

FIRE

AND

POLICE

PENSION

ASSOCIATION

OF COLORADO

FPPA

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

*FOR THE FISCAL YEAR ENDED
DECEMBER 31 • 2001*

*This comprehensive
annual financial report
for the year ended December 31, 2001
has been prepared by
the Operations Division
of the Fire & Police Pension
Association of Colorado.*

Kim Collins, Chief Operations Officer

and

Eloy Maes, Accounting Supervisor

*5290 DTC Parkway, Suite 100
Greenwood Village, Colorado 80111-2721
303 770-3772 in the Denver Metro area
and toll free 800 332-3772 nationwide*

www.fppaco.org



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*We proudly dedicate
this report to the New York
firefighters and police officers
who heroically gave their lives
on September 11, 2001.*

*And in continual gratitude to the
firefighters and police officers
who serve this state
everyday.*

*In the field of human conflict
so much is owed
by so many
to so few.*

Sir Winston Churchill

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

The Fire & Police Pension

Association of Colorado

is committed to

safeguarding retirement

funds, administering

benefits fairly and

providing superior,

cost effective service

to our members.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fire and Police Pension Association of Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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



Thomas A. Drew
President

Jeffrey L. Eade
Executive Director

Letter of Transmittal



Fire & Police Pension Association

Two DTC • 5290 DTC Parkway • Suite 100
Greenwood Village, Colorado 80111-2721

303/770-3772

toll free 800/ 332-3772 • fax 303/ 771-7622

www.fppaco.org

June 3, 2002

Board of Directors
Fire and Police Pension Association

Dear Members of the Board of Directors:

We are pleased to submit to you the annual financial report for the Fire and Police Members' Benefit Fund (the "Fund"), for the calendar year ended December 31, 2001. The Fund consists of the Statewide Defined Benefit Plan, the Statewide Death and Disability Plan, the Members' Statewide Money Purchase Plan Benefit Fund, and numerous separate local "old hire" and volunteer fire pension funds. In addition, for presentation purposes, the Fire and Police Members' Money Purchase Plan Benefit Fund has been included under the Fund.

The Fire and Police Pension Association was established January 1, 1980 and administers a statewide multiple employer public employee retirement system providing defined benefit plan coverage as well as death and disability coverage for police officers and firefighters throughout the State of Colorado. The Association also administers local defined benefit pension funds for police officers and firefighters hired prior to April 8, 1978 whose employers have elected to affiliate with the Association; for volunteer fire defined benefit plans; and for local money purchase (defined contribution) pension plans. Starting January 1, 1995, the Association began offering membership in the Statewide Money Purchase Plan. There were 158 employers participating in the Statewide Defined Benefit Plan, 52 employers with employees covered by the Statewide Money Purchase Plan, 344 employers covered by the Statewide Death and Disability Plan, 57 affiliated local defined benefit plans, 4 affiliated local money purchase plans, and 154 affiliated volunteer fire pension plans as of December 31, 2001.

The annual report for the calendar year 2001 consists of six sections: an introductory section which contains a transmittal letter along with general information about the Association; a financial section which contains the opinion of the Association's certified public accountants, the financial statements, footnotes and supplementary data; an investment section which contains a review of investment policies, holdings and activity for the year; an actuarial section which contains a summary of the results of the actuarial valuations and other related data; a statistical section which contains information on state funding of local pension plans (old hire) and the Statewide Death and Disability Plan; and a section containing an overview of other programs offered to members by FPPA, including FPPA's Section 457 Deferred Compensation Plan.

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

Financial Highlights

General Economic Conditions

The U.S. economy slipped into a recession in March, ending ten years of economic expansion, the longest on record. The terrorist attacks of September 11 deepened the economic contraction, shutting down the stock markets for several days and impacting tourism, the airline industry, and other businesses. Concern about weak corporate earnings increased with the collapse of Enron and uncertainty about accounting irregularities.

In an effort to stimulate the weakening U.S. economy with lower borrowing costs, the Federal Reserve cut interest rates six times in the first half of 2001 for a total of 275 basis points to 3.75%. The Fed continued its aggressive rate reduction policy in the second half of the year, reducing rates five more times for a total of 200 basis points to 1.75%, the lowest level in 40 years.

