

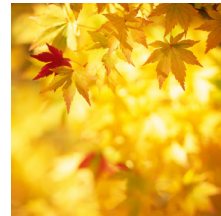
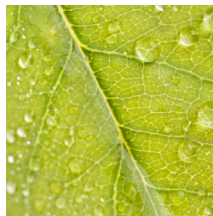
FPPA

Financial Statements

and

Supplementary Information

Year Ending December 31, 2010



The Fire & Police Members' Benefit Investment Fund

including

Affiliated Local Plans
Statewide Death & Disability Plan
Defined Benefit System

The Fire & Police Members' Self-Directed Investment Fund

including

Fire & Police Members' Statewide Money Purchase Plan
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans
457 Deferred Compensation Plan



FPPA

*Fire & Police Pension Association
of Colorado*

*5290 DTC Parkway
Suite 100
Greenwood Village
Colorado 80111*

www.FPPAco.org

*(303) 770-3772
(800) 332-3772 toll free
(303) 771-7622 fax*

Table of Contents

<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	5

Basic Financial Statements

<i>Statement of Plan Net Assets Available for Pension Benefits and Statement of Changes in Plan Net Assets Available for Pension Benefits</i>	14 - 19
<i>Notes to the Financial Statements</i>	20 - 54

Required Supplementary Information (Unaudited)

<i>Schedule of Funding Progress</i>	56
<i>Schedule of Employer and State Contributions</i>	60

Other Supplementary Schedules for Financial Section

<i>Net Assets by Participating Employer</i>	64
<i>Payments to Consultants</i>	71
<i>Schedule of Administrative & Investment Expenses</i>	72

Independent Auditor's Report

Independent Auditor's Report

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

We have audited the accompanying statements of plan net assets available for pension benefits and the related statements of changes in plan net assets available for pension benefits of the Fire and Police Members' Benefit Investment Fund (consisting of the Affiliated Local Plans, the Statewide Death and Disability Plan, and the Defined Benefit System) and the Fire and Police Members' Self-Directed Investment Fund (consisting of the Fire and Police Members' Statewide Money Purchase Plan, the Self-Directed Assets for the Affiliated Local and Defined Benefit System Plans, and the IRC 457 Deferred Compensation Plan) of the Fire and Police Pension Association of Colorado (the "Association") as of and for the year ended December 31, 2010 which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative combined information has been derived from the Fire and Police Pension Association of Colorado's December 31, 2009 financial statements, and in our report dated April 20, 2010, we expressed an unqualified opinion on the respective financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statements of plan net assets available for pension benefits of the Association as of December 31, 2010, and the statements of changes in plan assets available for pension benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2011 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 6 through 11 and the schedule of funding progress and schedule of employer contributions on pages 56 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The other supplementary schedules for financial section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Greenwood Village, Colorado
April 25, 2011

*This page
has been left blank
intentionally.*

Management's Discussion and Analysis

FPPA
 Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is an overview of the financial activities of the Fire & Police Pension Association for the year ended December 31, 2010.

FPPA administers two funds: the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund ("the Funds"). The Fire & Police Members' Benefit Investment Fund includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate Local "Old Hire" police and fire plans, and Volunteer Fire pension plans. The Defined Benefit System comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans.

The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors. The Fire & Police Members' Self-Directed Investment Fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan and the Fire & Police Members' Deferred Compensation Plans. In addition, the Fire & Police Members' Self-Directed Investment Fund includes assets of certain Deferred Retirement Option Plans within the Defined Benefit System and affiliated Local "Old Hire" pension plans. This fund also includes the Money Purchase Component of the Defined Benefit System – Statewide Hybrid Plan and the Separate Retirement Account assets from eligible Defined Benefit System retired members.

Financial Highlights

Plan Net Assets for all plans administered by FPPA increased \$314,956,021 during the calendar year 2010.

Change in Plan Net Assets	
Affiliated Local Plans	\$49,376,508
Statewide Death & Disability Plan	28,009,409
Defined Benefit System	206,480,964
Fire & Police Members' Statewide Money Purchase Plan	932,885
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans	20,257,686
IRC 457 Deferred Compensation Plan	9,898,569
Total Increase in Plan Net Assets	\$314,956,021

For the year ended December 31, 2010, the gross rate of return on the Fire & Police Members' Benefit Investment Fund was 14.26 percent, (13.68 percent, net of fees). Performance for the year ended December 31, 2009 was 20.63 percent (20.06 percent, net of fees). The net investment gain for all of the funds, including the Fire & Police Members' Self-Directed Investment Fund administered by FPPA, for the year ended December 31, 2010 was \$402,065,952 as compared to \$514,312,963 for 2009. The overall financial position of FPPA improved due to a rebound in the performance of the investments in the public and private markets. 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.

FPPA
 Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Net Investment Gain	
Affiliated Local Plans	\$178,133,431
Statewide Death & Disability Plan	33,622,677
Defined Benefit System	165,299,709
Fire & Police Members' Statewide Money Purchase Plan	684,169
Self-Directed Assets for Affiliated Local and Defined Benefit System Plans	16,632,880
IRC 457 Deferred Compensation Plan	7,693,086
Total Net Investment Gain	\$402,065,952

The members of the FPPA Board of Directors serve as the fiduciaries for the Funds and are responsible for the investment of the Funds. They also select the investment options available to self-directed plan members. As fiduciaries, the FPPA Board members are required to discharge their duties in the interest of fund participants and beneficiaries.

The Fire & Police Members' Benefit Investment Fund experienced continued positive performance for the year ended December 31, 2010. Global stock indices were up approximately 14 percent along with U.S. bond indices being up approximately 6 percent for the year (compared to 2009, where global stock indices were up approximately 35 percent along with U.S. bond indices being up 6 percent).

The table below shows the funding ratio (actuarial value of assets divided by actuarial accrued liability) for each of the plans in the Defined Benefit System and the Statewide Death & Disability Plan as of January 1, 2010 and January 1, 2009:

Funding Ratio	1/1/2010	1/1/2009
Statewide Death & Disability Plan	106.3%	106.4%
Defined Benefit System – Statewide Defined Benefit Plan	100.0%	101.0%
Defined Benefit System – Statewide Hybrid Plan	127.0%	128.1%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Police Component	80.0%	78.6%
Defined Benefit System – Colorado Springs New Hire Pension Plan – Fire Component	83.0%	81.8%

Affiliated Local Plans are not listed because the data necessary to calculate a gain/loss analysis on all Local Plans was not available as of the January 1, 2010 actuarial valuations.

FPPA's funding objective for the Fire & Police Members' Benefit Investment Fund is to meet long-term benefit promises through contributions and investment income. The funding ratios listed above give an indication of how well this objective has been met to date. The higher the funding ratio, the better funded the plan is.

FPPA
Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS - *continued*

Overview of the Financial Statements

The management discussion and analysis is intended to serve as an introduction to FPPA's Financial Statements. Below is a short description of the following four components of the Financial Section for FPPA: (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 Funds. The Statement of Plan Net Assets is a snapshot of account balances as of December 31, 2010. This statement reflects the net assets available to pay future pension benefits. The Statement of Changes in Plan Net Assets Available for Pension Benefits reflects all the activities that occurred during the year ended December 31, 2010. This statement shows the impact of those activities as additions and deductions to the Funds.

Notes to the Financial Statements. The notes are an integral part of the financial statements and 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 20-54 of this report.

Required Supplementary Information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions.

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

Comparative Financial Statements

Fire & Police Members' Benefit Investment Fund. The defined benefit plans within this fund provide retirement, survivor and disability benefits to the employees of affiliated employers. Benefits are funded by member, employer and State of Colorado contributions and by earnings on investments.

Fire and Police Members' Self-Directed Investment Fund. The defined contribution plan assets are held for the exclusive benefit of the participants. Benefits are funded by member and/or employer contributions and by earnings on the investments. The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors or investment options available through a Self Directed Brokerage Account administered by FPPA's record keeper.

FPPA
Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Fire & Police Members' Benefit Investment Fund Net Assets	12/31/2010	12/31/2009	% Change
<u>Assets</u>			
Cash and Short Term Investments	\$ 254,585,692	\$ 156,312,008	62.9%
Securities Lending Collateral	174,029,897	126,068,398	38.0%
Total Other Investments	3,022,463,321	2,734,985,131	10.5%
Receivables	101,519,432	116,083,499	(12.5)%
Other Assets	6,611,869	7,195,159	(8.1)%
Total Assets	\$3,559,210,211	\$3,140,644,195	13.3%
<u>Liabilities</u>			
Securities Lending Liabilities	179,689,638	126,068,398	42.5%
Investment and Other Liabilities	243,523,481	162,445,586	49.9%
Total Liabilities	423,213,119	288,513,984	46.7%
Net Assets Available for Benefits	\$3,135,997,092	\$2,852,130,211	10.0%

Fire & Police Members' Self-Directed Investment Fund Net Assets	12/31/2010	12/31/2009	% Change
<u>Assets</u>			
Cash and Short Term Investments	\$ 41,984	\$ 38,100	10.2%
Total Other Investments	247,875,521	216,908,704	14.3%
Receivables	509,438	386,216	31.9%
Total Assets	\$248,426,943	\$217,333,020	14.3%
<u>Liabilities</u>			
Investment and Other Liabilities	4,783	0	100.0%
Total Liabilities	4,783	0	100.0%
Net Assets Available for Benefits	\$248,422,160	\$217,333,020	14.3%

FPPA
Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Fire & Police Members' Benefit Investment Fund Changes in Net Assets	12/31/2010	12/31/2009	% Change
<u>Additions</u>			
Employer contributions	87,316,598	\$ 76,496,179	14.1%
Member contributions	43,887,476	49,093,981	(10.6)%
Affiliations (Withdrawals) *	(678,910)	0	(100.0)%
State contributions	3,078,432	2,908,504	5.8%
Investment Income/Loss	377,055,817	475,008,206	(20.6)%
Securities Lending Income	637,482	1,007,917	(36.8)%
Total Additions	\$511,296,895	\$604,514,787	(15.4)%
<u>Deductions</u>			
Benefit payments	217,548,445	\$196,224,840	10.9%
Refund of contributions	3,765,160	7,548,730	(50.1)%
Administrative costs	6,116,409	5,503,098	11.1%
Total Deductions	\$227,430,014	\$209,276,668	8.7%
Change in Net Assets Available for Pension Benefits	\$283,866,881	\$ 395,238,119	(28.2)%

Fire & Police Members' Self-Directed Investment Fund Changes in Net Assets	12/31/2010	12/31/2009	% Change
<u>Additions</u>			
Employer contributions	\$2,597,439	\$2,575,681	.8%
Member contributions	35,804,293	23,761,351	50.7%
Affiliations **	890,784	26,112,745	(96.6)%
Investment Income/Loss	25,010,135	39,304,757	(36.4)%
Total Additions	\$64,302,651	\$91,754,534	(29.9)%
<u>Deductions</u>			
Refund of contributions	\$32,828,567	\$25,115,660	30.7%
Administrative costs	384,944	326,423	17.9%
Total Deductions	\$33,213,511	\$25,442,083	30.5%
Change in Net Assets Available for Pension Benefits	\$31,089,140	\$66,312,451	(53.1)%

* The net assets of the Fire & Police Members' Benefit Investment Fund decreased by \$678,910 due to the withdrawal of Del Norte Fire Protection District on April 1, 2010.

** The Net Assets of the Fire & Police Members' Self-Directed Investment Fund experienced a large increase in the amount of \$26,112,745 during 2009 due to the affiliation of the Littleton Fire Department. Under C.R.S. § 31-31-1103, an employer who has established a local money purchase plan may elect to cover its members under the Defined Benefit System upon approval by at least sixty-five percent of all active members. In April

FPPA
Fire & Police Pension Association
MANAGEMENT'S DISCUSSION AND ANALYSIS - *continued*

2009, Littleton Fire Department members entered the Defined Benefit System and assets previously held in their local money purchase plan were brought into the Fund. During 2010, \$890,784 in assets were transferred into the Fire & Police Members' Self-Directed Investment Fund. Of this total, \$715,539 was due to the affiliation of Security Fire Protection District in December 2010. The remaining \$175,245 in assets were transferred into the Fund as a result of proceeds related to the Invesco mutual fund SEC settlement. These proceeds were issued to two employer plans affiliated with the Defined Benefit System.

