



FIRE AND POLICE PENSION ASSOCIATION OF COLORADO

*Comprehensive
Annual Financial Report
for the fiscal year ended
December 31, 2004*

*FPPA Comprehensive Annual Financial Report
for fiscal year ended December 31, 2004*

under the direction of the

FPPA Board of Directors

Lyle Hesalroad, Chair

Todd Bower, Vice Chair

John Bramble

Monica Cortez-Sangster

L. Kristine Gardner

Leo J. Johnson

Ron Lappi

Ed Lujan

Mark Sunderhuse

and prepared by FPPA Operations Division

Kim Collins, Chief Operations Officer

Shelley Daly, G&A Accounting Supervisor

5290 DTC Parkway, Suite 100

Greenwood Village, Colorado 80111-2721

303-770-3772

toll-free 800-332-3772

www.fppaco.org

FPPPA

FIRE AND POLICE PENSION ASSOCIATION OF COLORADO

*“Is he alone who has courage
on his right hand
and faith on his left hand?”*

— Charles A. Lindbergh

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**The accompanying notes are an integral part of the financial statements.*

*The Fire & Police Pension Association of Colorado
is committed to safeguarding retirement funds,
administering benefits fairly, and providing
superior, cost-effective service
to our members.*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Colorado Fire and Police
Pension Association

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjedda

President

Jeffrey R. Egan

Executive Director



Public Pension Coordinating Council
Public Pension Standards
2004 Award

Presented to

Fire & Police Pension Association of Colorado

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator



Fire & Police Pension Association

Two DTC • 5290 DTC Parkway • Suite 100
Greenwood Village, Colorado 80111-2721
303-770-3772
toll-free 800-332-3772 • fax 303-771-7622
www.fppaco.org

June 30, 2005

Board of Directors
Fire and Police Pension Association

Dear Members of the Board of Directors:

We are pleased to submit to you the annual financial report for the Fire and Police Members' Benefit Fund (the "Fund"), for the calendar year ended December 31, 2004. The Fund consists of the Defined Benefit System, the Statewide Death and Disability Plan, and numerous separate local (Old Hire) and volunteer fire pension funds. FPPA also administers the Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund. In addition, for presentation purposes, the IRC 457 Deferred Compensation Plan has been included.

The Fire and Police Pension Association was established January 1, 1980 and administers a statewide multiple employer public employee retirement system providing defined benefit plan coverage as well as death and disability coverage for police officers and firefighters throughout the State of Colorado. The Association also administers local defined benefit pension funds for police officers and firefighters hired prior to April 8, 1978 whose employers have elected to affiliate with the Association; for volunteer fire defined benefit plans; and for local money purchase (defined contribution) pension plans. Starting January 1, 1995, the Association began offering membership in the Statewide Money Purchase Plan. There were 173 employers participating in the Statewide Defined Benefit Plan, 9 employers participating in the Statewide Hybrid Plan, 53 employers with employees covered by the Statewide Money Purchase Plan, 369 employers covered by the Statewide Death and Disability Plan, 56 affiliated local defined benefit plans, 3 affiliated local money purchase plans, and 164 affiliated volunteer fire pension plans as of December 31, 2004.

The annual report for the calendar year 2004 consists of six sections: an introductory section which contains a transmittal letter along with general information about the Association; a financial section which contains the opinion of the Association's certified public accountants, the financial statements, footnotes and supplementary data; an investment section which contains a review of investment policies, holdings and activity for the year; an actuarial section which contains a summary of the results of the actuarial valuations and other related data; a statistical section which contains information on state funding of local pension plans (old hire) and the statewide death and disability plan; and a section containing an overview of other programs offered to members by FPPA, including FPPA's Section 457 Deferred Compensation Plan.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Additionally, graphs and charts of statistical data may be found throughout the report.

FINANCIAL HIGHLIGHTS

General Economic Conditions

Despite rising oil prices, the U.S. economy continued to expand at a healthy pace in 2004, supported by stimulative fiscal policies and an accommodative Federal Reserve. Although the consumer price index rose with higher energy prices, core inflation, excluding food and energy, was contained. Corporate profits remained strong and the unemployment situation improved over the course of the year.

For the first five months of 2004, the Federal Reserve maintained its accommodative monetary policy based on

uncertainties about the strength of the economic expansion, primarily due to unimpressive employment numbers. By mid-year 2004, positive economic news on employment and business investment, together with higher inflation, led the Federal Reserve to gradually reduce its stimulation of the economy. Beginning in June, the Fed began raising the federal funds target rate in 25 basis point increments to its year-end level of 2.25 percent. At its December meeting, the Fed indicated that it would likely continue to remove monetary policy accommodation by raising the federal funds target rate at a “measured” pace.

The labor markets improved at an unsteady pace in 2004, with employment gains in all major industry groups. The unemployment rate fell to 5.4% from 5.7% at the end of 2003. As a result of sharply higher energy prices, overall consumer price inflation rose to 3.3% in 2004 compared to a rate of 1.9% in 2003. The energy price index rose 16.6% in 2004, the largest annual increase since 1990. Excluding food and energy, the consumer price index rose 2.2% in 2004.

Real gross domestic product, a broad measure of the output of goods and services in the United States, grew at an annual rate of 4.4% in 2004, compared to 3.0% in 2003. Even with the dampening effect of high energy prices, consumer and business spending grew significantly in 2004. Consumer spending was bolstered by modest increases in disposable incomes, low mortgage interest rates, and the lingering effects of lower personal income tax rates. Business spending on equipment and software benefited from strong profit growth and low financing costs.

In the financial markets, the U.S. stock market posted positive returns for the year. The Russell 3000 Stock Index, a broad measure of overall U.S. stock market performance, rose 11.95% in 2004, following a return of 31.06% in 2003. The S&P 500 Stock Index, comprised of larger company stocks, increased 10.87% in 2004 compared to a gain of 28.67% in 2003. Smaller company stocks, as represented by the Russell 2000 Stock Index, continued to outperform larger company stocks with a return of 18.33% in 2004 compared to a gain of 47.25% in 2003. The technology heavy NASDAQ Index produced a modest return of 9.15% in 2004, following a gain of 50.93% in 2003. The U.S. bond market posted low single digit returns for the second year, with the Lehman Brothers Aggregate Bond Index returning 4.34% in 2004, compared to 4.10% in 2003.

For the third consecutive year, international equity markets outperformed the U.S. stock market. The MSCI Europe Index rose 20.88% in 2004 following an increase of 38.54% in 2003. The MSCI Pacific Basin Index returned 18.98% compared to a gain of 38.48% in 2003. Emerging markets continued to outperform developed markets, finishing 2004 with a return of 25.95% after rising 56.28% in 2003. Non-U.S. government bonds also outperformed the U.S. market in 2004, with a return of 12.14% versus a return of 18.52% in 2003.

In the currency markets, the U.S. dollar continued to depreciate against most major currencies in 2004, likely reflecting concerns about the growing U.S. current account deficit. The dollar declined 6.9% against the euro, closing at 0.74 euros per dollar from 0.79 at the end of 2003. Against the British pound, the dollar fell 6.8% to 0.52 from 0.56 pounds per dollar at the end of 2003. The dollar declined 6.9% against the Canadian dollar to 1.20 Canadian dollars per US dollar from 1.29 at the end of 2003. The dollar fell 4.1% against the yen to 102.74 yen per dollar from 107.17 at the beginning of the year.

Funding Status

Each pension plan administered by FPPA must be separately funded. Assets from one plan cannot be used to pay the benefit obligations of any other plan. Therefore, the funding status of each individual plan must be judged separately.

For the Defined Benefit System, assets continue to exceed the pension benefit obligation as calculated according to GASB 25. There are no unfunded current liabilities under this plan in accordance with state statutory requirements. Assets continue to increase as a percentage of the liability for future benefits of all members.

Independent Audit

The accounting firm of Bondi & Co., LLC rendered an opinion as to the fairness of the Plan's 2004 financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States of America. The Independent Auditors' Report is included on page 16 of this report.

Revenues

Revenues are used to fund the current and future retirement benefits established by the state legislature and local boards which are paid to retirees and their survivors by the Association. The primary sources of revenue include contributions from active members, employers and the state; new affiliations; and investment income. Revenues for the year 2004 amounted to \$442.6 million, a decrease of \$112.0 million or (20.2%) from 2003.

The net revenues for 2004 were comprised of \$61.5 million in member contributions, up 24.5% from \$49.4 million in 2003. Employer contributions totaled \$67.4 million in 2004, up 15.8% from \$58.3 million in 2003. The State of Colorado contributed \$1.9 million to volunteer plans affiliated with the Association in 2004. The Association's investment gain for 2004 totaled \$289.3 million. One volunteer fire pension plan elected to affiliate with the Association during 2004, bringing in \$400 thousand in assets.

Active membership is distributed as follows: 4,001 new hire members, up 14.8% from 3,484 in 2003; 1,048 exempt new hire members, up 7.3% from 976 the prior year; 507 old hire members, down (20.9%) from 641 in 2003; 221 money purchase plan members, down (1.8%) from 225 last year; 4,273 volunteer fire members, up 2.2% from 4,178; and 4,787 members covered for death and disability only. The members listed above are comprised of 39.1% police officers and 60.9% firefighters.

The net investment gains for 2004 amounted to \$289.3 million. Interest, dividends and other investment income increased by \$9 million over the prior year. Realized and unrealized gains on investment transactions decreased \$155.6 million for 2004 over those in 2003. The total market value of the investment portfolio increased to \$2.7 billion, or an increase of \$247 million from \$2.5 billion at the end of 2003.

An explanation of FPPA's investment policies and asset allocation strategy, as well as the portfolio's composition are included in the investment section of this report. Additionally, a review of investment activity and performance for 2004 is included in that section.

Expenses

The primary expenses of the Association include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the cost of administering the numerous pension plans. Expenses for the year 2004 totaled \$195.5 million, which is an increase of \$28.5 million or 17% over 2003.

Benefit payments to retirees and beneficiaries totaled \$150.3 million in 2004, up 5.5% or \$7.8 million from the prior year. The increase in benefit payments was due primarily to an increase in the number of retirees and beneficiaries receiving benefits, and a cost of living increase for the Defined Benefit System of 2.2%. Other increases ranged from 0% to 15.9% among the various local old hire plans, with average increases of 3.33% for those departments that granted increases. The number of retirees receiving benefit payments increased to 6,697 as of December 31, 2004, up 4.79% from 6,391 at the end of 2003.

Administration expenses of the fund increased to \$14.5 million in 2004 from \$9.2 million in 2003. This represented an increase of 56.6% in actual dollars, and .53% and .37% in 2004 and 2003, respectively, when expressed as a percentage of total assets. Administrative expenses include money management fees, which make up 74.3% of total administrative expenses. Investment management fees are asset based and increase as the size of the fund increases. Refer to Note 3 for an expanded explanation on the change in accounting policy with regards to money management fees and the corresponding increase in administrative expenses.

OTHER PROGRAMS AND SERVICES

During 2004, FPPA's Benefits & Communication Division continued its communication programs with members, employers and retirees. Approximately 300 presentations were made to members from 115 fire and police departments throughout the state about their death and disability benefits, retirement benefits, and other services provided by the Association. Much of this program is conducted on-site, with staff visiting fire stations and attending police roll calls, to ensure that members have face-to-face meetings with FPPA staff on a regular basis. Thanks to exceptionally good response, we have continued the use of the computer program designed to assist members in planning for their future retirement needs, with the dollar projections shown in both future and current values, as well as being shown as a percentage of salary.

Year 2004 also marks FPPA's seventeenth year of offering various seminars to help members plan for retirement, both financially and psychologically. FPPA hosted two seminars. Topics included wills, estates, taxes and trust—practical information on developing financial strategies while planning for the future; Medicare and social security information as it relates to the FPPA membership, investment strategies for the pre-retiree and retiree, and considerations when evaluating the need for long-term care insurance. The seminars continue to get excellent reviews by the attendees. FPPA strongly recommends these no-cost seminars to members, retirees and employers.

FPPA's Section 457 Deferred Compensation program was developed in 1990 in response to member requests. By the end of 2004, there were 84 employers participating in the plan. The program provides tax-deferred savings for the individuals to save for their retirement needs and, with low management fees, more of the dollars invested are returned for the member's use in retirement.

FPPA has offered its money management services since 1990 to departments that have provided money purchase plans to their members. FPPA currently has three departments affiliated for these services. In addition, in April 1993, the Colorado General Assembly authorized FPPA to create a new Statewide Money Purchase Plan. The plan took effect on January 1, 1995, and since that time, 4 departments have opted out of the Statewide Defined Benefit Plan to elect coverage under the Statewide Money Purchase Plan. Some department chiefs have also exercised this option.

Since legislative approval in 1986, FPPA has offered the advantages of its money management services to volunteer fire department pension funds who choose to affiliate. At the end of 2004, there were a total of 164 volunteer plans participating. Plans participating in FPPA are provided with an actuarial study every two years as well as an annual audit of their pension funds.

LEGISLATIVE CHANGES

There were no significant legislative changes in 2004 affecting FPPA.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

The financial statements included in this report, along with all other information provided, are the responsibility of the management of the Fire and Police Pension Association. The financial statements have been prepared in accordance with generally accepted accounting principles and reporting as required by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

Revenues are recognized when they are earned and become measurable, and expenses recorded as liabilities as they are incurred. Investments are stated at current market value, and trades booked on a trade-dated rather than settlement-dated basis. Investments in limited partnerships and pooled funds are carried at values adjusted to recognize the Association's share of net income or loss in the period reported. Fixed assets are capitalized at cost and depreciated over their useful lives. Contributions to the plans are based on principles of level cost funding, and are developed using the entry age normal cost method with current service financed on a current basis and prior service amortized over a 10 to 40 year period (depending on the type of plan). In management's opinion, the financial statements present fairly the financial position of the FPPA at December 31, 2004 and the result of its operations for the period then ended.

The financial statement format of the Comprehensive Annual Financial Report, as well as data presented in the Actuarial Section, meet the requirements of GASB 25. While each of the plans administered by FPPA have been audited as a separate fund and identified separately in the auditors opinion, they are combined on the financial statements for presentation purposes. We have also chosen to include the assets and liabilities of the IRC 457 Deferred Compensation Plan, an expendable trust administered by FPPA.

The management of the Fire and Police Pension Association is also responsible for maintaining a system of internal accounting control designed to provide reasonable assurance that transactions are executed in accordance with generally accepted accounting principles. This system includes the appropriate segregation of duties and responsibilities, sound practices in the performance of those duties, capable personnel, and the organizational structure itself. We believe that the internal controls in effect during the year ended December 31, 2004 adequately safeguarded assets and provided reasonable assurance regarding the proper recording of financial transactions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire and Police Pension Association for its comprehensive annual financial report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

This annual report of the Fire and Police Pension Association was prepared through the combined efforts of the FPPA staff under the leadership of the Board of Directors. It is intended to provide complete and reliable information which may be used as a basis for making management decisions and as a means for determining compliance with state statutes.

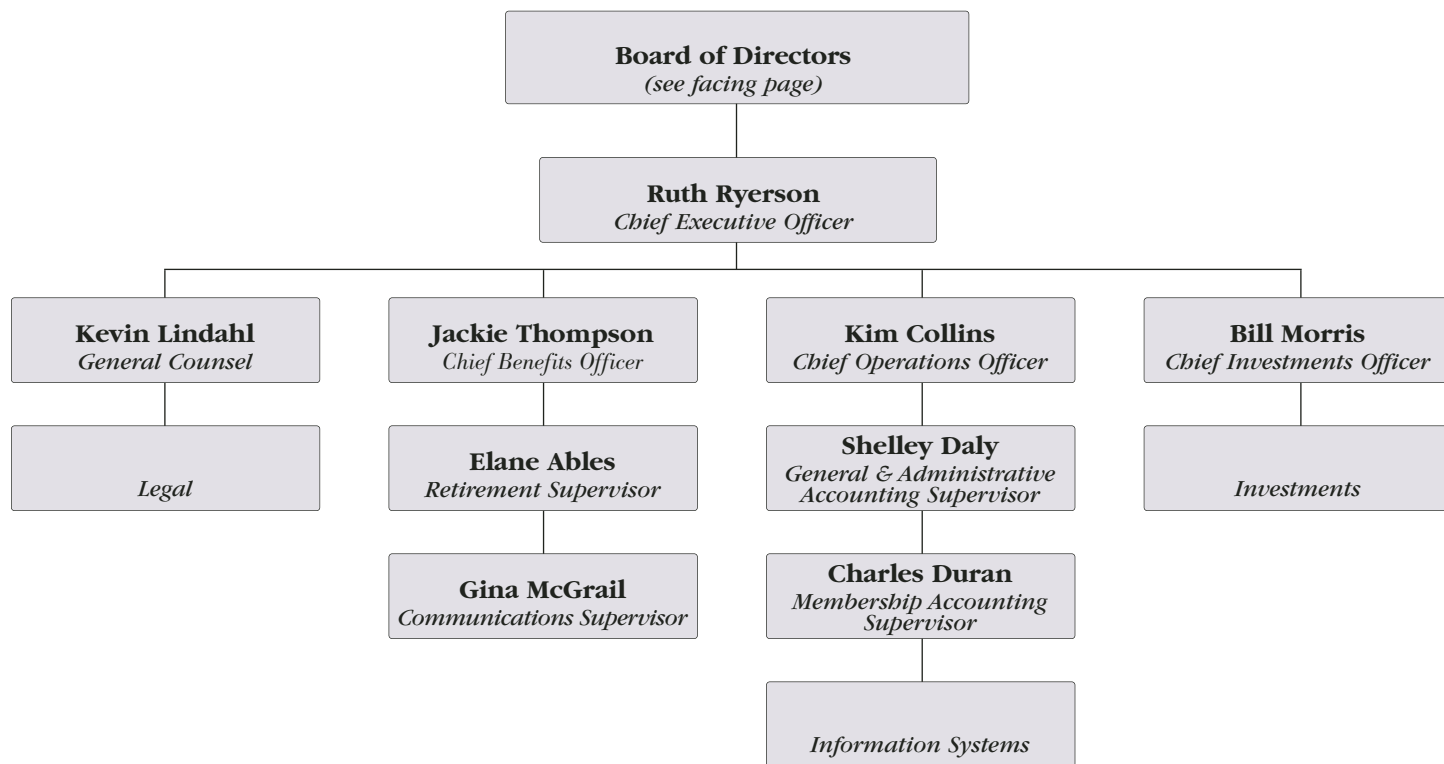
This report is being mailed to the State Auditor, the Joint Budget Committee, the State Pension Reform Commission, all participating employers, and other interested parties.

Respectfully submitted,

Ruth T. Ryerson

Chief Executive Officer

FPPA Administrative Organizational Chart



By state statute, the management of the Members' Benefit Fund is vested in the Board of Directors of the Fire and Police Pension Association of Colorado. The nine members of the Board of Directors serve four-year staggered terms. Appointed by the Governor and confirmed by the Senate, the FPPA Board of Directors is composed of:

Two members representing Colorado municipal employers;

One member representing full-time paid firefighters;

One member representing full-time paid police officers;

One member who is a retired police officer and who, upon completion of his term, is replaced by a retired firefighter. Thereafter, the appointment of retired officers alternates between a retired police officer and a retired firefighter for each successive four year term;

One member who is either a member of the Board of Directors of a special district, or is the full-time paid professional manager of a special district to represent special districts having volunteer firefighters;

One member from the state's financial or business community with experience in investments;

One member from the state's financial or business community with experience in insurance disability claims; and

One member of the state's financial or business community experienced in personnel or corporate administration in corporations of over 200 employees.

Specific duties of the Board of Directors include investing and managing the FPPA benefit fund, disbursing money from that fund, setting required contribution levels, and determining the award of disability and survivor benefits. The Board of Directors also appoints a Chief Executive Officer who is FPPA's chief administrative officer. The Chief Executive Officer appoints FPPA staff who are responsible for the day-to-day administration of the state firefighter and police pension funds.

The FPPA Board of Directors accomplishes its business at regular meetings, held monthly at the Association's Greenwood Village offices. In accordance with state law, each meeting's proposed agenda items are posted in the lobby directory of FPPA's offices at least 24 hours in advance. All meetings begin between 7:30 and 9 am and are open to the public.

Management fees are on pages 60 and 61. Brokerage commissions are listed on pages 64 and 65. Professional consultants and investment managers are listed on page 14.

FPPA
Board of Directors

as of December 31, 2004



Lyle Hesalroad

Chair of the Board
Member since 2/11/02
*Retired Police Captain -
Denver Police Department*
Current term expires 8/31/05



Todd Bower

Vice Chair of the Board
Member since 9/1/01
Captain - Denver Fire Department
Current term expires 8/31/05



John Bramble

Member since 6/16/00
City Manager - Brighton
Current term expires 8/31/07

Monica Cortez-Sangster
Member since 8/1/03
*Manager of Human Resources -
Colorado Department of
Personnel & Administration*
Current term expires 8/31/06



L. Kristine Gardner

Member since 10/20/88
*Senior VP - Alpine Banks of
Colorado, Glenwood Springs*
Current term expires 8/31/08



Leo J. Johnson

Member since 6/16/00
Trustee, West Metro Fire Rescue District
Current term expires 8/31/07

Ron Lappi
Member since 2/11/91
Finance Director - Grand Junction
Current term expires 8/31/06



Ed Lujan
Member since 10/20/88
Captain - Denver Police Department
Current term expires 8/31/08



Mark Sunderhuse

Member since 9/1/02
Principal - Foresight Capital
Current term expires 8/31/06

PROFESSIONAL CONSULTANTS

Actuarial

Mellon Consultants
EFI, Inc.

Auditor

BONDI & Co., LLC

Board Medical Advisor

Dr. Roderic Gottula

Investment Consultants

Abel/Noser Corporation
IRRC, Inc.
Pension Consulting Alliance

Legal Counsel

Christensen, Miller, Fink & Jacobs
Davis, Graham & Stubbs
Gorsuch, Kirgis, LLC
Ice Miller
Parsons Heiser & Paul

Governmental Relations

Lombard & Clayton

Master Custodian/Trustee

Mellon Global Securities Services

INVESTMENT MANAGERS

Domestic Equities & Pooled Investments

Brandywine Asset Management, Inc.
Cortina Asset Management
Fiduciary Asset Management
Legg Mason Capital Management
State Street Global Advisors
Thomson Horstmann & Bryant, Inc.

Domestic Fixed Income

Pacific Investment Management Co.
Trust Company of the West
Western Asset Management Co.

International Equities

Baillie Gifford Overseas Ltd.
Julius Baer Investment Management
LSV Asset Management
Morgan Stanley Asset Management
Rexiter Capital Management

Real Estate

Apollo Real Estate Advisors
Blackstone Real Estate
Hancock Timber
JP Morgan Fleming Asset Management
Prudential Asset Management Company
RREEF Funds

Funds of Hedge Funds

Fairfield Greenwich Group
Gottex Fund Management

Venture Capital & Alternative Investments

ABS Capital Partners
Apollo Management LP
ARCH Venture Partners
Aurora Equity Partners
Avenue Capital Group
Blackstone Capital Partners
Boston Ventures, LP
Candover Partners Ltd.
Catterton Partners
Centennial Ventures
Charles River Ventures
Chisholm Partners
Coller Investment Management Limited
Columbine Venture Management, Inc.
CVC European Equity Partners
Doughty Hanson & Company
Endeavour Capital
First Reserve Corporation
Granite Global Ventures
Hancock Falcon Ventures
Hancock International Venture Fund
Harvest Partners
Heritage Partners
Larimer Venture
Leonard Green & Partners
Lighthouse Capital Partners
MatlinPatterson
Nordic Capital
Oxford Bioscience
Pacific Corporate Group
SKM Equity Fund
Sprout Capital Group
TCW Special Credits Fund
Texas Pacific Group
Thomas H Lee Partners
Thomas McNerney & Partners
Vestar Capital Partners
W Capital Partners
Willis Stein & Partners

The Members' Benefit Fund consists of the Statewide Defined Benefit Plan, the Statewide Death and Disability Plan, the Statewide Hybrid Plan, plus 56 local defined benefit funds, four local money purchase funds and 164 affiliated volunteer firefighter pension funds.

In addition, FPPA administers three local money purchase plans within the Members' Money Purchase Plan Benefit Fund, and the Statewide Money Purchase Plan within the Members' Statewide Money Purchase Plan Benefit Fund.

An audit is performed annually on each of the following funds:

The Members' Benefit Fund

The Defined Benefit System

The Statewide Death and Disability Plan

Statewide Money Purchase Plan Benefit Fund

The Money Purchase Plan Benefit Fund.

General information about each statewide fund can be found in the Introductory Section of this annual report. A listing of employers participating in each plan can be found in the Statistical Section of this report. All data in this annual report, other than the audit reports which follow, has not been audited by FPPA's outside auditors.

The accompanying notes are an integral part of the financial statements.



BONDI & Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

www.bondico.com

(303) 799-6826 PHONE
(800) 250-9683 TOLL-FREE

(303) 799-6936 FAX

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

Independent Auditors' Report

We have audited the accompanying financial statements, consisting of the Affiliated Local Plans Fund, the Statewide Death & Disability Fund, the Defined Benefit System Fund, the Members' Statewide Money Purchase Fund, the Members' Local Money Purchase Fund, and the IRC 457 Plan of the Fire and Police Pension Association of Colorado, (FPPA), as of and for the year ended December 31, 2004. These financial statements are the responsibility of the management of FPPA. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FPPA as of December 31, 2004, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information and management's discussion and analysis included in the annual report are not a required part of the basic financial statements but are supplementary information required by Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Affiliate Offices Worldwide

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

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules for the financial section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of FPPA. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

March 25, 2005


BONDI & Co. LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is an overview of the financial activities of the Fire and Police Pension Association for the year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in the Letter of Transmittal beginning on page 7 of this report.

FPPA administers the Fire and Police Members' Benefit Fund. The Fund consists of the Defined Benefit System, the Statewide Death and Disability Plan, the Members' Statewide Money Purchase Plan, and numerous separate Local "Old Hire" and Volunteer Fire pension funds. Included in the Defined Benefit System is the new Statewide Hybrid Plan that was created to provide additional benefit options for Members.

FINANCIAL HIGHLIGHTS

Plan Net Assets for all funds administered by FPPA increased \$247,094,343 during the calendar year 2004.

Affiliated Local Plans	\$108,773,549
Statewide Death & Disability	19,349,452
Defined Benefit System	112,028,580
Members' Money Purchase	348,891
Members' Statewide Money Purchase	486,195
IRC 457 Deferred Compensation Plan	6,107,676
Total Increase in Plan Net Assets	\$ 247,094,343

For the year ended December 31, 2004, the gross rate of return on the Defined Benefit Assets was a positive 12.51 percent, (12.05 percent, net of fees), which was less than the 22.17 percent gross return for the year ended December 31, 2003 (21.63 percent, net of fees). The financial markets benefited from the strengthening of the U.S. economy in 2003. The net investment gain for all of the funds including the IRC 457 Deferred Compensation Plan fund administered by FPPA for the year ended December 31, 2004 was \$300,084,581. The overall financial position of the Association improved due to better than expected returns on investment of the Fire and Police Members' Benefit Fund. There are no current known facts, conditions or decisions that are expected to have a significant effect on the financial position or results of operations.

	Net Investment Gain
Affiliated Local Plans	\$ 209,022,560
Statewide Death & Disability	25,568,468
Defined Benefit System	61,984,613
Members' Money Purchase	1,126,819
Members' Statewide Money Purchase	(81,457)
IRC 457 Deferred Compensation Plan	2,463,578
Total Net Investment Gain	\$ 300,084,581

The members of the Association's Board of Directors serve as the fiduciaries for the funds and are responsible for the investment of the funds, or the selection of investment options available to money purchase plan members. As fiduciaries, the FPPA Board members are required to discharge their duties in the interest of fund participants and beneficiaries.

As of January 1, 2004 and 2003, the funding ratio (actuarial value of assets divided by actuarial accrued liability) for each of the funds is shown on the next page.

	1/1/2004	1/1/2003
Statewide Death & Disability	87.7%	83.5%
Defined Benefit System – Statewide Defined Benefit Plan	110.9%	114.3%
Defined Benefit System – Statewide Hybrid Plan	N/A	N/A

The Affiliated Local Plans are not listed since the necessary data to calculate a gain/loss analysis on all Local Plans was not available as of the 1/1/04 actuarial valuations. The Defined Benefit System – Statewide Hybrid Plan is not listed as an actuarial valuation as it was not available as of 1/1/04.

FPPA's funding objective is to meet long-term benefit promises through contributions and investment income. The funding ratio listed above gives an indication of how well this objective has been met to date. The higher the funding ratio, the better funded the plan is.

