>\$ (4,220)</b>	

### Total - Net outflows of resources

	2015	2016	2017	2018	2019	2020	2021	Total	
<b>Total</b>	<b>\$ (1,071)</b>	<b>\$ 2,756</b>	<b>\$ (900)</b>	<b>\$ (4,158)</b>	<b>\$ 4,436</b>	<b>\$ (4,868)</b>	<b>\$ 7,685</b>		
2015	(106)							(106)	
2016	(106)	551						445	
2017	(106)	551	(36)					409	
2018	(106)	551	(36)	(832)				(423)	
2019	(107)	551	(36)	(832)	930			506	
2020	(179)	552	(36)	(832)	930	(974)	0	(539)	
2021	(179)	0	(37)	(832)	930	(974)	1,002	(90)	
2022	(182)	0	(266)	(830)	930	(974)	1,002	(320)	\$ 3,678
2023	0	0	(266)	0	929	(974)	1,002	691	
2024	0	0	(187)	0	(89)	(972)	1,002	(246)	
Thereafter	0	0	0	0	(124)	0	3,677	3,553	
	<b>\$ (1,071)</b>	<b>\$ 2,756</b>	<b>\$ (900)</b>	<b>\$ (4,158)</b>	<b>\$ 4,436</b>	<b>\$ (4,868)</b>	<b>\$ 7,685</b>	<b>\$ 3,880</b>	



## Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Current Period Measurement Period Ended December 31, 2020

<b>A. Total pension liability</b>		
1. Service Cost	\$	933
2. Interest on the Total Pension Liability		2,292
3. Benefit changes		15,501
4. Difference between expected and actual experience of the Total Pension Liability		12,242
5. Changes of assumptions		0
6. Benefit payments		(1,200)
7. Net change in total pension liability	\$	29,768
8. Total pension liability – beginning		32,881
9. Total pension liability – ending	<u>\$</u>	<u>62,649</u>
<b>B. Plan fiduciary net position</b>		
1. Contributions – employer	\$	9,200
2. Net investment income		9,717
3. Benefit payments		(1,200)
4. Pension Plan Administrative Expense		(2,906)
5. State of Colorado supplemental discretionary payment		0
6. Net change in plan fiduciary net position	\$	14,811
7. Plan fiduciary net position – beginning (Market value of assets at beginning of year)		71,216
8. Plan fiduciary net position – ending (Market value of assets at end of year)	<u>\$</u>	<u>86,027</u>
<b>C. Net pension liability/(asset) (Item A.9 - Item B.8)</b>	<u>\$</u>	<u>(23,378)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability (Item B.8 / Item A.9)</b>		<b>137.32%</b>
<b>E. Covered-employee payroll</b>		<b>N/A</b>
<b>F. Net pension liability/(asset) as a percentage of covered employee payroll</b>		<b>N/A</b>



## Schedule of Contributions For Purposes of Building a 10-Year History

Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	\$ 2,357	\$ 9,200	\$ (6,843)	N/A	N/A

*\*Includes both employer and State of Colorado Supplemental Discretionary Payment.*

*Information for the measurement periods ending December 31, 2014 through December 31, 2019 should be obtained from the prior years' reports for purposes of building the 10-year history.*

## Notes to Schedule of Contributions

### Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2019 determines the contribution amounts for 2020 and 2021.

### Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	<b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. <b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

\*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

## FPPA System Description

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [FPPAco.org](http://FPPAco.org). Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.



## Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash	2.00 %	2.32 %
Fixed Income - Rates	10.00 %	4.01 %
Fixed Income - Credit	5.00 %	5.25 %
Absolute Return	10.00 %	5.60 %
Long Short	8.00 %	6.87 %
Global Equity	39.00 %	8.23 %
Private Markets	26.00 %	10.63 %
<b>Total</b>	<b>100.00 %</b>	

The figures in the above table were supplied by Fire and Police Pension Association Staff. Gabriel, Roeder, Smith & Company does not provide investment advice.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

**Sensitivity of Net Pension Liability/(Asset)  
to the Single Discount Rate Assumption  
for the Measurement Period ending December 31, 2020**

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ (13,461)	\$ (23,378)	\$ (31,322)

**SECTION C**

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**BENEFIT PROVISIONS**



## Benefit Provisions Used to Determine the Total Pension Liability for the Measurement Period ending December 31, 2020

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$150.00
b. Extended Service Amount Per Year of Service	\$0.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$7.50
b. Minimum Vesting Years	20
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	\$75.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$150.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as a volunteer firefighter	\$0.00
b. Following Death after Normal Retirement	\$0.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$0.00
e. Following Death after Disability Retirement	\$0.00
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; Due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$150.00

*Includes any benefit improvements through the end of the measurement period at December 31, 2020, if applicable.*