*This page
has been left blank
intentionally.*

Basic Financial Statements

FPPA

Fire & Police Pension Association

STATEMENT OF PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

December 31, 2010, With Comparative Combined Totals For 2009

	TOTAL MEMBERS' BENEFIT INVESTMENT FUND	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010	COMBINED TOTALS 2009
ASSETS				
Cash & Short Term Investments (Note 4)	\$ 254,585,692	\$ 41,984	\$ 254,627,676	\$ 156,350,108
Investments (Note 4)				
Fixed Income	661,550,769		661,550,769	707,153,504
Global Equity	1,786,806,160		1,786,806,160	1,589,482,308
Real Assets	101,998,549		101,998,549	
Real Estate				117,682,670
Absolute Return	13,799,517		13,799,517	
Private Capital	438,542,900		438,542,900	320,666,651
Opportunistic	19,765,426		19,765,426	
Domestic Equity Funds		55,997,023	55,997,023	47,491,400
International Equity Funds		11,793,618	11,793,618	11,924,955
Balanced Funds		93,762,433	93,762,433	78,940,117
Fixed Income Funds		19,328,631	19,328,631	15,984,860
Money Market Funds		30,413,737	30,413,737	31,288,073
Brokeragelink Funds		36,580,079	36,580,079	31,279,297
Securities Lending Collateral	174,029,897		174,029,897	126,068,398
Total Investments	<u>3,196,493,218</u>	<u>247,875,521</u>	<u>3,444,368,739</u>	<u>3,077,962,233</u>
Total Cash and Investments	<u>3,451,078,910</u>	<u>247,917,505</u>	<u>3,698,996,415</u>	<u>3,234,312,341</u>
Receivables				
Other	22,130	4,733	26,863	340,992
Assets Sold-Pending Trades	92,106,307		92,106,307	104,148,109
Contributions	2,160,886	504,705	2,665,591	2,330,002
Accrued Interest and Dividends	7,230,109		7,230,109	9,650,612
Total Receivables	<u>101,519,432</u>	<u>509,438</u>	<u>102,028,870</u>	<u>116,469,715</u>
Properties and Equipment, at Cost, Net of Accumulated Depreciation/Amortization (Note 6)	<u>6,449,109</u>		<u>6,449,109</u>	<u>7,024,787</u>
Other Assets	162,760		162,760	170,372
TOTAL ASSETS	<u>3,559,210,211</u>	<u>248,426,943</u>	<u>3,807,637,154</u>	<u>3,357,977,215</u>
LIABILITIES				
Payables				
Accounts, Employee and Participants Payable	1,733,100	4,783	1,737,883	2,257,765
For Assets Purchased-Pending Trades	241,790,381		241,790,381	160,187,821
Securities Lending Liabilities (Note 4)	179,689,638		179,689,638	126,068,398
TOTAL LIABILITIES	<u>423,213,119</u>	<u>4,783</u>	<u>423,217,902</u>	<u>288,513,984</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 3,135,997,092</u>	<u>\$ 248,422,160</u>	<u>\$ 3,384,419,252</u>	<u>\$ 3,069,463,231</u>

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

FPPA

Fire & Police Pension Association

STATEMENT OF CHANGES IN PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

For The Year Ended December 31, 2010, With Comparative Combined Totals For 2009

	TOTAL MEMBERS' BENEFIT INVESTMENT FUND	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010	COMBINED TOTALS 2009
ADDITIONS				
Contributions (Note 3)				
Employer	\$ 87,316,598	\$ 2,597,439	\$ 89,914,037	\$ 79,071,860
Plan Member	43,887,476	35,804,293	79,691,769	72,855,332
Affiliations (Withdrawals)	(678,910)	890,784	211,874	26,112,745
State Contributions	3,078,432		3,078,432	2,908,504
Total Contributions	<u>133,603,596</u>	<u>39,292,516</u>	<u>172,896,112</u>	<u>180,948,441</u>
Investment Income				
Net Appreciation in Fair Value of Investments	328,164,799	16,732,161	344,896,960	497,934,711
Interest	29,901,228	163,233	30,064,461	13,061,712
Dividends	36,785,866	4,305,201	41,091,067	38,445,823
Other Income	3,809,168		3,809,168	(27,558,981)
Brokeragelink Income		3,809,540	3,809,540	6,807,185
Unrealized (Loss) on Securities Lending	(5,659,742)		(5,659,742)	
Total Investment Income	<u>393,001,319</u>	<u>25,010,135</u>	<u>418,011,454</u>	<u>528,690,450</u>
Less Investment Consulting	217,000		217,000	242,125
Less Investment Management Fees	15,142,901		15,142,901	13,399,161
Less Investment Legal Fees	64,736		64,736	80,396
Less Investment Closing Costs	10,000		10,000	27,398
Less Bank Fees	510,865		510,865	628,407
Net Investment Income	<u>377,055,817</u>	<u>25,010,135</u>	<u>402,065,952</u>	<u>514,312,963</u>
Securities Lending				
Income	615,776		615,776	1,134,317
Borrowers Rebates	156,418		156,418	125,488
Agent Fees	(134,712)		(134,712)	(251,888)
Net Securities Lending Income	<u>637,482</u>	<u>-</u>	<u>637,482</u>	<u>1,007,917</u>
Total Additions	<u>511,296,895</u>	<u>64,302,651</u>	<u>575,599,546</u>	<u>696,269,321</u>
DEDUCTIONS				
Benefit Payments	217,548,445		217,548,445	196,224,840
Refunds of Contributions (including interest earned)	3,765,160	32,828,567	36,593,727	32,664,390
Administrative Costs	6,116,409	384,944	6,501,353	5,829,521
Total Deductions	<u>227,430,014</u>	<u>33,213,511</u>	<u>260,643,525</u>	<u>234,718,751</u>
NET INCREASE IN PLAN NET ASSETS	283,866,881	31,089,140	314,956,021	461,550,570
NET ASSETS AVAILABLE FOR PENSION BENEFITS				
BEGINNING OF YEAR	2,852,130,211	217,333,020	3,069,463,231	2,607,912,661
END OF YEAR	<u>\$ 3,135,997,092</u>	<u>\$ 248,422,160</u>	<u>\$ 3,384,419,252</u>	<u>\$ 3,069,463,231</u>

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

FPPA

Fire & Police Pension Association

STATEMENT OF PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

December 31, 2010

ASSETS	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY	DEFINED BENEFIT SYSTEM	TOTAL MEMBERS' BENEFIT INVESTMENT FUND
Cash & Short Term Investments (Note 4)	\$ 118,973,003	\$ 22,736,971	\$ 112,875,718	\$ 254,585,692
Investments (Note 4)				
Fixed Income	309,155,952	59,082,899	293,311,918	661,550,769
Global Equity	835,010,380	159,579,117	792,216,663	1,786,806,160
Real Assets	47,665,969	9,109,460	45,223,120	101,998,549
Absolute Return	6,448,791	1,232,431	6,118,295	13,799,517
Private Capital	204,939,899	39,166,133	194,436,868	438,542,900
Opportunistic	9,236,780	1,765,245	8,763,401	19,765,426
Domestic Equity Funds				
International Equity Funds				
Balanced Funds				
Fixed Income Funds				
Money Market Funds				
Brokeragelink Funds				
Securities Lending Collateral	81,327,664	15,542,557	77,159,676	174,029,897
Total Investments	1,493,785,435	285,477,842	1,417,229,941	3,196,493,218
Total Cash and Investments	1,612,758,438	308,214,813	1,530,105,659	3,451,078,910
Receivables				
Other	10,342	1,976	9,812	22,130
Assets Sold-Pending Trades	43,043,126	8,225,986	40,837,195	92,106,307
Contributions	255,302	297,152	1,608,432	2,160,886
Accrued Interest and Dividends	3,378,775	645,719	3,205,615	7,230,109
Total Receivables	46,687,545	9,170,833	45,661,054	101,519,432
Properties and Equipment, at Cost, Net of Accumulated Depreciation/Amortization (Note 6)	3,013,798	575,968	2,859,343	6,449,109
Other Assets	76,061	14,536	72,163	162,760
TOTAL ASSETS	1,662,535,842	317,976,150	1,578,698,219	3,559,210,211
LIABILITIES				
Payables				
Accounts, Employee and Participants Payable	809,912	154,783	768,405	1,733,100
For Assets Purchased-Pending Trades	112,993,498	21,594,226	107,202,657	241,790,381
Securities Lending Liabilities (Note 4)	83,972,574	16,048,027	79,669,037	179,689,638
TOTAL LIABILITIES	197,775,984	37,797,036	187,640,099	423,213,119
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,464,759,858	\$ 280,179,114	\$ 1,391,058,120	\$ 3,135,997,092

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

FPPA

Fire & Police Pension Association

STATEMENT OF PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

December 31, 2010

MEMBERS' STATEWIDE MONEY PURCHASE	SELF-DIRECTED ASSETS FOR AFFILIATED LOCAL & DB SYSTEM	IRC 457 DEFERRED COMPENSATION PLAN	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010
\$ 392	\$ 41,592	\$	\$ 41,984	\$ 254,627,676
				661,550,769
				1,786,806,160
				101,998,549
				13,799,517
				438,542,900
				19,765,426
1,591,526	28,505,859	25,899,638	55,997,023	55,997,023
266,601	7,120,969	4,406,048	11,793,618	11,793,618
3,188,078	67,811,032	22,763,323	93,762,433	93,762,433
576,336	14,642,385	4,109,910	19,328,631	19,328,631
132,514	26,719,025	3,562,198	30,413,737	30,413,737
31,406	35,425,702	1,122,971	36,580,079	36,580,079
				174,029,897
<u>5,786,461</u>	<u>180,224,972</u>	<u>61,864,088</u>	<u>247,875,521</u>	<u>3,444,368,739</u>
<u>5,786,853</u>	<u>180,266,564</u>	<u>61,864,088</u>	<u>247,917,505</u>	<u>3,698,996,415</u>
	4,733		4,733	26,863
				92,106,307
22,470	356,573	125,662	504,705	2,665,591
				7,230,109
<u>22,470</u>	<u>361,306</u>	<u>125,662</u>	<u>509,438</u>	<u>102,028,870</u>
				6,449,109
				162,760
<u>5,809,323</u>	<u>180,627,870</u>	<u>61,989,750</u>	<u>248,426,943</u>	<u>3,807,637,154</u>
	4,783		4,783	1,737,883
				241,790,381
				179,689,638
	<u>4,783</u>		<u>4,783</u>	<u>423,217,902</u>
<u>\$ 5,809,323</u>	<u>\$ 180,623,087</u>	<u>\$ 61,989,750</u>	<u>\$ 248,422,160</u>	<u>\$ 3,384,419,252</u>

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

FPPA

Fire & Police Pension Association

STATEMENT OF CHANGES IN PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

For The Year Ended December 31, 2010

	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY	DEFINED BENEFIT SYSTEM	TOTAL MEMBERS' BENEFIT INVESTMENT FUND
ADDITIONS				
Contributions (Note 3)				
Employer	\$ 37,239,905	\$ 10,001,394	\$ 40,075,299	\$ 87,316,598
Plan Member	276,165	2,307,656	41,303,655	43,887,476
Affiliations (Withdrawals)	(678,910)			(678,910)
State Contributions	3,078,432			3,078,432
Total Contributions	<u>39,915,592</u>	<u>12,309,050</u>	<u>81,378,954</u>	<u>133,603,596</u>
Investment Income				
Net Appreciation in Fair Value of Investments	155,439,572	29,340,488	143,384,739	328,164,799
Interest	14,391,064	2,658,356	12,851,808	29,901,228
Dividends	17,526,389	3,275,615	15,983,862	36,785,866
Other Income	1,915,272	318,869	1,575,027	3,809,168
Brokeragelink Income				-
Unrealized (Loss) on Securities Lending	(3,507,482)	(552,022)	(1,600,238)	(5,659,742)
Total Investment Income	<u>185,764,815</u>	<u>35,041,306</u>	<u>172,195,198</u>	<u>393,001,319</u>
Less Investment Consulting	103,854	19,306	93,840	217,000
Less Investment Management Fees	7,247,266	1,347,224	6,548,411	15,142,901
Less Investment Legal Fees	30,982	5,759	27,995	64,736
Less Investment Closing Costs	4,786	890	4,324	10,000
Less Bank Fees	244,496	45,450	220,919	510,865
Net Investment Income	<u>178,133,431</u>	<u>33,622,677</u>	<u>165,299,709</u>	<u>377,055,817</u>
Securities Lending				
Income	287,752	54,989	273,035	615,776
Borrowers Rebates	73,094	13,968	69,356	156,418
Agent Fees	(62,951)	(12,030)	(59,731)	(134,712)
Net Securities Lending Income	<u>297,895</u>	<u>56,927</u>	<u>282,660</u>	<u>637,482</u>
Total Additions	<u>218,346,918</u>	<u>45,988,654</u>	<u>246,961,323</u>	<u>511,296,895</u>
DEDUCTIONS				
Benefit Payments	164,220,145	17,376,644	35,951,656	217,548,445
Refunds of Contributions (including interest earned)	1,823,003	58,440	1,883,717	3,765,160
Administrative Costs	2,927,262	544,161	2,644,986	6,116,409
Total Deductions	<u>168,970,410</u>	<u>17,979,245</u>	<u>40,480,359</u>	<u>227,430,014</u>
NET INCREASE IN PLAN NET ASSETS	49,376,508	28,009,409	206,480,964	283,866,881
NET ASSETS AVAILABLE FOR PENSION BENEFITS				
BEGINNING OF YEAR	1,415,383,350	252,169,705	1,184,577,156	2,852,130,211
END OF YEAR	<u>\$ 1,464,759,858</u>	<u>\$ 280,179,114</u>	<u>\$ 1,391,058,120</u>	<u>\$ 3,135,997,092</u>

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

FPPA

Fire & Police Pension Association

STATEMENT OF CHANGES IN PLAN NET ASSETS AVAILABLE FOR PENSION BENEFITS

For The Year Ended December 31, 2010

MEMBERS' STATEWIDE MONEY PURCHASE	SELF-DIRECTED ASSETS FOR AFFILIATED LOCAL & DB SYSTEM	IRC 457 DEFERRED COMPENSATION PLAN	TOTAL MEMBERS' SELF-DIRECTED INVESTMENT FUND	COMBINED TOTALS 2010
\$ 319,739	\$ 2,277,700		\$ 2,597,439	\$ 89,914,037
312,330	28,407,353	7,084,610	35,804,293	79,691,769
25,671	865,113		890,784	211,874
<u>657,740</u>	<u>31,550,166</u>	<u>7,084,610</u>	<u>39,292,516</u>	<u>3,078,432</u>
				172,896,112
560,150	9,594,861	6,577,150	16,732,161	344,896,960
1,206	124,967	37,060	163,233	30,064,461
119,635	3,171,525	1,014,041	4,305,201	41,091,067
				3,809,168
3,178	3,741,527	64,835	3,809,540	3,809,540
<u>684,169</u>	<u>16,632,880</u>	<u>7,693,086</u>	<u>25,010,135</u>	<u>(5,659,742)</u>
				418,011,454
				217,000
				15,142,901
				64,736
				10,000
				510,865
<u>684,169</u>	<u>16,632,880</u>	<u>7,693,086</u>	<u>25,010,135</u>	<u>402,065,952</u>
				615,776
				156,418
				(134,712)
				637,482
<u>1,341,909</u>	<u>48,183,046</u>	<u>14,777,696</u>	<u>64,302,651</u>	<u>575,599,546</u>
				217,548,445
402,564	27,588,789	4,837,214	32,828,567	36,593,727
6,460	336,571	41,913	384,944	6,501,353
<u>409,024</u>	<u>27,925,360</u>	<u>4,879,127</u>	<u>33,213,511</u>	<u>260,643,525</u>
				314,956,021
932,885	20,257,686	9,898,569	31,089,140	
				3,069,463,231
4,876,438	160,365,401	52,091,181	217,333,020	
<u>\$ 5,809,323</u>	<u>\$ 180,623,087</u>	<u>\$ 61,989,750</u>	<u>\$ 248,422,160</u>	<u>\$ 3,384,419,252</u>

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

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010

NOTE 1: ORGANIZATION

The Fire & Police Members' Benefit Investment Fund was established in 1980 pursuant to the Colorado Revised Statutes of 1973, as amended. (The fund was originally named the Fire & Police Members' Benefit Fund; the name was changed to the Fire & Police Members' Benefit Investment Fund as a result of legislation enacted in 2006.) The "Fire & Police Members' Self-Directed Investment Fund" was created by Colorado House Bill 1059 in 2006. It combined the separate money purchase plan and self-directed plan funds that had been created by prior legislation. The 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. In 2010, legislation was passed to extend the term of the retired member position of the Board to a six-year term. As trustee, the Fire & 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 within the "Fire & Police Members' Benefit Investment Fund" and the "Fire & Police Members' Self-Directed Investment Fund."

