

MEMORANDUM

To: Affiliated FPPA Old Hire Pension Plan Employers

From: Peggy Job, Senior Accountant

Re: Nine months ended September 30, 2023

Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary

Date: October 24, 2023

Allocation Report

Investment Pool

Your plan assets are commingled for investment purposes in the Members' Benefit Investment Fund – Glide-Path Pool ("Pool") as of July 1, 2019.

Investment Performance

Returns for the Pool are as follows:

As of 09/30/2023	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Pool Net of Investment Expense*	(2.35)%	2.0%	5.41%	4.03%	N/A

*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 through June 30, 2022. For 2019, the expenses are summarized as a blended percentage of net assets of the Members' Benefit Investment Fund through June 30, 2019 and the Pool from July 1, 2019 through December 31, 2019:

Year	FPPA Administrative Expense*	Investment Management Expense	Total Expense Ratio
Q3-2023	0.05%	0.36%	0.41%
2022	0.05%	0.62%	0.67%
2021	0.04%	0.70%	0.74%
2020	0.04%	0.74%	0.78%
2019	0.13%	0.80%	0.93%

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 Annual Comprehensive 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 September 15, 2023. If FPPA does not receive a response by December 1, 2023, you are confirming that these report items are correct.**

Annual Contributions Received

FPPA provides a schedule of your 2023 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2023. **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, 2023 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).

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.

Allocation Report Descriptions

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

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

* Allocated from the Fire & Police Members' Benefit Investment Fund – Glide-Path Pool

Fire and Police Pension Association
Aurora Fire Old Hire Plan 10-4
For the Nine Months Ending September 30, 2023

Beginning Balance	\$66,028,335.18
Plan Direct Inflows and Outflows	
Member Contributions	
Employer Contributions	\$3,399,614.00
Contributions from the SWDD Plan	
Refunds	
Affiliations/(Disaffiliations)	
Plan Transfers	
Net Benefits	(\$7,311,987.09)
Plan Directed Expenses	(\$7,348.92)
State Funding	
Plan Direct Inflows and Outflows Sub-Total	<u>(\$3,919,722.01)</u>
Allocated Income and Expense	
Interest	\$574,020.06
Dividends	\$108,224.64
Other Income	\$83,705.41
Net Change Accrued Income	\$9,729.50
Unrealized Gain/Loss	\$300,009.46
Realized Gain/Loss	\$403,616.86
Defined Contribution Earnings (Net)	
Investment Expenses	(\$236,196.70)
Direct Expense Allocation	(\$596.10)
Other Expenses	(\$27,673.07)
Allocated Income and Expense Sub-Total	<u>\$1,214,840.06</u>
Ending Balance	<u><u>\$63,323,453.23</u></u>

Fire and Police Pension Association
Aurora Fire Drop Plan 10-74
For the Nine Months Ending September 30, 2023

Beginning Balance	\$958,718.35
Plan Direct Inflows and Outflows	
Member Contributions	
Employer Contributions	
Contributions from the SWDD Plan	
Refunds	(\$21,740.60)
Affiliations/(Disaffiliations)	
Plan Transfers	
Net Benefits	
Plan Directed Expenses	
State Funding	
Plan Direct Inflows and Outflows Sub-Total	<u>(\$21,740.60)</u>
Allocated Income and Expense	
Interest	
Dividends	
Other Income	
Net Change Accrued Income	
Unrealized Gain/Loss	
Realized Gain/Loss	
Defined Contribution Earnings (Net)	\$104,990.90
Investment Expenses	
Direct Expense Allocation	(\$612.34)
Other Expenses	
Allocated Income and Expense Sub-Total	<u>\$104,378.56</u>
Ending Balance	<u><u>\$1,041,356.31</u></u>

Aurora Fire (10-4)
2023 Old Hire Contributions

Contributions Received by FPPA in:	Employer Contributions
January	\$0.00
February	\$0.00
March	\$1,699,807.00
April	\$0.00
May	\$0.00
June	\$0.00
July	\$0.00
August	\$1,699,807.00
September	\$0.00
October	\$0.00
November	\$0.00
December	\$0.00
Adjustment	\$0.00
Total	\$3,399,614.00

Employer Required Contribution per 1/1/2022 Actuarial Study **\$3,399,614.00**

Actual Employer Contribution \$3,399,614.00
Annual Required Employer Contribution \$3,399,614.00
Employer Difference Over/(Under) **\$0.00**

Percentage of Required Contribution Received **100.00%**

The Annual Required Contribution Amount is due to FPPA before 12/31/2023

**Fire and Police Pension Association
Direct Expense Allocation Summary
Aurora Fire Old Hire Plan 10-4
For the Nine Months Ending September 30, 2023**

Type of Expense	2023 Budget	Year-to-Date Expenses	Payment of 2023 Expenses
Actuarial Expenses	\$653.75	\$435.76	
Audit Expenses	\$160.33	\$160.34	
Other Asset Allocation Study Expenses			
Total Direct Allocated Expenses & Payments	\$814.08	\$596.10	

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. (This listing is attached.)