Gross domestic product, the broadest measure of the U.S. economy, grew at only 1.2% for the entire year. GDP increased at a 1.3% annual rate for the first quarter of 2001, down from 1.9% in the 4th quarter of 2000. GDP grew by a sluggish 0.3% in the second quarter fueled by a sharp decline in business spending. GDP shrunk at a rate of 1.3% in the third quarter led by falling exports and reduced business spending on new plants and equipment. Strong auto sales and an almost 10% increase in government spending following the terrorist attacks gave the economy a boost in the fourth quarter, when GDP grew at 1.7%. The slowdown in the economy was accompanied by an increase in unemployment, which stood at 5.8% by the 4th quarter 2001, up from 4.0% in Q4 2000. Inflation fell to 1.6% in 2001, half of 2000's overall rate of 3.2%.

The U.S. stock market finished off its worst two-year period since the 1973-1974 bear market. Although the equity markets advanced strongly in the fourth quarter, most major equity indices were down for the year. The Russell 3000 Stock Index, a broad measure of overall U.S. stock market performance, was down 11.46% in 2001, coming off a (7.46%) return in 2000. The S&P 500 Stock Index, which includes larger company stocks, fell 11.88% in 2001 following a return of (9.10%) in 2000. Smaller companies, as represented by the Russell 2000 Stock Index, fared better, posting a positive 2.49% return in 2001 versus a (3.02%) return in 2000. The technology dominated NASDAQ Index fell a second year in a row, posting a return of (20.13%), following a decline of 38.83% in 2000. The Fed's low interest rate policy benefited domestic bonds, despite concerns about credit quality and the risk of higher inflation. For the second year in a row, the U.S. bond market provided positive returns, with the Lehman Brothers Aggregate Bond Index returning 8.44% in 2001, compared to 11.63% in 2000.

International equity markets performed much like the U.S. stock markets in 2001, negatively impacted by concerns about slowing economic activity and reduced profit expectations. Most developed equity markets posted negative returns. The MSCI Europe Index posted a return of (19.90%) in 2001 versus (8.39%) in 2000. In the Pacific Basin, Japan continued to suffer through economic depression and deflation, with little serious reform of its business, financial, and banking systems. The MSCI Pacific Basin Index posted almost identical back-to-back negative returns, posting a (25.40%) return in 2001 versus (25.78%) in 2000. Emerging markets were up 26.60% for the fourth quarter, finishing the year down 2.37%, significantly better than the return of (30.61%) in 2000. Non-U.S. bonds did not show the strength of the U.S. bond market, continuing the lackluster performance of the last few years with a return of (.99%) in 2001 compared to 1.59% in 2000.

In the currency markets, the U.S. dollar gained against most major currencies, while the Japanese yen had its biggest annual drop against the dollar since 1979. The dollar gained 14.8% against the yen to 131.06 yen per dollar. The dollar rose 5.4% against the euro, closing at 1.12 euros per dollar from 1.06. Against the British pound, the dollar rose 2.7% to 0.69 pounds per dollar from 0.67.

Funding Status

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

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

Revenues

Revenues are used to fund the current and future retirement benefits established by the state legislature and local boards which are paid to retirees and their survivors by the Association. The primary sources of revenue include contributions from active members, employers and the state; new affiliations; and investment income. Revenues for the year 2001 amounted to (\$26.2) million, a decrease of \$48.0 million or (220.1%) from 2000.

The net revenues for 2001 were comprised of \$44.9 million in member contributions, up 18.1% from \$38.0 million in 2000. Employer contributions totaled \$53.0 million in 2001, up 3.9% from \$51.0 million in 2000. The State of Colorado contributed \$27.4 million to plans affiliated with the Association in 2001. The Association's investment losses for 2001 totaled (\$163.2) million. Twelve volunteer fire pension plans and two old hire plans elected to affiliate with the Association during 2001, bringing in \$10.7 million in assets.

Active membership is distributed as follows: 3,181 new hire members, up 6.9% from 2,975 in 2000; 890 exempt new hire members, up 2.1% from 872 the prior year; 964 old hire members, down (12.6%) from 1,103 in 2000; 213 money purchase plan members, up 10.9% from 192 last year; 3,798 volunteer fire members, down (.8%) from 3,827; and 4,598 members covered for death and disability only. The members listed above are comprised of 40.9% police officers and 59.1% firefighters.

The net investment losses for 2001 amounted to (\$163.2) million. Interest, dividends and other investment income decreased by \$6.3 million over the prior year. Realized and unrealized gains on investment transactions decreased \$60.8 million for 2001 over those in 2000. The total market value of the investment portfolio decreased to \$2.328 billion, or a decrease of \$172.2 million from \$2.501 billion at the end of 2000.