The Fire & Police Members' Benefit Investment Fund includes the assets of those plans that fall under the complete investment authority of the FPPA Board of Directors. This fund includes the assets of the Defined Benefit System, affiliated Local "Old Hire" police and fire plans, affiliated Volunteer Firefighter pension plans, and the Statewide Death & Disability plan.

The Fire & Police Members' Self-Directed Investment Fund consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors or investment options available through a Self Directed Brokerage Account administered by FPPA's record keeper. This fund includes the assets in the Fire & Police Members' Statewide Money Purchase Plan and the IRC 457 Deferred Compensation Plan. In addition, this fund includes assets of certain Deferred Retirement Option Plans ("DROP") within the Defined Benefit System and affiliated Local "Old Hire" pension plans. It also includes the Money Purchase component of the Defined Benefit System – Statewide Hybrid Plan and the Separate Retirement Account assets from eligible Defined Benefit System retired members.

The **Affiliated Local Plans** include defined benefit retirement plans for fire and police employees in the State of Colorado hired before April 8, 1978 (Old Hires), provided that such plans have affiliated with FPPA, and the affiliated volunteer fire pension plans in the State of Colorado. This is an agent multiple-employer plan.

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

The **Defined Benefit System** comprises the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and the Colorado Springs New Hire Pension Plans. The Statewide Defined Benefit Plan covers fire and police employees hired in the State of Colorado by affiliated employers 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

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

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 which 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.” Two plans joined the Defined Benefit System as of October 1, 2006. Upon joining the Defined Benefit System, these two plans merged into one plan document but with a fire and police component. The Colorado Springs New Hire Pension Plans cover firefighters and police officers who were hired by the City of Colorado Springs on or after April 8, 1978 but prior to October 1, 2006.

The **Fire & Police Members’ Statewide Money Purchase Plan** is a cost sharing multiple-employer defined contribution plan.

The **Self-Directed Assets for Affiliated Local and Defined Benefit System Plans** include supplemental benefits for the Deferred Retirement Option Plans (“DROP”), the Money Purchase component for the Statewide Hybrid Plan, and the Separate Retirement Account assets from eligible Defined Benefit System retired members

The **IRC 457 Deferred Compensation Plan**, created under Internal Revenue Code Section 457, collects amounts deferred by participants of affiliated employers. The assets are held in trust for the exclusive benefit of participants.

In order to facilitate investing and to reduce operating costs, FPPA pools assets within the Fire & Police Members’ Benefit Investment Fund for investment purposes. Each month shared revenues (i.e. investment income or loss) and shared operating expenses are allocated to each affiliate and to the statewide plans, based upon each plan’s proportionate share of total assets. Assets in the Fire & Police Members’ Self-Directed Investment Fund are excluded from this allocation process.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

B. Reporting Entity

The Governmental Accounting Standards Board has specified the criteria that define a governmental entity for financial reporting purposes. FPPA has considered the possibility of inclusion of additional entities in its comprehensive annual financial

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

report. The definition of the reporting entity is based primarily on financial accountability.

FPPA would be financially accountable for an outside entity if it appointed a voting majority of the organization's governing body and could impose its will on that organization. The same would hold true if FPPA might potentially accrue benefits or incur specific financial burdens on FPPA from an outside entity. Finally, FPPA may 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 carried at fair value using quoted market prices, with the following exceptions:

- Investments in private fund investments are recorded at estimated fair value based on valuations of the underlying investments as reported by the general partner via capital account statements. Capital account statements are typically not received until approximately three months after a valuation date resulting in lagged valuations. FPPA will analyze public market performance and utilize discussions with the general partners to approximate an aggregate change in year-end valuations of its private fund investments. The aggregate change in valuations applied to the 2010 financial statements were a positive \$21,713,840; and
- Funds of hedge funds are valued based upon net asset values provided by each Fund of Hedge Fund's third-party administrator.

Investment transactions are accounted for on the trade date.

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

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

D. Cash and Short Term Investments

Cash and short term investments consist of money market funds, cash and cash equivalents held by money managers, certificates of deposit, short term fixed income securities with maturity of 12 months or less, and demand deposits.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

E. Property and Equipment

FPPA has a \$5,000 capitalization threshold for tangible assets. The capitalization threshold for intangible assets, specifically internal use computer software, is \$100,000. Property and equipment are stated at cost, less any write-downs for impairment in value, and are depreciated/amortized using the straight-line method over estimated lives as follows:

Computer and office equipment	3 - 5 years
Vehicles	5 years
Furniture	10 years
Building and Improvements	5 - 30 years
Tenant Improvements	life of lease
Internal Use Computer Software	7 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 firefighters, contributions of affiliated employers on behalf of their police officers and firefighters, 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 members, 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Actuarially determined future benefit payments require the use of significant estimates. FPPA believes that the techniques and assumptions used in establishing these estimates are appropriate.

I. Reclassification of Prior Year Amounts

The financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FPPA's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Certain amounts in prior-year “Combined Totals” of the financial statements have been reclassified to be consistent with the current year’s presentation.

J. Allocation

Expenses and investments are allocated to each Plan according to its proportionate share of total assets. In the current year, Plan administration costs are included in the Total Increase in Plan Net Assets of the Fire & Police Members’ Benefit Investment Fund.

K. New Pronouncement

The GASB has issued Statement No. 53, “Accounting and Financial Reporting for Derivative instruments.” This statement establishes accounting and financial reporting for derivative instruments. The requirements became effective for FPPA’s financial statement reporting period beginning January 1, 2010. Reporting requirements are addressed in Note 11 of the Financial Statements.

NOTE 3: PLAN DESCRIPTIONS

A. Affiliated Local Plans

1. Plan Description

This is an agent multiple-employer Public Employee Retirement System (PERS). There are 226 local plans affiliated with FPPA. These plans are for the benefit of two distinct groups: 1) fire and police employees of affiliated employers hired prior to April 8, 1978 (Old Hires) and 2) volunteer firefighters of affiliated plans.

The Affiliated Local Plans represent the assets of numerous separate plans that have been pooled for investment purposes. The pension plans (volunteer and paid) represented in the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan “DROP” assets only) have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document and actuarial valuation and is governed by its own local pension board.

2. Contributions and Benefit Provisions

As each affiliated employer has its own plan, there is no uniform amount for either contributions or benefit provisions. There are no paid employees within the volunteer firefighters pension plans and employees do not contribute to their pension plan. The State of Colorado contributes to some of the Affiliated Local Plans as defined in the Colorado Revised Statutes. In 2009, legislation was adopted to defer the State of Colorado contributions for certain affiliated Local “Old Hire” Plans for 2009 through 2011 and resuming in 2012 until 2015.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

3. Membership

The memberships of these groups as of December 31, 2010, are as follows:

Deferred Retirement Option Plan (DROP) Participants - Active Old Hire	72
Retirees and Beneficiaries Currently Receiving Benefits	6,307
Terminated Vested Employees - Entitled To Benefits But Not Yet Receiving Them	294
Current Employees – Active Old Hire	18
Current Volunteers – Active	3,985
Total Members	10,676

4. Funded Status and Funding Progress

Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans' actuarial studies are completed on the odd years and the old hire actuarial pension plans' actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented are indicative only of the overall condition of the system and are not indicative of the status of any one employer. The combined funded status of the Affiliated Local Plans as of January 1, 2010 and January 1, 2009, the most recent actuarial valuation dates, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll for Paid Members (c)	UAAL as a Percentage of Covered Payroll for Paid Members ((b – a) / c)
\$1,618,455,903	\$2,036,107,581	\$417,651,678	79.5%	\$3,483,331	11,990.0%

The funded status of the Affiliated Local Plans has trended unfavorably due to the widespread downturns in the financial markets in 2008 and the level of commitment the State of Colorado is able to maintain toward their required contribution for certain Affiliated Local "Old Hire" Plans. The percentage of covered payroll represented above is a high number due to the few remaining actively paid members in the old hire plans.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Additional information as of the latest actuarial valuation follows:

Valuation Date	1/1/2009 and 1/1/2010
Actuarial Method	Entry Age Normal
Amortization Method	Varies, Major Method is Level Dollar, Open
Amortization Period	Varies, Average is 17.6 years
Asset Valuation Method	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment	0% - 4%
*Includes inflation at	3.5%

For financial reporting purposes, the projection of benefits for the Affiliated Local Plans does not explicitly incorporate the potential effects of the contractual limits on employer contributions, if applicable.

5. Significant Factors Affecting Trends in Actuarial Information

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008 and the deferral of the State contributions for 2009. There were changes to the methods used to determine the smoothed actuarial value of assets and to the method used to determine the amortization period in conjunction with the January 1, 2010 valuations.

The amortization period was changed to be the lesser of 20 years or the average remaining life expectancy of the individual group. The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. Neither change had an impact on the funded status or unfunded liability as of January 1, 2010.

B. Statewide Death & 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 and currently has 372 participating employer plans. Included in that number are 9 contributing employers as of December 31, 2010, who are covered by Social Security and have elected supplementary coverage by the Plan. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

2. Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund 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, began contributing 2.4 percent of payroll to this Plan as of January 1, 1997. The contribution increased to 2.6 percent of payroll as of January 1, 2007. This percentage can vary depending on actuarial experience.

Since the Aggregate Funding Method used in the annual actuarial valuation does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Normal Funding Method for that purpose. As provided on the following pages, the single equivalent amortization period based on the above contribution policy and the entry age normal actuarial cost method is 8.0 years.

3. Benefits

Benefits are established by Colorado statute.

If a member dies prior to retirement while off-duty, the surviving spouse is eligible for a benefit equal to 40 percent of the member's monthly base salary with an additional 10 percent of base salary if a surviving spouse has two or more dependent children. If the member was single at the time of death, but had one or two dependent children, the children are eligible for a benefit equal to 40 percent of base salary. If there are three or more dependent children without a surviving spouse, the children receive an additional 10 percent. As of October 15, 2002, if a member dies prior to retirement while on-duty, the surviving spouse is eligible for a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no surviving spouse but there are dependent children living in the member's household, the children are eligible for a benefit equal to 70 percent of the member's base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child but not greater than the 70 percent total. Benefit eligibility continues until death of the spouse and death, marriage, or other termination of dependency of children.

A member who becomes disabled prior to retirement eligibility may be eligible for disability benefits. If the member is granted a total disability benefit, the member shall receive 70 percent of base salary preceding disability. If the member is granted an occupational disability and the disability is determined to be a permanent occupational disability, he/she shall receive 50 percent of base salary preceding disability regardless of family status. If the member is granted an occupational disability and the disability is determined to be a temporary

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

occupational disability, the member shall receive 40 percent of base salary preceding disability for up to five years regardless of family status.

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

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

4. Membership

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits	853
Active non-vested members	10,903
Total Members	11,756

5. Funded Status and Funding Progress

The funded status of the Statewide Death & Disability Plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Results Using The Aggregate Funding Method					
Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Surplus) / Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
\$266,477,875	\$250,709,436	(\$15,768,440)	106.3%	\$758,113,476	(2.1%)

Since the Aggregate Funding Method presented in the previous chart does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Normal Funding Method for that purpose. The following information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Results using the Entry Age Normal Funding Method						
Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus) / Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)	Equivalent Amortizations Period
\$266,477,875	\$216,103,895	(\$50,373,981)	123.3%	\$758,113,476	(6.6%)	8.0 years

The funded status of the Statewide Death & Disability Plan continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets during 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	1/1/2010
Actuarial Method	Aggregate Funding (1)
Amortization Method	N/A
Amortization Period	N/A
Asset Valuation Method	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment	0% - 3%
*Includes inflation at	3.5%

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

For financial reporting purposes, the projection of benefits for the Statewide Death & Disability Plan does not explicitly incorporate the potential effects of the legal limit on employer contributions.

6. Significant Factors Affecting Trends in Actuarial Information

All of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008 as the plan has had favorable actuarial experience over the last couple of years.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

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 and currently has 213 participating employer plans.

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

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" assets and Separate Retirement Account assets from eligible retired members).

2. Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members of the Statewide Defined Benefit Plan. At present state law requires employers and members to each contribute 8 percent of the members' base salary to the Plan. As of January 1, 2004, employers that affiliate with the Defined Benefit System and have members selecting the Statewide Defined Benefit Plan tier shall contribute a total of 20 percent. The employer specifies how much of the required rate of contribution is paid by the employer and how much by the member. However, the employer and member shall each contribute at least 8 percent. In addition, certain employers who are covered by Social Security have elected to receive supplementary coverage under the statewide plan. Effective January 1, 2007, members currently covered under Social Security were transferred into the new FPPA Supplemental Social Security Program. The new plan is designed to give half the benefit of the Statewide Defined Benefit Plan for half the cost. The employer and member each contribute 4 percent.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

3. Benefits

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 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, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. The annual normal pension is 2 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 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the CPI.

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. Effective July 1, 2010, the Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. For members who are subject to the 20 percent continuing rate of contribution, the Separate Retirement Account contribution rate was set at 3.66 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent 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 remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued**4. Membership**

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits	358
Terminated members entitled to benefits but not yet receiving such benefits	170
DROP Participants	152
Fully Vested	338
Partially Vested	3,467
Non-vested	1,841
Total Members	6,326

5. Funded Status and Funding Progress

The funded status of the Defined Benefit System - Statewide Defined Benefit Plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus) / Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
\$963,500,681	\$963,300,852	(\$199,829)	100.0%	\$363,265,902	(0.1%)

The funded status of the Defined Benefit System – Statewide Defined Benefit Plan continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. In addition, the current contribution levels into the Plan are still adequate to push the trend back into a positive trajectory once the three year smoothing period is over.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Additional information as of the latest actuarial valuation follows:

Valuation Date	1/1/2010
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment	0%
*Includes inflation at	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Statewide Defined Benefit Plan does not explicitly incorporate the potential effects of the legal limit on employer contributions.

6. Significant Factors Affecting Trends in Actuarial Information

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

D. Defined Benefit System – Statewide Hybrid Plan

1. Plan Description

The Plan was established January 1, 2004 as 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 fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. The Plan currently has 25 participating employer plans.

Employers may not withdraw from the Plan once elected. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" and the Statewide Hybrid Plan – Money Purchase Component assets).

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

2. Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. At present, both employers and members are required to contribute 8 percent of the members' salary to the Plan, pursuant to C.R.S § 31-31-1102 (4) (a). Of that 16 percent, 11.5 percent currently (as of July 1, 2010) funds the Defined Benefit Component. If an employer has a higher mandatory contribution rate, the excess funds the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2009 through June 30, 2010 was 11.4%.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions, occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

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

3. Benefits

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

The annual normal pension of the Defined Benefit Component is 1.5 percent 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 annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average 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 becomes available to the member.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

4. Membership

The participating employees (members) of the Plan – Defined Benefit Component and Money Purchase Only Component as of December 31, 2010, are as follows:

Defined Benefit Component: retirees and beneficiaries receiving benefits and terminated members entitled to benefits but not yet receiving such benefits	9
Money Purchase Component: retirees and beneficiaries receiving benefits and terminated members entitled to benefits but not yet receiving such benefits	184
DROP Participants	2
Fully Vested	266
Partially Vested	82
Non-vested	55
Total Members	598

5. Funded Status and Funding Progress

The funded status of the Defined Benefit System - Statewide Hybrid Plan Defined Benefit Component as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus) / Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
\$15,373,546	\$12,107,329	(\$3,266,217)	127.0%	\$9,026,182	(36.2%)

The funded status of the Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. In addition, the current contribution levels into the Plan are still adequate to push the trend back into a positive trajectory once the three year smoothing period is over.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Additional information as of the latest actuarial valuation follows:

Valuation Date	1/1/2010
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment	0%
*Includes inflation at	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Statewide Hybrid Plan Defined Benefit Component does not explicitly incorporate the potential effects of the legal limit on employer contributions.

6. Significant Factors Affecting Trends in Actuarial Information

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

E. Defined Benefit System – Colorado Springs New Hire Pension Plans

1. Plan Description

Two plans joined the Defined Benefit System as of October 1, 2006. They are now one defined benefit plan, but with a fire component and a police component for fire and police employees hired by the City of Colorado Springs on or after April 8, 1978 but prior to October 1, 2006. The plans are closed to new members as of October 1, 2006.

Employers may not withdraw from the Plan once elected. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan "DROP" assets and Separate Retirement Account assets from eligible retired members).

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

2. Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within each plan. At present, the fire plan employer contribution is 15.133 percent of the members' salary and the member portion is 10.0 percent. Effective January 1, 2011, the fire plan employer contribution is 15.095 percent of the members' salary and the member portion is 10.0 percent. For the police plan, the employer contribution for 2010 was 21.284 percent of the members' salary and the member portion was 8.0 percent. Effective January 1, 2011, the employer contribution is 20.906 percent of the members' salary and the employee portion is 8.0 percent.

3. Benefits

Police Component

The Plan document states that any member may retire and be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service.

The annual normal pension equals 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.75 percent for each full year thereafter with a maximum benefit of 75 percent. Cost-of-living-adjustments begin on October 1 immediately before the retiree turns 60, or 10 years after benefits payment commence, whichever is earlier. The amount of the cost-of-living adjustment cannot exceed 3 percent per year subject to limitations linked to the consumer price index.

In addition, upon retirement a participant may receive additional benefits credited to the member's Separate Retirement Account. 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. Effective January 1, 2010, the Separate Retirement Account contribution rate for members of the Police Component was set at 0 percent. This rate will remain the same for calendar year 2011.

A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 45. The early retirement benefit is reduced by 7.5 percent for each year that the member is less than age 50.

Upon termination, a member may elect to have all contributions, along with 5 percent per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 50 equal to 2 percent of the member's final average salary (past 18 months) for each full year of credited

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

service up to ten years plus 2.75 percent for each full year thereafter with a maximum benefit of 75 percent.

Fire Component

The Plan document states that any member may retire and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension is 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.85 percent for each full year thereafter with a maximum benefit of 77 percent. Cost-of-living-adjustments begin on October 1 immediately before the retired firefighter turns 65 or 10 years after benefits payment commence, whichever is earlier. The amount of the cost-of-living adjustment cannot exceed 3 percent per year subject to limitations linked to the consumer price index.

In addition, upon retirement a participant may receive additional benefits credited to the participant's Separate Retirement Account. 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. Effective January 1, 2010, the Separate Retirement Account contribution rate for members of the Fire Component was set at 0 percent. This rate will remain the same for calendar year 2011.

A member is eligible for an early retirement benefit at age 50 and after completion of 20 years of service. The early retirement benefit is reduced by 4.615 percent for each year that the member is less than age 55.

Upon termination, a member may elect to have all contributions, along with 5 percent per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's final average salary (past 18 months) for each full year of credited service up to ten years plus 2.85 percent for each full year thereafter with a maximum benefit of 77 percent.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued**4. Membership**

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits	184
Terminated members entitled to benefits but not yet receiving such benefits	28
DROP Participants	77
Fully Vested	45
Partially Vested	435
Non-vested	268
Total Members	1,037

5. Funded Status and Funding Progress

The funded status of the Defined Benefit System – Colorado Springs New Hire Pension Plans as of January 1, 2010, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Surplus) / Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
Police Component	\$170,960,335	\$213,764,095	\$42,803,760	80.0%	\$35,550,304	120%
Fire Component	\$100,709,022	\$121,361,624	\$20,652,602	83.0%	\$21,535,495	96%

The funded status of the Defined Benefit System – Colorado Springs New Hire Pension Plans continued to decline between the 2009 and 2010 actuarial valuations due to continued recognition of the downturns in the financial markets in 2008. Based on projections from January 1, 2010, it was expected the funded status would continue to trend downward over the next year as the final deferred asset losses from 2008 were recognized in the three year smoothing policy. However, with the over-performance in the financial markets through 2010, it is anticipated that the funded status of the Plan will stabilize around the current levels. The required contribution levels for these Plans are expected to increase as the covered payroll decreases over time.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

Additional information as of the latest actuarial valuation follows:

Valuation Date	1/1/2010
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Amortization Period	28 Years, beginning January 1, 2010
Asset Valuation Method	3 Year Smoothed Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return*	8.0%
Projected Salary Increases*	4.75% - 16.75%
Cost of Living Adjustment	3.0%
*Includes inflation at	3.5%

For financial reporting purposes, the projection of benefits for the Defined Benefit System – Colorado Springs New Hire Pension Plans does not explicitly incorporate the potential effects of the legal limit on employer contributions.

6. Significant Factors Affecting Trends in Actuarial Information

Almost all of the negative trend in the funded status can be attributed to the performance of the financial markets during 2008.

The asset valuation method was changed to remove the corridor and move from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition. This change had no impact on the funded status or unfunded liability as of January 1, 2010.

F. Fire & Police Members' Statewide Money Purchase Plan

1. Plan Description

The Plan is a multi-employer defined contribution (money purchase) pension fund covering full-time employees of participating fire or police districts in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees. The Plan may also include clerical or other personnel from fire districts whose services are auxiliary to fire protection.

The Fire & Police Members' Statewide Money Purchase Plan became effective on January 1, 1995. Participants can choose from various mutual funds offered by an outside money manager. There were 38 contributing employer plans as of December 31, 2010. The Plan assets are included in the Fire & Police Members' Self-Directed Investment Fund.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

2. Contributions and Vesting

Contributions to the Plan are calculated as a percentage of the member's base salary, which is specified by state statute. Current participants contribute 8 percent of salary, which is matched by the employer. Members are always fully vested in their own contributions, and the earnings on those contributions. Vesting in the employer's contributions and earnings on those contributions occurs according to the vesting schedule set by state statute at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

3. Membership

The participating employees (members) of the Plan as of December 31, 2010, are as follows:

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	64
Fully Vested	36
Partially Vested	38
Non-vested Vested	30
Total Members	168

G. Self-Directed Assets for the Affiliated Local and Defined Benefit System Plans

1. Plan Description

Consists of the assets of plans where members control their account by choosing from various mutual fund options selected by the Board of Directors as well as mutual funds or other investments offered through a Self Directed Brokerage Account. The benefits in this group are in the defined benefit plans described above in Note 3.

The Deferred Retirement Option Plan ("DROP") assets which fund a supplemental benefit within the Local "Old Hire" and Defined Benefit System Plans are included in the Fire & Police Members' Self-Directed Investment Fund. In general, the DROP program allows a member to elect to participate in the supplemental benefit after reaching eligibility for normal retirement (and in some cases, early 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

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

member terminates service, at which time the DROP accumulated benefits can be paid as a lump sum, if desired.

Also included is the money purchase component for the Defined Benefit System – Statewide Hybrid Plan. The Plan is described above in Note 3, Section D.

The Separate Retirement Account assets from eligible Defined Benefit System retired members are included in the Fire & Police Members’ Self-Directed Investment Fund. The benefits are described above in Note 3, Sections C and E.

2. Contributions and Vesting

Within the DROP programs, the member continues contributing at the rate described in each plan, which is credited to the DROP. The member is vested 100 percent in their DROP account.

The Defined Benefit System – Statewide Hybrid Plan contributions and vesting are described above in Note 3, Section D.

The Separate Retirement Accounts within the Defined Benefit System are described above in Note 3, Section C and E.

3. Membership

Membership is listed within the defined benefit plans described above in Note 3.

NOTE 4: DEPOSITS AND INVESTMENTS

Under Colorado statutes, FPPA, as trustee of the Fire & Police Members’ Benefit Investment Fund, has complete discretionary authority to invest and reinvest funds of the Fire & Police Members’ Benefit Investment Fund, subject to the prudent investor rule.

FPPA has established a long-range statement of investment objectives and policies for managing and monitoring the Fire & Police Members’ Benefit Investment Fund. The investment objective for the Fire & Police Members’ Benefit Investment Fund is to balance and prudently manage the investment needs (risk and return) of all plans participating in the Fund.

The investment policy also defines the fiduciaries’ responsibilities with respect to the Fire & Police Members’ Benefit Investment Fund, their investment authority under the prudent investor rule, the level of acceptable risk for investments, statutory asset allocation restrictions, investment performance objectives, and guidelines within which outside investment managers may operate.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

A. Cash Deposits and Short Term Investments

Cash deposits and short term investments represent both operating cash accounts held by banks and investment cash on deposit with the investment custodian. The carrying value of cash and short term investments at December 31, 2010, on the Statement of Plan Net Assets Available for Pension Benefits includes deposit and money market funds of \$10,962,776 and short term fixed income securities of \$243,664,900 for a total of \$254,627,676. FPPA considers fixed income securities with a maturity of 12 months or less to be short term investments.

The table below presents FPPA combined total deposits and short term investments as of December 31, 2010.

Deposits with banks and petty cash of \$100	\$10,236,160
Deposits held at bank (uncollateralized, held by FPPA's agent in FPPA's name)	726,616
Short Term Investments (maturity of 12 months or less)	243,664,900
Total Deposits and Short Term Investments	\$254,627,676

B. Investments

The assets of the Fire & Police Members' Self-Directed Investment Fund are invested in commingled mutual fund investment vehicles. These investments at December 31, 2010 are summarized in the following table:

Cash and Short Term Investments	\$ 41,984
Investments	
Domestic Equity Funds	55,997,023
International Equity Funds	11,793,618
Balanced Funds	93,762,433
Fixed Income Funds	19,328,631
Money Market Funds	30,413,737
Brokeragelink Funds	36,580,079
Total Investments	\$247,875,521
Total Cash and Investments	\$247,917,505

In 2010, FPPA changed the classification of target date funds found throughout the various investment categories and consolidated them into the Balanced Funds category listed above.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued

The investments reflected on the Statement of Plan Net Assets Available for Pension Benefits for the Fire & Police Members' Benefit Investment Fund at December 31, 2010 are summarized in the following table:

Cash and Short Term Investments	\$ 254,585,692
Investments	
Fixed Income	661,550,769
Global Equity	1,786,806,160
Real Assets	101,998,549
Absolute Return	13,799,517
Private Capital	438,542,900
Opportunistic	19,765,426
Securities Lending Collateral	174,029,897
Total Investments	\$3,196,493,218
Total Cash and Investments	\$3,451,078,910

In 2010, FPPA incorporated a risk-based approach in the management of the investment portfolio. Investments are now categorized by their primary strategy and risks relative to previous years' disclosures where investments were categorized by security type.

