

**MEMORANDUM**

**To:** Affiliated Volunteer Pension Plan Employers- Long Term Pool  
**From:** Peggy Job, Senior Accountant  
**Re:** Quarter Ending September 30, 2024  
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary  
**Date:** October 28, 2024

**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 9/30/2024	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Pool Net of Investment Expense*	4.29%	9.82%	15.34%	4.81%	8.72%

\*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
Q3-2024	0.11%	0.47%	0.58%
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%
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 December 1, 2024. If FPPA does not receive a response December 1, 2024, 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 [job@fppaco.org](mailto:job@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.*

**Fire and Police Pension Association  
 Direct Expense Allocation Summary  
 Timberline FPD Volunteers 7354-5  
 For the Nine Months Ending September 30, 2024**

Type of Expense	2024 Budget	Year-to-Date Expenses	Payment of 2024 Expenses
Actuarial Expenses	\$341.52	\$227.68	
Audit Expenses	\$169.46	\$169.46	
Other Asset Allocation Study Expenses			
<b>Total Direct Allocated Expenses &amp; Payments</b>	<b>\$510.98</b>	<b>\$397.14</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.**

**Fire and Police Pension Association  
Timberline FPD Volunteers 7354-5  
For the Nine Months Ending September 30, 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	(\$128,955.00)
Plan Directed Expenses	
State Funding	
Plan Direct Inflows and Outflows Sub-Total	<u>(\$104,174.00)</u>
Allocated Income and Expense	
Interest	\$7,601.55
Dividends	\$5,113.19
Other Income	\$532.95
Net Change Accrued Income	(\$191.42)
Unrealized Gain/Loss	\$95,893.62
Realized Gain/Loss	\$35,967.38
Defined Contribution Earnings (Net)	
Investment Expenses	(\$7,055.44)
Direct Expense Allocation	(\$397.14)
Other Expenses	(\$13,438.34)
Allocated Income and Expense Sub-Total	<u>\$124,026.35</u>
Ending Balance	<u><u>\$1,517,700.29</u></u>