## **SECTION D**

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### **GLOSSARY OF TERMS**

# Glossary of Terms

<b><i>Actuarial Accrued Liability (AAL)</i></b>	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
<b><i>Actuarial Assumptions</i></b>	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
<b><i>Accrued Service</i></b>	Service credited under the system which was rendered before the date of the actuarial valuation.
<b><i>Actuarial Equivalent</i></b>	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
<b><i>Actuarial Cost Method</i></b>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
<b><i>Actuarial Gain (Loss)</i></b>	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
<b><i>Actuarial Valuation</i></b>	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.
<b><i>Actuarial Valuation Date</i></b>	The date as of which an actuarial valuation is performed.
<b><i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i></b>	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

## Glossary of Terms

### ***Agent Multiple-Employer Defined Benefit Pension Plan***

A multiple-employer defined benefit pension plan in which the pension assets of more than one employer are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

### ***Amortization Payment***

The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.

### ***Amortization Method***

The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be "open" (meaning, reset each year) or "closed" (the number of years remaining will decline each year).

### ***Deferred Inflows and Outflows***

The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences and changes of assumptions. The portion of these amounts not included in current pension expense/(income) should be included in the deferred inflows or outflows of resources.

### ***Discount Rate***

For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically:

1. The benefit payments to be made while the pension plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and
2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

### ***Entry Age Actuarial Cost Method (EAN)***

The EAN is a cost method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

### ***Fiduciary Net Position***

The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.



## Glossary of Terms

<b><i>GASB</i></b>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<b><i>Long-Term Expected Rate of Return</i></b>	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
<b><i>Money-Weighted Rate of Return</i></b>	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.
<b><i>Multiple-Employer Defined Benefit Pension Plan</i></b>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<b><i>Municipal Bond Rate</i></b>	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
<b><i>Net Pension Liability/(Asset) (NPL)/(NPA)</i></b>	The NPL is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit pension plan.
<b><i>Non-Employer Contributing Entities</i></b>	Non-employer contributing entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contributing entities. The State of Colorado is a non-employer contributing entity, but they are not in a Special Funding Situation.
<b><i>Normal Cost</i></b>	The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.
<b><i>Real Rate of Return</i></b>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<b><i>Service Cost (often referred to as the Normal Cost)</i></b>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. For plans with a Single Discount Rate of 7.00% at the beginning of the measurement period, the Service Cost will tie to the Normal Cost shown in the Development of the 2020 and 2021 Calculated Contribution (January 1, 2019 funding report).

## Glossary of Terms

### ***Total Pension Expense/(Income)***

The total pension expense/(income) is the sum of the following items that are recognized at the end of the employer's fiscal year:

1. Service Cost
2. Interest on the Total Pension Liability
3. Current-Period Benefit Changes
4. Projected Earnings on Plan Investments (made negative for addition here)
5. Pension Plan Administrative Expense
6. Other Changes in Plan Fiduciary Net Position
7. Recognition of Outflow (Inflow) of Resources due to Liabilities
8. Recognition of Outflow (Inflow) of Resources due to Assets

### ***Total Pension Liability (TPL)***

The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

### ***Unfunded Actuarial Accrued Liability (UAAL)***

The UAAL is the difference between actuarial accrued liability and valuation assets.

### ***Valuation Assets***

The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement No. 68, the valuation assets are equal to the market value of assets.

## MEMORANDUM

**To:** Affiliated Volunteer Fire Pension Plan Employers  
Sent via email to the Volunteer Fire Plans GASB Contact

**From:** Fire & Police Pension Association

**Re:** Volunteer Fire Pension Plan Annual GASB 68 Report

**Date:** December 2021

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Your volunteer fire pension plan is affiliated with the Fire & Police Pension Association ("FPPA") for the purpose of administering the plan and managing the funds of the plan for investment. This memo will outline the required annual reports provided by FPPA for your volunteer fire pension plan.

Your city/district is required to implement the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") into your annual financial statements. Information on GASB 68 can be found on FPPA's website at <https://www.fppaco.org/GASB/Overview2.html> or you may contact your auditor.

### GASB 68 Report

The *GASB Statement No. 68 Employer Reporting Accounting Schedules for the Measurement Period Ending December 31, 2020 and Employer Reporting Period Ending December 31, 2021* for your volunteer fire pension plan is now available to download from the FPPA Employer Portal.

Login to the FPPA Employer Portal and the report will be located under the 'Documents' button and is labeled as *2021 Vol GASB 68 Report*. We have also included this memo for download and it is labeled as *2021 Vol GASB 68 Memo*. <https://ep.fppaco.org/ASPENPMVVM/ACCOUNT/wfmLoginE>

This report is used to satisfy the GASB 68 reporting requirements within your December 31, 2021 financial statements/audit.