Investments are exposed to various risks including custodial credit risk, credit risk, interest rate risk, and foreign currency risk.

1. Custodial Credit Risk

FPPA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, FPPA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in FPPA's name and are held by either a counterparty or the counterparty's trust department or agent but not in FPPA's name. Investment-related cash deposits are under the custody of The Bank of New York Mellon which has an AA- long-term senior debt credit rating by Standard & Poor's and an Aa2 rating by Moody's and an AA- rating by Fitch. As of December 31, 2010, FPPA had exposure to cash currency deposits in the amount of \$254,585,692 which would be exposed to custodial credit risk since these deposits are not collateralized or insured.

2. Concentration of Credit Risk

FPPA does not have any investments representing five percent or more of the Fire & Police Members' Benefit Investment Fund assets in any single issuer.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued**3. Credit Risk**

Credit risk is the risk that an issuer of a debt instrument will not fulfill its obligations. Although FPPA does not have a specific policy relating to credit risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each fixed income portfolio.

The following table summarizes FPPA's fixed income securities credit quality ratings as of December 31, 2010:

Credit Quality Rating	Fixed Income Portfolio	
	Fair Value	%
Aaa/AAA	\$ 40,175,558	4.39%
Aa/AA	148,712,381	16.23%
A	102,907,582	11.23%
Baa/BBB	54,629,388	5.96%
Ba/BB	26,224,836	2.86%
B	55,120,698	6.02%
Caa/CCC	21,693,328	2.37%
Ca/CC	2,845,569	0.31%
C	818,105	0.09%
D	4,226,173	0.46%
Not Rated	606,760	0.07%
Total Credit Risk Debt Securities	\$ 457,960,378	49.99%
U.S Government and Agency Securities	203,590,391	22.22%
Total Fixed Income Securities	661,550,769	72.21%
Cash	254,585,692	27.79%
Total Fixed Income Investments	\$ 916,136,461	100.00%

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. FPPA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Although FPPA does not have a specific policy relating to interest rate risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each fixed income portfolio.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued

The following table summarizes the effective duration of the FPPA's fixed income portfolios at December 31, 2010:

Security Type	Fixed Income Portfolio	
	Fair Value	Effective Duration
Asset Backed Securities	\$9,867,328	4.87
Puts/Calls/Options	(1,049,162)	(1.74)
Corporate Bonds	284,681,983	4.63
Fixed Income Swaps	25,274,226	0.51
US Financial Futures	322,208	(0.34)
Government & Agency	60,676,078	8.60
Mortgages-Agency	136,321,186	3.94
Mortgages- Non-Agency	22,114,180	2.46
International Bonds	48,790,349	3.61
Revenue Bonds	26,276,969	8.26
TIPS	7,073,071	6.39
Private Placements	40,978,386	5.01
Preferred Stock	223,967	8.02
Cash	254,585,692	0.003
Total	\$916,136,461	3.43

5. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. FPPA's exposure to foreign currency risk derives primarily from its allocations to non-U.S. dollar denominated international equity. Other sources of foreign currency risk are derived from fixed income and alternative investments. Although FPPA does not have a specific policy relating to foreign currency risk, through its Master Statement of Investment Policies and Objectives for the Fund, FPPA has established and monitors specific guidelines regarding the types, exposures and quality of securities within each investment portfolio.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued

The fair value of FPPA's exposure to foreign currency risk at December 31, 2010 is summarized in the following table:

Currency	Cash	Global Equities	Fixed Income	Private Capital	Total
Australian Dollar		\$ 61,838,847	\$ 8,428,555		\$ 70,267,402
Brazilian Real		12,401,443			12,401,443
Canadian Dollar		78,141,313	3,021,090	\$ 7,288,423	88,450,826
Swiss Franc		56,373,701			56,373,701
Chinese Yuan		7,180,130			7,180,130
Danish Krone		8,943,975			8,943,975
Euro Currency	\$ 1,833,298	193,020,158		35,403,824	230,257,280
British Pound	1,231,965	155,589,941		3,070,290	159,892,196
Hong Kong Dollar		32,230,406			32,230,406
Indonesian Rupian		4,367,289			4,367,289
Indian Rupee		7,441,681			7,441,681
Israeli Shekel		5,125,039			5,125,039
Japanese Yen		163,453,277			163,453,277
Korean Won		12,009,851			12,009,851
Mexican Peso		2,901,548			2,901,548
Norwegian Krone		5,431,455			5,431,455
Russian Rouble		1,428,286			1,428,286
Swedish Krona		22,685,888			22,685,888
Singapore Dollar		12,514,867			12,514,867
Thailand Baht		1,404,920			1,404,920
Turkish Lira		3,442,279			3,442,279
Taiwan Dollar		7,222,784			7,222,784
South African Rand		4,683,237			4,683,237
Other (less than \$1 million in holdings)	2,363,454	2,202,525	894,428	356,311	5,816,718
Subtotal	\$ 5,428,717	\$ 862,034,840	\$ 12,344,073	\$ 46,118,848	\$ 925,926,478
U.S. Dollar	249,156,975	924,771,320	649,206,696	392,424,052	2,215,559,043
Grand Total	\$ 254,585,692	\$ 1,786,806,160	\$ 661,550,769	\$ 438,542,900	\$ 3,141,485,521

The above chart excludes the investment classes of real assets, absolute return, opportunistic, securities lending, and the assets of the Fire & Police Members' Self-Directed Investment Fund which are comprised of U.S. dollar based investments.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

C. Securities Lending

Colorado statute allows FPPA to participate in securities lending transactions. FPPA has, via a Securities Lending Authorization Agreement, authorized BNY Mellon Bank to lend the securities it holds as custodian to broker-dealers and banks.

During the year ended December 31, 2010, FPPA received as collateral U.S. and foreign dollar cash, U.S. government securities, foreign sovereign debt and irrevocable bank letters of credit. Borrowers were required to deliver collateral for each loan in amounts equal to 102 percent of the market value of the loaned securities with respect to U.S. securities and 105 percent of the market value of loaned securities with respect to foreign securities. FPPA did not impose any restrictions on the amounts of loans that BNY Mellon Bank made on its behalf. During the fiscal year, FPPA and borrowers maintained the right to terminate all securities lending transactions on demand. The cash or U.S. Government and Agency securities collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders. Maturities of the investments made with cash collateral generally do not match the maturities of securities loans. At December 31, 2010, the fair value of the securities on loan was \$174,723,228 relative to the collateral received of \$179,740,817. The fair value of the invested collateral was \$174,029,897 relative to the securities lending obligations of \$179,689,638. The invested collateral and corresponding obligation are reflected in the Statement of Plan Net Assets Available for Pension Benefits as assets and liabilities, respectively. Due to the decline in the fair value in the invested collateral, the liability represented by the securities lending obligation is greater than the invested collateral. The decline in fair value of the invested collateral as of December 31, 2010 was \$5,659,742 and is reflected in the "Unrealized (Loss) on Securities Lending" line on the Statement of Changes in Plan Net Assets Available for Pension Benefits. The invested collateral securities in this program are typically held to maturity and expected to mature at par.

In accordance with GASB Statement No. 28 *Accounting and Financial Reporting on Securities Lending Transactions*, non-cash collateral of \$51,179 is not reported in the Statement of Plan Net Assets Available for Pension Benefits because FPPA is not permitted to pledge or sell these collateral securities received unless the borrower defaults.

As of December 31, 2010, FPPA had no credit exposure to the collateral held within the securities program because the market value of the collateral exceeded the market value of the securities amount borrowed. The agreement with FPPA's lending agent provides that the lending agent will indemnify FPPA if loaned securities are not returned and FPPA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. FPPA will have credit exposure with respect to investments in debt instruments as part of the securities lending investment pool.

During 2009, FPPA recognized a realized loss of \$690,204 related to exposure in CIT Group, Inc. ("CIT") within the securities lending investment pool. A payable was created which continued to be reduced by net securities lending revenue. The

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

\$275,660 net payable remaining at December 31, 2009, was reduced to \$0 during 2010. As of December 31, 2010, FPPA maintained a net payable of \$3,892,266 related to securities of Lehman Brothers held in the securities lending investment pool. These assets have been segregated into a distinct liquidating trust.

FPPA records its share of lending fees as an expense with a corresponding effect of recognizing security lending income earned.

The following table presents the balances relating to securities lending transactions at December 31, 2010:

Securities Lent	Market Value of Securities on Loan	Collateral Held
Lent for Cash Collateral:		
U.S. Government and Agency Securities	\$ 39,694,825	\$ 40,561,672
Corporate Bonds	22,447,260	23,012,569
Domestic Stocks	86,799,147	89,062,720
International Stocks	25,731,912	27,052,677
Subtotal	\$ 174,673,144	\$179,689,638
Lent for Securities Collateral:		
U.S. Government and Agency Securities	50,084	51,179
Total	\$ 174,723,228	\$ 179,740,817

At December 31, 2010, the fair market value of the invested collateral was \$174,029,897.

D. Interest Income

The Statement of Changes in Plan Assets Available for Pension Benefits for the Fire & Police Members' Benefit Investment Fund reflects interest investment income of \$29,901,228 for the year 2010. Interest income for the Fire & Police Members' Self-Directed Investment Fund totaled \$163,233 for 2010.

NOTE 5: IRC 457 DEFERRED COMPENSATION PLAN

The IRC 457 Deferred Compensation Plan, created under Internal Revenue Code Section 457, collects amounts deferred by participants of affiliated plans and employees of FPPA. The assets are held in trust for the exclusive benefit of participants. Plan participation is voluntary and contributions are separate from the defined benefit or money purchase contributions made to FPPA.

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

All contributions are invested in the Fire & Police Members' Self-Directed Investment Fund. This plan allows employees to defer a portion of their salary until future years. Participants in the plan are allowed to transfer account balances among a variety of investment funds, or change the contribution percentages designated to each fund on a daily basis. The core investment funds are: Fidelity Freedom 2000 Fund, Fidelity Freedom 2005 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2015 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2025 Fund, Fidelity Freedom 2030 Fund, Fidelity Freedom 2035 Fund, Fidelity Freedom 2040 Fund, Fidelity Freedom 2045 Fund, Fidelity Freedom Income Fund, Fidelity Retirement Government Money Market Portfolio, Managed Income Portfolio, Fidelity U.S. Bond Index Fund, PIMCO Total Return Fund - Institutional Class, Pax World Balanced Fund - Institutional Class, American Beacon Large Cap Value Fund - Institutional Class, Spartan Total Market Index Fund - Investor Class, Spartan 500 Index Fund - Investor Class, Fidelity Growth Company Fund, Perkins Mid Cap Value Fund, Artisan Mid Cap Fund – Investor Class, Dreyfus Boston Company Small Cap Value Fund, and Fidelity Diversified International Fund. In addition, participants may utilize a Self Directed Brokerage Window. 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. As of December 31, 2010, there were 2,057 participants with account balances within the plan.

In 2010, participants could contribute \$16,500 into the plan. Catch-up contributions up to \$5,500 in 2010 were allowed for participants who had attained age 50 before the close of the plan year. As an alternative to the age 50+ catch-up provisions, participants could defer up to twice the contribution limit in a given year for the three years prior to normal retirement age if the maximum contributions have not been made previously. If the "double limit" or Enhanced Contribution Limit is used, the participant cannot use the age 50+ catch-up provision with the same year. A participant may trigger the Enhanced Contribution Limit by electing a normal retirement age. "Normal Retirement Age" means age 70 ½ or some other earlier age specified in writing by the participant. In no event shall normal retirement age be earlier than the earliest date at which one may retire under the employer's basic pension plan without the employer's consent and receive immediate retirement benefits, without incurring an actuarial or similar reduction in benefits. The Enhanced Contribution Limit is available to a participant only during one three-year period. If a participant uses the Enhanced Contribution Limit and then postpones normal retirement age or returns to work after retiring, the limitation shall not be available again before a subsequent retirement.

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, FPPA has modified its trust agreement with respective affiliates to place this plan's activity within the Fire & Police Members' Self-Directed

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - continued

Investment Fund for the purposes of financial statement presentation. Fund balance reserved for withdrawals at December 31, 2010 is \$61,989,750.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2010, is comprised of the following:

General Assets	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<i>Nondepreciable Assets:</i>				
Land	\$ 1,937,742			\$ 1,937,742
<i>Depreciable Assets:</i>				
Building & Improvements	1,715,732	\$126,110		1,841,842
Equipment	684,902	75,939		760,841
Intangible Assets (Internally generated computer software)	4,698,629			4,698,629
Totals at Historical Cost	\$ 9,037,005	\$ 202,049	\$0	\$ 9,239,054
<i>Less Accumulated Depreciation/Amortization for:</i>				
Building & Improvements	(1,282,175)	(85,795)		(1,367,970)
Equipment	(674,107)	(20,699)		(694,806)
Intangible Assets (Internally generated computer software)	(55,936)	(671,233)		(727,169)
Total Accumulated Depreciation	(2,012,218)	(777,727)		(2,789,945)
Total Net Assets	\$ 7,024,787	\$ (575,678)	\$0	\$ 6,449,109

Land, Building, and Improvements are held as an operating asset and not held within the Fire & Police Members' Benefit Investment Fund. Depreciation/Amortization Expense for 2010 totaled \$777,727.

NOTE 7: RISK MANAGEMENT

FPPA 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 8: EMPLOYEE RETIREMENT PLAN**A. Plan Description**

FPPA 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,

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

annual increases, and death benefits for members or their beneficiaries. All employees of FPPA are members of SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, authorizes the Colorado Legislature to establish benefit provisions. 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 303-837-6250 within the Denver metro area.