The Members' Money Purchase Plan saw its total contributions increase from \$1,073,284 to \$1,267,676. There was an increase of \$194,392 due to the employer match program and an increase in the number of members participating in the plan.

The Statewide Money Purchase Plan contributions increased from \$796,063 to \$999,043. There was an increase of \$202,980 due to the employer match program and an increase in the number of members participating in the plan.

The IRC 457 Deferred Compensation Plan increased from \$21,895,703 to \$28,003,379. This was caused by a net increase of \$6,107,676 in plan net assets due to member contributions and an appreciation in the Fair Value of their investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to FPPA's Financial Statements. The Financial Section for FPPA is comprised of four components: (1) Fund Financial Statements, (2) Notes to the Financial Statements, (3) Required Supplementary Information, and (4) Other Supplementary Schedules.

Fund Financial Statements

There are two Financial Statements presented for the fiduciary funds. The Statement of Plan Net Assets as of December 31, 2004 indicates the net assets available to pay future pension benefits and reflects a snapshot at a particular point in time. The Statement of Changes in Plan Net Assets for the year ended December 31, 2004 provides a view of current year's additions and deductions to the individual funds.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 24-50 of this report.

Required Supplementary Information

The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions. Related notes regarding historical trend information and significant factors affecting trends in actuarial information for the Statewide Death and Disability Plan, Defined Benefit System, and Affiliated Local Plans is also provided.

Other Supplementary Schedules

The additional schedules (Net Assets by Participant, Payments to Consultants, Schedule of Administration and Investment Expenses) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Defined Benefit Pension Plans

The three defined benefit plans provide retirement, survivor and disability benefits to the employees of affiliated employers. Benefits are funded by member and employer contributions and by earnings on investments.

Defined Benefit Plan Net Assets

	12/31/04	12/31/2003	% Change
Assets			
Cash	\$ 2,448,275	\$ 2,747,238	(10.9)%
Short Term Investments	335,947,301	327,471,911	2.6%
Securities Lending Pool	277,945,771	204,591,740	35.9%
Total Investments	2,472,372,845	2,210,604,246	11.8%
Receivables	12,139,041	27,611,375	(56.0)%
Other Assets	2,807,404	1,929,339	45.5%
Total Assets	3,103,660,637	2,774,955,849	11.9%
Liabilities			
Securities Lending Obligations	277,945,771	204,591,740	35.9%
Investment and Other Liabilities	126,758,688	111,559,512	13.6%
Total Liabilities	404,704,459	316,151,252	28.0%
Net Assets Available for Benefits	\$2,698,956,178	\$2,458,804,597	9.8%

Members' Money Purchase Plan

	12/31/04	12/31/2003	% Change
Assets			
Total Investments	\$ 14,506,693	\$14,114,405	2.8%
Receivables	0	43,397	100.0%
Total Assets	14,506,693	14,157,802	2.5%
Net Assets Available for Benefits	\$14,506,693	\$14,157,802	2.5%

Members' Statewide Money Purchase Plan

	12/31/2004	12/31/2003	% Change
Assets			
Total Investments	\$5,567,720	\$5,066,730	9.9%
Receivables	27,502	42,297	(35.0)%
Total Assets	5,595,222	5,109,027	9.5%
Net Assets Available for Benefits	\$5,595,222	\$5,109,027	9.5%

IRC 457 Deferred Compensation Plan

	12/31/2004	12/31/2003	% Change
Assets			
Total Investments	\$28,003,379	\$21,895,703	27.9%
Total Assets	28,003,379	21,895,703	27.9%
Net Assets Available for Benefits	\$28,003,379	\$21,895,703	27.9%

Total Defined Benefit Plan Changes In Net Assets

	12/31/2004	12/31/2003	% Change
Additions			
Employer contributions	\$66,404,449	\$57,341,861	15.8%
Member contributions	55,553,304	44,916,563	23.7%
Affiliations	23,382,781	3,545,138	559.6%
State contributions	1,962,294	2,425,586	(19.1)%
Investment Income/Loss	285,778,610	432,675,437	(33.9)%
Securities Lending Income	643,694	461,233	39.6%
Total Additions	\$433,725,132	\$541,365,818	(19.9)%
Deductions			
Benefit payments	\$150,284,940	\$142,466,923	5.5%
Refund of contributions	39,633,774	19,911,338	99.0%
Administrative costs	3,654,837	3,149,814	16.0%
Total Deductions	193,573,837	165,528,075	16.9%
Change in Net Assets Available for Pension Benefits	\$240,151,581	\$375,837,743	(36.1)%

Total Members' Local Money Purchase Plan Changes In Net Assets

	12/31/2004	12/31/2003	% Change
Additions			
Employer contributions	\$613,070	\$535,840	14.4%
Member contributions	654,606	537,444	21.8%
Withdrawals	(1,624,409)		(100.0)%
Investment Income/Loss	1,126,819	2,664,642	(57.7)%
Total Additions	\$770,086	\$3,737,926	(79.4)%
Deductions			
Refund of contributions	\$421,195	\$330,977	27.3%
Total Deductions	\$421,195	\$330,977	27.3%
Change in Net Assets Available for Pension Benefits	\$348,891	\$3,406,949	(89.8)%

Total Members' Statewide Money Purchase Plan Changes In Net Assets

	12/31/2004	12/31/2003	% Change
Additions			
Employer contributions	\$473,980	\$400,700	18.3%
Member contributions	525,063	395,363	32.8%
Investment Income/Loss	(81,457)	864,000	(109.4)%
Total Additions	\$917,586	\$1,660,063	(44.7)%
Deductions			
Refund of contributions	\$431,391	\$67,811	536.1%
Total Deductions	\$431,391	\$67,811	536.1%
Change in Net Assets Available for Pension Benefits	\$486,195	\$1,592,252	(69.5)%

Total IRC 457 Deferred Compensation Plan Changes In Net Assets

	12/31/2004	12/31/2003	% Change
<i>Additions</i>			
Member contributions	\$4,772,766	\$3,564,950	33.9%
Investment Income/Loss	2,463,578	4,396,167	(44.0)%
Total Additions	\$7,236,344	\$7,961,117	(9.1)%
<i>Deductions</i>			
Benefit payments	\$1,128,668	\$1,089,476	3.60%
Total Deductions	1,128,668	1,089,476	3.60%
Change in Net Assets Available for Pension Benefits	\$6,107,676	\$6,871,641	(11.1)%

**STATEMENT OF PLAN NET ASSETS AVAILABLE
FOR PENSION BENEFITS — DECEMBER 31, 2004**

	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY	DEFINED BENEFIT SYSTEM
ASSETS			
Cash (Note 5)	\$1,696,586	\$215,009	\$536,680
Investments (Note 5)			
Short Term Investments	232,802,042	29,503,143	73,642,116
U.S. Government Agency Obligations	196,896,294	23,399,155	59,203,220
Corporate Bonds	252,567,431	31,867,921	79,669,862
Domestic Equity Securities	760,123,061	89,622,330	233,623,796
International Equity Securities	335,454,884	42,350,150	106,177,773
International Fixed Income	9,224,155	1,168,983	2,917,871
Venture Capital	103,930,042	13,171,117	32,876,121
Real Estate	68,000,416	8,617,734	21,510,528
Securities Lending Investment Pool	192,608,611	24,409,406	60,927,754
Total Investments	<u>2,151,606,936</u>	<u>264,109,940</u>	<u>670,549,041</u>
Total Cash and Investments	<u>2,153,303,522</u>	<u>264,324,949</u>	<u>671,085,721</u>
Receivables			
Other	7,941	1,006	2,512
Assets Sold-Pending Trades	675,097	85,556	213,553
Contributions		243,025	1,122,347
Accrued Interest and Dividends	6,782,812	859,590	2,145,602
Total Receivables	<u>7,465,850</u>	<u>1,189,177</u>	<u>3,484,014</u>
Properties and Equipment, at Cost, Net of Accumulated Depreciation (Note 7)	<u>1,789,839</u>	<u>226,827</u>	<u>566,179</u>
Other Assets	155,613	19,721	49,225
TOTAL ASSETS	2,162,714,824	265,760,674	675,185,139
LIABILITIES			
Payables			
Accounts, Employee and Participants Payable	1,393,199	176,561	440,710
For Assets Purchased-Pending Trades	86,447,010	10,955,482	27,345,726
Amounts Owed for Securities Lending Transactions (Note 5)	192,608,611	24,409,406	60,927,754
TOTAL LIABILITIES	280,448,820	35,541,449	88,714,190
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A Schedule of Funding Progress for each Plan is presented on Page 41)	<u>\$1,882,266,004</u>	<u>\$230,219,225</u>	<u>\$586,470,949</u>

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

FINANCIAL SECTION
General Purpose Financial Statements

TOTAL DEFINED BENEFIT	MEMBERS' LOCAL MONEY PURCHASE	MEMBERS' STATEWIDE MONEY PURCHASE	IRC 457 DEFERRED COMPENSATION PLAN	COMBINED TOTALS 2004	COMBINED TOTALS 2003
<u>\$2,448,275</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,448,275</u>	<u>\$2,747,238</u>
335,947,301				335,947,301	327,471,911
279,498,669	1,054,889	232,142	2,149,206	282,934,906	101,251,037
364,105,214	479,884	312,847	914,877	365,812,822	420,094,627
1,083,369,187	12,407,853	4,675,802	23,112,879	1,123,565,721	1,010,778,394
483,982,808	564,067	346,929	1,826,417	486,720,221	449,054,851
13,311,009				13,311,009	10,903,005
149,977,280				149,977,280	144,124,809
98,128,678				98,128,678	115,474,361
277,945,771				277,945,771	204,591,740
<u>3,086,265,917</u>	<u>14,506,693</u>	<u>5,567,720</u>	<u>28,003,379</u>	<u>3,134,343,709</u>	<u>2,783,744,735</u>
<u>3,088,714,192</u>	<u>14,506,693</u>	<u>5,567,720</u>	<u>28,003,379</u>	<u>3,136,791,984</u>	<u>2,786,491,973</u>
11,459				11,459	59,742
974,206				974,206	20,039,379
1,365,372		27,502		1,392,874	1,547,225
9,788,004				9,788,004	6,050,723
<u>12,139,041</u>		<u>27,502</u>		<u>12,166,543</u>	<u>27,697,069</u>
<u>2,582,845</u>				<u>2,582,845</u>	<u>1,767,353</u>
224,559				224,559	161,986
3,103,660,637	14,506,693	5,595,222	28,003,379	3,151,765,931	2,816,118,381
2,010,470				2,010,470	1,947,104
124,748,218				124,748,218	109,612,408
277,945,771				277,945,771	204,591,740
404,704,459				404,704,459	316,151,252
<u>\$2,698,956,178</u>	<u>\$14,506,693</u>	<u>\$5,595,222</u>	<u>\$28,003,379</u>	<u>\$2,747,061,472</u>	<u>\$2,499,967,129</u>

**STATEMENT OF CHANGES IN PLAN NET ASSETS AVAILABLE
FOR PENSION BENEFITS — DECEMBER 31, 2004**

	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY	DEFINED BENEFIT SYSTEM
ADDITIONS			
Contributions (Note 4)			
Employer	\$41,799,119	\$4,564,433	\$20,040,897
Plan Member	25,428,969	1,544,722	28,579,613
Affiliations/Withdrawals	399,842		22,982,939
State Contributions	1,962,294		
Total Contributions	<u>69,590,224</u>	<u>6,109,155</u>	<u>71,603,449</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	157,486,604	19,037,285	45,682,278
Interest	16,095,430	2,039,784	5,091,457
Dividends	26,355,902	3,340,099	8,337,145
Net Real Estate Investment Income	8,710,597	1,103,899	2,755,417
Other Income	374,027	47,401	118,316
Total Investment Income (Loss)	<u>209,022,560</u>	<u>25,568,468</u>	<u>61,984,613</u>
Less Investment Counsel	162,790	20,631	51,495
Less Investment Management Fees	7,045,877	892,928	2,228,817
Less Alternative Investment Legal Fees	42,856	5,430	13,557
Less Bank Fees	230,517	29,214	72,919
Net Investment Income (Loss)	<u>201,540,520</u>	<u>24,620,265</u>	<u>59,617,825</u>
Securities Lending			
Income	2,219,074	281,225	701,958
Borrowers Rebates	(1,624,360)	(205,856)	(513,832)
Agent Fees	(148,653)	(18,839)	(47,023)
Net Securities Lending Income	<u>446,061</u>	<u>56,530</u>	<u>141,103</u>
TOTAL ADDITIONS	<u>271,576,805</u>	<u>30,785,950</u>	<u>131,362,377</u>
DEDUCTIONS			
Benefit Payments	137,037,923	11,115,526	2,131,491
Refunds of Contributions	23,232,634		16,401,140
Administrative Costs	2,532,699	320,972	801,166
TOTAL DEDUCTIONS	<u>162,803,256</u>	<u>11,436,498</u>	<u>19,333,797</u>
NET INCREASE IN PLAN NET ASSETS	108,773,549	19,349,452	112,028,580
NET ASSETS AVAILABLE FOR PENSION BENEFITS			
Beginning of Year	1,773,492,455	210,869,773	474,442,369
End of Year	<u>\$1,882,266,004</u>	<u>\$230,219,225</u>	<u>\$586,470,949</u>

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

FINANCIAL SECTION
General Purpose Financial Statements

TOTAL DEFINED BENEFIT	MEMBERS' MONEY PURCHASE	MEMBERS' STATEWIDE MONEY PURCHASE	IRC 457 DEFERRED COMPENSATION PLAN	COMBINED TOTALS 2004	COMBINED TOTALS 2003
\$66,404,449	\$613,070	\$473,980		\$67,491,499	\$58,278,401
55,553,304	654,606	525,063	\$4,772,766	61,505,739	49,414,320
23,382,781	(1,624,409)			21,758,372	3,545,138
1,962,294				1,962,294	2,425,586
<u>147,302,828</u>	<u>(356,733)</u>	<u>999,043</u>	<u>4,772,766</u>	<u>152,717,904</u>	<u>113,663,445</u>
222,206,167	1,126,819	(81,457)	2,463,578	225,715,107	381,372,701
23,226,671				23,226,671	29,207,578
38,033,146				38,033,146	22,354,673
12,569,913				12,569,913	12,757,403
539,744				539,744	987,894
<u>296,575,641</u>	<u>1,126,819</u>	<u>(81,457)</u>	<u>2,463,578</u>	<u>300,084,581</u>	<u>446,680,249</u>
234,916				234,916	186,003
10,167,622				10,167,622	5,491,021
61,843				61,843	28,224
332,650				332,650	374,755
<u>285,778,610</u>	<u>1,126,819</u>	<u>(81,457)</u>	<u>2,463,578</u>	<u>289,287,550</u>	<u>440,600,246</u>
3,202,257				3,202,257	1,599,207
(2,344,048)				(2,344,048)	(984,261)
(214,515)				(214,515)	(153,713)
<u>643,694</u>				<u>643,694</u>	<u>461,233</u>
<u>433,725,132</u>	<u>770,086</u>	<u>917,586</u>	<u>7,236,344</u>	<u>442,649,148</u>	<u>554,724,924</u>
150,284,940				150,284,940	142,466,923
39,633,774	421,195	431,391	1,128,668	41,615,028	21,399,602
3,654,837				3,654,837	3,149,814
<u>193,573,551</u>	<u>421,195</u>	<u>431,391</u>	<u>1,128,668</u>	<u>195,554,805</u>	<u>167,016,339</u>
240,151,581	348,891	486,195	6,107,676	247,094,343	387,708,585
<u>2,458,804,597</u>	<u>14,157,802</u>	<u>5,109,027</u>	<u>21,895,703</u>	<u>2,499,967,129</u>	<u>2,112,258,544</u>
<u>\$2,698,956,178</u>	<u>\$14,506,693</u>	<u>\$5,595,222</u>	<u>\$28,003,379</u>	<u>\$2,747,061,472</u>	<u>\$2,499,967,129</u>

NOTES TO FINANCIAL STATEMENT — DECEMBER 31, 2004

NOTE 1: ORGANIZATION

The Fire and Police Members' Benefit Fund (the Common Fund) was established in 1980 pursuant to the Colorado Revised Statutes of 1973, as amended. Funds are administered by a nine member Board of Directors appointed by the Governor, and confirmed by the Senate to serve four-year staggered terms. The trustee, the Fire and Police Pension Association of Colorado (FPPA), collects, invests, administers, and disburses monies on behalf of fire fighters and police officers in the State of Colorado for the following plans/funds:

Defined benefit retirement plans for fire and police employees in the State of Colorado hired before April 8, 1978, (Old Hires) providing that such plans have affiliated with FPPA, fire and police employees of affiliated employers hired after April 8, 1978 (Exempt New Hires), and affiliated volunteer fire pension plans in the State of Colorado. This is an agent multiple-employer plan. These plans are reported as the **Affiliated Local Plans Fund**.

The **Statewide Death and Disability Fund** is a defined benefit plan. This is a cost sharing multiple-employer plan.

The **Defined Benefit System** consists of the Statewide Defined Benefit Plan and the Statewide Hybrid Plan, and was created in order to provide enhanced benefit options for Members. The Statewide Defined Benefit Plan is a defined benefit plan for fire and police employees hired in the State of Colorado on or after April 8, 1978. The Statewide Hybrid Plan became effective January 1, 2004 and provides a combination of defined benefit and money purchase retirement benefits to the Members of those Employers who have either (1) established a local money purchase plan pursuant to C.R.S. § 31-30.5-801 or 31-31-601 or (2) withdrawn into the Statewide Money Purchase Plan pursuant to C.R.S. § 31-31-501 and subsequently elected to participate in the Statewide Hybrid Plan under C.R.S. § 31-31-1101. This System is presented as a single plan based on GASB statement 25, paragraph 16 that states that on an "ongoing basis, all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions to any of the plan members or beneficiaries, as defined by the terms of the plan."

The **Members' Money Purchase Plan Benefit Fund** administers defined contribution plans for fire and police employees hired in the State of Colorado providing that such plans have affiliated with FPPA. This is a cost sharing multiple-employer defined contribution plan.

The **Members' Statewide Money Purchase Plan Benefit Fund** is a cost sharing multiple-employer defined contribution plan.

The **IRC 457 Deferred Compensation Plan Fund** is a plan created under Internal Revenue Code Section 457. This Fund collects amounts deferred by participants of affiliated plans. The assets are held in trust for the exclusive benefit of participants.

In order to facilitate investing, and to reduce operating costs, FPPA pools investments in what is known as the Common Fund. Each month shared revenues (i.e. investment income) and shared operating expenses are allocated to each affiliate, and to the statewide plans, based upon each plan's proportionate share of total assets. The IRC 457 Deferred Compensation Fund, the Members' Money Purchase Plan Benefit Fund, and the Members' Statewide Money Purchase Plan Benefit Fund are excluded from this allocation process.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting for the Affiliated Local Plans, Statewide Death and Disability Plan, Defined Benefit System, Members' Money Purchase Plan, and Members' Statewide Money Purchase Plan and the IRC 457 Deferred Compensation Plan in accordance with generally accepted accounting principles applicable to governmental accounting in accordance with GASB Statement No. 25. Member and employer contributions for all plans are recognized as additions/revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Operating expenditures are recorded when incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

(b) Reporting Entity

The Governmental Accounting Standards Board has specified the criteria to be used in defining a governmental entity for financial reporting purposes. In accordance with Governmental Accounting Standards, FPPA has con-

sidered the possibility of inclusion of additional entities in its comprehensive annual financial report. The definition of the reporting entity is based primarily on financial accountability. FPPA is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if FPPA appoints a voting majority of the organization's governing body and is either able to impose its will on that organization or there is a potential for benefits to, or to impose, specific financial burdens on FPPA. FPPA may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of the above criteria, FPPA has no includable entities. In addition, FPPA is not included in the financial statements of any other entity.

(c) Investments

Investments are recorded at fair value using quoted market prices, except for real estate which is recorded at estimated fair value based upon periodic appraisals and valuations, investments in limited partnerships which are recorded at estimated fair value as derived from the financial statements of the partnerships, and guaranteed investment contracts which are recorded at contract value. Investment transactions are accounted for on the trade date.

Short Term Investments include short term investment funds, repurchase agreements, commercial paper, certificates of deposit, treasury bills, and government agency issues, all with a maturity of less than one year.

Dividend income is recorded on the ex-dividend date. Interest income is accounted for using the accrual method of accounting.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of money market funds, cash and cash equivalents held by money managers, certificates of deposit, and demand deposits.

(e) Property and Equipment

Property and equipment are stated at cost, less any write-downs for impairment in value, and are depreciated using the straight-line method over estimated lives as follows:

Computer and office equipment . . .	3 to 5 years
Vehicles.	5 years
Furniture	10 years
Building and Improvements	30 years

(f) Income Taxes

FPPA is exempt from federal income taxes under Section 501(c)(9) of the Internal Revenue Code.

(g) Member Transactions

Funds invested by members include payroll contributions made by member police officers and fire fighters, contributions of affiliated employers on behalf of their police officers and fire fighters, contributions from the State of Colorado, and contributions of plan assets by newly affiliated plans of formerly non-participating entities.

Funds withdrawn by members include benefit payments to members, refunds paid to terminated employees, and withdrawals of deferred amounts.

(h) Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates. Actuarially determined future benefit payments require the use of significant estimates. The Association believes that the techniques and assumptions used in establishing these estimates are appropriate.

(i) Reclassification of Prior Year Amounts

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

(j) Allocation

Expenses and investments are allocated to each Plan according to their proportionate share of total assets.

NOTE 3: CHANGE IN ACCOUNTING POLICY

Investment Management Fees

Unlike public asset managers, most private asset managers (real estate and private equity) do not bill the Fire and Police Pension Association for investment management fees. Prior to 2004, private asset management fees were netted against real estate income earned and/or appreciation (depreciation) in the fair value of investments. Effective January 1, 2004, the Association changed its accounting treatment for private asset management fees. The Association records its share of management fees as an expense with the effect of increasing real estate income earned or decreasing the book value of private equity investments.

If the current method of accounting for management fees for private investments had been in effect for the year ending December 31, 2003, the effect on the Association's results would have been as follows:

Increase in Real Estate Income	\$ 672,346
Increase in Appreciation in Fair Value of Investments	\$3,334,604
Increase in Investment Management Fee Expense	\$4,006,950

Since the Association reports the market value of its investments on the financial statements based on the net market values reported by the investment managers, there would have been no effect on the carrying amount of the investments in prior years.

NOTE 4: PLAN DESCRIPTIONS

(A) Affiliated Local Plans

(1) Plan Description

This is an agent multiple-employer Public Employee Retirement System (PERS). There are 220 local plans affiliated with the Association. The Affiliated Local Plans represent the assets of a number of separate plans, which have been pooled for investment purposes. The pension plans (volunteer and paid) represented in the Affiliated Local Plans investment pool, have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document, actuarial valuation, and is governed by its own local pension board.

(2) Contributions and Benefit Provisions

As each affiliated member has its own plan, there is no uniform amount for either contributions or benefit provisions.

(3) Membership

These plans are for the benefit of three distinct groups. The first of those are fire and police employees of affiliated employers hired prior to April 8, 1978, (Old Hires). The second of those are fire and police employees of affiliated employers hired after April 8, 1978 (Exempt New Hires). The final group is volunteer firefighters of affiliated plans. The membership of these groups as of December 31, 2004, are comprised as follows:

Deferred Retirement Option Plan (DROP) Participants – Active Old Hire	336
DROP Participants–Active Exempt New Hire	16
Retirees and Beneficiaries Currently Receiving Benefits	5,421
Terminated Vested Employees Entitled To Benefits But Not Yet Receiving Them	288
Current Employees – Active Old Hire	171
Current Employees – Active Exempt New Hire	1,032
Current Volunteers - Active	4,273
Total Members	11,537

(B) Statewide Death and Disability Plan

(1) Plan Description

The Plan is a multi-employer cost sharing defined benefit plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes.

(2) Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. The State made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, contribute 2.4% of payroll as of January 1, 2003 to this fund. The contribution increases to 2.5% of payroll as of January 1, 2005. This percentage can vary depending on actuarial experience. In addition, there were 8 contributing employers as of December 31, 2004, who are covered by Social Security and have also elected supplementary coverage by the statewide plan.

(3) Benefits

Benefits are established by Colorado statute.

If a member dies prior to retirement while off-duty, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary with an additional 10% of base salary if a surviving spouse has two or more dependent children, or if there are three or more dependent children without a surviving spouse. As of October 15, 2002, if a member dies prior to retirement while on-duty, the surviving spouse is entitled to a benefit equal to 70% of the member's monthly base salary regardless of the number of dependent children. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40% for the first child and 15% for each additional child but not greater than the 70% total. Benefit entitlement continues until death of the spouse and death, marriage, or other termination of dependency of children. These benefits are reduced by the amount of certain other benefits received.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. If the member is totally disabled, he shall receive 70% of his base salary preceding disability. If the member is occupationally disabled and his disability is judged to be a permanent occupational disability, he shall receive 50% of his base salary preceding disability regardless of his family status. If the member is occupationally disabled and his disability is judged to be a temporary occupational disability, he shall receive 40% of his base salary preceding disability regardless of his family status for up to 5 years.

Total disability and permanent occupational disability benefits are reduced by the amount of certain other benefits received.

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot increase by more than 3% for any one year. Totally disabled members and their beneficiaries receive an automatic cost-of-living-adjustment each year of 3%.

(4) Membership

The participating employees (members) of the Plan as of December 31, 2004, are comprised as follows:

Retirees and beneficiaries receiving benefits	667
Active non-vested members	10,180
Total Members	10,847

(C) Defined Benefit System – Statewide Defined Benefit Plan

(1) Plan Description

The Plan is a multi-employer cost sharing, defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980. The Plan currently has 173 participating employers.

Employees hired before April 8, 1978, (Old Hires) may be covered by the Plan provided that their employer is affiliated with the Association. An employer has the opportunity to affiliate on January 1 of each year. A requirement of coverage under the Statewide Plan is that the affiliating employer transfer assets to the Plan equivalent to the total actuarial liability of employees who also transfer to the Plan.

Employers had the option to elect to withdraw from the Plan until a change in state statutes was passed which permitted no further withdrawals after January 1, 1988.

(2) Contributions

It is the policy of the Plan that the contribution rate be established at a level that will result in all benefits being fully funded at the retirement date of all members of the Statewide Defined Benefit Plan. At the present time, both employers and employees are required by Colorado statute to contribute 8% of the employees' salary to the Plan. As of 1/1/2004, employers that affiliate into the Defined Benefit System and have members selecting the Statewide Defined Benefit Plan tier shall contribute a total of 20%. The employer shall specify how much of the required rate of contribution is to be paid by the employer and how much shall be made by the member. However, the employer and member shall each contribute at least 8%. In addition, certain employers who are covered by Social Security have also elected supplementary coverage by the statewide plan. Based upon an estimated payroll, the actuarially determined contributions for 2004 are between \$18,924,810 (based on current law) to \$31,928,013 (based on current law with 3% permanent cost-of-living adjustment), representing 9.994% to 16.861% of base payroll.

(3) Benefits

Employees have 60 days from the date of affiliation by their employer to elect whether to adopt the Plan's schedule of benefits or to remain with the employer's previous schedule.

On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that the retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983 to state that any member may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 55 years, if the member has at least 25 years of service.

The annual normal pension shall be 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years plus 2.5% for each year thereafter. The benefit for members of affiliated social security employers will be reduced by the amount of social security income the member receives annually. Benefits paid to retired members are evaluated and re-determined October 1 of each year. The amount of increase is based on the Board's discretion and can range from 0-3%. In addition, upon retirement a participant may receive additional benefits credited to the participant's "Separate Retirement" account each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions.

A member shall be eligible for an early retirement benefit after completion of 30 years of service or attainment of age 50. The early retirement benefit shall be the reduction of the Normal Retirement Benefit on an actuarially equivalent basis.

Upon termination, an employee may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and continue to be eligible for a retirement pension at age 55 equal to 2% of the member's highest three years base salary for each year of credited service up to ten years plus 2.5% for each year thereafter.

(4) Membership

The participating employees (members) of the Plan as of December 31, 2004, are comprised as follows:

Retirees and beneficiaries receiving benefits	76
Terminated members entitled to benefits but not yet receiving such benefits	176
DROP Participants	32
Fully Vested	177
Partially Vested	2,189
Non-vested	1,547
Total Members	4,197

(C) Defined Benefit System – Statewide Hybrid Plan

(5) Plan Description

The Plan was established January 1, 2004 and is a multi-employer cost sharing pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other personnel from fire districts whose services are auxiliary to fire protection. The Plan may also include part-time police and fire employees. However, part-time members shall be limited to the Money Purchase Component in the Statewide Hybrid Plan. The Plan is comprised of two components: Defined Benefit Component and the Money Purchase Component. Employees have the option of choosing between various mutual funds offered by an outside investment manager within the Money Purchase Component. The Plan currently has 9 participating employers.