### SOC 1 Type 2 Report

The American Institute of Certified Public Accountants (AICPA) provided guidance to your auditors to ensure the GASB 68 report is accurate and certifiable. The AICPA recommended that FPPA issue a Statement on Standards for Attestation Engagements, Reporting on Controls at a Service Organization (SOC 1 Type 2) report on the allocation of inflows (i.e., contributions, investment income, etc.) and outflows (i.e., benefit payments, administrative expenses, etc.) and on the census data controlled by the plan.

A SOC report is a report on the controls at a service organization. Type 2 is a report on policies and procedures placed in operation, and test the operating effectiveness for a period of time. The purpose of the report is to give you and your auditor a greater level of assurance as to the accounting of your volunteer fire pension plan assets.

The *SOC 1 Type 2 Report for the Period January 1 through December 31, 2020* is available to download from the FPPA Employer Portal.

Login to the FPPA Employer Portal and the report will be located under the 'Documents' button and is labeled as *2021 Vol SOC Report (YE 12/31/20)*.  
<https://ep.fppaco.org/ASPENEMVVM/ACCOUNT/wfmLoginE>

## **Fiduciary Net Position Schedule**

FPPA included a Fiduciary Net Position by Participating Employer schedule as part of the 2020 Annual Report. You can locate this information under the Other Supplementary Schedules within the Financial Section starting on page 81 of the Annual Report. This was opined upon by FPPA's external auditors and both the schedule and opinion can be found in the Annual Report on FPPA's website at:  
<https://www.fppaco.org/PDF/annual-reports/2020-Annual-Report-FPPA.pdf>

## **Implementation**

To assist you in implementing GASB 68 into your financial statements, FPPA has developed the following materials. All documents are located within the "Employers Guide to GASB" section located on FPPA's website at:  
<https://www.fppaco.org/GASB/LR2.html>

- 1) Implementation Guide;
- 2) Journal Entry Templates;
- 3) Video Presentations – about how to read the GASB 68 Report.

We recommend that you work with your auditor to discuss any GASB 68 detailed implementation questions since they issue an opinion on your financial statements. Your auditor will be able to assist you as you work through the calculations and journal entries associated with the implementation of GASB 68. If you have general questions regarding the reports located in the FPPA Employer Portal, please contact Jordy Bralower at [jbralower@fppaco.org](mailto:jbralower@fppaco.org) or 720-479-2343.



## MEMORANDUM

**To:** Affiliated FPPA Volunteer Pension Plan Employers  
**From:** Peggy Job, Senior Accountant  
**Re:** Year Ended December 31, 2021  
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary  
**Date:** February 23, 2022

### Allocation Report

#### Investment Performance

Your plan assets are commingled for investment purposes in the Members' Benefit Investment Fund – Long Term Pool ("Pool"). Returns for the Pool are as follows (returns for periods longer than one year are annualized):

As of 12/31/2021	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Pool Net of Investment Expense*	3.45%	15.17%	15.17%	14.50%	11.55%

\*FPPA Administrative Expenses are not included in the Total Pool Net of Investment Expense percentages.

The table below summarizes expenses as a percentage of net assets for the Pool:

Year	FPPA Administrative Expense*	Investment Management Expense	Total Expense Ratio
2021	0.12%	0.81%	0.93%
2020	0.13%	0.79%	0.92%
2019	0.13%	0.80%	0.93%
2018	0.16%	0.88%	1.04%
2017	0.23%	0.89%	1.12%
2016	0.24%	0.79%	1.03%

#### How to Calculate Your Plan Specific Expense Ratio

Your Allocation Report may reflect expenses specific to your plan such as actuarial expense and legal fees as well as expenses you directed FPPA to pay from your plan assets. These expenses are reflected in the line items *Plan Directed Expenses* and *Direct Expense Allocation*. As such, your plan's administrative expenses may differ from the Pool. In order to calculate your plan's administrative expense ratio, you will need to add the line items *Plan Directed Expenses*, *Direct Expense Allocation* and *Allocated Fees & Expenses* and divide by the *Ending Balance*.

#### Allocation Methodology

*Investment Expenses* and *Allocated Fees & Expenses* are separately allocated and separately reported in the Allocation Report. The *Investment Expenses* are allocated to each plan based on the plan's proportion of total assets. The *Allocated Fees & Expenses* are allocated based on the plan's proportion of total membership, including active, inactive and retired members as of December 31 of the prior year as defined by the guidelines within the Comprehensive Annual Financial Report. Member counts may be adjusted during the year for plan affiliation, disaffiliation, or reentry.

#### Review of the Report

Review the items *Member Contributions*, *Employer Contributions*, *Refunds*, *Affiliations*, *Net Benefits*, *Plan Directed Expenses* and *State Funding* and confirm that these amounts are correct year-to-date. **If any**

amount is not correct, please send a written response to FPPA by April 15, 2022. If FPPA does not receive a response by April 15, 2022, you are confirming that these report items are correct.

