

MEMORANDUM

To: Affiliated Volunteer Pension Plan Employers- Long Term Pool
From: Peggy Job, Senior Accountant
Re: Year Ended December 31, 2024
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary
Date: February 14, 2025

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):

| YE 2024 | Quarter | Year to Date | 1 Year | 3 Years | 5 Years |
|---------------------------------------|---------|--------------|--------|---------|---------|
| Total Pool Net of Investment Expense* | 0.19% | 10.03% | 10.03% | 3.70% | 7.84% |

*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 |
|------|------------------------------|-------------------------------|---------------------|
| 2024 | 0.15% | 0.75% | 0.90% |
| 2023 | 0.17% | 0.83% | 1.00% |
| 2022 | 0.14% | 0.80% | 0.94% |
| 2021 | 0.12% | 0.81% | 0.93% |
| 2020 | 0.13% | 0.79% | 0.92% |

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 March 31, 2025. If FPPA does not receive a response March 31, 2025, you are confirming that these report items are correct.**

Annual Contributions Received

FPPA provides a schedule of your 2024 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2024. **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.**

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.

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 distribution (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 – Long Term Pool.*

**Fire and Police Pension Association
Timberline FPD Volunteers 7354-5
For the Twelve Months Ending December 31, 2024**

| | |
|--|----------------|
| Beginning Balance | \$1,497,847.94 |
| Plan Direct Inflows and Outflows | |
| Member Contributions | |
| Employer Contributions | \$24,781.00 |
| Contributions from the SWDD Plan | |
| Refunds | |
| Affiliations/(Disaffiliations) | |
| Plan Transfers | |
| Net Benefits | (\$171,399.00) |
| Plan Directed Expenses | |
| State Funding | \$20,090.00 |
| Plan Direct Inflows and Outflows Sub-Total | (\$126,528.00) |
| Allocated Income and Expense | |
| Interest | \$10,100.02 |
| Dividends | \$7,282.98 |
| Other Income | \$3,526.90 |
| Net Change Accrued Income | (\$247.58) |
| Unrealized Gain/Loss | \$69,322.21 |
| Realized Gain/Loss | \$61,436.20 |
| Defined Contribution Earnings (Net) | |
| Investment Expenses | (\$11,281.40) |
| Direct Expense Allocation | (\$510.98) |
| Other Expenses | (\$18,136.90) |
| Allocated Income and Expense Sub-Total | \$121,491.45 |
| Ending Balance | \$1,492,811.39 |

Fire and Police Pension Association

Volunteer Fire Pension Plan Contributions TIMBERLINE FPD 7354-5

For the Reporting Period: 01/01/2024 through 12/31/2024

| Deposit Date | Employer Contributions | State Matching Funds | Total Remittance |
|---|-------------------------------|-----------------------------|-------------------------|
| 05/17/2024 | \$24,781.00 | \$0.00 | \$24,781.00 |
| 11/27/2024 | \$0.00 | \$20,090.00 | \$20,090.00 |
| Total Remittance | | | \$44,871.00 |
| Calculated Contribution per the 01/01/2023 Actuarial Study | | | \$44,871.00 |
| Difference Over/(Under) | | | \$0.00 |

Note: The Calculated Contribution amount is due to FPPA before 12/31/2024

**Fire and Police Pension Association
 Direct Expense Allocation Summary
 Timberline FPD Volunteers 7354-5
 For the Twelve Months Ending December 31, 2024**

| Type of Expense | 2024 Budget | Year-to-Date Expenses | Payment of 2024 Expenses |
|---|------------------------|----------------------------------|-------------------------------------|
| Actuarial Expenses | \$341.52 | \$341.52 | |
| Audit Expenses | \$169.46 | \$169.46 | |
| Other Asset Allocation Study Expenses | | | |
| Total Direct Allocated Expenses & Payments | \$510.98 | \$510.98 | |

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.