Employers do not have the option to withdraw from the Plan once elected.

(6) Contributions

It is the policy of the Plan that the contribution rate be established at a level that will result in all benefits being fully funded at the retirement date of all members of the Statewide Hybrid Plan. At the present time, both employers and employees are required to contribute 8% of the employees' salary to the Plan pursuant to C.R.S § 31-31-1102 (4) (a). Of that 16%, 14% currently is going towards the Defined Benefit Component. If an employer has a higher mandatory contribution rate, the excess goes towards the Money Purchase Component of the Plan.

Employees are always 100% vested in their own contributions within the Money Purchase Component, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions is determined by the vesting schedule and set by the plan document. Employer and member contributions are invested in funds at the discretion of members.

An employee may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

(7) Benefits

The Plan document states that any employee may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 55 years, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component shall be 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and re-determined October 1 of each year. The amount of increase is based on the Board's discretion and can range from 0-3%.

An employee shall be eligible for an early retirement benefit after completion of 30 years of service or attainment of age 50. The early retirement benefit shall be the reduction of the Normal Retirement Benefit on an actuarially equivalent basis.

Upon termination, an employee may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, an employee with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and continue to be eligible for a retirement pension at age 55 equal to 1.5% of the member's highest three years base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component is available to the employee.

(8) Membership

The participating employees (members) of the Plan – Defined Benefit Component and Money Purchase Only Component as of December 31, 2004, are comprised as follows:

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	20
DROP Participants	0
Fully Vested	3
Partially Vested	53
Total Members	76

(D) Members’ Money Purchase Plan Benefit Fund

(1) Plan Description

The Fund is a multi-employer defined contribution (money purchase) pension fund covering full-time employees of participating fire or police departments in Colorado whose employers have elected to affiliate with FPPA for investment and administrative purposes.

The Members’ Money Purchase Plan Benefit Fund became effective on January 1, 1990. Participants have the option of choosing between various mutual funds offered by an outside money manager. There were 3 contributing employers as of December 31, 2004.

(2) Contributions and Vesting

Contributions to the Fund are calculated as a percentage of the employee’s base salary. The percentage is specified in each employer’s individual plan document, but current participants are contributing at the rate of 8% of salary, which is matched by the employer.

Plans may also allow voluntary contributions to be made by the members, which are generally not matched by the employer. Members are always 100% vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions and earnings on those contributions is determined by each individual plan’s vesting schedule.

(3) Membership

There were 125 contributing employees (members) at December 31, 2004.

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	11
Members:	
Partially Vested	125
Total Members	136

(E) Members’ Statewide Money Purchase Plan Benefit Fund

(1) Plan Description

The Fund is a multi-employer defined contribution (money purchase) pension fund covering full-time employees of participating fire or police departments in Colorado who have elected to participate in the Members’ Statewide Money Purchase Benefit Fund. As of August 1, 2003, the fund may include part-time police and fire employees. The fund may also include clerical or other personnel from fire departments whose services are auxiliary to fire protection.

The Members’ Statewide Money Purchase Plan Benefit Fund became effective on January 1, 1995. Participants have the option of choosing between various mutual funds offered by an outside money manager. There were 53 contributing employers as of December 31, 2004.

(2) Contributions and Vesting

Contributions to the Fund are calculated as a percentage of the employee’s base salary, which is specified by State statute. In addition, current participants are contributing at the rate of 8% of salary, which is matched by the employer. Members are always 100% vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions and earnings on those contributions is determined by the vesting schedule and set by the State statute. Employer contributions are invested in funds at the discretion of members.

(3) Membership

The participating employees (members) of the Fund at December 31, 2004, are comprised as follows:

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	38
Members:	
Fully Vested	40
Partially Vested	56
Total Members	134

NOTE 5: CASH AND INVESTMENTS

(1) Cash Deposits

The Association’s deposits are categorized below to indicate the level of risk assumed at year-end.

The Colorado Public Deposit Act (PDPA), requires that all units of Local Government deposit cash in eligible depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal levels must be collateralized. Collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Category 1: Insured or collateralized with securities held by the Plan or by its agent in the Association’s name.

Category 2: Collateralized with securities held by the pledging financial institution’s trust department or agent in the Association’s name.

Category 3: Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the Association’s name).

At December 31, 2004, the Association’s cash deposits had a carrying value, and a corresponding bank balance as follows:

	Carrying Value	Bank Balance
Cash on Hand	\$ 350	\$ 0
Insured Deposits	100,000	100,000
Deposits Collateralized in Single Institution Pools (Category 2)	2,347,925	3,222,723
Total Deposits	\$ 2,448,275	\$ 3,322,723

(2) Investments

The Association has established a long-range statement of investment objectives and policies for managing and monitoring the Common Fund. The investment policy sets forth the Common Fund’s investment objective to provide the greatest long-term benefits to members of the Association by maximizing the total rate of return on investments, within prudent parameters of risk. The investment policy also defines the responsibilities of the fiduciaries with respect to the Common Fund, their investment authority under the prudent person rule, the level of acceptable risk for investments, statutory asset allocation restrictions, investment performance objectives, and guidelines within which outside investment managers may operate.

Under Colorado statutes, the Association, as trustee of the Common Fund, has complete discretionary authority to invest and reinvest funds of the Common Fund, using the prudent investor rule.

The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below. Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Category 1: Insured or registered, or securities held by the Common Fund or its agents in the Association’s name.

Category 2: Uninsured and unregistered, with securities held by the counter-party’s trust department or agent in the Association’s name.

Category 3: Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the Association’s name.

All investments of FPPA are determined to be Category 1 investments.

	Securities not Loaned	Securities Loaned	Carrying Amount
INVESTMENTS CATEGORIZED			
U.S. Government Obligations ^{1,2}	\$ 92,601,589	\$22,093,793	\$ 114,695,382
Domestic Corporate Bonds ¹	330,012,348		330,012,348
Domestic Stocks ¹	1,068,224,664		1,068,224,664
International Stocks ¹	454,495,323		454,495,323
International Fixed Income ¹	9,203,636		9,203,636
Sub-Total	\$1,954,537,560	\$22,093,793	\$1,976,631,353
¹ Secured by Cash Collateral ² Secured by Tri-Party Securities Collateral			
INVESTMENTS NOT CATEGORIZED			
Venture Capital			\$ 149,977,280
Real Estate			98,128,678
Short Term Investments ³			335,649,761
Securities Lending Investment Pool			277,945,771
Investments Held by Broker-Dealers Under Securities Loans:			
U.S. Government Obligations			168,239,524
Domestic Corporate Bonds			35,800,474
Domestic Stocks			55,341,057
International Stocks			32,224,898
International Fixed Income			4,107,373
Short Term U.S. Government Obligations			297,540
Total			\$3,134,343,709

³ Short Term Investments consists of:

Short Term Investment Funds	\$ 143,330,696
Commercial Paper	102,632,700
Short Term US Govt Obligations (maturity < 1 year)	52,389,458
Certificates of Deposit (Wells \$6.6mm; Bank of America 8.6mm)	15,200,000
Foreign Currency	13,160,674
Late Money Deposit Account	4,279,819
Cash Margin Accounts	4,656,414
Total	\$ 335,649,761

(2) Investments (continued)

A summary of investments reflected on the Statement of Plan Net Assets Available for Benefits follows:

U.S. Government Agency Obligations	\$ 282,934,906
Corporate Bonds	365,812,822
Domestic Equity Securities	1,123,565,721
International Equity Securities	486,720,221
International Fixed Income	13,311,009
Short Term Investments	335,947,301
Venture Capital	149,977,280
Real Estate	98,128,678
Securities Lending Investments Pool	277,945,771
Total Investments	\$ 3,134,343,709

(3) Securities Lending

State Statute allows the Association to participate in securities lending transactions. The Association has, via a Securities Lending Authorization Agreement, authorized Mellon Global Securities Services to lend the securities it holds as custodian to broker-dealers and banks pursuant to a form of loan agreement.

During the year ended December 31, 2004, the Association received U.S. and foreign dollar cash, U.S. Government Securities, foreign sovereign debt and irrevocable bank letters of credit for collateral. The Association did not have the ability to pledge or sell collateral securities without a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to 102% of the market value of the loaned securities with respect to U.S. securities and 105% of the market value of loaned securities with respect to foreign securities. The Association did not impose any restrictions on the amounts of loans that Mellon Bank made on its behalf. Mellon Bank indemnified the Association by agreeing to purchase replacement securities, or to credit the Association with the market value of unreturned loaned securities, in the event a borrower failed to return the loaned securities or failed to pay distributions. There were no defaults by any borrowers to return loaned securities or pay distributions during the year ended December 31, 2004. In addition, there were no losses during the fiscal year resulting from a default of the borrowers or Mellon Bank.

During the fiscal year, the Association and borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders. As of December 31, 2004, such investment pool had an estimated days to reset or maturity of 32 days. Because the loans were terminable at will their duration did not generally match the maturation of the investments made with cash collateral. On December 31, 2004, the Association had no credit risk exposure to borrowers because the amount FPPA owes the borrowers is less than the amounts the borrowers owe FPPA. The market value of the securities on loan for the Association as of December 31, 2004, was \$292,866,498. The market value of the collateral received as of December 31, 2004 is \$300,620,155.

(4) Investment Concentration

No investments represent 5% or more of the plan net assets of each individual fund.

NOTE 6: IRC 457 DEFERRED COMPENSATION PLAN

The employees of FPPA may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457, along with participating fire and police departments. All funds are invested outside the Common Fund. The Plan, available to all employees, permits the deferral of a portion of their salary until

future years. The deferred compensation and associated appreciation in the fair value of the assets held are not available to employees until termination, retirement, death, or an unforeseen emergency.

In response to the 1996 Small Business Protection Act, the Governmental Accounting Standards Board issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement requires that amounts deferred under a qualified Section 457 plan be held in trust for the exclusive benefit of participating employees, and not be accessible by the sponsoring government, or its general creditors.

In response to this Statement, the Association has modified its trust agreement with respective affiliates; and the result of this modification is the placing of Plan activity within a Pension Trust Fund for the purposes of financial statement presentation. Fund Balance Reserved for Withdrawals equaled \$28,003,379 at December 31, 2004.

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2004, is comprised of the following:

Capital Assets	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Nondepreciable Assets:				
Land	\$ 1,301,428	\$ 636,314		\$ 1,937,742
Depreciable Assets:				
Buildings & Improvements	1,106,868	296,324	\$(113,765)	1,403,192
Equipment	808,276	74,800		769,311
Totals at historical cost	3,216,572	1,007,438	(113,765)	4,110,245
Less Accumulated Depreciation for:				
Buildings & Improvements	(815,708)	(61,336)		(877,044)
Equipment	(633,511)	(130,610)	113,765	(650,356)
Total Accumulated Depreciation	(1,449,219)	(191,946)	\$ 113,765	(1,527,400)
Total Net Assets:	\$ 1,767,353	\$ 815,492		\$ 2,582,845

Depreciation expense totaled \$147,257 in 2004.

NOTE 8: RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. It carries commercial coverage of these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

NOTE 9: EMPLOYEE RETIREMENT PLAN

(1) Plan Description

The Association contributes to the State Division Trust Fund (SDTF) a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Association are members of SDTF. Title 24, Article 51 of the Colorado Revised Statutes, (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for SDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA's InfoLine at 1-800-759-PERA, or Denver metro area 303-837-6250.

(2) Basis of Accounting for the SDTF

The financial statements of the SDTF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. SDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, and approximate fair value.

(3) Funding Policy

Plan members and the Association are required to contribute at a rate set by statute. The contribution requirements of plan members and the Association are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the Association is 10.15% of covered salary. A portion of the Association's contribution is allocated for the Health Care Fund. The Association's contributions to SDTF for the years ending December 31, 2004, 2003, and 2002 were \$162,662, \$127,525, and \$109,680, respectively, equal to their required contributions for each year.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

(1) Plan Description

The SDTF members of the Association may voluntarily contribute to the Voluntary Investment Program (VIP) an Internal Revenue Code Section 401(k) defined contribution plan administered by the PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the VIP provisions to the State Legislature.

The VIP is funded by voluntary member contributions of up to 18% of covered salary. No employer contributions are required. The VIP member contributions from Association employees for the year ended December 31, 2004 was \$66,416.

NOTE 11: FINANCIAL OBLIGATIONS WITH OFF BALANCE SHEET RISK

FORWARD FOREIGN EXCHANGE CONTRACTS

The Association through its various money managers has entered into forward foreign exchange contracts. These contracts were entered into for the purposes of hedging against changes in currency prices relative to the U. S. dollar. This is allowed under the Association's investment policies subject to a limit of 50% of the portfolio's market value.

Forward Foreign Exchange Contracts are a contractual obligation between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counter-party risk. Forwards are usually transacted Over the Counter (OTC). These transactions are entered into with the foreign exchange department of a bank located in a major money market.

Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract.

EQUITY INDEX FUTURES

The Association through one money manager has invested in un-leveraged international equity index futures. These future positions are used solely to provide liquidity and market exposure. These types of contracts are allowed under the Association's investment policies subject to the following conditions: a) All long and short positions must be covered; b) Sufficient cash shall be maintained to cover all margin requirements; c) Leverage will not be permitted; d) Counterparties must have and maintain a minimum credit rating of "a"; e) Index futures exposure shall not exceed 25% of the total portfolio market value.

FINANCIAL FUTURES AND OPTIONS

The Association, through its various money managers has entered into exchange traded financial futures. The purpose of these contracts is for hedging, as an alternative to investments in the cash market, and as an additional yield curve management strategy. These futures included U.S. Agency, Bond and Treasury Futures and Options. In addition, contracts include Euro dollar and interest rate swap futures. Money managers may also

invest in forward contracts. These transactions relate to a forward commitment strategy in cash equivalents or short duration securities with an effective duration of one year or less.

NOTE 12: COMMITMENTS AND CONTINGENCIES

FPPA is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of FPPA's legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Common Fund. The Association has invested in certain venture capital partnerships and corporations. As part of these investments, FPPA has agreed to contribute additional funds at various times. At December 31, 2004, FPPA had committed approximately \$93.9 million in additional funds to these projects.

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a % of Covered Payroll
Statewide Defined Benefit Plan							
2004	1/1/04	\$473,006,658	\$426,673,675	\$(46,332,983)	110.9%	\$189,359,234	(24.5%)
2003	1/1/03	424,088,589	371,056,405	(53,032,184)	114.3%	172,625,858	(30.7%)
2002	1/1/02	428,388,591	337,391,594	(90,996,997)	127.0%	156,808,953	(58.0%)
2001	1/1/01	405,598,652	305,500,209	(100,098,443)	132.8%	141,154,007	(70.9%)
2000	1/1/00	367,003,914	230,422,395	(136,581,519)	159.3%	125,090,112	(109.2%)
1999	1/1/99	\$311,057,177	\$203,004,350	\$(108,052,827)	153.2%	\$108,851,702	(99.3%)
Defined Benefit System – Statewide Hybrid Plan							
An actuarial valuation was not available as of 1/1/04 on the Defined Benefit System – Statewide Hybrid Plan.							
Affiliated Local Plans							
2004	1/1/04	\$1,642,270,820	\$2,160,729,353	\$518,458,533	76.0%**	\$70,053,951	740.1%
2002	1/1/02	1,902,729,069	2,086,914,286	184,185,217	91.2%	74,373,501	247.6%
2000	1/1/00	1,824,520,033	1,958,959,749	134,439,716	93.1%	82,304,632	163.3%
1998	1/1/98	1,466,608,186	1,813,999,862	347,391,676	80.9%	104,522,694	332.4%
1996	1/1/96	\$1,121,444,504	\$1,593,927,538	\$472,483,034	70.4%	\$96,013,582	492.1%
Statewide Death & Disability Plan							
2004	1/1/04	\$212,273,124	\$241,966,436	\$29,693,312	87.7%	\$547,190,145	5.4%
2003	1/1/03	218,151,921	261,133,007	42,981,086	83.5%	515,529,441	8.3%
2002	1/1/02	239,456,347	239,793,687	337,340	99.9%	484,328,830	0.1%
2001	1/1/01	240,575,733	209,233,639	(31,342,094)	115.0%	441,924,703	(7.1%)
2000	1/1/00	229,537,083	182,268,906	(47,268,177)	125.9%	413,510,444	(11.4%)
1999	1/1/99	\$212,356,890	\$179,953,848	\$(32,403,042)	118.0%	\$394,666,053	(8.2%)

** State Contributions have been suspended for 2 years and will recommence as of 4/30/2006.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(A) Statewide Death and Disability Plan

Employer Contributions:

Year Ended 12/31	Annual Required Contribution	Percentage Contribution
2004	\$ 4,396,906	100%
2003	3,698,399	100
2002	2,840,452	100
2001	2,270,023	100
2000	1,465,861	100
1999	\$ 434,958	100%

(B) Defined Benefit System – Statewide Defined Benefit Plan

Employer Contributions:

Year Ended 12/31	Annual Required Contribution	Percentage Contribution
2004	\$ 15,148,739	100% (est.)
2003	13,810,069	100
2002	12,544,716	100
2001	11,292,321	100
2000	10,007,209	100
1999	\$ 8,708,136	100%

(C) Defined Benefit System – Statewide Hybrid Plan

An actuarial valuation was not available as of 1/1/04 on the Defined Benefit System – Statewide Hybrid Plan.

(D) Affiliated Local Plans

Employer Contributions:

Year Ended 12/31	Annual Required Contribution	Percentage Contribution
2004	\$ 96,995,192	100%
2003	42,835,929	100
2002	40,986,770	100
2001	32,779,006	100
2000	35,097,807	100
1999	\$ 51,599,353	100%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION — DECEMBER 31, 2004

NOTE 1: DESCRIPTION

The historical trend information for the Statewide Death and Disability Fund, Defined Benefit System, and Affiliated Local Plans are presented as required supplementary information. Actuarial studies are completed on the Affiliated Local Plans biennially in accordance with GASB 27. Each of the 220 Affiliated Local Plans has its own actuarial study. Data presented here is an aggregation of the data from each individual plan study. The data should not be interpreted as being indicative of the status of any individual plan.

NOTE 2: ACTUARIAL ASSUMPTIONS AND METHODS

	Statewide Death & Disability	Statewide Defined Benefit	Affiliated Local Plans
Valuation Date	1/1/04	1/1/04	1/1/04
Actuarial Method	Aggregate Funding ¹	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll	Various
Remaining Amortization Period	N/A	30 Year Open	Various
Asset Valuation Method	Smoothed Fair Value Over 3 Years	Smoothed Fair Value Over 3 Years	Smoothed Fair Value Over 3 Years
Actuarial Assumptions:			
Investment Rate of Return	8%	8%	8%
Projected Salary Increase	4.75% - 13.25%	4.75% - 13.25%	4.75% - 13.25%
Includes Inflation at	3.5%	3.5%	3.5%
Cost of Living Adjustment	0% - 3%	0% - 3%	0% - 4%
Health Care	N/A	N/A	N/A

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

NOTE 3: SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Statewide Death and Disability Plan

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary Scale* rate was increased by 0.25% for all years of service
- *Inflation* was decreased from 4.0% to 3.5%
- *Pre-Retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%
- *Disability* rates were decreased
- The assumed number of total and occupational *Disabilities* were modified
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service

Defined Benefit System

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary Scale* rate was increased by 0.25% for all years of service
- *Inflation* was decreased from 4.0% to 3.5%
- *Pre-Retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%
- *Disability* rates were decreased
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service
- *Retirement* rates were decreased from 100% to 50% for ages 55 to 59.

Affiliated Local Plans

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary Scale* rate was increased by 0.25% for all years of service
- *Inflation* was decreased from 4.0% to 3.5%
- *Pre-Retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%
- *Disability* rates were decreased
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004

Alamosa Volunteer Fire Department (Volunteer)	\$1,282,444
Allenspark Fire (Volunteer)	221,867
Aspen Fire Protection District (Volunteer)	1,449,503
Ault Fire Protection District (Volunteer)	347,521
Aurora Police	78,789,114
Aurora Police - DROP	5,750,444
Aurora Police-Rank Escalation	14,251,142
Aurora Fire	76,071,327
Aurora Fire - DROP	3,837,642
Aurora Fire-Rank Escalation	12,202,500
Bancroft Fire Protection District	1,876,803
Bancroft Fire Protection District-Rank Escalation	1,436,688
Basalt and Rural Fire Protection District (Volunteer)	1,430,799
Bennett Volunteer Fire (Volunteer)	394,432
Berthoud Fire Protection District (Volunteer)	490,167
Black Hawk Fire Protection District (Volunteer)	20,229
Blanca Volunteer Fire (Volunteer)	73,701
Boone Volunteer Fire (Volunteer)	30,915
Boulder Heights Fire Protection District (Volunteer)	350,401
Boulder Rural Fire Protection District (Volunteer)	512,890
Bow Mar Police	105,267
Brighton Fire (Volunteer)	3,372,351
Brush Volunteer Fire Department (Volunteer)	638,762
Buena Vista Fire (Volunteer)	240,497
Burning Mountain Fire Protection District (Volunteer)	623,990
Calhan Fire (Volunteer)	48,253
Canon City Area Fire Protection District	3,662,766
Canon City Area Fire Protection District (Volunteer)	230,975
Carbondale & Rural Fire Protection District (Volunteer)	1,694,847
Cascade Fire (Volunteer)	209,535
Castle Rock Volunteer Fire Department (Volunteer)	865,438
Cedaredge Police	220,243
Central City Fire Department (Volunteer)	247,310
Central Orchard Mesa Fire Protection District (Volunteer)	109,612
Cherry Hills Fire Protection District	2,809,049
Cherryvale Fire Protection District (Volunteer)	237,819
Cheyenne County #1 Fire (Volunteer)	159,315
Clear Creek County Emergency Services District (Volunteer)	1,392,205
Clifton Fire Protection District (Volunteer)	1,917,128
Coal Creek Fire Protection District (Volunteer)	745,750
Colorado Sierra Fire Protection District (Volunteer)	42,904
Colorado Springs Police	65,911,285
Colorado Springs Police-Rank Escalation	12,554,731
Colorado Springs Fire	77,969,937
Colorado Springs Fire-Rank Escalation	15,101,266
Colorado Springs Exempt Police	\$120,772,291

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004 (CONTINUED)

Colorado Springs Exempt Fire	\$137,089,396
Colorado Springs Exempt Police SRA-Actuarial	393,117
Colorado Springs Exempt Fire-SRA Actuarial	169,018
Colorado Springs Exempt Police SRA-Master	93,055
Colorado Springs Exempt Fire-SRA STIF	62,818
Colorado Springs Police - DROP	2,763,705
Colorado Springs Fire - DROP	5,359,557
Colorado Springs Police - NH DROP	613,327
Cortez Police	286,997
Cripple Creek Fire Protection District (Volunteer)	285,750
Crowley Fire Department (Volunteer)	15,085
Crystal Lake Fire Department (Volunteer)	74,344
Del Norte Police	33,186
Del Norte Fire (Volunteer)	458,930
Denver Fire	354,156,714
Denver Fire-Rank Escalation	31,309,466
Denver Fire - DROP	14,569,979
Denver Police	467,542,495
Denver Police-Rank Escalation	37,846,025
Denver Police - DROP	31,867,693
Divide Volunteer Fire (Volunteer)	75,730
Donald Westcott Volunteer Fire (Volunteer)	185,875
Dove Creek Fire (Volunteer)	115,251
Durango Police	2,366,190
Durango Fire	1,704,544
Durango Police - DROP	560,705
Durango Fire - DROP	254,371
Durango Fire & Rescue Authority	4,467,382
Eads Volunteer Fire Department (Volunteer)	103,836
Eaton Volunteer Fire Department (Volunteer)	666,169
Eckley Fire (Volunteer)	19,370
Elbert Fire (Volunteer)	61,068
Eldorado Fire Department (Volunteer)	127,894
Elizabeth Fire Protection District (Volunteer)	1,065,854
Englewood Police	6,777,859
Englewood Police-DROP	432,396
Englewood Fire Department	11,374,678
Englewood Fire Department (Volunteer)	12,169,801
Englewood Fire DROP	441,809
Erie Police	15,743
Evans Volunteer Fire Department (Volunteer)	336,831
Evergreen Fire (Volunteer)	3,090,013
Falcon Fire Protection District (Volunteer)	634,467
Federal Heights Volunteer Fire Department (Volunteer)	1,502,518
Firestone Marshalls Police	46,866
Fisher's Peak Fire (Volunteer)	\$45,234

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004 (CONTINUED)

Florence Fire (Volunteer)	\$523,292
Foothills Fire Protection District (Volunteer)	970,299
Fort Morgan Fire (Volunteer)	1,182,096
Fort Morgan Rural Fire (Volunteer)	360,929
Fort Morgan Police	860,397
Franktown Fire Protection District (Volunteer)	1,244,442
Frederick Area Fire Protection District (Volunteer)	202,114
Galeton Fire (Volunteer)	231,124
Genesee Fire Protection District (Volunteer)	790,296
Glacier View Fire (Volunteer)	44,257
Glendale Volunteer Fire Department (Volunteer)	203,038
Glenwood Springs Fire Department (Volunteer)	829,588
Golden Volunteer Fire Department (Volunteer)	2,741,846
Golden Gate Fire Protection District (Volunteer)	167,994
Grand Fire Protection District (Volunteer)	957,187
Grand Junction Fire	11,189,484
Grand Junction Police	2,396,745
Grand Lake Fire (Volunteer)	1,217,922
Grand Valley Fire (Volunteer)	1,046,682
Greeley Police	1,651,848
Green Mountain Falls-Chipita Park Fire Protection District (Volunteer)	187,251
Gypsum Fire (Volunteer)	356,179
Hartsel Fire Protection District (Volunteer)	338,820
Haxtun Volunteer Fire Department (Volunteer)	124,258
Haxtun Police	210,545
High Country Fire Protection District (Volunteer)	1,045,567
Hillrose Rural Fire (Volunteer)	106,490
Holyoke (City) Volunteer Fire Department (Volunteer)	126,674
Holyoke Fire Protection District (Volunteer)	241,260
Holyoke Police	1,780
Hot Sulphur Springs-Parshall Fire Protection District (Volunteer)	104,857
Hygiene Fire (Volunteer)	473,677
Indian Hills Fire Protection District (Volunteer)	289,810
Inter-Canyon Fire Protection District (Volunteer)	783,788
Jackson 105 Fire Protection District (Volunteer)	155,140
Jefferson-Como Fire Protection District (Volunteer)	508,100
Kiowa Fire Protection District (Volunteer)	372,916
Kremmling Fire Protection District (Volunteer)	360,893
La Junta Police	1,113,895
La Junta Fire	977,118
La Junta Rural Fire Protection District (Volunteer)	339,743
Lafayette Volunteer Fire Department (Volunteer)	1,050,112
Lake City Fire (Volunteer)	19,431
Lake Dillon Fire (Volunteer)	2,170,262
Lake George Fire Protection District (Volunteer)	135,653
Lakewood Fire Protection District	\$13,466,906

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004 (CONTINUED)