### ***Annual Contributions Received***

FPPA provides a schedule of your 2021 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2021. **Please be aware that this report shows contributions based on the date received by FPPA and does not consider if contributions relate to a prior year.** All required contributions were due to FPPA before December 31, 2021 to be included in this report.

### ***Direct Expense Allocation Summary***

#### **Direct Expense Allocation**

FPPA provides a summary of expenses directly allocated to your plan, payments received related to these expenses and the related annual budgeted amounts. These costs are identified as direct plan expenses and are charged directly to the plan as a reduction of plan assets. They are reflected in the *Direct Expense Allocation* row of your Allocation Report. You may contact me to request a detailed summary of these allocated expenses.

The direct expense allocation is comprised of costs for audit and actuarial services. The audit services relate to the SOC 1 Type 2 report over the operating effectiveness of FPPA's controls for processing data and transactions related to your plan. The SOC 1 Type 2 report has been provided since 2014 to assist employers in reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. Actuarial services include the biennial funding valuation report (issued in odd years for Volunteer Firefighter plans and even years for Old Hire plans) and the annual GASB 68 report. Actuarial services are provided by Gabriel Roeder Smith & Co. Audit services are provided by Eide Bailly LLP.

The Colorado Revised Statutes allow FPPA to allocate expenses that are directly related to the administration of the local affiliated plans from those plan's assets. For additional information, please see C.R.S. 31-31-701(7)(a)(VI) for old hire plans and C.R.S. 31-31-705(2)(f) for volunteer fire plans.

#### **Payment of Settlor Expenses**

Please discuss these direct plan expenses with your legal counsel to determine if they are a "settlor" expense. The Department of Labor believes that the employer should bear the cost of settlor expenses. If you agree, you should reimburse the plan for these expenses. This payment is in addition to any employer contributions made to the plan or as determined by the actuary (the actuarially determined contribution).

To reimburse the plan for these costs, please send payment via ACH or wire to FPPA. These payments need to be identified separately from your actuarial required contribution in order to net out the expense. Please contact FPPA for ACH or wire Instructions.

If you have any questions regarding your allocation report or the direct allocated plan expenses, please call me at 303-770-3772 in Metro Denver or 800-332-3772 or email me at [pjob@fppaco.org](mailto:pjob@fppaco.org).

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## **Allocation Report Descriptions**

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*This report provides the beginning of year plan balance, year-to-date totals, and an ending plan balance as of the report date*

<p><b>Beginning Balance</b></p> <p><b>Plan Direct Inflows and Outflows</b></p> <p>Member Contributions</p> <p>Employer Contributions</p> <p>Contributions from the SWDD Plan</p> <p>Refunds</p> <p>Affiliations/(Disaffiliations)</p> <p>Net Benefits</p> <p>Plan Directed Expenses</p> <p>State Funding</p> <p><b>Plan Direct Inflows and Outflows Sub-Total</b></p> <p><b>Allocated Income and Expense</b></p> <p>Interest*</p> <p>Dividends*</p> <p>Other Income*</p> <p>Net Change Accrued Income*</p> <p>Unrealized Gain/Loss*</p> <p>Realized Gain/Loss*</p> <p>Defined Contribution Earnings (Net)</p> <p>Investment Expenses</p> <p>Direct Expense Allocation</p> <p>Other Expenses</p> <p><b>Allocated Income and Expense Sub-Total</b></p> <p><b>Ending Balance</b></p>	<p>Plan assets at the beginning of the year</p> <p>Member Contributions made to the plan</p> <p>Employer Contributions made to the plan</p> <p>Contributions received for a member on disability rolling to a normal retirement</p> <p>Member withdrawal of funds from the plan</p> <p>Plan affiliation or disaffiliation or idle funds distribution (typically a Volunteer Fire Plan matter)</p> <p>Benefits paid to retired members</p> <p>Payments from plan assets directed by the department Examples: legal, actuarial, and insurance expense</p> <p>State funding for volunteer plans</p> <p>Sub-Total of the above activity</p> <p>Interest on investments</p> <p>Dividends on investments</p> <p>Other investment income</p> <p>Change in accrued earnings for interest and dividends</p> <p>Unrealized Gain/Loss on investments</p> <p>Realized Gain/Loss on investments</p> <p>Not applicable for Defined Benefit plans</p> <p>Allocated share of FPPA investment expense</p> <p>Expenses directly allocated to the plan Examples: actuarial and audit fees</p> <p>Allocated share of FPPA administrative expense</p> <p>Sub-Total of the above activity</p> <p>Plan assets at period end</p>
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*\* Allocated from the Fire & Police Members' Benefit Investment Fund – Long Term Pool.*