B. 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.

C. Funding Policy

Plan members and FPPA are required to contribute at a rate set by statute. The contribution requirements of plan members and FPPA are established under Title 24, Article 51, Part 4 of the CRS, as amended. Members contribute 8.0 percent of covered salary and FPPA contributes 13.85 percent of covered salary. The passage of Senate Bill 10-146 in 2010 affected the contribution rates for PERA covered employees, including FPPA staff members, by temporarily reducing the employer contribution rate by 2.5 percent and temporarily increasing the employee contribution rate by 2.5 percent for the State's fiscal year beginning July 2010 through June 2011. The FPPA Board of Directors passed Resolution No. 2010-3 which allowed for the continued payment of the full 13.85 percent contribution level by FPPA, in lieu of passing the additional 2.5 percent of covered salary on to plan members.

A portion of FPPA's contribution is allocated for the Health Care Fund. FPPA's contributions to SDTF for the years ending December 31, 2010, 2009, and 2008 were \$386,496, \$333,756, and \$298,572, respectively, equal to the required contributions for each year.

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

FPPA administers a single-employer defined benefit healthcare plan ("FPPA Staff Healthcare Subsidy Plan"). The plan provides a healthcare premium subsidy to all full time employees who leave FPPA and have completed at least ten years of service with the FPPA. Currently, 16 employees meet those eligibility requirements and 3 are receiving a benefit. The program began in March 1993.

B. Benefit provisions

FPPA provides a health care premium subsidy to eligible retirees. The subsidy period is limited to the number of years actually worked at FPPA and further limited to the

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

maximum subsidy paid by the Public Employees Retirement Association of Colorado (PERA). The subsidy is \$11.50 per month for each year of PERA covered service with a maximum of 20 years. This amount decreases to \$5.75 per month for each year of PERA covered service when the beneficiary becomes Medicare eligible. Currently, the maximum subsidy paid by PERA is \$230 per month pre-Medicare and \$115 per month Medicare-covered. The PERA subsidy can be increased by an act of the Colorado General Assembly. The retiree health plan does not issue a publicly available financial report.

C. Funding Policy

FPPA applies alternative measurement methods instead of obtaining actuarial valuations due to the small size of this plan. As of 2010, FPPA is funding this plan by taking the projected liability (\$240,355 as of 12/31/2010) less the unsmoothed market value of assets (\$136,612 as of 10/31/2010) and amortizing this over 10 years at the FPPA 8% actuarial rate. Based on this calculation, FPPA contributed \$14,316 in 2010. FPPA has provided contributions to the Plan in excess of the annual Other Post Employment Benefits (OPEB) cost, and therefore the Net OPEB obligation is zero.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

A. Plan Description

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

The VIP is funded by member contributions. The maximum contribution level is set by the Internal Revenue Service and changes annually. No employer contributions are required. The VIP member contributions from FPPA employees for the year ended December 31, 2010 was \$76,814.

NOTE 11: DERIVATIVE INSTRUMENTS

Effective January 1, 2010, FPPA adopted GASB Statement No. 53 ("GASB 53"), Accounting and Financial Reporting for Derivative Instruments. The implementation of GASB 53 had no impact on the financial statements ending December 31, 2010, as the derivative instruments were recorded at fair value with the financial statements.

A. Forward Foreign Exchange Contracts

Through its various money managers, FPPA may enter into forward foreign exchange contracts to hedge against changes in currency prices relative to the U. S. dollar. 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

FPPA

Fire & Police Pension Association

NOTES TO THE FINANCIAL STATEMENTS – December 31, 2010 - *continued*

and carry counterparty risk. Forwards are usually transacted over the counter (OTC) 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. As of December 31, 2010, the total portfolio had less than -.01% net exposure to forward foreign exchange contracts. The fair market value of exposure was comprised of \$40,490,487 in payables and \$40,317,213 in receivables, for a net exposure of (\$173,274).

B. Equity Index Futures

FPPA through its various managers has invested in equity index futures. These future positions are used solely to provide liquidity and market exposure.

FPPA utilizes an Exposure Manager to temporarily rebalance the portfolio via the use of derivatives contracts, primarily index futures. Derivatives contracts can be used to approximate the benchmarks of underlying managers or asset classes. An Exposure Manager may also be utilized to create equity exposure up to the amounts of cash held within the accounts of FPPA's domestic and international equity managers. As of December 31, 2010, the total portfolio had less than .01% net exposure to equity index futures. The fair market value of exposure was comprised of \$47,226 in payables and \$268,291 in receivables, for a net exposure of \$221,066.

C. Financial Futures, Options

FPPA, 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 Eurodollar 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. As of December 31, 2010, the total portfolio had 2.85% net exposure financial futures. The fair market value of exposure was comprised of \$28,566,952 in payables and \$117,503,374 in receivables, for a net exposure of \$88,936,422.

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 Fire & Police Members' Benefit Investment Fund. FPPA has invested in certain limited partnerships and private fund investments. As part of these investments, FPPA has agreed to contribute additional funds at various times. At December 31, 2010, FPPA had committed approximately \$382.4 million in additional funds to these investments.

Required
Supplementary
Information

FPPA

Fire & Police Pension Association

SCHEDULE OF FUNDING PROGRESS (Unaudited)

December 31, 2010

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability
Defined Benefit System - Statewide Defined Benefit Plan				
2010	1/1/2010	\$ 963,500,681	\$ 963,300,852	\$ (199,829)
2009	1/1/2009	856,090,014	847,821,122	(8,268,892)
2008	1/1/2008	950,114,346	795,499,983	(154,614,363)
2007	1/1/2007	801,426,848	654,097,657	(147,329,191)
2006	1/1/2006	681,193,087	569,819,934	(111,373,153)
2005	1/1/2005	557,949,693	495,915,617	(62,034,076)
2004	1/1/2004	473,006,658	426,673,675	(46,332,983)
2003	1/1/2003	424,088,589	371,056,405	(53,032,184)
2002	1/1/2002	428,388,591	337,391,594	(90,996,997)
2001	1/1/2001	405,598,652	305,500,209	(100,098,443)

Defined Benefit System - Statewide Hybrid Plan

2010	1/1/2010	\$ 15,373,546	\$ 12,107,329	\$ (3,266,217)
2009	1/1/2009	13,642,709	10,648,712	(2,993,997)
2008	1/1/2008	14,075,984	9,774,906	(4,301,078)
2007	1/1/2007	9,624,239	6,299,422	(3,324,817)
2006	1/1/2006	7,998,356	5,366,912	(2,631,444)
2005	1/1/2005	5,040,067	4,035,894	(1,004,173)

The first actuarial valuation completed on the Defined Benefit System- Statewide Hybrid Plan was in 2005.

Defined Benefit System - Colorado Springs New Hire Pension Plan - Police Component

2010	1/1/2010	\$ 170,960,335	\$ 213,764,095	\$ 42,803,760
2009	1/1/2009	156,099,012	198,695,916	42,596,904
2008	1/1/2008	178,548,095	188,263,199	9,715,104
2007	1/1/2007	159,508,243	161,530,980	2,022,737
2006	1/1/2006	N/A	N/A	N/A

The first actuarial valuation completed on the Defined Benefit System - Colorado Springs New Hire Pension Plan - Police Component was in 2007 as the program began 10/1/2006.

Defined Benefit System - Colorado Springs New Hire Pension Plan - Fire Component

2010	1/1/2010	\$ 100,709,022	\$ 121,361,624	\$ 20,652,602
2009	1/1/2009	92,515,096	113,068,434	20,553,338
2008	1/1/2008	104,946,386	107,389,381	2,442,995
2007	1/1/2007	98,290,761	99,137,903	847,142
2006	1/1/2006	N/A	N/A	N/A

The first actuarial valuation completed on the Defined Benefit System - Colorado Springs New Hire Pension Plan - Fire Component was in 2007 as the program began 10/1/2006.

FPPA

Fire & Police Pension Association

SCHEDULE OF FUNDING PROGRESS (Unaudited)

December 31, 2010 - *continued*

Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
100.0%	\$ 363,265,902	(0.1%)
101.0%	337,918,774	(2.4%)
119.4%	312,857,166	(49.4%)
122.5%	271,906,902	(54.2%)
119.5%	246,693,626	(45.1%)
112.5%	217,752,582	(28.5%)
110.9%	189,359,234	(24.5%)
114.3%	172,625,858	(30.7%)
127.0%	156,808,953	(58.0%)
132.8%	141,154,007	(70.9%)
127.0%	\$ 9,026,182	(36.2%)
128.1%	7,726,670	(38.7%)
144.0%	7,342,967	(58.6%)
152.8%	4,391,954	(75.7%)
149.0%	4,053,146	(64.9%)
124.9%	2,587,830	(38.8%)
80.0%	\$ 35,550,304	120%
78.6%	36,735,114	116%
94.8%	39,048,754	24.9%
98.7%	40,438,034	5.0%
N/A	N/A	N/A
83.0%	\$ 21,535,495	96%
81.8%	22,483,956	91%
97.7%	23,827,770	10.3%
99.1%	26,867,827	3.2%
N/A	N/A	N/A

FPPA

Fire & Police Pension Association

SCHEDULE OF FUNDING PROGRESS (Unaudited)

December 31, 2010 - *continued*

	Actuarial Valuation Date**	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability
Affiliated Local Plans				
2010	1/1/2009 and 1/1/2010	\$ 1,618,455,903	\$ 2,036,107,581	\$ 417,651,678
2009	1/1/2008 and 1/1/2009	1,855,493,729	2,081,304,156	225,810,427
2008	1/1/2007 and 1/1/2008	1,859,987,228	2,064,576,138	204,588,910
2006	1/1/2005 and 1/1/2006	1,818,993,571	2,246,572,810	427,579,239
2004	1/1/2003 and 1/1/2004	1,642,270,820	2,160,729,353	518,458,533
2002	1/1/2001 and 1/1/2002	1,902,729,069	2,086,914,286	184,185,217
2000	1/1/1999 and 1/1/2000	1,824,520,033	1,958,959,749	134,439,716
1998	1/1/1997 and 1/1/1998	1,466,608,186	1,813,999,862	347,391,676
1996	1/1/1995 and 1/1/1996	1,121,444,504	1,593,927,538	472,483,034

* State Contributions were suspended in 2003 and resumed on 4/30/2006 and were suspended in 2009 and will resume on 4/30/2012.

**Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans' actuarial studies are completed on the odd years and the old hire actuarial pension plans' actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented in this chart are indicative only of the overall condition of the system and are not indicative of the status of any one employer.

Statewide Death & Disability Plan - Results Using the Aggregate Funding Method

2010	1/1/2010	\$ 266,477,875	\$ 250,709,436	\$ (15,768,440)
2009	1/1/2009	257,279,496	241,813,411	(15,466,086)
2008	1/1/2008	300,642,721	223,999,678	(76,643,044)
2007	1/1/2007	274,091,581	258,243,478	(15,848,103)
2006	1/1/2006	249,299,173	258,726,894	9,427,721
2005	1/1/2005	223,389,097	231,252,507	7,863,410
2004	1/1/2004	212,273,124	241,966,436	29,693,312
2003	1/1/2003	218,151,921	261,133,007	42,981,086
2002	1/1/2002	239,456,347	239,793,687	337,340
2001	1/1/2001	240,575,733	209,233,639	(31,342,094)

This plan is valued under the Aggregate Funding Method, where the Actuarial Accrued Liability is set equal to the assets, resulting in no Unfunded Actuarial Accrued Liability and a Funded Ratio of 100%. The Actuarial Accrued Liability reported here is the Present Value of Projected Benefits, less the Present Value of Projected Member Contributions.

Since the Aggregate Funding Method presented in the previous chart does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Funding Method for this purpose. The information presented below is intended to serve as a surrogate for the funded status and funding progress of the plan. Data is only available since 2008.

Statewide Death & Disability Plan - Results Using the Entry Age Normal Funding Method

2010	1/1/2010	\$ 266,477,875	\$ 216,103,895	\$ (50,373,981)
2009	1/1/2009	257,279,496	203,673,786	(53,605,710)
2008	1/1/2008	300,642,721	182,814,659	(117,828,062)

FPPA

Fire & Police Pension Association

SCHEDULE OF FUNDING PROGRESS (Unaudited)

December 31, 2010 - *continued*

Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
79.5%	* \$ 3,483,331	11990.0%
89.2%	* 6,199,241	3642.5%
90.1%	6,160,242	3321.1%
81.0%	75,130,892	569.1%
76.0%	* 70,053,951	740.1%
91.2%	74,373,501	247.6%
93.1%	82,304,632	163.3%
80.9%	104,522,694	332.4%
70.4%	96,013,582	492.1%
106.3%	\$ 758,113,476	(2.1%)
106.4%	740,172,854	(2.1%)
134.2%	679,223,009	(11.3%)
106.1%	631,667,107	(2.5%)
96.4%	610,620,208	1.5%
96.6%	567,949,536	1.4%
87.7%	547,190,145	5.4%
83.5%	515,529,441	8.3%
99.9%	484,328,830	0.1%
115.0%	441,924,703	(7.1%)
123.3%	\$ 758,113,476	(6.6%)
126.3%	740,172,854	(7.2%)
164.5%	679,223,009	(17.3%)

FPPA
 Fire & Police Pension Association
SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS (Unaudited)
 December 31, 2010

SCHEDULE OF EMPLOYER CONTRIBUTIONS

A. Statewide Death & Disability Plan

Employer Contributions:

Year Ended 12/31	Annual Required Contribution Rate*	Percentage Contribution
2010	0%	100%
2009	0%	100%
2008	0%	100%
2007	0%	100%
2006	0%	100%
2005	0%	100%
2004	0%	100%
2003	0%	100%
2002	0%	100%
2001	0%	100%

**All contributions are made by members or on behalf of members.*

B. Defined Benefit System - Statewide Defined Benefit Plan

Employer Contributions:

Year Ended 12/31	Annual Required Contribution Rate	Percentage Contribution
2010	8.00%	100%
2009	8.00%	100%
2008	8.00%	100%
2007	8.00%	100%
2006	8.00%	100%
2005	8.00%	100%
2004	8.00%	100%
2003	8.00%	100%
2002	8.00%	100%
2001	8.00%	100%

FPPA

Fire & Police Pension Association

SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS (Unaudited)December 31, 2010 - *continued***C. Defined Benefit System –
Statewide Hybrid Plan Defined Benefit Component**

The first actuarial valuation completed on the Statewide Hybrid Plan – Defined Benefit Component was in 2005.