Lakewood Fire Protection District-Rank Escalation	\$6,049,221
Lamar Fire	726,987
Lamar Police	136,750
Lamar Fire Protection District (Volunteer)	243,497
Larkspur Fire Protection District (Volunteer)	1,108,588
Las Animas Police	585,306
La Salle Police	515,309
La Salle Fire Protection District (Volunteer)	1,476,007
Leadville Fire	285,759
Left Hand Fire Protection District (Volunteer)	623,557
Lewis-Arriola Fire Protection District (Volunteer)	814,170
Limon Fire Department (Volunteer)	297,047
Livermore Fire Protection District (Volunteer)	35,236
Log Hill Mesa Fire Protection District (Volunteer)	66,062
Lower Valley Fire Protection District (Volunteer)	427,806
Manitou Springs Fire	424,584
Manitou Springs Volunteer Fire Department (Volunteer)	410,578
Manzanola Rural Fire Protection District (Volunteer)	78,982
Milliken Fire Protection District (Volunteer)	553,161
Montrose Fire Protection District	203,168
Montrose Fire Protection District (Volunteer)	591,161
Mountain View Fire Protection District	517,974
Mountain View Fire Protection District (Volunteer)	2,122,155
Nederland Fire Protection District (Volunteer)	205,702
New Raymer-Stoneham Fire (Volunteer)	24,715
North Fork Fire Protection District (Volunteer)	88,241
North Routt Fire Protection District (Volunteer)	108,983
North Washington Fire Protection District	3,843,321
North Washington Fire Protection District-Rank Escalation	396,355
North Washington Fire Protection District (Volunteer)	175,260
North Washington Fire Protection District - DROP	202,009
Northeast Teller County Fire Protection District (Volunteer)	471,724
Northwest Fire Protection District (Volunteer)	327,538
Northwest Conejos Fire Protection District (Volunteer)	350,073
Nucla-Naturita Fire (Volunteer)	280,885
Nunn Fire Protection District (Volunteer)	352,976
Oak Creek Fire Protection District (Volunteer)	170,568
Olathe Fire Protection District (Volunteer)	289,692
Olney Springs Volunteer Fire Department (Volunteer)	139,527
Ouray Volunteer Fire Department (Volunteer)	158,528
Palisade Volunteer Fire Department (Volunteer)	240,464
Palmer Lake Volunteer Fire Department (Volunteer)	20,835
Paonia Police	9,816
Parker Fire Protection District (Volunteer)	678,135
Pawnee Fire (Volunteer)	39,127
Pinebrook Hills Fire Protection District (Volunteer)	\$176,932

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004 (CONTINUED)

Pinewood Springs Fire (Volunteer)	\$32,440
Plateau Valley Fire (Volunteer)	119,516
Platte Canyon Fire Protection District (Volunteer)	920,844
Platte Valley Fire Protection District (Volunteer)	1,874,491
Platteville/Gilcrest Fire Protection District (Volunteer)	1,465,338
Pleasant View Fire Protection District (Volunteer)	\$229,464
Pleasant View Metro Fire Protection District (Volunteer)	\$1,043,174
Poudre Valley Fire (Volunteer)	131,710
Pueblo Fire	35,896,814
Pueblo Fire-Rank Escalation	3,117,573
Pueblo Fire - DROP	3,883,065
Pueblo Police	50,082,330
Pueblo Police-Rank Escalation	8,505,989
Pueblo Rural Fire Protection District	2,368,801
Pueblo Rural Fire Protection District-Rank Escalation	415,299
Rangeley Rural Fire (Volunteer)	503,342
Rattlesnake Fire Protection District (Volunteer)	455,347
Red Feather Lakes Fire Protection District (Volunteer)	158,229
Ridgeway Fire (Volunteer)	290,559
Rio Blanco Fire Protection District (Volunteer)	1,092,924
Rifle Fire (Volunteer)	1,211,535
Rocky Ford Police	490,327
Rocky Ford Fire	282,028
Rocky Ford Volunteer Fire Department (Volunteer)	34,926
Sable Altura Fire Protection District (Volunteer)	484,562
Salida Fire	289,462
Salida Police	999,894
*Sheridan Fire (Volunteer)	415,612
Silverton Fire (Volunteer)	114,046
Simla Volunteer Fire Department (Volunteer)	74,853
Snake River Fire Protection District (Volunteer)	630,645
South Adams County Fire Protection District	593,696
South Adams County Fire Protection District (Volunteer)	3,503,371
South Arkansas Fire Protection District (Volunteer)	232,359
South Conejos Fire Protection District (Volunteer)	172,749
South Metro Fire Rescue (Volunteer)	425,232
Springfield Police	503,132
Springfield Fire (Volunteer)	93,565
Steamboat Springs Volunteer Fire Department (Volunteer)	1,146,387
Sterling Fire	812,771
Sterling Volunteer Fire Department (Volunteer)	328,740
Sterling Police	1,171,389
Stonewall Fire (Volunteer)	96,416
Stratton Fire Protection District (Volunteer)	58,943
Sugar City Fire Department (Volunteer)	84,667
Sugarloaf Fire Protection District (Volunteer)	\$321,183

NET ASSETS BY PARTICIPANT — DECEMBER 31, 2004 (CONTINUED)

SW Washington Fire (Volunteer)	\$33,103
Telluride Fire Protection District (Volunteer)	614,230
Thornton Fire	8,534,940
Thornton Fire DROP STIF	356,369
Trinidad Fire	441,423
Trinidad Fire-Rank Escalation	74,131
Trinidad Police	180,624
Union Colony Fire	9,156,998
Walsenburg Police	31,807
Walsh Fire (Volunteer)	18,021
Wellington Fire Protection District (Volunteer)	684,473
West Cheyenne Fire Protection District (Volunteer)	69,338
West Douglas County Fire Protection District (Volunteer)	495,229
West Metro Fire (Volunteer)	778,519
West Routt Fire Protection District (Volunteer)	1,561,012
Westminster Fire (Volunteer)	3,004,122
Wet Mountain Fire (Volunteer)	662,501
Wiggins Fire (Volunteer)	463,822
Wiley Rural Fire Protection District (Volunteer)	81,666
Yampa Fire Protection District (Volunteer)	329,145
Yuma Fire (Volunteer)	280,449
Total Net Assets By Participant	\$1,882,266,003

**New Affiliation in 2004*

PAYMENTS TO CONSULTANTS

Actuarial Consultants	
Mellon HR & Investor Services	\$ 225,098
EFI, Inc.	120,000
Auditors	
Bondi & Co. LLC	33,000
Investment Counsel	
Pension Consulting Alliance	198,916
IRRC, Inc.	31,000
Abel/Noser Corporation	5,000
Christensen, Miller, Fink & Jacobs	61,843
Legal & Legislative Counsels	
Gorsuch Kirgis LLP	20,698
Lombard & Clayton	40,000
Medical Consultant	
Roderic Gottula, M.D./Correctional MED/LEGAL Consultants	42,543
Total Payments to Consultants	\$ 778,098

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

(With comparative totals for December 31, 2003, 2002, 2001, 2000 and 1999)

<i>Expense Group</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
PROFESSIONAL CONTRACTS						
Actuarial Contract	\$345,098	\$148,500	\$174,885	\$141,547	\$141,352	\$197,700
Audit Fees	33,000	33,210	31,225	30,000	29,000	28,000
Computer Maintenance & Lease	176,420	107,532	92,150	140,483	67,494	87,602
Insurance & Bonding	109,290	104,251	91,770	87,394	84,942	79,516
Legal & Legislative Counsel	60,698	111,631	109,660	77,946	92,500	100,000
Management Consulting	0	0	4,720	30,000	2,500	20,000
Medical Exam Fees	119,446	142,455	130,642	117,717	150,100	154,214
Hearing Officers - D&D	8,345	5,375	3,947	6,980	4,274	2,966
Outside Svcs/Contract Help	49,947	10,781	16,931	8,277	3,144	4,934
Records Management	5,370	3,852	5,254	5,701	6,313	51,400
<i>Total Professional Contracts</i>	<i>\$907,614</i>	<i>\$667,587</i>	<i>\$661,184</i>	<i>\$646,045</i>	<i>\$581,619</i>	<i>\$726,332</i>
PERSONNEL SERVICES						
Salaries	1,730,359	\$1,629,422	\$1,581,473	\$1,572,031	\$1,426,576	\$1,373,899
Employee Benefits	413,205	370,754	350,602	258,869	300,238	330,316
Employment Programs	9,454	7,494	9,562	14,624	15,553	10,883
<i>Total Personnel Services</i>	<i>\$2,153,018</i>	<i>\$2,007,670</i>	<i>\$1,941,637</i>	<i>\$1,845,524</i>	<i>\$1,742,367</i>	<i>\$1,715,098</i>
STAFF EDUCATION						
Tuition Assistance Program	\$21,981	\$15,348	\$14,088	\$ 8,691	\$ 16,466	\$ 11,192
Conferences & Seminars	26,545	24,948	28,599	28,241	32,762	28,570
<i>Total Staff Education</i>	<i>\$48,526</i>	<i>\$40,296</i>	<i>\$42,687</i>	<i>\$36,932</i>	<i>\$49,228</i>	<i>\$39,762</i>
OTHER OPERATING EXPENSES						
Company Vehicles	\$2,779	\$4,439	\$3,931	\$7,251	\$7,200	\$7,017
Board Expenses	56,747	44,439	74,379	78,343	84,492	86,765
Data Processing Supplies	12,604	11,544	15,182	13,396	13,151	13,198
Equipment Rental & Maint.	38,995	37,406	36,644	39,495	37,524	19,755
Meetings & Travel	29,335	27,281	28,172	24,584	24,659	28,138

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES (CONTINUED)

<i>Expense Group</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
OTHER OPERATING EXPENSES (cont'd)						
Operating Exp. Two DTC	25,812	(15,441)	88,742	8,913	13,418	0
Other (misc.)	699	28	984	1,299	2,200	1,368
Postage	52,097	66,909	63,744	62,590	55,414	50,605
Printing & Mailing	109,470	145,465	143,412	137,942	131,646	88,099
Retirement Services	9,148	8,870	14,197	14,246	8,862	16,619
Staff Expense	3,138	3,797	4,960	5,323	5,255	5,227
Subscriptions & Dues	10,432	10,805	8,674	15,092	16,000	15,858
Supplies	26,959	24,305	30,507	35,732	54,249	38,592
Telephone	20,207	20,434	20,981	23,219	17,282	18,815
Total Other Operating Expense	\$398,422	\$390,281	\$534,509	\$467,425	\$471,352	\$390,056
TOTAL OPERATING EXPENSE	\$3,507,580	\$3,105,834	\$3,180,017	\$2,995,928	\$2,844,566	\$2,871,248
Depreciation Expense	147,257	43,980	140,759	126,085	155,555	127,967
TOTAL ADMINISTRATIVE EXPENSE	\$3,654,837	\$3,149,814	\$3,320,776	\$3,122,013	\$3,000,121	\$2,999,215
CAPITAL EXPENDITURES	74,800	48,797	55,386	223,543	21,471	71,113
TOTAL ADMINISTRATIVE EXPENSE AND CAPITAL	\$3,729,637	\$3,198,611	\$3,376,162	\$3,345,556	\$3,021,592	\$3,070,328

<i>Expense Group</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
INVESTMENT FEES						
Investment Counsel	\$ 234,916	\$ 186,003	\$ 175,000	\$ 177,499	\$ 142,501	\$ 90,000
Investment Mgmt. Fees	10,167,622	5,491,021	5,028,068	4,422,092	4,925,713	4,814,483
Alternative Investment Legal Fees	61,843	28,224	14,457	46,277	21,230	48,777
Bank Fees	332,650	374,755	371,514	379,146	384,146	206,506
Total Investment Fees	\$10,797,031	\$6,080,003	\$5,589,039	\$5,025,014	\$5,473,590	\$5,159,766

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INVESTMENT SECTION

General Information

This section of the
comprehensive
annual financial report
has been prepared by
the Investment Division
of the Fire & Police Pension
Association of Colorado.

Bill Morris, Chief Investment Officer

The mission of the Fire and Police Pension Association – to provide for the retirement needs of police officers and firefighters throughout the State of Colorado – is facilitated by the management of various fund investment portfolios, which totaled \$2.7 billion in market value as of December 31, 2004. Specifically, the Association is responsible for managing four separate trust funds: the Members' Benefit Fund (\$2.699 billion), the Members' Money Purchase Plan Benefit Fund (\$14.507 million), the Members' Statewide Money Purchase Plan Benefit Fund (\$5.595 million) and the IRC 457 Deferred Compensation Fund (\$28.003 million) ("the funds").

The Members' Benefit Fund includes the assets of various defined benefit plans designed to provide participants with a specified benefit after retirement, which is calculated as a percentage of the participant's salary.¹ In contrast, The Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund include the assets of various defined contribution plans. In these plans, members direct the investment of their contributions among various investment options. The amount received at retirement depends on the performance, over time, of those options chosen. The IRC 457 Deferred Compensation Plan Fund permits employees of FPPA and participating fire and police departments to defer a portion of their salaries to future years. Participants direct the investment of their contributions among various investment options.

The Members of the Association's Board of Directors serve as the fiduciaries for the funds and are responsible for the investment of the funds, or the selection of investment options available to defined contribution and deferred compensation plan members. As fiduciaries, the FPPA Board Members are required to discharge their duties solely in the interest of fund participants and beneficiaries. The Board has established investment policies and allocates assets, or selects investment options, based upon member characteristics, plan provisions, and the financial requirements of the funds, in addition to considering the risk/reward trade-offs of various investments.

The Association has established long range statements of investment objectives and policies for managing and monitoring the funds. The investment policies establish investment objectives and define the responsibilities of the fiduciaries with respect to the funds, their investment authority under Colorado law, the level of acceptable risk for investments, asset allocation restrictions, investment performance objectives, and guidelines within which outside investment managers must operate.

The assets in the Members' Benefit Fund are managed primarily by professional investment management firms. Similarly, investment options offered to defined contribution and deferred compensation plan members are typically pooled investment vehicles managed by professional money managers.

The Association's investment staff coordinates and monitors the investments and fund options, and assists the Board of Directors in the formulation and implementation of investment policies and long-term investment strategies. The investment staff is also responsible for the contents of this section of the annual report. To the extent applicable, investment managers are required to report results in conformance with standards developed by the Association for Investment Management and Research (AIMR). In addition, however, both FPPA and its custodian bank independently calculate investment returns based upon market values and cash flows reported by the custodian bank. FPPA has utilized the returns calculated by its investment staff in this report.

MEMBERS' BENEFIT FUND

Summary of Investment Objectives

The Board, in developing investment objectives, asset allocation, and investment guidelines, recognizes that the Members' Benefit Fund ("the Fund") includes the assets of over 200 different benefit plans, all having a different funded status. To manage these assets effectively and prudently, the Board has, in its planning process, considered, and will continue to consider, all of the plans' liabilities, both present and projected.

The investment objectives of the Board represent desired results and are long-term in nature. Given assumptions about current and projected capital market conditions, a real rate of return objective for plan assets has been set. This objective may be modified based on changes in plan conditions or the nature of the capital markets.

The overall objective of the Fund is to balance and prudently manage the investment needs (risks and return) of all plans participating in the fund, including the need to eliminate current unfunded liabilities and/or to protect surpluses, if possible. This objective is expected to be achieved over time and within any applicable statutory limits.

The Board has established the following minimum average annual real rate of return objectives for each asset class in which the fund is invested: Core Domestic Equities 6%, Small Cap. Domestic Equities 7.5%, Core

¹ A small portion of the assets in the Members' Benefit Fund represents self-directed plan assets. These include certain self-directed DROP plan assets and the defined contribution component of the Statewide Hybrid Plan. The discussion of the investment program for the Members' Benefit Fund in this report specifically relates to the investment of defined benefit plan assets. Self-directed assets within the Members' Benefit Fund participate in the same investment program as the Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund.

Domestic Fixed Income 3%, High Yield Domestic Fixed Income 6%, International Equities 6%, Real Estate 5%, Alternative Investments 12%.

FPPA's investment objectives and policies are reviewed at least annually. Return targets are expected to be achieved "over time," meaning every successive 3-5 year period. Further, the Board expects the objectives to be fulfilled within levels of risk that a prudent investor, as defined by statute, would take under similar conditions. Additionally, the Board expects the actuarial soundness of the plans participating in the fund, as it relates to the achievement of the actuarial interest rate, will not be jeopardized.

Each professional investment management firm retained by the Board to manage a separate account must execute an Investment Manager Agreement, the form and substance of which is mutually agreed upon. Each of these firms must also agree, in writing, to abide by the policies and guidelines of the Association's investment policy and any additional instructions specific to that particular investment firm.

Investment management firms may be allowed sole discretion with respect to investment decision making, subject at all times to the standards and limitations set forth in CRS 31-31-302 and CRS 15-1.1-101, et seq. The management firm must follow its stated selling discipline, as presented to the Board. Each management firm must assume the responsibility of continued compliance with any changes in legislation approved in the State of Colorado that may impact the management of the fund.

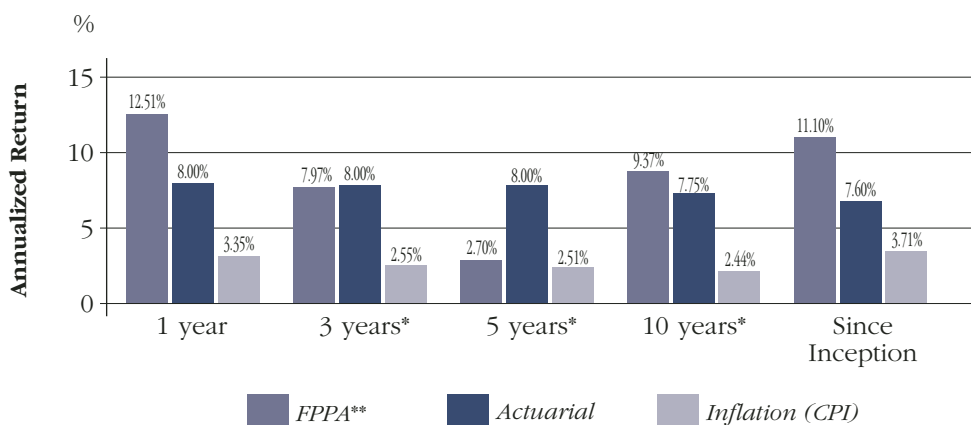
Cash held by an investment manager is invested on a daily basis in the custodian bank's short-term investment fund. In addition, unless agreed to between the Board and the manager, equity managers should hold no more than 10% of FPPA's accounts in cash or cash equivalents. Securities that are assets of the fund may not be utilized in securities lending programs without prior approval of the Board.

It is the philosophy of the Board that the investment managers, the Board, the Chief Investment Officer, the Chief Executive Officer and the consultant retained by the Board, shall engage in an active partnership to focus on the long-term objectives and goals of the fund. Therefore, periodic review meetings are held to evaluate the managers' progress as it relates to achievement of long-term policies. Performance evaluations are constructed to provide a uniform and consistent basis for the evaluation of each manager as well as the total fund. The total fund results, as well as those of each manager, will be evaluated against several benchmarks including, but not limited to: the achievement of the real rate of return objective, comparison against the performance of other tax-exempt funds, and evaluation against indices. Each manager is evaluated on an on-going basis with evaluations conducted for the most meaningful periods of time within the year, one-year, three-year, and five-year periods ending with the most recent quarter.

Asset Allocation

Asset allocation is a risk management process designed to determine an optimal long-term asset mix, which achieves a specific set of investment objectives. Of all the components of investment policies formulated by the FPPA Board of Directors, asset allocation will have the most impact on the long-term total rate of return.

MEMBERS BENEFIT FUND RETURN VS. INFLATION AND ACTUARIAL REQUIREMENTS (INCEPTION - 2004)



* Annualized

** Net of private asset fees prior to 1995, gross since 1995

Therefore, the establishment of allocations across the major asset classes is a significant decision in the pension investment management process.

Diversification is the key to effective risk management. Management of asset class allocations and diversification of investment approaches (i.e., index funds, active core, active specialty) enables the Association to more effectively control the fund's risk/reward parameters. The fund's assets are diversified in order to minimize the impact of large losses in individual investments in the total fund. The Board believes that diversification is, in part, accomplished through the selection of investment managers. The Board therefore stresses to each investment management firm that it not act as if it were the sole manager of the fund.

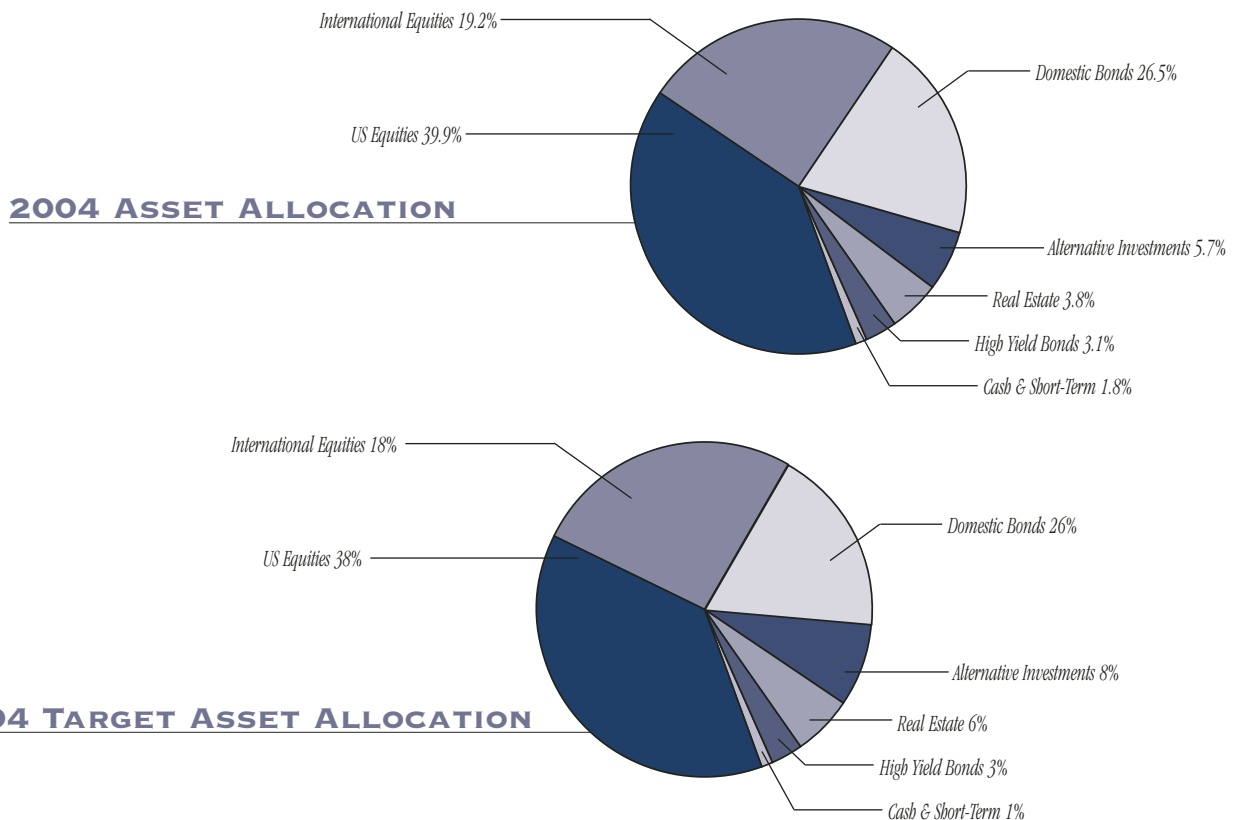
The Board's policy is to have an asset allocation study performed approximately every two years. The purpose of this study is to provide additional information regarding the rates of return by asset class, correlation coefficients between asset classes, and to provide a source of information for the Board to utilize in determining asset allocation ranges.

The Board is conscious of the need to evaluate the risk in the investment program and uses several gauges to monitor risk. They include, but are not limited to, variation in the asset mix from the policy, variability of returns, relative performance results, diversification measures, financial characteristics of the portfolio, and portfolio sensitivity to changes in the market. These measures are applied to the total fund, as well as individual managers, as appropriate.

The asset class allocation strategy developed by the Board during 2004 has the following target allocations: U.S. equities 38%, international equities 18%, domestic core plus bonds 26%, domestic high yield bonds 3%, real estate 6%, cash and short-term investments 1%, and alternative investments 8%.

The Association has established relationships with investment management firms with a diversity of management approaches. The managers have discretionary authority in the selection and retention of individual investments, subject to state statutory restrictions and the Association's investment policy guidelines.

In 2004, FPPA instituted a new program within the domestic equity allocation. To enhance returns over the S&P 500 domestic equity benchmark, the Association established a Portable Alpha Overlay Strategy. The Portable Alpha Overlay Strategy utilizes funds of hedge funds in combination with exposure to the S&P 500 benchmark. Hedge funds, typically unregulated investment vehicles (similar to private equity), employ unique investment strategies and expertise not available to more traditional asset managers. Funds of hedge funds are pools of individual hedge funds that produce returns that are largely uncorrelated to the returns of traditional asset classes. By allocating a portion of fund assets to the Portable Alpha Overlay Strategy, the Association is able to access



these unique strategies, while seeking to maximize returns in a risk-controlled manner.

For the Members' Benefit Fund, as of December 31, 2004, the Association employed the external investment managers listed in the table on page 60.

MEMBERS' MONEY PURCHASE PLAN BENEFIT FUND, MEMBERS' STATEWIDE MONEY PURCHASE PLAN BENEFIT FUND AND IRC 457 DEFERRED COMPENSATION PLAN FUND

Summary of the Funds' Objectives

The Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund ("the funds"), include the assets of the Statewide Money Purchase Plan and affiliated local money purchase plans ("the plans"). Members of the plans direct their contributions to one or more of the investment options selected by the Board.

The IRC 457 Deferred Compensation Plan Fund includes the assets of deferred compensation plans administered by the Board. Participants in these plans may direct contributions to one or more of the investment options selected by the Board.

It is the Board's intent to select well managed funds, across diversified asset classes, as investment options for members participating in the plans. In doing so, the Board will comply with the requirements of Colorado law governing its selection of investment options for such members, and pursuant to the funds' master statement of investment policies and objectives, while at the same time seeking to delegate its fiduciary liability to the extent prudent.

In order to provide members with the opportunity to select risk/reward strategies to meet their savings and investment goals, the Board will provide fund options with distinctly different risk/reward trade-offs, each holding securities that are, in the majority, exclusive of the other managers. To this end, the Board's policy is to have a study of investment options performed approximately every two years. The purpose of this study is to provide updated information regarding the risk/reward profiles of current fund options, as well as alternative fund options across various asset classes. This information will be utilized by the Board in determining appropriate fund options.

Members make their own decisions when directing the investment of their contributions and accumulated account balances among the investment options offered. Members assume the risk of investment results derived from both the options offered and the strategies they select. It is the member's responsibility to allocate and reallocate assets among investment options as personal circumstances change. The options offered allow the members to address the risks and needs members face.

Fund Options for Members

As with any investment strategy, diversification is the key to effective risk management. Consequently, FPPA's Board of Directors has selected a variety of funds across various asset classes from which members can select investment options. Within the funds, one or more pooled investment vehicles are offered in the following asset classes: Stable Value (GIC), Money Market, Domestic Bond, Domestic Balanced, Domestic Equity, and International Equity.

For the funds, as of December 31, 2004 the Association employed the investment managers and the investment options listed in the table on page 96.

FPPA selected Fidelity Investments® to provide recordkeeping and investment management services for FPPA's 457 Deferred Compensation Plan, Statewide Money Purchase Plan, and the local money purchase plans affiliated with FPPA effective May 1, 2001. Fidelity Investments® provides members with new investment options, convenient access to account information, more flexibility, and increased access to investment education. New services available to members include internet account access and automated phone service. Fidelity Investments® provides members with 20 investment options across various asset classes including ten life-cycle funds. The Fidelity Freedom® life-cycle funds are designed for investors who want a simple approach to investing by investing in a group of other Fidelity mutual funds that provide moderate asset allocation. Each Freedom Fund® offers a different investment horizon and asset allocation strategy based on a target retirement date.

INVESTMENT SUMMARY

<i>Investment Type</i>	<i>Market Value</i>	<i>% of Total</i>
Fixed Income		
Government bonds	\$185,468,866	7.08%
Corporate bonds	185,772,523	7.09%
Mortgage backed securities	173,809,824	6.64%
Asset backed securities	22,279,983	0.85%
International bonds	32,124,094	1.23%
Emerging markets bonds	30,020,841	1.15%
Municipal bonds	13,058,294	0.50%
<i>Total fixed income</i>	<i>\$642,534,424</i>	<i>24.54%</i>
Common Stock		
Consumer Discretionary	\$223,452,154	8.53%
Consumer Staples	83,849,087	3.20%
Energy	101,495,874	3.88%
Financials	321,457,095	12.28%
Health Care	147,010,072	5.61%
Industrials	178,397,019	6.81%
Information Technology	169,555,568	6.47%
Materials	66,707,897	2.55%
Telecommunications	78,089,001	2.98%
Utilities	53,292,077	2.04%
<i>Total common stock</i>	<i>\$1,423,305,844</i>	<i>54.35%</i>
Hedge Funds		
Diversified Funds of Hedge Funds	76,809,971	2.93%
Alternative investments		
Real estate	\$86,293,695	3.30%
Timberlands	13,724,424	0.52%
Venture capital & other private equity	149,977,281	5.73%
<i>Total alternative investments</i>	<i>\$249,995,400</i>	<i>9.55%</i>
Short-term investments		
Temporary Investment Fund	\$143,330,831	5.47%
Government and agency issues	52,686,998	2.01%
Commercial paper	102,632,700	3.92%
Certificates of Deposit	15,200,000	0.58%
Other cash & cash equivalents	36,373,264	1.39%
Net pending trades	(124,095,810)	-4.74%
<i>Total short-term investments</i>	<i>\$226,127,984</i>	<i>8.63%</i>
	\$2,618,773,624	100.00%

ASSET ALLOCATION BY CATEGORY & INVESTMENT MANAGER

ASSET CLASS MANAGER	Investment Style	Management Fees	TOTAL ASSETS	% of Total Fund Assets
Domestic Equities				
TH&B	Small Cap Core	\$208,647	\$77,164,816	2.95%
SSGA S&P/Barra Growth Index	S&P/Barra Growth Index	20,874	172,532,637	6.59%
SSGA S&P/Barra Value Index	S&P/Barra Value Index	21,168	169,069,941	6.46%
SSGA S&P 500	S&P 500 Index	31,194	175,604,486	6.71%
SSGA Russell 2000 Growth	Small Cap Growth	11,844	-	0.00%
Brandywine	Small Cap Value	266,788	54,708,345	2.09%
Fiduciary Asset Management	Large Cap Core	351,213	130,864,267	5.00%
Legg Mason	Large Cap Core	654,266	132,593,919	5.06%
Cortina Asset Management	Small Cap Growth	111,956	41,050,723	1.57%
US Bancorp	Small Cap Growth	74,493	-	0.00%
Fairfield Investment Fund	Fund of Hedge Funds	136,256	38,317,361	1.46%
Gottex Market Neutral	Fund of Hedge Funds	123,688	38,492,611	1.47%
S&P 500 Futures	S&P 500 Futures	18,553	13,987,317	0.53%
<i>Total Domestic Equities</i>			<i>\$1,044,386,422</i>	<i>39.88%</i>
Domestic Fixed Income				
Trust Company of the West	High Yield	340,579	81,875,201	3.13%
PIMCO	Active	909,512	345,385,787	13.19%
Western Asset Mgmt	Active	645,575	348,454,834	13.31%
<i>Total Domestic Fixed</i>			<i>\$775,715,821</i>	<i>29.62%</i>
International Equities				
Baillie Gifford Overseas Ltd.	Active Emerging Markets	215,171	25,387,220	0.97%
Internal/Transition	Active EAFE	-	515,091	0.00%
Jarislowsky Fraser Ltd.	Active EAFE	119,783	-	0.00%
Julius Baer	Active EAFE	322,304	136,225,186	5.20%
LSV Asset Management	Active EAFE	382,695	137,566,311	5.25%
Morgan Stanley	Active/Passive EAFE	559,609	172,174,341	6.57%
Rexiter Capital Management	Active Emerging Markets	273,251	31,051,244	1.19%
State Street Global Advisors	Passive EAFE Index	79,565	-	0.00%
<i>Total International Equities</i>			<i>\$502,919,394</i>	<i>19.18%</i>
Real Estate				
JP Morgan Fleming	Directly Owned	127,297 *	450,982	0.02%
JP Morgan Fleming	Pooled	199,232 *	29,708,126	1.13%
PRISA	Pooled	179,749 *	18,113,769	0.69%
RREEF	Pooled	462,223 *	23,413,204	0.89%
Hancock Timber	Timberlands	304,864 *	13,724,424	0.52%
Apollo RE	Opportunistic	97,389 *	6,998,169	0.27%
Blackstone RE	Opportunistic	80,737 *	4,268,559	0.16%
Internal	Directly Owned	-	3,340,934	0.13%
<i>Total Real Estate</i>			<i>\$100,018,167</i>	<i>3.82%</i>
Alternative Investments				
ABS Capital Partners II		34,986 *	505,664	0.02%
Apollo Investment Fund IV		42,084 *	8,092,470	0.31%
ARCH Venture V		112,227 *	1,860,058	0.07%
Aurora Equity Partners		75,259 *	11,462,657	0.44%
Avenue Special Situations II		113,656 *	8,637,878	0.33%
Blackstone Capital Partners		48,835 *	9,469,436	0.36%
Boston Ventures V		34,278 *	2,770,930	0.11%

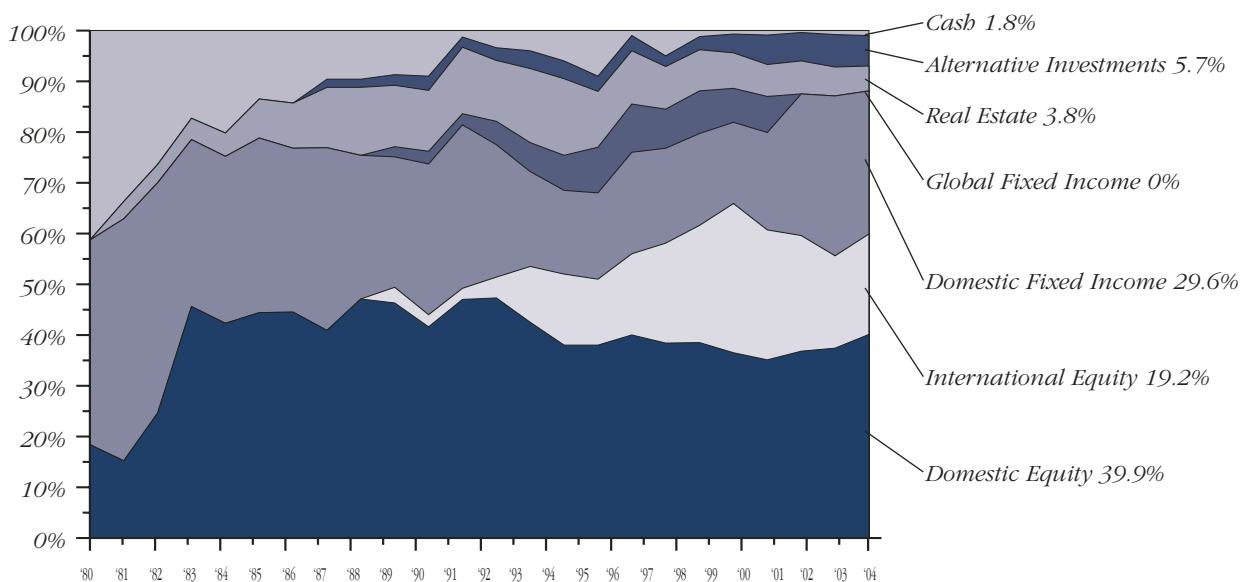
INVESTMENT SECTION

Asset Allocation — Members' Benefit Fund

ASSET CLASS MANAGER	Investment Style	Management Fees	TOTAL ASSETS	% of Total Fund Assets
Candover Partners		18,091 *	22,233	0.00%
Catterton Partners V		113,442 *	1,437,936	0.05%
Centennial Funds		187,444 *	2,501,102	0.10%
Charles River Partnership VI		-	75,874	0.00%
Chisholm Funds		405,846 *	9,490,639	0.36%
Coller International Partners IV		150,411 *	2,924,860	0.11%
Columbine Venture Fund II		-	325,273	0.01%
CVC European Equity III		93,696 *	6,349,459	0.24%
Doughty Hanson & Co. Funds		81,032 *	6,239,211	0.24%
Endeavour Capital Fund		95,485 *	1,096,395	0.04%
First Reserve Funds		131,366 *	10,796,107	0.41%
Granite Global Ventures II		-	752,672	0.03%
Green Equity Investors IV		34,424 *	923,887	0.04%
Hancock Falcon Ventures		-	252,091	0.01%
Hancock Intl Venture		-	337,223	0.01%
Harvest Funds		80,813 *	7,912,043	0.30%
Heritage Funds		124,145 *	5,037,498	0.19%
Larimer Venture II		-	182,566	0.01%
Lighthouse Capital Partners V		63,958 *	890,304	0.03%
MatlinPatterson Global Oppty		121,876 *	3,411,250	0.13%
Nordic Capital Funds		179,001 *	5,886,029	0.22%
Oxford Bioscience IV		124,918 *	2,523,828	0.10%
SKM Equity Fund II		33,920 *	3,699,888	0.14%
Sprout Capital Partners Funds		65,872 *	3,397,304	0.13%
TCW Special Credits Fund III		-	65,415	0.00%
Thomas H. Lee Equity Funds		41,396 *	6,385,781	0.24%
Thomas McNerney & Partners		252,692 *	2,322,249	0.09%
TPG Partners Funds		115,086 *	13,126,324	0.50%
Vestar Funds		127,196 *	6,727,024	0.26%
W Capital Partners		127,806 *	846,637	0.03%
Willis Stein Partners		19,594 *	1,239,093	0.05%
<i>Total Alternative Investments</i>			<u>\$149,977,289</u>	<u>5.73%</u>
Cash Held at Mellon Bank			\$45,756,532	1.75%
TOTAL ASSETS			\$2,618,773,624	100.00%

* Effective January 1, 2004, the Association changed its accounting treatment for private asset management fees. The Association records its share of management fees as an expense with the effect of increasing real estate income earned and increasing the unrealized appreciation or decreasing the unrealized depreciation in the fair value of private equity investments.

FPPA ASSET ALLOCATION 1980-2004 — MEMBERS' BENEFIT FUND



“TOP 20” EQUITY HOLDINGS

<i>Company</i>	<i>Market Value</i>
UNITED HEALTH GROUP INC COM	\$15,199,260
TYCO INTL LTD NEW COM	\$13,077,266
NEXTEL COMMUNICATIONS INC CL A	\$12,115,337
AMAZON.COM INC COM	\$10,083,726
EBAY INC COM	\$9,621,318
TOTAL SA EUR10	\$8,517,080
ELECTRONIC ARTS	\$7,924,338
BP PLC ORD USD.25	\$6,924,237
TOYOTA MOTOR CORP NPV	\$6,889,636
IAC/INTERACTIVECORP COM	\$6,769,662
VODAFONE GROUP PLC ORD USD0.10	\$6,131,019
CITIGROUP INC COM	\$5,998,410
JPMORGAN CHASE & CO COM	\$5,812,490
MBNA CORP COM	\$5,781,769
AES CORP COM	\$5,673,050
FEDEX CORP COM	\$5,485,893
BNP PARIBAS EUR2	\$4,961,241
MERRILL LYNCH & CO INC	\$4,901,140
SHELL TRANS & TRDG ORD 25P REG	\$4,807,737
NORDEA BANK AB	\$4,781,879

A full list of holdings is available upon request.

“TOP 20” FIXED INCOME HOLDINGS

<i>Company</i>	<i>Maturity Date</i>	<i>Market Value</i>
FNMA SF MTG 5.00%	Monday, January 1, 2035	\$55,075,081
U S TREASURY NOTES 5.00%	Monday, August 15, 2011	\$37,381,500
US TREASURY INFLATION INDEX NT 3.625%	Tuesday, January 15, 2008	\$23,250,505
U S TREASURY NOTES 3.25%	Thursday, January 15, 2009	\$19,832,000
GNMA SF MTG 6.00%	Monday, January 15, 2035	\$16,377,579
GNMA SF MTG 5.50%	Monday, January 15, 2035	\$15,211,969
U S TREASURY NOTES 3.00%	Thursday, November 15, 2007	\$13,450,173
US TREASURY INFLATION INDEX NT 0.875%	Thursday, April 15, 2010	\$11,716,983
U S TREASURY BONDS 5.375%	Saturday, February 15, 2031	\$10,166,711
FNMA SF MTG 6.00%	Wednesday, January 1, 2020	\$9,954,219
FNMA SF MTG 7.00%	Monday, January 1, 2035	\$7,733,620
US TREASURY INFLATION INDEX BD 3.875%	Sunday, April 15, 2029	\$6,955,747
U S TREASURY NOTES 4.00%	Friday, June 15, 2029	\$6,839,503
U S TREASURY NOTES 4.25%	Friday, August 15, 2014	\$6,536,300
WASHINGTON MUT MTG Variable Rate	Saturday, December 25, 2027	\$6,225,707
RUSSIAN FEDERATION BDS 5.00%	Sunday, March 31, 2030	\$5,645,750
US TREASURY INFLATION INDEX NT 2.000%	Tuesday, July 15, 2014	\$5,318,961
U S TREASURY NOTES 3.375%	Thursday, October 15, 2009	\$5,200,125
U S TREASURY NOTES 3.500%	Sunday, November 15, 2009	\$5,157,208
FEDERAL HOME LN BK NOTE 2.35%	Monday, September 12, 2005	\$4,769,523

FUND PERFORMANCE SUMMARY AS OF DECEMBER 31, 2004

SERIES NAME	1 year Return	3-year Annualized Return	5-year Annualized Return
BENCHMARK INDICES	%	%	%
FPPA Total Fund - Gross of Fees	12.51	7.97	2.70
FPPA Total Fund - Net of Fees	12.05	7.51	2.29
Custom Total Fund Benchmark ¹	12.00	7.43	2.10
Public Fund Median (Callan Associates)	11.02	7.30	4.15
Domestic Equity Accounts - Gross of Fees	12.09	5.78	0.38
Domestic Equity Accounts - Net of Fees	11.88	5.59	0.23
Russell 3000 Stock Index	11.95	4.80	(1.16)
International Equity Accounts - Gross of Fees	21.42	11.88	(0.08)
International Equity Accounts - Net of Fees	20.96	11.40	(0.42)
MSCI All Country World Ex US Index	21.36	13.56	0.02
Domestic Fixed Income Accounts - Gross of Fees	6.48	8.03	8.10
Domestic Fixed Income Accounts - Net of Fees	6.21	7.74	7.80
Lehman Brothers Aggregate Index	4.34	6.19	7.71
Lehman Brothers Universal Index	4.97	6.85	7.88
All Real Estate Accounts - Gross of Fees ²	13.68	7.49	6.80
All Real Estate Accounts - Net of Fees ²	12.43	6.47	5.92
NCREIF Property Index ²	12.41	8.61	9.53
All Alternative Accounts - Gross of Fees ³	16.86	7.26	5.39
All Alternative Accounts - Net of Fees ³	14.18	4.74	3.20
Russell 3000 Index plus 400 basis points	15.95	8.89	2.90
Cambridge Custom Benchmark ⁴	16.57	3.06	3.75

NOTES:

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

² Real estate accounts and NCREIF Property Index are reported on a quarter lag.

³ Alternative accounts are reported on a quarter lag.

⁴ Composite of Cambridge Private Equity Index (82.5%) and Cambridge Venture Capital Index (17.5%), one quarter in arrears.

Performance was calculated by investment staff using market values and cash flows provided by the custodian bank. Returns were calculated using time-weighted rates of return in accordance with the Association for Investment Management and Research Performance Presentation Standards. Adjustments were made for significant cash flows (10% of the portfolio or greater) or the Modified-Dietz method was used.

**SCHEDULE OF BROKERAGE COMMISSIONS —
MEMBERS' BENEFIT FUND**

Broker Name	Commission	Shares	Per Share
MERRILL LYNCH PIERCE FENNER, WILMINGTON	\$16,544.86	16,148,395	\$0.001
PERSHING SECURITIES LTD, LONDON	\$87,315.19	8,651,719	\$0.010
STATE STREET BROKERAGE SVCS, BOSTON	\$83,153.03	3,964,605	\$0.021
CREDIT AGRICOLE INDOSUEZ SECS, TOKYO	\$29,233.89	3,575,602	\$0.008
BROADCOURT CAP CORP/SUB OF MLPF&S, NY	\$43,196.95	3,390,826	\$0.013
CREDIT LYONNAIS SECURITIES ASIA, GUERNSEY	\$3,752.90	2,540,451	\$0.001
DEUTSCHE BK AG (INTL EQUITIES), LONDON	\$4,908.12	2,039,732	\$0.002
GOLDMAN SACHS & CO, NY	\$28,005.04	1,907,813	\$0.015
MACQUARIE EQUITIES LTD, SYDNEY	\$6,942.36	1,765,484	\$0.004
CITIGROUP GBL MKTS INC, NEW YORK	\$38,258.33	1,452,886	\$0.026
MERRILL LYNCH INTL LTD, NEW YORK	\$3,728.78	1,376,472	\$0.003
LEHMAN BROS INC, NEW YORK	\$22,707.21	1,101,484	\$0.021
INSTINET CORP, LONDON	\$8,659.22	1,042,715	\$0.008
INVESTMENT TECHNOLOGY GROUPS, NEW YORK	\$15,055.38	1,019,771	\$0.015
LYNCH JONES & RYAN INC, HOUSTON	\$47,096.80	1,017,360	\$0.046
NATIONAL SECS CORP, TAIPEI	\$2,976.71	1,008,650	\$0.003
CHINA INTL CAP CORP HK SECS, HONG KONG	\$1,527.37	932,000	\$0.002
MERRILL LYNCH PIERCE FENNER SMITH INC NY	\$16,040.33	789,969	\$0.020
DEUTSCHE SEC ASIA LTD, TAIPEI	\$2,248.75	776,000	\$0.003
DEUTSCHE BANC ALEX BROWN INC, NEW YORK	\$18,730.45	691,241	\$0.027
CHEVREUX DE VIRIEU SA, PARIS	\$7,990.16	671,043	\$0.012
CREDIT LYONNAIS SECS (ASIA), HONG KONG	\$683.38	664,000	\$0.001
CREDIT SUISSE FIRST BOSTON CORP, N Y	\$18,420.52	651,582	\$0.028
CREDIT SUISSE, NEW YORK	\$5,719.48	612,421	\$0.009
UBS AG/CUST LDN BRANCH, STAMFORD	\$2,060.87	580,508	\$0.004
MORGAN J P SECS INC, NEW YORK	\$8,351.02	565,354	\$0.015
UBS WARBURG SEC, TAIWAN	\$1,814.43	547,000	\$0.003
B TRADE SVCS LLC, NEW YORK	\$11,661.60	546,780	\$0.021
MORGAN STANLEY & CO INC, NY	\$9,578.81	516,896	\$0.019
DRESDNER KLEINWORT BENSON, NEW YORK	\$2,892.85	509,478	\$0.006
SG AMERICAS SECURITIES LLC, NEW YORK	\$1,359.46	449,841	\$0.003
LIQUIDNET INC, BROOKLYN	\$8,781.92	403,667	\$0.022
BAIRD, ROBERT W & CO INC, MILWAUKEE	\$19,546.50	397,190	\$0.049
HOARE GOVETT SECS LTD, LONDON	\$4,431.57	387,508	\$0.011

**SCHEDULE OF BROKERAGE COMMISSIONS —
MEMBERS' BENEFIT FUND (CONTINUED)**

MORGAN KEEGAN & CO INC, MEMPHIS	\$18,238.10	372,382	\$0.049
BARING SECURITIES LTD, HONG KONG	\$1,268.74	363,000	\$0.003
WACHOVIA CAPITAL MARKETS LLC, CHARLOTTE	\$18,120.10	362,402	\$0.050
JEFFERIES & CO INC, NEW YORK	\$13,907.35	356,907	\$0.039
MERRILL LYNCH INTL LONDON EQUITIES	\$4,406.35	350,071	\$0.013
UBS WARBURG ASIA LTD, HONG KONG	\$655.97	342,000	\$0.002
INSTINET CORP, NY	\$7,157.93	326,203	\$0.022
PRUDENTIAL EQUITY GROUP, NEW YORK	\$16,029.70	320,594	\$0.050
ABN AMRO ASIA LTD, HONG KONG	\$391.81	320,000	\$0.001
MERRILL LYNCH PROFESSIONAL CLRG, PURCHAS	\$15,020.30	301,086	\$0.050
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	\$14,930.35	298,659	\$0.050
UBS/CUST LDN BRAN STAMFORD	\$1,252.65	292,309	\$0.004
BEAR STEARNS SEC CORP, BROOKLYN	\$14,570.75	291,415	\$0.050
LEHMAN BROS INTL, LONDON	\$6,929.27	280,140	\$0.025
ING BARINGS, TAIPEI	\$2,427.67	279,360	\$0.009
CIBC WORLD MARKETS CORP, NEW YORK	\$13,528.85	271,123	\$0.050
All Other Brokers	\$349,433.68	8,996,060	\$0.039
Total	\$1,081,643.81	76,820,154	\$0.014



GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

4600 S. Ulster Street • Suite 700 • Denver, Colorado 80237 • 303-846-3031 • fax 303-740-6789

April 25, 2005

Board of Directors
Fire & Police Pension Association
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111

Re: Actuarial Certification of Defined Benefit Plans

Dear Members of the Board:

This letter concerns the actuarial valuations of the FPPA Statewide Defined Benefit Plan, the FPPA Statewide Death & Disability Plan, FPPA local old and new hire plans, and affiliated volunteer fire plans.

We have reviewed the actuarial valuations performed in 2003 and 2004 by Mellon, and the compilation by FPPA of the attached information and confirm the following:

For each plan, a contribution rate was determined which provides for funding as shown in the following table:

Plan	Funding Objective
Statewide Defined Benefit Plan	Current cost plus level percent of payroll amortization of unfunded liability over 30 years
Statewide Death & Disability Plan	Current cost plus level percent of payroll amortization of unfunded liability over 30 years
Affiliated Local Old Hire Plans	Current cost plus level dollar amortization of unfunded liability over 30 years
Affiliated Local New Hire Plans	Current cost plus level percent of payroll amortization of unfunded liability over 30 years
Affiliated Volunteer Fire Plans	Current cost plus level dollar amortization of unfunded liability over 20 years

The affiliated plans are valued every two years, while the statewide plans are valued every year. This funding objective is currently being realized by all plans, with the exception of the Statewide Death and Disability Plan (D&D) and certain affiliated local old hire plans.

The D&D contribution rate was increased to 2.5% effective January 1, 2005, the maximum rate currently permitted by statute. In two years it may be increased again. Substantial changes in the disability benefit provisions were implemented which are hoped to improve the funding situation further.

GABRIEL, ROEDER, SMITH & COMPANY

April 25, 2005
Page 2

The statewide plans and affiliated old and new hire plans were last valued as of January 1, 2004. The volunteer fire plans were valued as of January 1, 2003.

As indicated on the attached certifications, the valuations were performed by Mellon. The supporting schedules in this actuarial section were prepared by FPPA from information in Mellon's actuarial reports. We have reviewed these schedules for their accuracy. To the best of our knowledge, the supporting schedules fully and fairly disclose the actuarial conditions of the plans.

Sincerely,

Gabriel, Roeder, Smith & Company



William B. Fornia, F.S.A.
Senior Consultant

GABRIEL, ROEDER, SMITH & COMPANY



Human Resources & Investor Solutions

August 12, 2004

Board of Directors
Fire and Police Pension Association
5290 DTC Parkway, #100
Englewood, Colorado 80111

Re: 2004 Actuarial Valuation

Dear Members of the Board:

This report presents the results of the Actuarial Valuation of the Fire and Police Pension Association Death and Disability Fund as of January 1, 2004. The results are presented in three sections:

- ◆ **Section I - Executive Summary.** Presents a concise summary of the key results of the valuation.
- ◆ **Section II - Analysis.** Explains the valuation results and examines the changes between the current and prior valuations.
- ◆ **Section III - Tables.** Contains the details of the actuarial calculations and supporting information used in the valuation, including:

Financial Accounting GASB 25 and GASB 27. Summarizes the financial reporting information under Governmental Accounting Standards Board Statement No. 25 (GASB 25) and the accounting information under Governmental Accounting Standards Board Statement No. 27 (GASB 27).

Summary of Plan Provisions and Actuarial Assumptions. Summarizes the provisions of the plan and the actuarial assumptions used in this valuation.

The valuation was completed at the request of the Fire and Police Pension Association (FPPA) and is based on current plan provisions, participant data and financial information provided by FPPA. The actuarial report is, to the best of our knowledge, complete and accurate, and fully and fairly discloses the actuarial position of the FPPA Death and Disability Fund as of January 1, 2004. In our opinion, the assumptions, which were adopted by the FPPA board, are internally consistent and produce results that are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statement No. 25. We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the Actuarial Standards Board. We are Members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

We are available to provide further information and answer any questions.

Respectfully submitted,

William B. Fornia, F.S.A.
Principal and Consulting Actuary

Joseph R. Herm
Consultant, Actuary

Suite 1200 • Tabor Center • 1200 17th Street • Denver, CO 80202
(720) 359-7700 Office • (720) 359-7701 Fax
www.mellon.com

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Human Resources & Investor Solutions

August 12, 2004

Board of Directors
Fire and Police Pension Association
5290 DTC Parkway, #100
Englewood, Colorado 80111

Subject: 2004 Actuarial Valuation

Dear Members of the Board:

This report presents the results of the Actuarial Valuation of the Fire and Police Pension Association Statewide Defined Benefit Plan as of January 1, 2004. The results are presented in three sections:

- ◆ **Section I - Executive Summary.** Presents a concise summary of the key results of the valuation in comparison with the prior year.
- ◆ **Section II - Analysis.** Explains the valuation results and examines the changes between the current and prior years' valuations.
- ◆ **Section III - Tables.** Contains the details of the actuarial calculations and supporting information used in the valuation, including:

Financial Accounting GASB 25 and GASB 27. Summarizes the financial reporting information under Governmental Accounting Standards Board Statement No. 25 (GASB 25) and the accounting information under Governmental Accounting Standards Board Statement No. 27 (GASB 27).

Summary of Plan Provisions and Actuarial Assumptions. Summarizes the provisions of the plan and the actuarial assumptions used in this valuation.

The valuation was completed at the request of the Fire and Police Pension Association (FPPA) and is based on current plan provisions, participant data and financial information provided by FPPA. The actuarial report is, to the best of our knowledge, complete and accurate, and fully and fairly discloses the actuarial position of the FPPA Statewide Defined Benefit Plan as of January 1, 2004. In our opinion, the assumptions, which were adopted by the FPPA board, are internally consistent and produce results which are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statement No. 25. We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the Actuarial Standards Board. We are Members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

We are available to provide further information and answer any questions.

Respectfully submitted,

William B. Fornia, FSA
Principal and Consulting Actuary

Joseph R. Herm
Consultant, Actuary

Suite 1200 • Labor Center • 1200 17th Street • Denver, CO 80202
(720) 359-7700 Office • (720) 359-7701 Fax
www.mellon.com

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GENERAL INFORMATION

As of December 31, 2004 the Members' Benefit Fund of the Fire and Police Pension Association was comprised of the following individual plans: the Statewide Defined Benefit Plan, the Statewide Death and Disability Plan, the Statewide Hybrid Plan, 56 local paid pension plans, and 164 volunteer firefighters pension plans. An independent actuarial firm is hired by the Association to perform annual valuations on the statewide plans, and to perform bi-annual valuations on the local plans. In 2004 the independent actuarial valuation was performed by Mellon Consultants.

In addition, FPPA administers three local money purchase plans within the Members' Money Purchase Plan Benefit Fund, and the Statewide Money Purchase Plan within the Members' Statewide Money Purchase Plan Benefit Fund.

All of the local paid pension plans have a valuation performed as of January 1 of the even numbered years (2004, 2006, etc.). All of the affiliated volunteer firefighters plans have valuations performed as of January 1 of the odd numbered years (2005, 2007, etc.). The state assisted local paid pension plans have their valuation also updated on the odd numbered years per statutory requirement.

Each of the locally administered plans has a different benefit and member structure. All of the affiliated plans use the actuarial assumptions which have been established by FPPA's Board of Directors.

The following data covers detailed information on the two statewide plans as well as the other affiliated local plans. The Statewide Hybrid Plan, effective 1/1/2004, will not be addressed in this actuarial section, as a valuation was not performed in 2004 on this plan.

SUMMARY OF ACTUARIAL ASSUMPTIONS

The Statewide Defined Benefit Plan was created by state statute to cover all members hired on and after April 8, 1978 for normal retirement benefits. The purpose of the creation of this plan was to close entry to all of the local plans, most of which had significant unfunded liabilities. The statewide plan is a multiple employer, cost-sharing public employee retirement system (PERS). As of December 31, 2004, 173 departments throughout the state were participating in the plan.

The Statewide Death and Disability Plan is a multiple employer cost sharing plan, funded almost exclusively by contributions from the state. This plan was created by state statute, and is designed to provide both on and off-duty coverage for death and disability for all members in the state who have not yet completed the age and service requirements for a normal retirement. As of December 31, 2004, 369 departments were participating in this plan.

The valuation for the Statewide Defined Benefit Plan is then used to determine the normal cost of the plan, and to determine any "excess" contribution amounts which may be allocated to the members' separate retirement accounts (SRAs) for the following year.

Data for the valuation is provided by FPPA's staff from the membership and payroll systems. The data was examined for general reasonableness and consistency with prior years' information by the independent consulting firm but was not audited.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA) and an Enrolled Actuary (EA).

The following economic and non-economic assumptions were adopted by the FPPA Board of Directors and were first used during the January 1, 2004 actuarial valuations.