Employer Contributions:

Year Ended 12/31	Annual Required Contribution Rate	Percentage Contribution
2010	8.00%	100%
2009	8.00%	100%
2008	8.00%	100%
2007	8.00%	100%
2006	8.00%	100%
2005	8.00%	100%

D. Defined Benefit System – Colorado Springs New Hire Pension Plans

The first actuarial valuation on the Defined Benefit System - Colorado Springs New Hire Pension Plans was in 2006.

Employer Contributions:

Year Ended 12/31	Police Component Annual Required Contribution Rate	Fire Component Annual Required Contribution Rate	Percentage Contribution
2010	21.284%	15.133%	100%
2009	12.949%	9.225%	100%
2008	8.864%	8.228%	100%
2007	8.000%	8.169%	100%
2006	N/A	N/A	N/A

FPPA
 Fire & Police Pension Association
SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS (Unaudited)
 December 31, 2010 - *continued*

E. Affiliated Local Plans

Employer Contributions:

Year Ended 12/31	Annual Required Contribution	Percentage Contribution
2010	\$ 46,647,139	100%
2009	29,462,935	100%
2008	39,316,014	100%
2007	77,438,443	100%
2006	79,726,307	100%
2005	97,547,567	100%
2004	96,995,192	100%
2003	42,835,929	100%
2002	40,986,770	100%
2001	32,779,006	100%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1: DESCRIPTION

The historical trend information about the Plan is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

Information for the required supplementary schedules of funding progress and employer contributions is provided for ten years for the Plan.

The Schedule of Employer Contributions presents the amount of the employer's actuarial required contribution (ARC) as a percentage instead of a dollar amount for certain plans as that is the statutory and/or plan document requirement.

Other
Supplementary
Schedules
for
Financial
Section

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010

Alamosa Volunteer Fire Department (Volunteer)	\$	1,385,637
Alamosa County Fire Protection District (Volunteer)		445,729
Allenspark Fire (Volunteer)		332,985
Aspen Fire Protection District (Volunteer)		1,618,602
Ault Fire Protection District (Volunteer)		478,310
Aurora Police		87,161,464
Aurora Fire		77,938,711
Bancroft Fire Protection District		759,267
Basalt and Rural Fire Protection District (Volunteer)		1,552,107
Bennett Volunteer Fire (Volunteer)		662,731
Berthoud Fire Protection District (Volunteer)		518,209
Big Sandy Fire Protection District (Volunteer)		88,591
Big Thompson Canyon Fire (Volunteer)		279,349
Black Forest Fire Protection District (Volunteer)		1,059,060
Blanca Volunteer Fire (Volunteer)		119,822
Boone Volunteer Fire (Volunteer)		29,815
Boulder Mountain Fire Protection District (Volunteer)		682,080
Boulder Rural Fire Protection District (Volunteer)		566,202
Bow Mar Police		66,407
Brighton Fire (Volunteer)		3,499,629
Brush Volunteer Fire Department (Volunteer)		707,490
Buena Vista Fire (Volunteer)		334,687
Burning Mountain Fire Protection District (Volunteer)		1,422,063
Calhan Fire (Volunteer)		91,002
Cañon City Area Fire Protection District		2,972,075
Cañon City Area Fire Protection District (Volunteer)		214,659
Carbondale & Rural Fire Protection District (Volunteer)		1,890,209
Cascade Fire (Volunteer)		263,806
Castle Rock Volunteer Fire Department (Volunteer)		887,000
Cedaredge Police		197,927
Central City Fire Department (Volunteer)		417,715
Central Orchard Mesa Fire Protection District (Volunteer)		101,490
Cherry Hills Fire Protection District		2,531,227
Cheyenne County #1 Fire (Volunteer)		282,679
Clear Creek Fire Authority (Volunteer)		1,620,723
Clifton Fire Protection District (Volunteer)		1,812,076
Coal Creek Fire Protection District (Volunteer)		843,575
Colorado Sierra Fire Protection District (Volunteer)		130,207
Colorado Springs Police		66,554,103
Colorado Springs Fire		79,534,214
Cortez Police		278,969
Crested Butte Fire Protection District (Volunteer)		1,898,704
Cripple Creek Fire Protection District (Volunteer)		418,624
Crowley Fire Department (Volunteer)		26,354
Crystal Lakes Fire Department (Volunteer)		159,183
Del Norte Police		7,478
Denver Fire		364,063,381
Denver Police		492,426,728

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

Divide Volunteer Fire (Volunteer)	\$	255,343
Donald Westcott Volunteer Fire (Volunteer)		862,397
Dove Creek Fire (Volunteer)		152,552
Durango Police		1,707,987
Durango Fire		1,104,561
Durango Fire & Rescue Authority		4,803,943
Eads Volunteer Fire Department (Volunteer)		120,254
East Grand Fire Protection District #4 (Volunteer)		1,652,242
Eaton Volunteer Fire Department (Volunteer)		910,499
Eckley Fire (Volunteer)		18,850
Elbert Fire (Volunteer)		135,808
Elizabeth Fire Protection District (Volunteer)		1,112,964
Englewood Police		5,404,424
Englewood Fire Department		7,944,222
Englewood Fire Department (Volunteer)		118,847
Evans Volunteer Fire Department (Volunteer)		455,022
Evergreen Fire (Volunteer)		3,470,413
Falcon Fire Protection District (Volunteer)		615,668
Federal Heights Volunteer Fire Department (Volunteer)		2,010,751
Firestone Marshalls Police		15,718
Fisher's Peak Fire (Volunteer)		101,159
Florence Fire (Volunteer)		1,060,612
Foothills Fire Protection District (Volunteer)		1,085,094
Fort Lewis-Mesa Fire Protection District (Volunteer)		246,937
Fort Morgan Fire (Volunteer)		1,116,033
Fort Morgan Rural Fire (Volunteer)		539,042
Fort Morgan Police		605,964
Franktown Fire Protection District (Volunteer)		2,027,851
Frederick Area Fire Protection District (Volunteer)		153,454
Galeton Fire (Volunteer)		519,675
Genesee Fire Protection District (Volunteer)		1,027,976
Glacier View Fire (Volunteer)		162,947
Glendale Volunteer Fire Department (Volunteer)		206,781
Glenwood Springs Fire Department (Volunteer)		768,491
Golden Volunteer Fire Department (Volunteer)		2,705,101
Golden Gate Fire Protection District (Volunteer)		243,902
Grand Fire Protection District (Volunteer)		1,169,437
Grand Junction Fire		9,690,462
Grand Junction Police		3,021,076
Grand Lake Fire (Volunteer)		1,531,198
Grand Valley Fire (Volunteer)		2,511,756
Greeley Police		1,065,154
Green Mountain Falls-Chipita Park Fire Protection District (Volunteer)		191,904
Gypsum Fire (Volunteer)		455,890
Hartsel Fire Protection District (Volunteer)		426,227
Haxtun Volunteer Fire Department (Volunteer)		139,541
Haxtun Police		167,246
High Country Fire Protection District (Volunteer)		1,279,309

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

Hillrose Rural Fire (Volunteer)	\$	145,077
Holyoke (City) Volunteer Fire Department (Volunteer)		151,420
Holyoke Fire Protection District (Volunteer)		213,808
Hot Sulphur Springs-Parshall Fire Protection District (Volunteer)		171,683
Hygiene Fire (Volunteer)		806,532
Indian Hills Fire Protection District (Volunteer)		298,530
Inter-Canyon Fire Protection District (Volunteer)		1,071,969
Jackson 105 Fire Protection District (Volunteer)		207,513
Jefferson-Como Fire Protection District (Volunteer)		779,347
Kiowa Fire Protection District (Volunteer)		539,771
Kremmling Fire Protection District (Volunteer)		361,569
La Junta Police		808,712
La Junta Fire		838,240
La Junta Rural Fire Protection District (Volunteer)		424,231
Lafayette Volunteer Fire Department (Volunteer)		1,155,541
Lake City Fire (Volunteer)		51,141
Lake Dillon Fire (Volunteer)		3,084,315
Lake George Fire Protection District (Volunteer)		242,512
Lakewood Fire Protection District		10,335,483
Lamar Fire		738,078
Lamar Fire Protection District (Volunteer)		481,204
Larkspur Fire Protection District (Volunteer)		1,397,352
Las Animas Police		382,117
La Salle Police		806,036
La Salle Fire Protection District (Volunteer)		2,182,031
Leadville Fire		196,528
Left Hand Fire Protection District (Volunteer)		927,798
Lewis-Arriola Fire Protection District (Volunteer)		1,001,822
Limon Area Fire Protection District (Volunteer)		391,585
Livermore Fire Protection District (Volunteer)		116,959
Log Hill Mesa Fire Protection District (Volunteer)		121,388
Loveland Fire		281,025
Loveland & Rural Consolidated Volunteer Fire		2,676,462
Lower Valley Fire Protection District (Volunteer)		852,494
Lyons Fire Protection District (Volunteer)		756,906
Mancos Fire Protection District (Volunteer)		607,857
Manitou Springs Fire		354,687
Manitou Springs Volunteer Fire Department (Volunteer)		355,762
Manzanola Rural Fire Protection District (Volunteer)		122,271
Milliken Fire Protection District (Volunteer)		551,118
Montrose Fire Protection District		161,841
Montrose Fire Protection District (Volunteer)		537,527
Mountain View Fire Protection District		350,530
Mountain View Fire Protection District (Volunteer)		2,262,865
Nederland Fire Protection District (Volunteer)		454,098
New Raymer-Stoneham Fire (Volunteer)		152,007
North Fork Fire Protection District (Volunteer)		182,356
North Routt Fire Protection District (Volunteer)		151,560

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

North Washington Fire Protection District	\$	2,680,438
North Washington Fire Protection District (Volunteer)		154,842
Northeast Teller County Fire Protection District (Volunteer)		479,429
Northwest Fire Protection District (Volunteer)		315,065
Northwest Conejos Fire Protection District (Volunteer)		399,730
Norwood Fire Protection District (Volunteer)		227,135
Nucla-Naturita Fire (Volunteer)		432,158
Nunn Fire Protection District (Volunteer)		559,242
Oak Creek Fire Protection District (Volunteer)		234,208
Olathe Fire Protection District (Volunteer)		503,190
Olney Springs Volunteer Fire Department (Volunteer)		154,046
Ordway Fire (Volunteer)		170,327
Ouray Volunteer Fire Department (Volunteer)		279,931
Palisade Volunteer Fire Department (Volunteer)		566,476
Palmer Lake Volunteer Fire Department (Volunteer)		10,393
Parker Fire Protection District (Volunteer)		467,120
Pawnee Fire (Volunteer)		98,570
Peetz Fire Protection District (Volunteer)		48,000
Peyton Volunteer Fire Department (Volunteer)		18,034
Pinewood Springs Fire (Volunteer)		113,458
Plateau Valley Fire (Volunteer)		733,572
Platte Canyon Fire Protection District (Volunteer)		936,784
Platte Valley Fire Protection District (Volunteer)		2,114,128
Platteville/Gilcrest Fire Protection District (Volunteer)		2,954,347
Pleasant View Fire Protection District (Volunteer)		231,428
Pleasant View Metro Fire Protection District (Volunteer)		1,362,863
Poudre Fire Authority (Volunteer)		112,871
Pueblo Fire		30,388,166
Pueblo Fire - DROP		2,156,243
Pueblo Police		52,832,821
Pueblo Rural Fire Protection District		2,211,104
Rangely Rural Fire (Volunteer)		513,951
Rattlesnake Fire Protection District (Volunteer)		728,816
Red Feather Lakes Fire Protection District (Volunteer)		230,405
Red, White & Blue Fire Protection District		318,304
Red, White & Blue Fire Protection District (Volunteer)		1,216,832
Ridgway Fire (Volunteer)		454,186
Rio Blanco Fire Protection District (Volunteer)		1,890,700
Rifle Fire (Volunteer)		3,513,196
Rocky Ford Police		361,173
Rocky Ford Fire		291,478
Rocky Ford Volunteer Fire Department (Volunteer)		54,028
Rocky Mountain Fire Protection District (Volunteer)		426,807
Sable Altura Fire Protection District (Volunteer)		528,951
Salida Fire		187,746
Salida Police		710,238
Sheridan Fire (Volunteer)		478,116
Silverton Fire (Volunteer)		184,113

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

South Adams County Fire Protection District	\$	447,124
South Adams County Fire Protection District (Volunteer)		4,030,999
South Arkansas Fire Protection District (Volunteer)		191,966
South Conejos Fire Protection District (Volunteer)		184,941
South Metro Fire Rescue (Volunteer)		378,155
Springfield Police		475,425
Springfield Fire (Volunteer)		107,228
Steamboat Springs Volunteer Fire Department (Volunteer)		976,375
Sterling Fire		682,924
Sterling Volunteer Fire Department (Volunteer)		378,684
Sterling Police		1,297,437
Stonewall Fire (Volunteer)		455,763
Stratton Fire Protection District (Volunteer)		90,259
Sugar City Fire Department (Volunteer)		99,489
Sugarloaf Fire Protection District (Volunteer)		349,606
SW Washington Fire (Volunteer)		83,513
Telluride Fire Protection District (Volunteer)		1,133,924
Thornton Fire		6,344,660
Thornton Fire DROP		45
Trinidad Fire		630,255
Trinidad Police		85,988
Union Colony Fire		8,339,657
Walsenburg Police		13,760
Walsh Fire (Volunteer)		45,150
Wellington Fire Protection District (Volunteer)		1,027,305
West Cheyenne Fire Protection District (Volunteer)		111,212
West Douglas County Fire Protection District (Volunteer)		494,146
West Metro Fire (Volunteer)		704,806
West Routt Fire Protection District (Volunteer)		2,089,755
Westminster Fire (Volunteer)		2,554,366
Wet Mountain Fire (Volunteer)		1,105,204
Wiggins Fire (Volunteer)		641,363
Wiley Rural Fire Protection District (Volunteer)		101,756
Windsor Severance (Volunteer)		2,368,377
Yampa Fire Protection District (Volunteer)		393,416
Yuma Fire (Volunteer)		386,967
Sub-Total Affiliated Local Plans Net Assets	\$	1,464,504,556
Contributions Receivable at 12/31/10		255,302
Total Affiliated Local Plans Net Assets	\$	1,464,759,858

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

Statewide Death & Disability Plan	\$ 279,881,962
Contributions Receivable at 12/31/10	297,152
Total Statewide Death & Disability Plan Net Assets	<u>\$ 280,179,114</u>
Defined Benefit System - Statewide Defined Benefit Plan	\$ 1,079,535,702
Defined Benefit System - Colorado Springs New Hire Plans	291,588,157
Defined Benefit System - Statewide Hybrid Plan	18,169,731
FPPA Staff Healthcare Subsidy	156,098
Sub-Total Defined Benefit System Net Assets	\$ 1,389,449,688
Contributions Receivable at 12/31/10	1,608,432
Total Defined Benefit System Net Assets	<u>\$ 1,391,058,120</u>
Total Net Assets - Members' Benefit Investment Fund	<u>\$ 3,135,997,092</u>

FPPA

Fire & Police Pension Association

NET ASSETS BY PARTICIPATING EMPLOYER - December 31, 2010 - *continued*

Statewide Money Purchase Plan	\$ 5,786,853
Contributions Receivable at 12/31/10	22,470
Total Statewide Money Purchase Plan Net Assets	\$ 5,809,323
Statewide Defined Benefit Plan - Separate Retirement Accounts (SRA)	\$ 6,751,372
Statewide Hybrid Plan - MP Component	108,990,840
Statewide Defined Benefit Plan - Deferred Retirement Option Plan (DROP)	17,659,739
Statewide Hybrid Plan - DROP	301,082
Aurora Police - DROP	3,680,304
Aurora Fire - DROP	3,053,994
Colorado Springs Police - DROP	3,155,112
Colorado Springs Fire - DROP	1,026,530
Colorado Springs New Hire Plans - Police Component DROP	9,601,576
Colorado Springs New Hire Plans - Police Component SRA	60,793
Colorado Springs New Hire Plans - Fire Component DROP	5,381,057
Colorado Springs New Hire Plans - Fire Component SRA	39,313
Denver Fire - DROP	11,424,368
Denver Police - DROP	7,883,944
Durango Fire - DROP	84,815
Englewood Police - DROP	348,400
Englewood Fire - DROP	59,119
Pueblo Fire - DROP	764,156
Sub-Total Affiliated Local & DB System Net Assets	\$ 180,266,514
Contributions Receivable at 12/31/10	356,573
Total Affiliated Local & DB System Net Assets	\$ 180,623,087
IRC 457 Deferred Compensation Plans	\$ 61,864,088
Contributions Receivable at 12/31/10	125,662
Total IRC 457 Deferred Compensation Net Assets	\$ 61,989,750
Total Net Assets - Members' Self-Directed Investment Fund	\$ 248,422,160
Grand Total - FPPA Net Assets	\$ 3,384,419,252

FPPA

Fire & Police Pension Association

PAYMENTS TO CONSULTANTS - December 31, 2010

ACTUARIAL CONSULTANTS

Gabriel Roeder Smith & Co. \$ 272,650

AUDITORS

Clifton Gunderson LLP 97,220

INVESTMENT CONSULTANTS

Pension Consulting Alliance 128,125

Bidart & Ross, Inc. 50,000

Conflict Securities Advisory Group 10,500

Abel/Noser Corporation 7,000

LEGAL COUNSEL

Ballard Spahr 60,436

Mayer Brown LLP 32,235

Ice Miller LLP 21,179

Inman Flynn Biesterfeld & Brentlinger, PC 11,198

Pendleton Friedberg Wilson & Hennessey PC 7,906

Thomas Pollart & Miller LLC 5,570

Bingham Mccutchen LLP 1,301

Bracewell & Giuliani LLP 197

Day Pitney LLP 153

LEGISLATIVE CONSULTANTS

Lombard & Clayton 30,000

MANAGEMENT CONSULTANTS

McLagan Partners Inc. 23,375

MEDICAL CONSULTANT

Roderic Gottula, M.D./ Correctional MED/LEGAL Consultants 31,448

Clarence Henke, M.D., PC 15,000

Total Payments To Consultants \$ 805,493

NOTE:

The above schedule reflects actual cash payments made during 2010. These amounts may differ from those presented in the financial statements since FPPA prepares its financial statements based on the accrual method of accounting.

FPPA

Fire & Police Pension Association

Fire & Police Members' Benefit Investment Fund SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

(With Comparative Totals for 9 Prior Years) - December 31, 2010

<u>Expense Group</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
PROFESSIONAL CONTRACTS				
Actuarial Contract	\$272,000	\$453,000	\$301,000	\$246,998
Audit Fees	56,220	39,000	37,500	36,000
Computer Maintenance & Lease	225,997	344,595	98,328	114,595
Insurance & Bonding	158,784	111,335	124,258	128,980
Legal & Legislative Counsel	73,035	64,159	100,376	66,129
Management Consulting	23,375	29,400	277	19,950
Medical Exam Fees	157,822	144,441	122,377	136,630
Hearing Officers - D&D	13,625	13,965	9,954	10,402
Outside Svcs/Contract Help	53,392	54,705	58,599	85,141
Records Management	5,972	5,726	9,899	6,062
Total Professional Contracts	<u>1,040,222</u>	<u>1,260,326</u>	<u>862,568</u>	<u>850,887</u>
PERSONNEL SERVICES				
Salaries	2,952,056	2,839,136	2,588,431	2,135,055
Employee Benefits	829,521	747,331	640,571	517,372
Employment Programs	6,728	22,134	147,601	14,525
Total Personnel Services	<u>3,788,305</u>	<u>3,608,601</u>	<u>3,376,603</u>	<u>2,666,952</u>
STAFF EDUCATION				
Tuition Assistance Program	13,429	8,800	20,348	9,734
Conferences & Seminars	21,321	19,788	34,893	23,312
Total Staff Education	<u>\$34,750</u>	<u>\$28,588</u>	<u>\$55,241</u>	<u>\$33,046</u>

FPPA

Fire & Police Pension Association

Fire & Police Members' Benefit Investment Fund SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES (With Comparative Totals for 9 Prior Years) - December 31, 2010 - *continued*

2006	2005	2004	2003	2002	2001
\$253,000	\$230,216	\$345,098	\$148,500	\$174,885	\$141,547
34,000	33,000	33,000	33,210	31,225	30,000
224,101	177,215	176,420	107,532	92,150	140,483
126,489	114,209	109,290	104,251	91,770	87,394
105,183	80,646	60,698	111,631	109,660	77,946
33,860	25,000	0	0	4,720	30,000
117,279	120,110	119,446	142,455	130,642	117,717
8,573	6,623	8,345	5,375	3,947	6,980
51,887	27,471	49,947	10,781	16,931	8,277
6,488	4,808	5,370	3,852	5,254	5,701
<u>960,860</u>	<u>819,298</u>	<u>907,614</u>	<u>667,587</u>	<u>661,184</u>	<u>646,045</u>
2,006,777	1,820,739	1,730,359	1,629,422	1,581,473	1,572,031
514,013	451,140	413,205	370,754	350,602	258,869
18,952	12,050	9,454	7,494	9,562	14,624
<u>2,539,742</u>	<u>2,283,929</u>	<u>2,153,018</u>	<u>2,007,670</u>	<u>1,941,637</u>	<u>1,845,524</u>
6,754	15,914	21,981	15,348	14,088	8,691
22,645	31,970	26,545	24,948	28,599	28,241
<u>\$29,399</u>	<u>\$47,884</u>	<u>\$48,526</u>	<u>\$40,296</u>	<u>\$42,687</u>	<u>\$36,932</u>

FPPA

Fire & Police Pension Association

Fire & Police Members' Benefit Investment Fund

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

(With Comparative Totals for 9 Prior Years) - December 31, 2010 - *continued*

Expense Group	2010	2009	2008	2007
OTHER OPERATING EXPENSES				
Company Vehicles	\$5,790	\$3,446	\$4,137	\$4,342
Board Expenses	30,504	31,884	47,799	43,355
Data Processing Supplies	60,189	45,135	115,649	57,136
Equipment Rental & Maint.	29,078	31,111	37,767	34,154
Meetings & Travel	25,267	20,628	23,217	26,613
Operating Exp. Two DTC	98,926	80,759	68,920	109,072
Other (Misc.)	500	0	0	0
Postage	58,828	57,794	65,460	59,653
Printing & Mailing	73,045	68,414	104,161	111,076
Retirement Services	7,441	9,926	8,032	9,099
Staff Expense	0	0	0	0
Subscriptions & Dues	23,699	21,131	20,320	11,836
Supplies	38,437	40,478	39,697	36,021
Telephone	23,701	28,123	30,655	23,577
Total Other Operating Expense	<u>475,405</u>	<u>438,829</u>	<u>565,814</u>	<u>525,934</u>
TOTAL OPERATING EXPENSE	5,338,682	5,336,344	4,860,226	4,076,819
Depreciation/Amortization Expense	<u>777,727</u>	<u>166,754</u>	<u>124,158</u>	<u>120,517</u>
TOTAL ADMINISTRATIVE EXPENSE	6,116,409	5,503,098	4,984,384	4,197,336
CAPITAL EXPENDITURES	<u>202,049</u>	<u>6,700</u>	<u>60,051</u>	<u>66,012</u>
TOTAL ADMINISTRATIVE EXPENSE AND CAPITAL	<u>\$6,318,458</u>	<u>\$5,509,798</u>	<u>\$5,044,435</u>	<u>\$4,263,348</u>
INVESTMENT FEES				
Investment Consulting	\$217,000	\$242,125	\$372,500	\$361,512
Investment Mgmt. Fees	15,142,901	13,399,161	18,610,131	18,443,997
Investment Legal Fees	64,736	80,396	0	41,052
Investment Closing Costs	10,000	27,398	0	0
Bank/Security Lending Fees	510,865	628,407	1,104,469	807,614
Total Investment Fees	<u>\$15,945,502</u>	<u>\$14,377,487</u>	<u>\$20,087,100</u>	<u>\$19,654,175</u>

FPPA

Fire & Police Pension Association

Fire & Police Members' Benefit Investment Fund

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

(With Comparative Totals for 9 Prior Years) - December 31, 2010 - *continued*

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$4,966	\$5,582	\$2,779	\$4,439	\$3,931	\$7,251
63,881	68,315	56,747	44,439	74,379	78,343
107,313	23,847	12,604	11,544	15,182	13,396
32,501	42,919	38,995	37,406	36,644	39,495
24,683	25,569	29,335	27,281	28,172	24,584
69,834	(60,599)	25,812	(15,441)	88,742	8,913
0	0	699	28	984	1,299
57,476	55,494	52,097	66,909	63,744	62,590
82,062	118,476	109,470	145,465	143,412	137,942
9,177	10,626	9,148	8,870	14,197	14,246
5,413	4,426	3,138	3,797	4,960	5,323
11,975	11,673	10,432	10,805	8,674	15,092
82,624	30,587	26,959	24,305	30,507	35,732
17,820	15,636	20,207	20,434	20,981	23,219
<u>569,725</u>	<u>352,551</u>	<u>398,422</u>	<u>390,281</u>	<u>534,509</u>	<u>467,425</u>
4,099,726	3,503,662	3,507,580	3,105,834	3,180,017	2,995,926
<u>103,831</u>	<u>194,536</u>	<u>147,257</u>	<u>43,980</u>	<u>140,759</u>	<u>126,085</u>
4,203,557	3,698,198	3,654,837	3,149,814	3,320,776	3,122,011
<u>42,615</u>	<u>42,507</u>	<u>74,800</u>	<u>48,797</u>	<u>55,386</u>	<u>223,543</u>
<u>\$4,246,172</u>	<u>\$3,740,705</u>	<u>\$3,729,637</u>	<u>\$3,198,611</u>	<u>\$3,376,162</u>	<u>\$3,345,554</u>
\$310,500	\$180,001	\$234,916	\$186,003	\$175,000	\$177,499
14,689,108	12,825,394	10,167,622	5,491,021	5,028,068	4,422,092
142,182	35,196	61,843	28,224	14,457	46,277
0	0	0	0	0	0
759,789	726,617	332,650	374,755	371,514	379,146
<u>\$15,901,579</u>	<u>\$13,767,208</u>	<u>\$10,797,031</u>	<u>\$6,080,003</u>	<u>\$5,589,039</u>	<u>\$5,025,014</u>

*This page
has been left blank
intentionally.*

FPPA

*Fire & Police Pension Association
of Colorado*

*5290 DTC Parkway
Suite 100
Greenwood Village
Colorado 80111*

www.FPPAco.org

*(303) 770-3772
(800) 332-3772 toll free
(303) 771-7622 fax*