Economic Assumptions

The investment rate of return for purposes of the actuarial valuation is 8.0% per annum, compounded annually and net of operating expenses. Future inflation is assumed to be 3.5% annually and is included in the active members' salary projections. Thus, the real investment rate of return, net of inflation, is 4.5% per annum.

Active members' salary increases are composed of two pieces, inflation increases and merit increases. As stated above, inflation is assumed to be 3.5% annually. For the statewide plans, merit increases vary by the service of the member but decrease with service. For the other affiliated plans, merit increases vary by length of service of the member but also decrease with age. Retirees and beneficiaries are projected to receive annual cost-of-living increases of 3.0% per year, the maximum allowed under state statute.

Under the Statewide Defined Benefit Plan, social security benefits for supplemental social security departments are assumed to increase by 3.5% annually and the social security wage base is assumed to increase by 4.0% per year. Under the other affiliated plans, paid plan retirees and beneficiaries from limited rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum, compounded annually for benefits accrued prior to January 1, 1980, and 3% per annum thereafter, (maximum permitted by law). Paid plan retirees and beneficiaries from full rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum.

Assets are valued at an actuarial value of assets. The actuarial value of assets is based on a three-year moving average of expected and actual market values.

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

Non-economic Assumptions

The 1994 Group Annuity Mortality (GAM) Table, loaded by .0004 for firefighters and police experience, is used in the valuation for active members. The 1994 GAM Table, unchanged, is used in the valuation of benefits. For the Statewide Defined Benefit Plan, those benefits are for retirees and their spouses. For the Statewide Death and Disability Plan, those benefits are for occupationally disabled retirees and surviving spouses. The 1983 Railroad Retirement Totally Disabled Annuity Mortality Table is used in the valuation of benefits for totally disabled retirees. And for the other affiliated plans, those benefits are for volunteer (actives and retirees) and paid retirees and their spouses.

The probabilities of separation from service and disablement are based on paid firefighter and police and volunteer experience, and for disablement reflect the increased probability of injury/disablement due to the hazardous nature of firefighter and police work.

The actuarial method used for the valuation of benefits is specified by state statute to be either the Entry Age Normal or Aggregate Cost Method, with experience gains or losses adjusting the unfunded actuarial accrued liability. State statute does also specify that the Statewide Defined Benefit Pension Fund is not allowed to have an unfunded liability. Therefore, the surplus in the fund is amortized over 30 years from the valuation date and 40 years from January 1, 1980 in the case of the Statewide Death and Disability Plan.

PRE-RETIREMENT ASSUMPTIONS

Years of Service	Increases in Earnings		
	(Merit)	(Inflation)	(Total)
<1	9.75%	3.50%	13.25%
1	9.25%	3.50%	12.75%
2	8.75%	3.50%	12.25%
3	8.25%	3.50%	11.75%
4	3.25%	3.50%	6.75%
5	2.75%	3.50%	6.25%
6	2.25%	3.50%	5.75%
7	1.75%	3.50%	5.25%
8	1.50%	3.50%	5.00%
9+	1.25%	3.50%	4.75%

PRE-RETIREMENT ASSUMPTIONS

Sample Ages	Disability Annual Rate Per 1,000 Members		Separation Annual Rate Per 1,000 Members			Death Annual Rate Per 1,000 Members	
	(Paid)	(Volunteer)	(Fire)	(Police)	(Volunteer)	(Male)	(Female)
20	1.01	0.10	79.3	94.5	192.0	0.66	0.47
30	1.28	0.26	39.9	66.2	160.0	0.95	0.51
40	2.47	0.97	11.4	34.0	112.0	1.14	0.80
45	3.36	3.50	18.3	28.4	96.0	1.55	1.08
50	11.76	6.50	31.9	37.8	80.0	2.30	1.41
55	28.91	8.10	45.5	56.7	96.0	3.78	2.11

For Statewide Death and Disability Plan:

Service Retirement:

- 1) Statewide Defined Benefit Plan members — Age 55 and 5 years of service, or current age and service, if greater.
- 2) Money purchase plan members — Age 65 or current age, if greater.
- 3) Denver Police local plan members — Age after 25 years of service, or current age if greater.
- 4) Denver Fire local plan members — Age 50 and 25 years of service or current age if greater.
- 5) All other plan members — Age 52 or current age, if greater.

POST-RETIREMENT ASSUMPTIONS

Sample Ages	COLA Increases	Social Security		Full Rank	Limited Rank		Retiree/Surviving Spouse/ Occupational Disability Death		Total Disability Death Annual Rate Per 1,000 Members (Unisex)
		(Benefit)	(Wage Base)		(Pre 1980)	(Post 1980)	Annual Rate Per 1,000 Members (Male)	Annual Rate Per 1,000 Members (Female)	
20	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	0.51	0.28	10.60
30	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	0.80	0.35	10.60
40	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	1.07	0.71	13.50
45	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	1.58	0.97	20.00
50	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	2.58	1.43	31.64
55	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	4.42	2.29	37.81
60	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	7.98	4.44	42.46
65	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	14.54	8.64	51.20
70	3.0%	3.5%	4.0%	4.0%	4.0%	3.0%	23.73	13.73	67.47

For Statewide Defined Benefit Pension Plan:

Service Retirement: Age 55 and 5 years of service, or current age and service if greater.

STATEWIDE DEFINED BENEFIT PLAN

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number	Annual Payroll*	Annual Average Pay	% Increase in Average Pay
1/1/04	3,459	\$ 182,825,786	\$ 52,855	5.88%
1/1/03	3,340	\$ 166,734,883	\$ 49,921	4.84%
1/1/02	3,179	\$ 151,369,850	\$ 47,616	5.04%
1/1/01	3,007	\$ 136,306,027	\$ 45,330	9.51%
1/1/00	2,768	\$ 114,579,015	\$ 41,394	1.59%
1/1/99	2,513	\$ 102,400,344	\$ 40,748	3.69%

* The "Annual Payroll" column reports the total, actual payroll from the prior year.

DEVELOPMENT OF ACTUARIAL GAIN OR LOSS - 3% COLA FOR ALL MEMBERS

	Actuarial Accrued Liability (1)	Plan Assets (2)	Unfunded Actuarial Accrued Liability (1 - 2)
January 1, 2003	\$ 472,263,233	\$ 424,088,589	\$ 48,174,644
Normal Cost	25,111,884	N/A	25,111,884
Contributions	925,348	29,611,130	(28,685,782)
Benefit Payments	(3,166,421)	(3,166,421)	0
Interest on:			
January 1, 2003	37,781,058	34,927,087	3,853,971
Normal Cost	2,008,951	N/A	2,008,951
Contributions	37,014	1,184,445	(1,147,431)
Benefit Payments	(126,657)	(126,657)	0
	39,700,366	34,984,875	4,715,491
Expected January 1, 2004	534,834,410	485,518,173	49,316,237
Actual January 1, 2004	554,308,773	473,006,658	81,302,115
Preliminary Gain or Loss	(19,474,363)	12,511,515	(31,985,878)
Gain due to assumption changes	13,961,572	0	13,961,572
Excess Return on SRA	10,213,373	10,213,373	0
Net Gain or Loss	\$ 4,700,582 Gain	\$ 22,724,888 Loss	(\$ 18,024,306) Loss

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

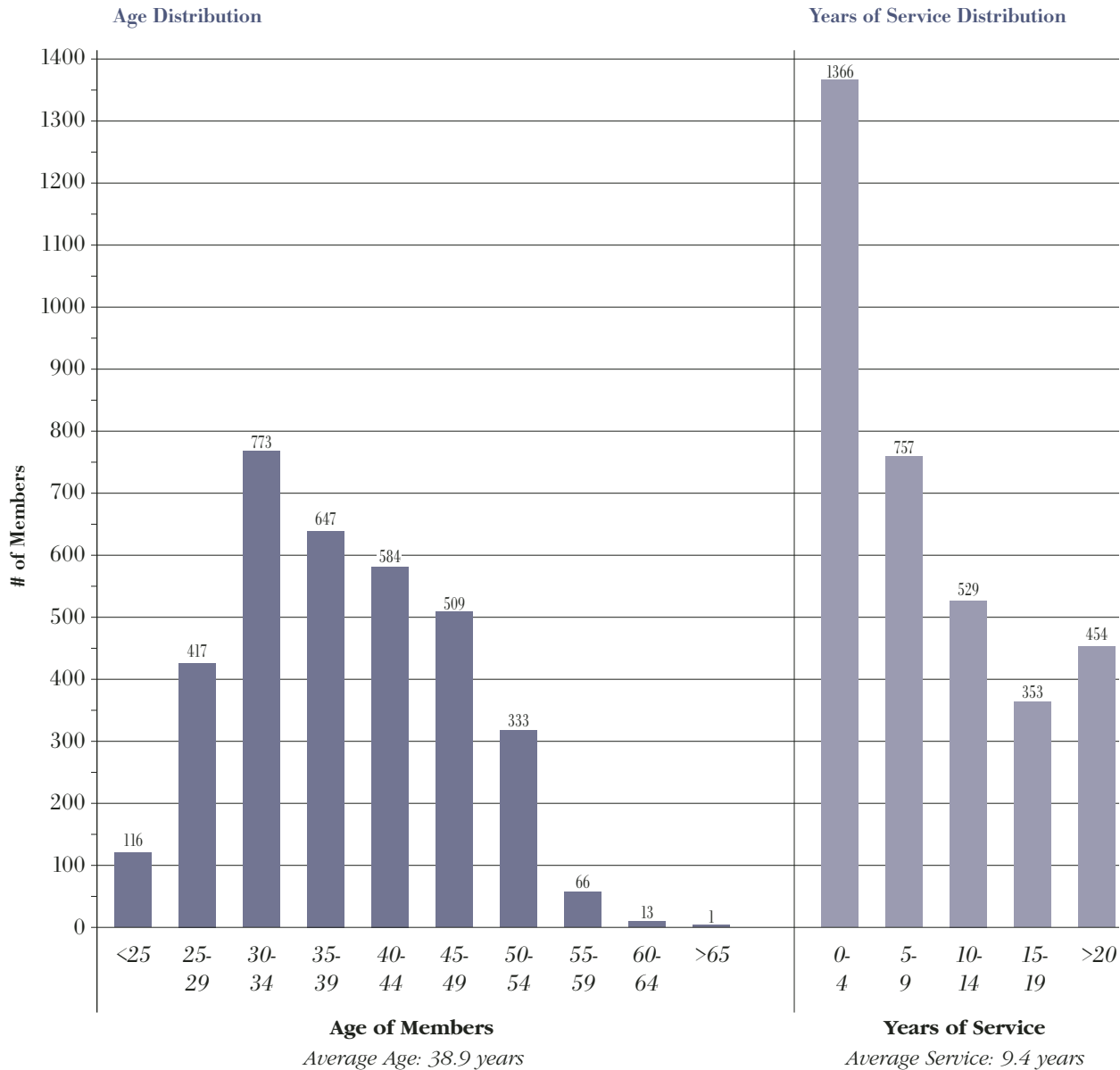
Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/04	24	\$606,147	2	\$21,898	83**	\$1,648,771**	56.31%	\$ 19,865
1/1/03	14	\$301,795	0	\$ 0	61**	\$1,054,842**	43.47%	\$ 17,292
1/1/02	16	\$374,072	1	\$ 3,687	47*	\$ 735,257*	107.97%	\$ 15,644
1/1/01	5	\$ 50,774	1	\$15,482	32*	\$ 353,534*	13.35%	\$ 11,050
1/1/00	4	\$ 56,252	1	\$ 6,592	28*	\$ 311,906*	23.19%	\$ 11,140
1/1/99	5	\$ 61,039	0	\$ 0	25*	\$ 253,185	61.77%	\$ 10,127

* These end-of-year counts include two beneficiaries with a deferred vested benefit.

** This count includes one beneficiary with a deferred vested benefit. The total annual benefits as of December 31, 2003 excluding this beneficiary is \$1,640,632.

STATEWIDE DEFINED BENEFIT PLAN

AGE AND YEARS OF SERVICE DISTRIBUTION



THE STATEWIDE DEFINED BENEFIT PLAN SOLVENCY TEST

The FPPA funding objective for the Statewide Defined Benefit Plan is to be able to pay the retirement benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries. The objective is to entirely fund these promised benefits by 16% of pay, 8% from the employee and 8% from the employer.

A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system.

STATEWIDE DEFINED BENEFIT PLAN

The schedule below illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities continue to be 100% covered by current assets. This plan does not have any unfunded liability and current contributions exceed the cost of annual benefit accruals.

Statewide Defined Benefit Plan - Solvency Test

Valuation Date	Valuation Assets (000's)	<u>Aggregate Accrued Liabilities For:</u>			<u>Funded Percentages</u>		
		(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries (000's)	(3) Active Members (Employee Financed Portion) (000's)	(1)	(2)	(3)
1/1/04	\$473,007	\$106,332	\$28,578	\$291,764	100%	100%	100%
1/1/03	\$424,089	\$95,830	\$19,925	\$255,301	100%	100%	100%
1/1/02	\$428,389	\$85,368	\$15,946	\$236,078	100%	100%	100%
1/1/01	\$405,599	\$75,909	\$9,134	\$220,457	100%	100%	100%
1/1/00	\$367,004	\$66,204	\$7,716	\$156,503	100%	100%	100%
1/1/99	\$311,057	\$58,232	\$6,413	\$138,360	100%	100%	100%

SUMMARY OF PLAN PROVISIONS — STATEWIDE DEFINED BENEFIT PLAN

Members Included

Members included are active employees who are full-time salaried employees of a participating municipality or fire protection district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. As of 8/1/2003 the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Compensation Considered

Base salary, including member contributions to the Statewide Defined Benefit Plan which are "picked up" by the employer, longevity, sick and vacation pay, shift differential, and mandatory overtime that is part of the member's fixed periodic compensation.

Normal Retirement Date

A member's Normal Retirement Date shall be the date on which the member has completed at least twenty-five years of credited service and has attained the age of 55.

Normal Retirement Benefit

The annual Normal Retirement Benefit shall be two percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 2.5% for each year thereafter.

The benefit for members of affiliated social security employers will be reduced by the amount of the social security income the member receives annually.

Early Retirement Benefit

A vested member shall be eligible for an Early Retirement Benefit after completion of thirty years of service or attainment of age 50. The Early Retirement Benefit shall be the reduction of the Normal Retirement Benefit on an actuarially equivalent basis. The benefit for members of affiliated social security employers will be reduced by the amount of social security income the member receives annually.

Late Retirement Benefit

The Normal Retirement Benefit for members who continue to work after their normal retirement date will be increased by 2.5% of the member's highest average three years base salary, multiplied by the member's years of service after their Normal Retirement Date.

STATEWIDE DEFINED BENEFIT PLAN

Terminated Vested Benefit

A member who terminates with at least five years of active service may leave his contributions in the fund and when the member attains age 55 be eligible to receive an annual benefit equal to two percent (2%) of the average of his highest three years base salary for each year of credited service up to 10 years plus 2.5% for each year thereafter. In the event that the member dies prior to the commencement of payments, his designated beneficiary shall receive either a refund of member contributions or a joint and survivor annuity payable when the member would have been eligible for a benefit, whichever is greater. If the member's designated beneficiary dies prior to the time the member would have been eligible to receive a benefit, a refund of the member's employee contribution shall be paid to the beneficiary's estate.

The benefit for members of affiliated social security employers will be reduced by the amount of social security income the member receives annually.

Severance Benefits

In lieu of a future pension, a member may upon termination elect to have the member's accumulated contributions refunded in a lump sum. In addition to receiving the accumulated contributions, the member shall receive five percent of the total accumulated contributions as interest.

Cost-of-Living Increases for Benefits in Pay Status

Benefits to members and beneficiaries are increased annually on October 1. The amount of increase is based on the Board's discretion and can range from 0-3%.

Contribution Rates

Members of this fund and their employers are currently each contributing at the rate of 8% of base salary.

Contributions from members and employers of affiliated social security employers are annually set by the Board of Directors.

Stabilization Reserve Account (SRA)

Annually, at the discretion of the Board of Directors, the difference between the combined member/employer contribution and the actuarially determined contribution rate may be allocated to the stabilization reserve account. Amounts set aside in the SRA are allocated to individual accounts for each new hire member. A member may receive the amounts in his individual account only upon election of normal, early, disability, or vested retirement. If the cost of the defined benefit plan exceeds the combined member/employer contribution rate, funds from the SRA will make up the shortfall. If the member quits with less than 5 years of service, the SRA account is forfeited. If a member has less than 5 years of service and dies prior to retirement eligibility, then the SRA would be paid to the member's estate.

Deferred Retirement Option Program (DROP)

A member may elect to participate in the DROP after reaching eligibility for normal, early, disability or vested retirement. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits can be paid as a lump sum, if desired. The member continues contributing 8.0% of pay, which is credited to the DROP. Effective 1/1/03, the member shall self-direct the investments of their DROP funds.

Death Benefits

At the death of the member, the member's beneficiary shall receive the greater of the refund of the member's contributions or the survivor benefit. If the beneficiary dies before the benefit commencement date, the beneficiary's estate will receive a refund of the member's contributions.

Changes in Plan Provisions

The plan provisions have not changed since the prior valuation.

Changes in Actuarial Assumptions

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary scale rate* was increased by 0.25% for all years of service.
- *Inflation* was decreased from 4.0% to 3.5%
- *Pre-retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%.
- *Disability* rates were decreased.
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service.
- *Retirement* rates were decreased from 100% to 50% for ages 55-59.

STATEWIDE DEATH AND DISABILITY PLAN

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number	Annual Payroll (000's)	Annual Average Pay	% Increase in Average Pay
1/1/04	9,669	\$528,557	\$54,665	3.65%
1/1/03	9,462	\$499,043	\$52,742	3.39%
1/1/02	9,177	\$468,169	\$51,015	6.76%
1/1/01	8,949	\$427,649	\$47,787	5.06%
1/1/00	8,629	\$392,479	\$45,484	3.44%
1/1/99	8,443	\$371,257	\$43,972	1.21%

DEVELOPMENT OF ACTUARIAL GAIN OR LOSS - 3% COLA FOR ALL MEMBERS

	Total Present Value of Benefits (1)	Plan Assets (2)	Unfunded Actuarial Accrued Liability (1 - 2)
January 1, 2003	\$ 347,736,398	\$ 218,151,921	\$ 129,584,477
Normal Cost	0	N/A	0
Contributions	0	4,983,442	(4,983,442)
Benefit Payments	(10,796,086)	(10,796,086)	0
Interest on:			
January 1, 2003 Balance	27,818,912	17,452,154	10,366,758
Normal Cost	0	N/A	0
Contributions	0	199,338	(199,338)
Benefit Payments	(431,843)	(431,843)	0
	<u>27,387,069</u>	<u>17,219,649</u>	<u>10,167,420</u>
Expected January 1, 2004	364,327,381	229,558,926	134,768,455
Actual January 1, 2004	351,589,912	212,273,124	139,316,788
Preliminary Gain or Loss	12,737,469	17,285,802	(4,548,333)
Gain due to Assumption Changes*	24,186,762	0	24,186,762
Net Gain or Loss	36,924,231 Gain	17,285,802 Loss	19,638,429 Gain

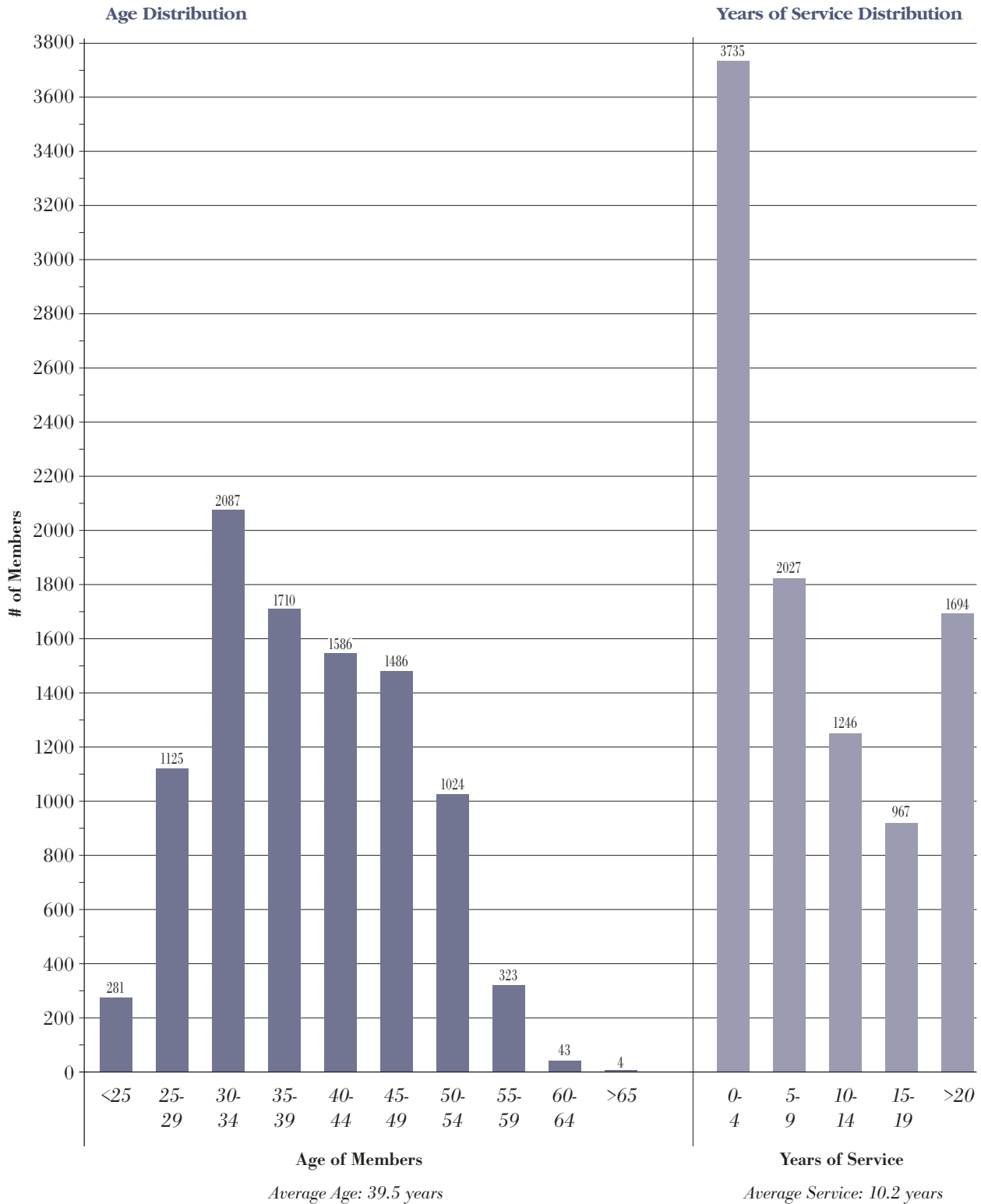
* Includes impact of improved on-duty death benefit.

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/04	45	\$837,778	14	\$204,551	616	\$10,807,344	5.95%	\$17,544
1/1/03	36	\$736,302	13	\$182,056	585	\$10,200,028	11.16%	\$17,436
1/1/02	57	\$980,000	15	\$200,000	562	\$9,175,755	16.81%	\$16,327
1/1/01	52	\$788,000	16	\$118,000	520	\$7,855,192	14.90%	\$15,106
1/1/00	42	\$732,000	16	\$62,000	484	\$6,836,274	10.13%	\$14,125
1/1/99	51	\$651,000	11	\$79,000	458	\$6,207,553	7.87%	\$13,554

STATEWIDE DEATH AND DISABILITY PLAN

AGE AND YEARS OF SERVICE DISTRIBUTION



STATEWIDE DEATH AND DISABILITY PLAN

The Statewide Death and Disability Plan Solvency Test

The FPPA funding objective for the Statewide Death and Disability Plan is to be able to pay the death and disability benefits promised to the members including the granting of an annual cost-of-living increase to all retirees and beneficiaries.

A short-term solvency test is used to check FPPA's funding progress towards its funding objective. In a short-term solvency test, the plan's present assets are compared with: (1) liability for active member contributions on deposit, (2) liability for future benefits to present retired lives, (3) liability for service already rendered by active members.

Expressing the net assets available for benefits as a percentage of the different liability measures provides one indication of the funding status on a going-concern basis. Generally the greater the percentages, the stronger the public employee retirement system.

The schedule below illustrates the progress in funding the various liability measures. As can be seen by the funded percentages, the liabilities continue to be 100% covered by current assets.

Statewide Death & Disability Plan - Solvency Test

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries (000's)	(3) Active Members (Employer Financed Portion) (000's)*	(1)	(2)	(3)
1/1/04	\$212,273	\$0	\$118,710	\$123,256	100%	100%	76%
1/1/03	\$218,152	\$0	\$113,476	\$147,657	100%	100%	71%
1/1/02	\$239,456	\$0	\$104,431	\$135,363	100%	100%	100%
1/1/01	\$240,576	\$0	\$94,161	\$115,073	100%	100%	100%
1/1/00	\$229,537	\$0	\$80,439	\$101,830	100%	100%	100%
1/1/99	\$212,357	\$0	\$79,661	\$100,293	100%	100%	100%

**As of 1/1/97 the Plan is fully funded. The liability reported is the Present Value of all projected benefits, without regard to future cost-of-living increases. Prior to this date, liabilities are reported on the entry age normal actuarial method.*

SUMMARY OF PLAN PROVISIONS — STATEWIDE DEATH AND DISABILITY PLAN

Members Included

Members included are active employees who are full-time salaried employees of a participating municipality or fire protection district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. Former members and beneficiaries of former members who have died or become disabled are also included. As of 8/1/2003, the Plan may include part-time police and fire employees.

Compensation Considered

Base salary, including member contribution to the fund which are "picked up" by the employer, longevity, sick and vacation pay, shift differential, and mandatory overtime that is part of the member's fixed periodic compensation.

Pre-Retirement Death Benefits

If a member dies prior to retirement while off-duty, the surviving spouse shall receive a benefit (including payments made from local defined contribution plans) equal to 40% of the monthly base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children, or if there are three or more dependent children without a surviving spouse. As of October 15, 2002, if a mem-

STATEWIDE DEATH AND DISABILITY PLAN

ber dies prior to retirement while on-duty, the surviving spouse shall receive a benefit equal to 70% of the member's monthly base salary regardless of the number of dependent children. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40% for the first child, and 15% for each additional child, but not greater than 70% total. Benefits will be paid to the spouse until death and to dependent children until death, marriage or other termination of dependency. These benefits are offset by Money Purchase account balances and SRA accounts, converted to annuities.

Disability Benefits

A member who becomes disabled prior to retirement shall be eligible for disability benefits. If the member is totally disabled, he shall receive 70% of his base salary preceding disability. If the member is occupationally disabled and his disability is judged to be a permanent occupational disability, he shall receive 50% of his base salary preceding disability regardless of his family status. If the member is occupationally disabled and his disability is judged to be a temporary occupational disability, he shall receive 40% of his base salary preceding disability regardless of his family status for up to five years. All disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable. Total disability and permanent occupational disability benefits are also reduced by 25% of additional earned income and further offset by the Money Purchase account balances and SRA accounts, converted to annuities. All disability benefits cease if the member recovers from disability.

Cost-of-Living Increases for Benefits in Pay Status

Benefits to members and spouses are increased annually by a percentage to be determined by the Board, but in no case may benefits be increased by more than 3% for any one year. Totally disabled members and their beneficiaries receive an automatic COLA each year of 3%.

Contributions

Members hired after 1996 contribute 2.4% of pay. Either the employer pays the entire 2.4% or it may be split between the employer and the member. Effective 1/1/05, the contribution rate will increase to 2.5% of pay.

Offsets for SRA and Money Purchase

Death and disability benefits are reduced by the actuarially equivalent annuities of the SRA and Money Purchase account balances. A maximum of 16% of the annual Money Purchase contributions apply for this purpose.

Changes in Plan Provisions

The plan provisions have changed to increase the pre-retirement on-duty death benefit up to 70% of base salary.

Changes in Actuarial Assumptions

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary Scale* rate was increased by 0.25% for all years of service.
- *Inflation* was decreased from 4.0% to 3.5%.
- *Pre-Retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%.
- *Disability* rates were decreased.
- The assumed number of total and occupational *Disabilities* were modified.
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service.

AFFILIATED LOCAL PLANS

Note: Data compilation began with the 1/1/96 actuarial valuation. Actuarial studies are completed every other year. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented in this section are indicative only of the overall condition of the system and are not indicative of the status of any one employer.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Participating Employers	Number of Paid and Volunteer Members	Annual Payroll of Paid Members	Annual Average Pay of Paid Members	% Increase in Average Pay
1/1/04	220	5,179	\$70,053,951	\$59,722	48.88%
1/1/02	211	5,652	\$74,373,501	\$40,115	(2.67)%
1/1/00	191	5,687	\$82,304,632	\$41,214	(15.37)%
1/1/98	177	5,278	\$104,552,694	\$48,697	28.83%
1/1/96	154	5,033	\$ 96,013,582	\$37,801	N/A

DEVELOPMENT OF ACTUARIAL GAIN OR LOSS

Note: Data to calculate a gain/loss analysis on all local plans was not available as of the 1/1/04 actuarial valuations.

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/04	N/A	N/A	N/A	N/A	3,440	\$113,510,844	N/A	\$32,997
1/1/02	N/A	N/A	N/A	N/A	2,989	\$110,003,326*	N/A	\$36,803
1/1/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1/1/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1/1/96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Does not include volunteer retirees.

Note: Data to calculate the retirees and beneficiaries added to and removed from payroll on all local plans was not available prior to the 1/1/02 actuarial valuation.

AFFILIATED LOCAL PLANS - SOLVENCY TEST

Valuation Date (000's)	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1) Active Member Contributions (000's)	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion) (000's)*	(1)	(2)	(3)
1/1/04	\$1,642,271	*	*	\$2,160,729	N/A	N/A	76%
1/1/02	\$1,902,729	*	*	\$2,086,914	N/A	N/A	91%
1/1/00	\$1,824,520	*	*	\$1,958,960	N/A	N/A	93%
1/1/98	\$1,466,608	*	*	\$1,814,000	N/A	N/A	81%
1/1/96	\$1,121,445	*	*	\$1,593,928	N/A	N/A	70%

* Included in Column 3

AFFILIATED LOCAL PLANS

SUMMARY OF PLAN PROVISIONS — AFFILIATED LOCAL PLANS

Members Included

The Affiliated Local Plans are for the benefit of three distinct groups. The first of those are fire and police employees of affiliated employers hired prior to April 8, 1978 (Old Hires). The second of those are fire and police employees of affiliated employers hired after April 8, 1978 (Exempt New Hires). The final group is volunteer firefighters of affiliated plans.

Compensation Considered

Base salary, including longevity, sick and vacation pay.

Volunteer members are not compensated. Their benefit is generally based on the total assets in the plan.

Normal Retirement Date

A member's Normal Retirement Date varies with each plan. Several plans are based on the date a member has completed years of credited service, usually 20-25 years. Most plans require the member to complete 20-25 years of credited service and attain the age of 50-55.

Normal Retirement Benefit

The annual Normal Retirement Benefit varies with each plan. The benefit calculation ranges from 50-75% of salary. Several plans offer a lump sum actuarial equivalent benefit.

Volunteer plans offer a flat dollar benefit from \$0 - \$1000 per month.

Deferred Vested Benefit

Some plans allow a member to leave their contributions in the fund and be eligible to receive a vested benefit based on salary times years of credited service at termination, usually with a maximum benefit of 50% of pay. The benefit is payable at normal retirement age, typically age 50 or 55. The minimum eligibility for this benefit is usually 10 or 20 years of service at termination. Most plans do not offer deferred vested benefits.

Volunteer plans offer a flat dollar benefit that ranges from 50-100% of the normal retirement benefit depending on the years of credited service at termination. The benefit is usually payable at age 50.

Severance Benefits

In lieu of a future pension, several plans offer their members upon termination an election to have accumulated contributions refunded in a lump sum. In addition to receiving accumulated contributions, the member may receive interest on the total accumulated contributions. Most plans do not offer severance benefits.

Volunteer plans are restricted by statute and cannot offer severance benefits.

Cost-of-Living Increases for Benefits in Pay Status

Several plans offer a cost-of-living increase to their retirees and beneficiaries. Some only offer an ad-hoc cost-of-living increase. Others offer an escalation benefit based on the rank at which the member retired.

Volunteer plans are restricted by statute and cannot offer a cost-of-living increase.

Contribution Rates

The contribution rate varies for each plan. Paid member rates range from 0-10%.

Volunteer members do not contribute to their plan.

Pre-Retirement Death and Disability Benefits

The paid members are covered by the Statewide Death and Disability Plan.

Some volunteer plans offer a 50% benefit. All volunteer plans are required to pay at least a \$100 lump sum funeral benefit.

AFFILIATED LOCAL PLANS

Post-Retirement Death Benefits

Most plans offer a 50-100% benefit to the surviving spouse until death or remarriage. Some plans also offer actuarially equivalent post-retirement death benefits.

Deferred Retirement Option Plan (DROP)

Several plans allow a member to participate in the DROP after reaching eligibility for normal or delayed retirement. A member can continue to work while participating in the DROP, but must terminate employment within a given time frame, generally between 3-5 years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into DROP. The monthly payments go into the DROP and are accumulated until the member terminates service, at which time the DROP and accumulated benefits can be paid as a lump sum or periodic payments, if desired. The member continues contributing the employee percentage of pay which is credited to the DROP.

Changes in Plan Provisions

The provisions of the local plans will vary from plan to plan, as will the periodic changes made to the plans.

Changes in Actuarial Assumptions

An Actuarial Experience Study was completed in 2004. The following actuarial assumptions were amended and effective on January 1, 2004.

- *Salary Scale* rate was increased by 0.25% for all years of service.
- *Inflation* was decreased from 4.0% to 3.5%.
- *Pre-Retirement Mortality* rates were set back two years, and the load was decreased from .04% to .02%.
- *Disability* rates were decreased.
- *Separation* rates were increased for police members and for fire members with at least four years of service and decreased for fire members with less than four years of service.

The Statistical Section of the FPPA annual report contains a variety of information concerning FPPA's operations including legislative history, member demographics and disbursement of state funds to municipalities.

This information is presented in narrative, graphical and tabular forms which staff hopes will assist individuals desiring a more comprehensive understanding of the Association's functions.

While the material in this section is intended to supplement the independent auditor's report contained elsewhere, none of the information within the Statistical Section has been reviewed or certified as to its accuracy by FPPA's auditors.

HISTORY OF STATE INVOLVEMENT IN FIRE AND POLICE PENSION PLANS

1978

Senate Bill 46 is enacted, adopting the Policemen's and Firemen's Pension Reform Act and creating the Policemen's and Firemen's Pension Reform Commission. It also freezes old hire plan provisions.

1979

Senate Bill 79 results from the activities of the Policemen's and Firemen's Pension Reform Commission created the previous year. S.B. 79 establishes the Fire and Police Pension Association, and creates a new statewide pension plan and the new Statewide Death and Disability Plan.

1983

Senate Bill 64 gives the FPPA Board of Directors authority to lower the statewide plan retirement age to 55 if actuarially supportable, and makes other miscellaneous changes to Part 10.

1987

Senate Bill 18 establishes a Stabilization Reserve Account, gives FPPA the ability to negotiate group retiree health insurance, and makes other miscellaneous changes to Part 10.

1989

House Bill 1196 grants FPPA the authority to administer 457 Deferred Compensation Plans; and House Bill 1033 grants FPPA the authority to administer and manage money purchase plan funds.

1991

House Bill 1015 grants FPPA the authority to modify statewide pension plan benefits and service requirements for normal retirement without prior approval from the legislature. Any modifications must be approved by 65 percent of the active members in the plan and more than 50 percent of the employers having active members covered by the plan.

1993

Senate Bill 142 amends several aspects of the Statewide Death and Disability Plan including clarifying responsibilities of employers to employees found not disabled by the FPPA Board, and lengthens the reexamination and redetermination of disability period from three to five years.

House Bill 1243 authorizes FPPA to establish a Statewide Money Purchase Plan as an alternative to the Statewide Defined Benefit Plan for departments meeting certain criteria.

1995

House Bill 1012 increases the time from three years to five years within which FPPA may investigate a member retired for disability from the Statewide Death and Disability Plan.

Senate Bill 12 grants the FPPA Board the authority to adopt procedural rules in regard to local employers having money purchase plans for their police officers or firefighters and who wish to terminate those plans and cover their members under the Statewide Money Purchase Plan administered by FPPA. Any such election is voluntary and requires the approval of the employer and at least 65% of the members of the local money purchase plan.

Senate Bill 228 accelerates the payments by state and local governments to those "old hire" plans currently receiving state assistance for unfunded accrued liabilities. The bill increases the state's contribution to these plans and establishes a level dollar employer contribution projected to pay off the unfunded liabilities by the year 2009.

1996

House Bill 1016 establishes a separate statutory condition under the Statewide Death and Disability Plan for those members whose disabilities are the result of an on-duty injury or occupational disease.

House Bill 1370 addresses the future funding of benefits provided under the Statewide Death and Disability Plan. It provides that the state will fund the benefits of members hired prior to January 1, 1997, through the payment of a one time lump sum amount of \$39,000,000. For those members hired on or after January 1, 1997, the bill requires funding by the members and/or their employers. On the benefit side, the bill provides a guaranteed cost of living adjustment for those members who are found to be totally disabled. The bill permits an employer, within a limited time window, to withdraw from the Statewide Death and Disability Plan and establish its own disability and survivor benefit plan.

1997

House Bill 1213 authorizes FPPA to offer a supplemental disability benefit program to members of the Statewide Death and Disability Plan.

House Bill 1006 applies the provisions of the Uniform Prudent Investor Act to FPPA with respect to the investment of assets in the Fire and Police Members' Benefit Fund.

House Bill 1022 extends an employer's authority to use excess funds in its old hire fire or police pension plan for other pension and public safety purposes. The bill now permits an employer to utilize excess funds if there are no active members of the plan and the employer takes certain steps to guarantee payment to persons still receiving benefits from the fund.

House Bill 1111 authorizes local boards to increase pension benefits for volunteer firefighters who are already retired.

Senate Bill 81 amends the statute providing for the division of public employees' retirement benefits upon divorce to clarify which legal actions are subject to the statute.

1998

House Bill 1024 authorizes survivors of police and fire members of the Statewide Death and Disability Plan to seek relief from state and federal income taxes when the plan member's death was in the line of duty or the result of an occupational disease. Also, survivors of members who died prior to the effective date of the bill were granted a two-year period to apply to the Board for a "death-in-the-line-of-duty" determination.

1999

Senate Bill 5 mandates that each deferred compensation plan's assets be held for the exclusive benefit of the plan participants. This protection was enacted on the federal level as a part of the Small Business Job Protection Act of 1996. Senate Bill 5 also establishes minimum requirements for ensuring that appropriate investment options are made available to deferred compensation plan participants.

House Bill 1022 updates provisions needed to maintain police and fire pension plans as "qualified plans" under the Internal Revenue Code. These amendments were required by federal tax law in order for employers and employees to continue to benefit from the favorable tax treatment available under these pension plans.

Senate Bill 114 authorizes parties in domestic relations actions to use additional methods for dividing public employee retirement benefits on divorce, legal separation, or declaration of invalidity of marriage.

2000

House Bill 1006 eliminates the possibility of reducing the Separate Retirement Accounts ("SRA's") of members of the SWDB Plan in order to make transfers to the Death and Disability Account for the Statewide Death and Disability Plan (D&D Plan). Such transfers are no longer needed, because the D&D Plan is now fully funded.

House Bill 1022 creates options for increasing contribution rates under the Statewide Money Purchase Plan above the statutory rates of eight percent from the employer and eight percent from the employee.

House Bill 1018 clarifies the standard of care applicable to the FPPA Board with respect to the administration, investment and management of the Fire and Police Members' Money Purchase Plan Benefit fund. The Bill recognizes that the Board was governed by the Uniform Prudent Investor Act only with respect to assets allocated to the Fire and Police Members' Benefit fund, which is an investment alternative for Fire and Police Member's Money Purchase Plan Benefit.

House Bill 1005 gives the FPPA Board discretion to waive the interest charge on delinquent contributions for new accounts in hardship cases.

House Bill 1017 restores the relocated sections of law relating to the FPPA Defined Benefit Plan to statutes addressing the Death and Disability Plan.

2001

House Bill 1011 clarifies certain statutes, expedites processes, standardizes treatment of members, and conforms to state and federal law. Specific changes are as follows:

General

- Amends the definition of employer to include "fire authority".
- Allows the pension boards of local affiliated plans to obtain the names and addresses of retirees from FPPA.

Statewide Defined Benefit Plan

- Clarifies that normal retirement eligibility is age fifty-five with 25 years of service.
- Reduces the penalty for retiring early.
- Allows the designated beneficiary of a member eligible for normal retirement to receive a pension in the event the member dies before electing a payment option.
- Treats electronic fund transfers the same as cashing a check.
- Allows members to defer receipt of benefits to avoid taxation for early withdrawal.
- Provides that a vested single member's estate shall receive the member's separate retirement account, earnings, and member contributions if there is no designated beneficiary.

Statewide Money Purchase Plan

- Expedites the process for participating in the Statewide Money Purchase Plan.

Affiliated Plans

- Clarifies that employers with multiple plans can exercise affiliation options on an individual plan basis.

Statewide Death and Disability Plan

- Eliminates off-sets and reporting requirements for disability recipients for income earned after the calendar year in which a member attains age 55
- Continues benefits for dependent children who have reached age 19 to age 23 if they are in high school or college.
- Allows an incapacitated child who marries to continue to receive benefits.
- Clarifies that all members who become eligible for normal retirement or who reach its age and service equivalent are ineligible for benefits under the plan, and therefore, are not required to contribute to the plan.
- Requires that actuarial reports be generated annually.
- Authorizes the Board to establish rules for the administrative approval of disability applications in order to shorten the processing times.

457 Deferred Compensation Plan

- Authorizes administrative support staff to participate in this supplemental plan as allowed by the IRS.

House Bill 1008 provides a method for calculating the last year's payments made by the state and an employer to each state-assisted old hire pension plan. It also requires an annual actuarial study.

House Bill 1027 increases survivor benefits for a spouse, child or a spouse and child to forty percent. The bill also clarifies the division of benefits between survivors who live in separate households.

2002

Senate Bill 026 — This bill accomplishes the following:

- Creation of a “permanent occupational disability” with a flat 50% of base salary benefit with:
 - No prognosis for improvement
 - No reexamination
 - Regular offsets for SRA and Money Purchase balances and for earned income
- Creation of a “temporary occupational disability” with a flat 40% of base salary benefit with:
 - Periodic reexamination required
 - Board may require treatment, counseling or therapy
 - Burden on the member to show compliance with Board direction and continuing disabling condition
 - 5 year maximum benefit
 - May be upgraded to permanent occupational or total disability
 - No SRA or Money Purchase offsets to benefit
 - Family is eligible for survivor benefits if member dies while on temporary occupational disability
 - If the disability ceases to exist and the member is restored to active service, FPPA will transfer from the death and disability fund the contribution required to fund the defined contribution plan or to fund service credit under the defined benefit plan for period of time the member was on temporary occupational disability (16% per year maximum. If a defined contribution plan’s normal contribution amount is above 16%, the employer will make up the difference.)
 - If the member reaches age and service, including time on disability, under a defined benefit plan while on temporary occupational disability, FPPA will transfer from the death and disability fund the final contributions necessary for member to earn full service credit and the member will be granted a normal retirement in lieu of continued disability retirement (16% per year maximum. If a defined contribution plan’s normal contribution amount is above 16%, the employer will make up the difference.)
- Family option on total and permanent occupational disability to specifically include adult dependent incapacitated children
- Determination of disability can include consideration of any relevant evidence by Board
- Annual cost of living adjustments up to 3% to be determined by the Board with no consumer price index limitation for occupational disability and survivor benefits and an automatic 3% benefit increase for total disability
- Offsets for local SRA’s for total and permanent occupational disability benefits and survivor benefits
- Permanent occupational disability benefit payment options would be the same as total disability benefit payment options
- Statute of Limitations for applying for a disability benefit would be 180 days from the last day on the payroll
- Members can waive their right to reinstatement during application process
- Employers submit statement of reason for service termination with application
- Employers submit statement of additional basis for disability with application
- No earned income offset for total disability
- Five year window for upgrade from occupational disability to total disability begins from date of disablement (last day on payroll)
- Definition of “assigned duties” tightened
- Authority for Board to provide death and disability benefits to members on military service. Costs to be assessed, term of benefits, and offsets for military benefits to be established by rule.
- Line-of-duty death benefit increased to flat 70% of base salary. Supplemental benefit for members eligible for retirement to increase total survivor benefits for line-of-duty death to 70% of base salary.

House Bill 1032 — This bill accomplishes the following:

- Allow purchase of service credit for any public service
- Allow purchase of service credit for private sector service of up to five years, after five years of service credit are earned
- Ease the process for granting service credit for funds rolled over from other eligible retirement plans

House Bill 1036 — This bill accomplishes the following:

- Simplifies method of calculating state matching contribution without changing actual contribution for local volunteer plans
- Increases the minimum state contribution to \$1000 for districts contributing 1/2 mill.

2003

Senate Bill 057 — This bill creates two new defined benefit plan alternatives for police and fire departments with money purchase plans. These departments may re-enter the existing Statewide Defined Benefit Plan or alternatively enter a new Statewide Hybrid Plan. The new Statewide Hybrid Plan offers a combination defined benefit and defined contribution benefit. Existing members of departments re-entering the Statewide Defined Benefit Plan pay an increased contribution rate in order to prevent adverse actuarial impact to existing Statewide Defined Benefit Plan members. This bill also decreased the vesting period for the Statewide Defined Benefit Plan to five

years in order to bring a consistent vesting period to the statewide plans and facilitate the reentry of members from money purchase plans. The cost of lowering the vesting period to 5 years was 0.04% of payroll.

House Bill 1009 — This bill authorizes FPPA to create and implement a Health Care Defined Benefit Plan. FPPA has drafted the plan under Section 401(h) of the Internal Revenue Code. A vote was held in May 2004 of all statewide plan members (Statewide Defined Benefit Plan, Statewide Money Purchase Plan, and Statewide Hybrid Plan). If the vote had passed the membership by 65%, all members of the statewide plans would contribute 1% of their salary. If less than the majority of a department’s members vote in favor of adopting the plan, the employer may elect not to participate in the plan. Neither the state nor employers will have any liability for the plan.

Senate Bill 056— This bill is commonly known as the FPPA Membership Bill. This legislation allows, but does not require, part-time firefighters and police officers to participate in FPPA retirement and disability plans, allows support staff of fire districts to become members of FPPA retirement plans with their department, and allows County sheriff departments to participate in FPPA supplemental social security plans for defined benefits and death and disability. Under the legislation fire and police members of the PERA pension plan would not be eligible to participate in the Statewide Death and Disability Plan because there is no ability to offset benefits. This bill was amended in the House of Representatives to also clarify that the FPPA Board has an obligation to provide documentation regarding state money held by FPPA required by the state auditor in conducting legislative audits.

2004 DISTRIBUTION OF FUNDS DIRECTLY RECEIVED BY THE STATE OF COLORADO

State Funds Allocated to Local Plans to Reduce Unfunded Liabilities

	1999	2000	2001	2002	2003	2004	Total (1980-04)
Aurora Fire	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,502,878
Aurora Police	1,032,476	0	0	0	0	0	9,175,314
Colo Spgs Fire	0	0	0	0	0	0	9,947,115
Colo Spgs Police	646,302	0	0	0	0	0	11,496,947
Denver Fire	9,172,120	9,827,860	9,960,439	9,960,439	0	0	154,587,795
Denver Police	11,604,493	12,434,131	12,601,870	12,601,870	0	0	204,255,738
Grand Jct Fire	314,551	337,039	0	0	0	0	4,589,087
Grand Jct Police	265,881	284,890	288,733	288,733	0	0	4,486,086
Greeley Fire	606,039	649,366	658,126	658,126	0	0	7,801,901
Greeley Police	0	0	0	0	0	0	192,075
Pueblo Fire	890,508	954,172	967,044	967,044	0	0	16,478,133
Pueblo Police	0	0	0	0	0	0	1,699,753
Rocky Ford Fire	10,710	0	0	0	0	0	131,044
Rocky Ford Police	0	0	0	0	0	0	14,005
Lakewood FPD	625,612	670,339	679,382	679,382	0	0	9,584,568
Lamar Fire	0	0	0	0	0	0	23,293
Leadville Fire	0	0	0	0	0	0	44,719
N. Washington FPD	144,430	154,756	156,844	156,844	0	0	2,020,091
All Other	7,957	8,526	8,641	8,641	0	0	4,404,797
Total	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$ 0	\$ 0	\$443,435,339

REVENUES BY SOURCE - ALL PLANS

	1999	2000	2001	2002	2003	2004
Investment Earnings	\$ 396,262,695	(\$95,430,184)	(\$163,249,147)	(\$207,542,363)	\$440,600,246	\$289,287,550
State Funding	27,114,921	27,141,938	27,432,188	28,060,171	2,425,586	1,962,294
Employers	49,636,327	51,028,118	53,003,474	55,686,872	58,278,401	67,491,499
Employees	32,428,830	38,011,053	44,873,291	47,292,635	49,414,320	61,505,739
Affiliations	25,807,791	1,426,317	10,679,999	364,746	3,545,138	21,758,372
<i>Total</i>	<i>\$531,250,564</i>	<i>\$22,177,242</i>	<i>(\$27,260,195)</i>	<i>(\$76,137,939)</i>	<i>\$554,263,691</i>	<i>\$442,005,454</i>

REVENUE ALLOCATION - ALL PLANS

	1999	2000	2001	2002	2003	2004
Additions to Fund Balance	\$412,447,619	(\$114,127,155)	(\$172,154,282)	(\$232,373,436)	\$387,708,585	\$247,094,343
Benefit Payments	101,496,836	112,283,281	125,003,556	133,970,296	142,466,923	150,284,940
Administrative Expense	3,254,498	3,426,968	3,168,290	3,320,776	3,149,814	3,654,837
Refunds & Withdrawals	14,051,611	20,594,148	17,813,389	19,823,566	21,399,602	41,615,028
<i>Total</i>	<i>\$531,250,564</i>	<i>\$22,177,242</i>	<i>(\$26,169,047)</i>	<i>(\$75,258,798)</i>	<i>\$554,724,924</i>	<i>\$442,649,148</i>

EXPENSES BY TYPE - ALL PLANS

	<i>Benefit Payments</i>	<i>Refunds</i>	<i>Administrative Expenses</i>	<i>Capital Expense</i>	<i>Total Expense</i>
2004	\$150,284,940	\$41,615,028	\$3,654,837	\$74,800	\$195,629,605
2003	\$142,466,923	\$21,399,602	\$3,149,814	\$48,797	\$167,065,136
2002	\$133,970,296	\$19,823,566	\$3,320,776	\$55,386	\$157,170,024
2001	\$125,003,556	\$17,813,389	\$3,168,290	\$223,543	\$146,208,778
2000	\$112,283,281	\$20,594,148	\$3,021,351	\$21,471	\$135,920,251
1999	\$101,496,836	\$14,051,611	\$3,047,992	\$71,113	\$118,667,552

Employers of Statewide Defined Benefit Pension Plan Members

Aguilar Police*
 Alma Police*
 Antonito Police
 Arvada FPD
 Aspen FPD*
 Ault Police
 Basalt Police
 Basalt & Rural FPD
 Bayfield Police
 Bennett FPD #7
 Berthoud FPD
 Black Forest FPD
 Blackhawk FPD
 Blanca Police
 Blue River Police*
 Boulder Mountain FA
 Boulder Rural FPD
 Bowmar Police
 Greater Brighton FPD
 Brighton Police
 Brush Police
 Castle Rock Fire
 Center Police
 Central City Fire*
 Cherryvale FPD
 Cimarron Hills FPD
 Clear Creek FA
 Clifton FPD
 Collbran Marshalls*
 Columbine Valley Police
 Copper Mountain Fire
 Cripple Creek Fire
 Cunningham FPD
 Denver Police and Fire
 Dinosaur Police
 Dolores Police*
 Donald Wescott FPD
 Durango Fire & Rescue
 Eads Police
 East Grand FPD #4*
 Eaton FPD
 Elizabeth Police
 Elk Creek FPD
 Empire Police
 Englewood Fire
 Erie Police
 Evans Fire
 Fairmount FPD
 Fairplay Marshalls
 Falcon FPD
 Federal Heights Police & Fire
 Firestone Marshalls
 Foothills Fire & Rescue
 Fort Lupton FPD
 Fowler Police
 Franktown FPD
 Frederick Firestone FPD
 Frisco Police
 Genesee FPD
 Georgetown Police
 Gilcrest Police
 Granada Police
 Grand Valley FPD*
 Greater Eagle FPD
 Green Mountain Falls/
 Chipita Park Fire
 Gypsum FPD
 Hartsel FPD
 Holly Police*
 Hugo Police
 Idaho Springs Police
 Ignacio Police

Jefferson-Como FPD
 Kiowa FPD
 Kremmling FPD*
 La Jara Police
 La Salle FPD
 La Salle Police
 La Veta Police
 Lake Dillon FPD
 Lake George FPD*
 Lakeside Police
 Larkspur FPD
 Las Animas Police
 Leadville Police and Fire
 Lefthand FPD*
 Lochbuie Police
 Log Lane Village Police
 Lone Tree Police
 Los Pinos FPD
 Louisville Fire*
 Lower Valley FPD
 Manassa Police
 Manitou Springs Police and Fire
 Milliken FPD
 Minturn Fire*
 Montrose FPD
 Mountain View FPD
 Mountain View Police
 Northeast Teller County FPD
 North Fork Fire
 North Routt County Fire
 North Washington FPD
 Northwest FPD
 Oak Creek FPD
 Oak Creek Police
 Olathe Police
 Otis Police*
 Pagosa FPD
 Pagosa Springs Police
 Palisade Police and Fire
 Palmer Lake Police
 Paonia Police
 Parachute Police
 Parker Police
 Pierce Police
 Plateau Valley Fire
 Platte Canyon FPD
 Platteville Police
 Platteville/Gilcrest FPD
 Pleasant View Metro Fire
 Pueblo Police and Fire
 Pueblo Rural FPD
 Pueblo West Metro FPD
 Red, White & Blue FPD
 Rifle FPD
 Rye FPD
 Sable-Altura FPD
 Salida Police and Fire
 Saguache Police*
 Sanford Police
 San Luis Police
 Silt Police
 Silverton Police*
 Skyline FPD
 South Adams County FPD
 South Fork Police
 Southern Park County FPD
 Steamboat Springs Fire
 Sterling Police and Fire
 Stratmoor Hills FPD
 Stratton Police
 Telluride FPD
 Thornton Fire
 Tri Lakes FPD
 Trinidad Fire
 Union Colony Fire Rescue
 Upper Pine River FPD
 Westminster Fire

West Routt FPD
 Wheat Ridge FPD
 Wiggins Police
 Windsor-Severance FPD
 Woodland Park Fire*
 Woodmoor-Monument FPD
 Wray Police
 Yuma Police

Employers of Statewide Money Purchase Plan Members

Alma Police*
 Blackhawk Fire
 Blue River Police*
 Boulder Mountain Fire
 Authority*
 Greater Brighton FPD*
 Brush Police*
 Burning Mountain FPD*
 Castle Rock Fire*
 Central City Police and Fire
 Cherryvale FPD
 Clear Creek FA
 Cripple Creek Fire*
 Dinosaur Police*
 Eaton FPD
 Elizabeth FPD
 Elizabeth Police*
 Elk Creek FPD*
 Empire Police*
 Evans Police and Fire
 Fairmont FPD
 Falcon FPD
 Fowler Police*
 Frederick Firestone FPD
 Georgetown Police
 Grand Valley FPD
 Ignacio Police*
 Kiowa FPD
 Kremmling FPD
 Lake George FPD
 Las Animas Police*
 Leadville Fire*
 Lochbuie Police*
 Mountain View FPD
 Mountain Village Police
 Nederland FPD
 Oak Creek Police*
 Palisade Police
 Parker Police
 Salida Fire
 Salida Police
 Snake River FPD
 South Fork Police*
 South Park County FPD*
 Sterling Fire* & Police
 Stratton Police*
 Union Colony Fire Rescue*
 Upper Pine River FPD*
 Wheat Ridge FPD
 Wiggins Police*
 Wray Police

Employers of Affiliated Old Hire Pension Plan Members

Aurora Police and Fire
 Bancroft FPD
 Bowmar Police
 Cañon City Area FPD
 Cedaredge Police
 Cherry Hills FPD
 Colorado Springs

Police and Fire
 Cortez Police
 Del Norte Police
 Denver Police and Fire
 Durango Police and Fire
 Englewood Police and Fire
 Erie Police
 Firestone Marshalls
 Fort Morgan Police
 Grand Junction Police and Fire
 Greeley Police
 Haxtun Police
 Holyoke Police
 La Junta Police and Fire
 La Salle Police
 Lakewood FPD
 Lamar Police and Fire
 Las Animas Police
 Leadville Fire
 Manitou Springs Fire
 Montrose FPD
 Mountain View FPD
 North Washington FPD
 Paonia Police
 Pueblo Police and Fire
 Pueblo Rural FPD
 Rocky Ford Police and Fire
 Salida Police and Fire
 South Adams County FPD
 Springfield Police
 Sterling Police and Fire
 Thornton Fire
 Trinidad Police and Fire
 Union Colony Fire Rescue
 Walsenburg Police

Employers Affiliated for Supplemental Pension and/or Death and Disability Coverage

Akron Police*
 Cedaredge Police
 Debeque Police
 Estes Park Police
 Haxtun Police
 Holyoke Police
 Johnstown Police
 Kremmling Police
 Monument Police
 Springfield Police

Employers Affiliated for Money Purchase Plan Administration

Cañon City Police
 Dacono Police
 North Metro FRD

Employers of Affiliated Exempt New Hires

Colorado Springs
 Police and Fire

Affiliated Volunteer Fire Departments

Alamosa VFD
 Allenspark FPD
 Aspen FPD

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

Employers of Statewide Hybrid Plan

- Arvada FPD
 Brighton Police
 Evans Fire
 Federal Heights Police & Fire
 Montrose FPD
 Trinidad Fire
 Union Colony Fire Rescue
 Westminster Fire

* Currently inactive, with no active members

SCHEDULE OF AVERAGE RETIREMENT BENEFITS PAYABLE

Year Ended	Average Monthly Benefit	Average Age at Retirement	Average Current Age of Retirees	Average Years of Service at Retirement
12/31/2004	\$1,762	52.2	63.9	24.8
12/31/2003	\$1,682	52.1	63.8	24.6
12/31/2002	\$1,668	52.1	63.9	24.3
12/31/2001	\$1,544	52.0	63.8	24.2

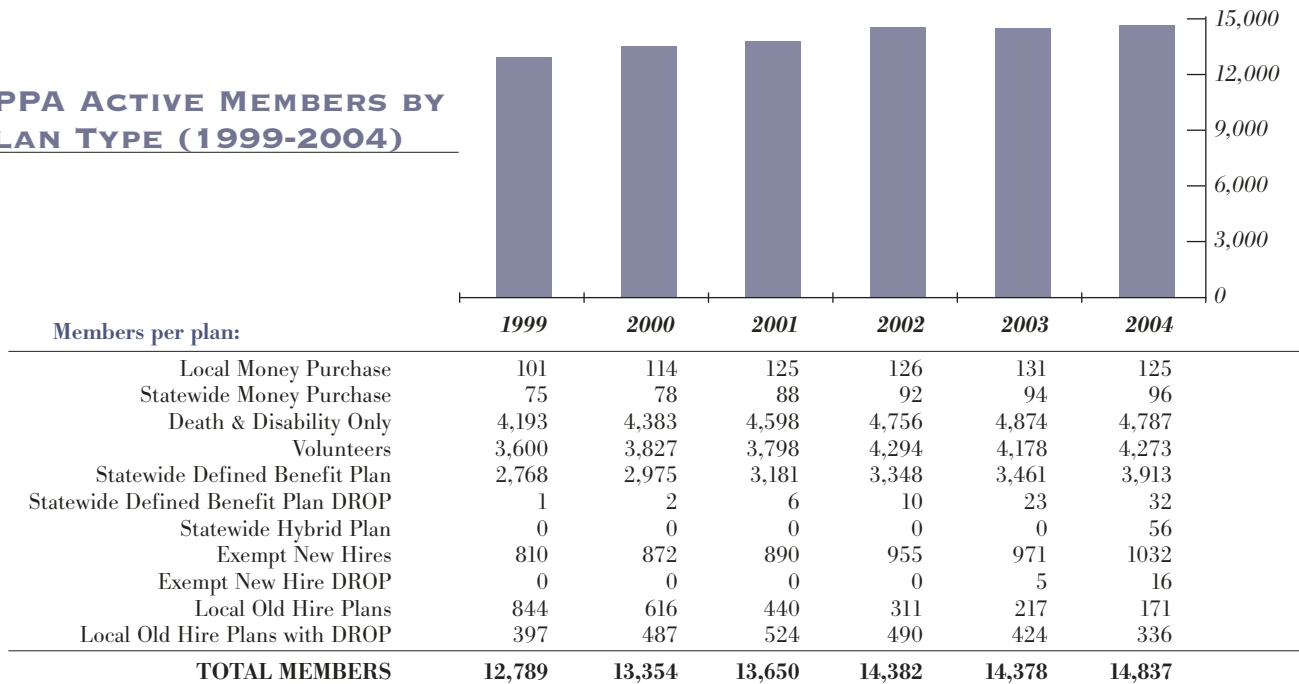
Note: Information not available prior to 12/31/01.

SCHEDULE OF BENEFIT DISBURSEMENTS BY TYPE

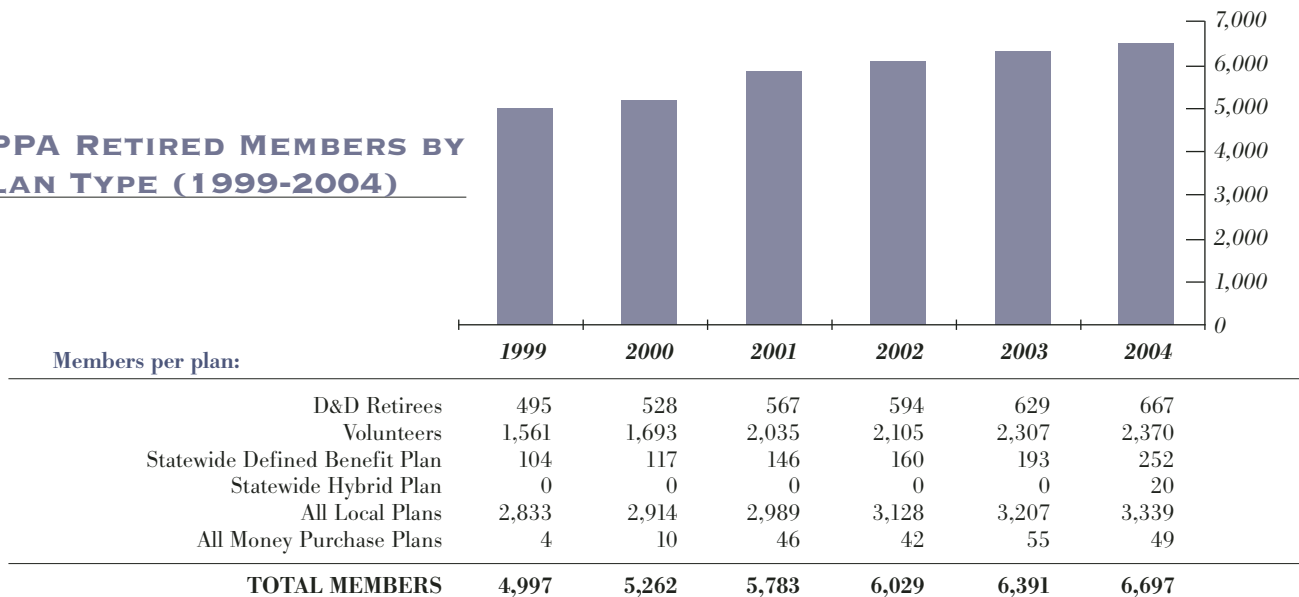
Year Ended	Benefit Payments	Refunds of Contributions	Total
12/31/2004	\$150,284,940	\$41,615,029	\$191,899,969
12/31/2003	\$142,466,923	\$21,399,602	\$163,866,525
12/31/2002	\$133,970,296	\$19,823,566	\$153,793,862
12/31/2001	\$125,003,556	\$17,813,389	\$142,816,945
12/31/2000	\$112,283,281	\$20,594,148	\$132,877,429
12/31/1999	\$101,496,836	\$14,051,611	\$115,548,447

Note: Additional detail by type of disbursement is not available.

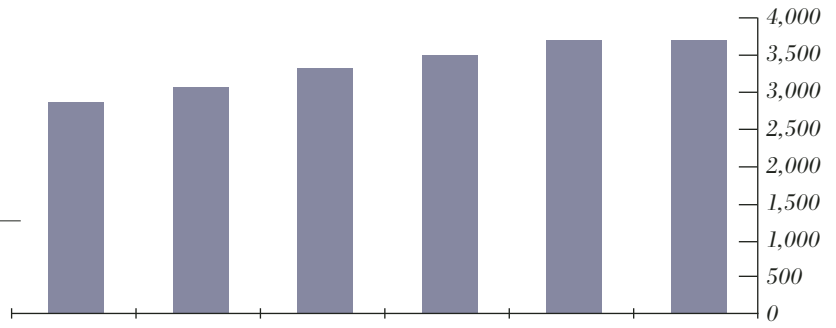
FPPA ACTIVE MEMBERS BY PLAN TYPE (1999-2004)



FPPA RETIRED MEMBERS BY PLAN TYPE (1999-2004)

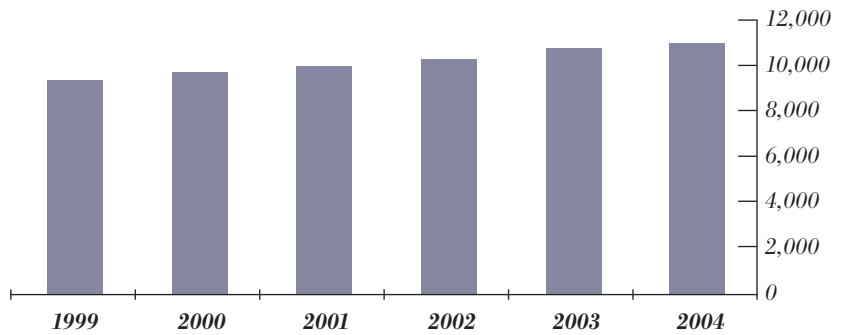


**DEFINED BENEFIT SYSTEM
MEMBERSHIP BY
STATUS (1999-2004)**



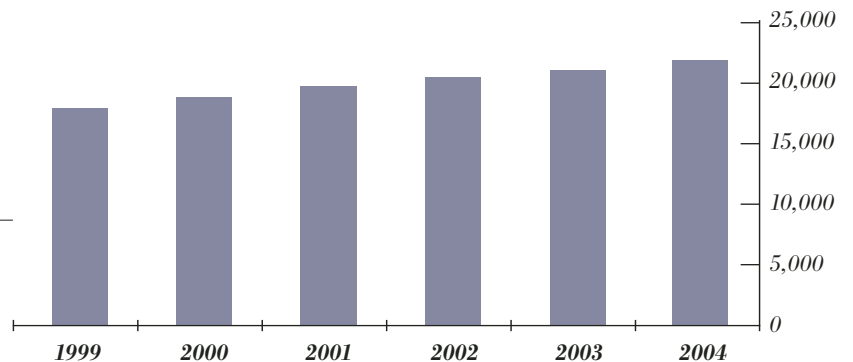
Statewide Defined Benefit Plan:						
	1999	2000	2001	2002	2003	2004
Terminated Vested Retired & Beneficiaries	76	87	103	111	134	176
Non-vested Actives	1,771	1,866	1,986	2,089	1,370	1,547
Partially Vested Actives	995	1,103	1,156	1,213	2,000	2,189
Fully Vested Actives	2	6	45	46	91	177
DROP Actives	1	2	6	10	23	32
Statewide Hybrid Plan:						
Retired, Beneficiaries & Terminated Vested	0	0	0	0	0	20
Non-vested Actives	0	0	0	0	0	48
Partially Vested Actives	0	0	0	0	0	5
Fully Vested Actives	0	0	0	0	0	3
DROP Actives	0	0	0	0	0	0
TOTAL MEMBERS	2,873	3,094	3,339	3,518	3,677	4,273

**DEATH & DISABILITY
PLAN MEMBERSHIP BY
STATUS (1999-2004)**



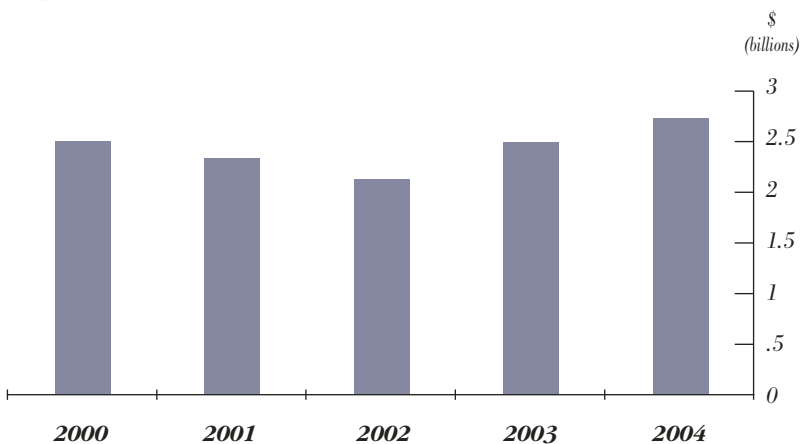
	1999	2000	2001	2002	2003	2004
Disabled Retirees	372	402	430	462	486	512
Beneficiaries	123	126	137	132	143	155
Non-vested Actives	8,739	9,038	9,322	9,585	9,744	10,180
TOTAL MEMBERS	9,234	9,566	9,889	10,179	10,373	10,847

**FPPA ACTIVE AND RETIRED
MEMBERS BY OCCUPATION
(1999-2004)**



	1999	2000	2001	2002	2003	2004
Retired Firefighters	3,152	3,312	3,777	3,943	4,158	4,291
Active Firefighters	7,479	7,909	8,065	8,748	8,732	9,031
Retired Police	1,936	1,976	2,047	2,133	2,232	2,337
Active Police	5,310	5,445	5,585	5,634	5,639	5,801
Retired Administrative	0	0	0	0	1	0
Active Administrative	0	0	0	0	7	5
TOTAL MEMBERS	17,877	18,642	19,474	20,458	20,769	21,465

GROWTH OF TOTAL PENSION FUND ASSETS (2000-2004)



	2000	2001	2002	2003	2004
Revenues/Inflows	\$ 119,947	\$ 138,556	\$ 131,404	\$ 113,663	\$ 152,717
Withdrawals/Outflows	(138,654)	(146,623)	(157,291)	(167,016)	(195,555)
Return on Investments	(97,194)	(165,345)	(206,487)	441,061	289,932
Beginning Asset	2,633,945	2,518,044	2,344,632	2,112,259	2,499,967
TOTAL \$ in thousands (000's)	\$2,518,044	\$2,344,632	\$2,112,258	\$2,499,967	\$2,747,061

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT AS OF DECEMBER 31, 2004

	Monthly Benefit Amount						Total
	<\$500	\$501-1000	\$1001-1500	\$1501-2000	\$2001-2500	>\$2501	
Statewide Death & Disability Plan							
Occupational Disability	32	83	158	138	42	9	462
Occupational Disability-Survivor	15	3	2	0	0	0	20
Total Disability	1	0	6	3	15	25	50
Total Disability-Survivor	3	8	10	9	3	0	33
Survivor of Active	10	5	27	40	13	7	102
*Money Purchase Normal	N/A	N/A	N/A	N/A	N/A	N/A	49
Statewide Defined Benefit Plan							
Retired	9	18	10	11	11	16	75
Vested	13	65	40	15	18	21	172
Retiree-Survivor	0	4	1	0	0	0	5
Statewide Hybrid Plan							
*Money Purchase Only	N/A	N/A	N/A	N/A	N/A	N/A	20
Retired	0	0	0	0	0	0	0
Vested	0	0	0	0	0	0	0
Retiree-Survivor	0	0	0	0	0	0	0
Local Plan							
Disability Retirement	8	12	5	6	63	748	842
Disability-Survivor	4	8	11	176	104	21	324
Retired	1,655	228	45	57	180	1,420	3,585
Survivor	276	50	28	109	57	45	565
Early Retiree	0	0	10	10	27	58	105
Vested	225	31	12	3	0	17	288
Totals	2,251	515	365	577	533	2,387	6,697

VISITATIONS

FPPA representatives visit firefighters and police officers from every department in the State of Colorado on a regular schedule to review and discuss information concerning retirement benefits, disability benefits and survivor benefits, as well as any pending legislation or other related information which could affect benefits.

Following the presentation, FPPA staff meets individually with members and calculates projected retirement benefits for individual members using a computerized program which uses income information provided by the member. A hard copy printout of the projected retirement benefit and other information is then provided to the member at no charge. These meetings are intended to help the members evaluate their retirement readiness and motivate them to save for retirement.

EDUCATIONAL SEMINARS

FPPA holds various educational seminars for its members and their spouses or guests. The goal of these seminars is to assist in the members' overall preparation for retirement, both financially and psychologically. Seminars cover a variety of topics related to life-planning and retirement planning, such as Wills & Estate Planning, Financial Planning, Long-term Care Insurance, Social Security and Medicare, etc.

EMPLOYER SERVICES

FPPA offers a number of services to assist municipalities and fire protection districts in administering pension plans for those police officers and firefighters not covered by the Statewide Defined Benefit, the Statewide Hybrid and Statewide Money Purchase Pension Plans.

Employers who elect to affiliate their local money purchase plans or volunteer fire pension funds with FPPA for investment and management purposes, and those local money purchase plans that elect to enter the FPPA Defined Benefit System can expect competitive rates of return on the invested funds for substantially lower administration costs than are usually available from private pension fund managers. Annual audits of the funds and periodic actuarial studies are also provided.

INTERNET ACCESS

The FPPA Web site at www.FPPACO.org continues to be a useful resource for members and employers alike. The site contains sections for benefit information, forms, publications, rules and statutes, a calendar of events and deadlines, just to name a few. The Web site also contains an Employer's section dedicated to matters of interest to employers of FPPA members. Employers will find forms and news, as well as information about transferring contributions electronically. In addition, there are interactive benefit calculators and e-mail links for direct contact with an FPPA staff member. The site is continually being updated, enhanced and expanded.

457 DEFERRED COMPENSATION PLAN

The FPPA Deferred Compensation Plan is governed by the provisions of Internal Revenue Code Section 457, and is therefore often called a "457 plan." Contributions to the plan consist of employee salary reduction deferrals which are not subject to federal and state income tax withholding.

The FPPA 457 Deferred Compensation Plan offers a convenient way for members to set aside money for future needs—and get a tax break today.

457 Deferred Compensation Plan Advantages to FPPA Members:

- Lower income taxes—money is invested before federal taxes are calculated and withheld
- Choose from a variety of investment options
- Enjoy tax-deferred growth on account earnings
- Invest through convenient payroll deductions
- Investment options that range from conservative to aggressive
- No IRS early distribution penalties apply

EMPLOYERS PARTICIPATING IN FPPA'S 457 DEFERRED COMPENSATION PLAN

Alamosa, City of (Police)	Frederick-Firestone FPD*	Parker FPD
Arvada FPD	Glendale, City of (Police & Fire)	Plateau Valley FPD
Arvada, City of (Police)	Granada, Town of (Police)*	Platte Canyon FPD
Aurora, City of (Police & Fire)	Greeley, City of (Police)	Platteville, Town of (Police)
Basalt & Rural FPD	Green Mountain Falls/Chipita Park FPD*	Poudre Fire Authority
Bennett FPD No 7*	Hartsel FPD	Pueblo Rural FPD
Berthoud FPD	Hugo, Town of (Police)	Pueblo, City of (Police & Fire)
Boulder Rural FPD	Idaho Springs, City of (Police)*	Red, White & Blue FPD
Brighton (Police)*	Ignacio, Town of (Police)*	Sable-Altura FPD*
Brush, City of (Police)	Jefferson-Como FPD	Salida, City of (Police & Fire)
Buena Vista, Town of (Police)	Kremmling FPD	Snake River FPD
Cañon City Area FPD	Lake Dillon FPD	South Adams County FPD
Castle Rock, Town of (Fire)	Lakeside, Town of (Police)*	Southwest Adams County FPD #2*
Cherryvale FPD	Larkspur FPD*	Sterling, City of (Police & Fire)
Cimarron Hills FPD	Lochbuie, Town of (Police)	Stratmoor Hills FPD
Clifton FPD*	Los Pinos FPD	Stratton (Police)
Colorado Springs, City of (Police & Fire)	Loveland, City of (Police & Fire)	Telluride FPD
Columbine Valley, Town of (Police)	Lower Valley FPD*	Tri-Lakes FPD
Cripple Creek, City of (Police & Fire)	Manitou Springs, City of (Police & Fire)	Trinidad, City of (Fire)
Cunningham FPD	Montrose FPD	Union Colony Fire Rescue
Durango Fire & Rescue Authority	Mountain View FPD	Upper Pine River FPD
Eaton FPD*	Mountain Village, Town of (Police)	Vail, Town of (Police and Fire)
Elizabeth FPD	North Metro Fire Rescue Authority	West Routt FPD
Federal Heights, City of (Police & Fire)	North Washington FPD	Wiggins, Town of (Police)*
Firestone, Town of (Police)*	Northeast Teller County FPD	Windsor Severance FPD*
Foothills FPD	Northwest FPD	Woodmoor Monument FPD
Fort Collins, City of (Police)	Pagosa FPD*	Wray, City of (Police)
Fort Lupton FPD	Palisade (Police & Fire)	Yuma, City of (Police)

* currently no participants

457 DEFERRED COMPENSATION PLAN & MONEY PURCHASE PLAN 2004 RATES OF RETURN AND SELECTED MULTI-YEAR AVERAGE RETURNS

	1 year	5 year	10 year	Life of Fund	457 Plan 2004 Year End Balances	Money Purchase Plan 2004 Year End Balances
Fidelity Managed Income Portfolio	4.04%	5.08%	5.51%	5.97%	\$1,697,526	\$2,056,862
Fidelity Diversified International	19.66%	4.11%	13.00%	11.37%	\$1,826,417	\$1,375,256
Fidelity Equity - Income	11.29%	4.31%	11.94%	13.19%	\$2,313,451	\$1,778,971
Fidelity Freedom 2000	4.52%	3.09%	N/A	7.25%	\$29,669	\$336,296
Fidelity Freedom 2005	6.95%	N/A	N/A	8.75%	\$0	\$92
Fidelity Freedom 2010	7.24%	2.41%	N/A	8.59%	\$4,071,714	\$7,288,160
Fidelity Freedom 2015	8.49%	N/A	N/A	10.77%	\$220,127	\$1,145,746
Fidelity Freedom 2020	9.55%	0.81%	N/A	8.73%	\$1,198,957	\$1,195,932
Fidelity Freedom 2025	9.91%	N/A	N/A	12.68%	\$150,859	\$28,551
Fidelity Freedom 2030	10.45%	-0.34%	N/A	8.37%	\$666,436	\$462,163
Fidelity Freedom 2035	10.90%	N/A	N/A	13.93%	\$15,019	\$22,881
Fidelity Freedom 2040	11.32%	N/A	N/A	-2.56%	\$286,655	\$226,601
Fidelity Freedom Income	3.89%	3.85%	N/A	6.09%	\$0	\$4,027,548
Fidelity Growth Company	12.12%	-5.89%	12.57%	14.48%	\$5,802,944	\$3,125,927
Fidelity OTC	8.12%	-8.94%	11.04%	14.50%	\$3,370,157	\$2,461,155
Fidelity Ret Govt MM	1.07%	2.75%	4.06%	4.66%	\$451,680	\$5,188
Fidelity U.S. Bond Index	4.36%	7.76%	7.67%	7.95%	\$914,877	\$917,897
Janus Mid Cap Value	18.36%	17.08%	N/A	19.13%	\$1,236,637	\$908,972
PIMCO Total Return - Administrative Class	5.15%	8.46%	8.54%	8.89%	\$164,379	\$154,364
Spartan U.S. Equity Index	10.73%	-2.43%	11.87%	11.87%	\$2,544,918	\$1,404,819
T. Rowe Price Small Cap Stock	18.77%	10.91%	14.51%	13.74%	\$1,040,957	\$649,091
TOTAL					\$28,003,379	\$29,572,472

OPTIONAL INSURANCE BENEFIT PROGRAMS

FPPA offers retirees a broad range of health, dental, vision and similar type benefits. The list of available benefits is constantly being reviewed, improved and expanded. Some of these benefits are available to members by simply applying for coverage. Others are more restrictive, requiring a review and approval of their current health status by the insurance company.

Some of the benefits listed below can be paid for through deductions from the FPPA pension check. If that is not possible, then members will be expected to pay directly for the benefit selected. In every case, none of these benefits are required. Members must personally select each one.

THE GEMINI GROUP

The Gemini Group serves as FPPA's benefits consultant. The various benefits described in this section have been arranged through Gemini. Members may call them at any time for information and advice. They can also assist members in the insurance application process.

The Gemini Group may be reached in the Denver metro area by calling 303-893-0300 or toll free by calling 888-795-0300. Members of FPPA will be directed to someone at The Gemini Group familiar with the following programs.

RETIREE HEALTH INSURANCE

Retirees Under Age 65

The most costly benefit most members purchase is health insurance. Those under age 65, and not yet eligible for Medicare, are faced with qualifying and paying for an individual health policy. Individual health policies differ from group policies that are supplied through their employer because members must qualify and be approved by the insurance company.

Gemini works with a variety of insurance companies. Each company has developed their own approval criteria. Policies vary in cost based upon a member's age, location, smoking status, gender, and a variety of other factors. The Gemini individual health representatives will shop the market with multiple insurance companies for FPPA members. Members may apply for an individual policy at any time.

Medicare Eligible Retirees (Age 65 And Over)

Members age 65 or older may qualify for Medicare. In the Denver metropolitan area FPPA has a policy issued by PacifiCare. The program is known as Secure Horizons Medicare+ Choice Group Retiree Plan. This plan is an enhancement to Medicare by which PacifiCare is totally responsible to cover your health care costs plus provide additional programs to get you healthy and keep you healthy. PacifiCare has a network of contracting Primary Care Physicians, health care professionals, and Medicare providers. It also includes prescription drugs, and vision care. Premiums are deducted from the member's monthly pension check.

DENTAL INSURANCE

Retirees may choose from two different dental plan options offered by Fortis Benefits. Fortis is a national company providing this group dental benefit to our retirees. They may go to the dentist of their choice anywhere in the U.S. Enrollment is not restricted and members can apply at any time by contacting Gemini or FPPA's Payroll Specialist.

Benefits are available for the member and their spouse and dependents. Prices vary based on which plan is chosen and how many family members are enrolled in the plan. Premiums are deducted from the member's monthly pension check.

VISION INSURANCE

FPPA currently offers two vision programs, Vision Service Plan (VSP) and EyeMed Vision Plan. Members may enroll in these programs at any time. Both VSP and EyeMed have an extensive list of participating doctors from which to choose. Premiums are deducted from the member's monthly pension check.

EyeMed offers a choice of two plans, one is inexpensive with lower benefits. The second plan costs somewhat more each month, but the member then pays less for lenses and frames.

LONG-TERM CARE INSURANCE

There are a variety of policies from quite a range of insurance companies. It is important to carefully review the many options available and be sure and get competent advice before making a decision. Gemini has a long-term care specialist available to help members with the decision.

LIFE INSURANCE

While employed, members have access to an employer-sponsored life insurance. This benefit usually cannot be continued after retirement from active service. Gemini offers a life insurance program that can be tailored to specific individual needs. Smaller policies are available to take care of final expenses. Larger policies are also available. This benefit is available for active members and retirees.

AFLAC SUPPLEMENTAL BENEFITS

We have all seen the duck on TV representing the American Family Life Assurance Company of Columbus (AFLAC). We are now able to offer a few of their products to our members. Traditional insurance pays the health provider, the doctor or hospital. AFLAC pays benefits directly to the member. These benefits can be used to help reduce the financial impact of deductibles, co-pays, and other out-of-pocket expenses while recuperating from the accident or illness. The following is a brief overview of the products available at this time.

Cancer Expense — Helps offset the medical expenses related to cancer treatment.

Intensive Care — Covers confinement in hospital intensive care.

Accident/Sickness/Disability — Helps provide a financial cushion beyond an accident to include sickness, and off-the-job disability riders.

Long-Term Care — Flexibly offers Nursing Home, Assisted Living and Home Health Care options.

Life Insurance — Provides Term or Whole life. Provides a financial cushion in the untimely death of a loved one.

Information on any of these plans is available by calling the Gemini office.

GENERAL CONTACT INFORMATION:

- **The Gemini Group may be reached at 303-893-0300 or toll free at 888-795-0300.**
- **The FPPA Payroll Specialist may be reached at 303-770-3772 or 800-332-3772.**