An explanation of FPPA's investment policies and asset allocation strategy, as well as the portfolio's composition are included in the investment section of this report. Additionally, a review of investment activity and performance for 2001 is included in that section.

Expenses

The primary expenses of the Association include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the cost of administering the numerous pension plans. Expenses for the year 2001 totaled \$146.0 million, which is an increase of \$10.1 million or 7.4% over 2000.

Benefit payments to retirees and beneficiaries totaled \$125.0 million in 2001, up 11.3% or \$12.7 million from the prior year. The increase in benefit payments was due primarily to an increase in the number of retirees and beneficiaries receiving benefits, and a cost of living increase for the Statewide Defined Benefit Plan of 3.0%. Other increases ranged from 0% to 6.7% among the various local old hire plans, with average increases of 3.5% for those departments that granted increases. The number of retirees receiving benefit payments increased to 5,824 as of December 31, 2001, up 10.1% from 5,288 at the end of 2000.

Administration expenses and investment fees of the fund decreased to \$8.1 million in 2001 from \$8.5 million in 2000. This represented a decrease of 4.3% in actual dollars, and .31% and .33% in 2001 and 2000, respectively, when expressed as a percentage of total assets. Investment fees

make up 61% of total expenses. Investment management fees are asset based and increase as the size of the fund increases.

Other Programs and Services

During 2001, FPPA's Benefits Division continued its communication programs with members, employers and retirees. Approximately 387 presentations were made to members from 142 fire and police departments throughout the state about their death and disability benefits, retirement benefits, and other services provided by the Association. Much of this program is conducted on-site, with staff visiting fire stations and attending police roll calls, to assure that members have face-to-face meetings with FPPA staff on a regular basis. Thanks to exceptionally good response, we have continued the use of the computer program designed to assist members in planning for their future retirement needs, with the dollar projections shown in both future and current values, as well as being shown as a percentage of salary.

Year 2001 also marks FPPA's fourteenth year of offering various seminars to help members plan for retirement, both financially and psychologically. FPPA hosted three member seminars. Topics included financial fitness - a review of financial planning goals and investment strategies; wills, estates, taxes and trusts - practical information on developing financial strategies while planning for the future; and a pre-retirement seminar for members nearing retirement. They also hosted a retiree seminar entitled "Rewarding Retirement". The seminars continue to get excellent reviews by the attendees. FPPA strongly recommends these no-cost seminars to members, retirees and employers.

FPPA's Section 457 Deferred Compensation program was developed in 1990 in response to employee member requests. By the end of 2001, there were 68 employers participating in the plan. In 1991, FPPA began actively promoting the plan to police and fire departments within the state through the member visitation program. In 2001 FPPA expanded and enhanced the 457 Plan by offering additional services and investment options. The program provides tax-deferred savings for the individual officers to save for their retirement needs and, with low management fees, more of the dollars invested are returned for the member's use in retirement.

FPPA has offered its money management services since 1990 to departments that have provided money purchase plans to their officers. FPPA currently has four departments affiliated for these services. In addition, in April 1993, the Colorado General Assembly authorized FPPA to create a new Statewide Money Purchase Plan. The plan took effect on January 1, 1995, and since that time, 52 departments have opted completely, or in part, from the Statewide Defined Benefit Plan into the Statewide Money Purchase Plan.

Since legislative approval in 1986, FPPA has offered the advantages of its money management services to volunteer fire department pension funds who choose to affiliate. At the end of 2001, there were a total of 154 volunteer plans participating. Plans participating in FPPA are provided with an actuarial study every two years as well as an annual audit of their pension funds. FPPA also administers the state volunteer pension fund matching funds program for all volunteer departments statewide, regardless of affiliation, and serves as an information resource to assist departments with questions relating to their pension plans.

Legislative Changes

House Bill 1011 clarifies certain statutes, expedite processes, standardize treatment of members, and conform to state and federal law. Specific changes are as follows:

General

- Amends the definition of employer to include "fire authority".

- Allows the pension boards of local affiliated plans to obtain the names and addresses of retirees from FPPA.

Statewide Defined Benefit Plan

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

Statewide Money Purchase Plan

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

Affiliated Plans

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

Statewide Death and Disability Plan

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

457 Deferred Compensation Plan

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

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

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

Accounting System and Internal Control

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

Revenues are recognized when they are earned and become measurable, and expenses recorded as liabilities as they are incurred. Investments are stated at current market value, and trades booked on a trade-dated rather than settlement-dated basis. Investments in limited partnerships and pooled funds are carried at values adjusted to recognize the Association's share of net income or loss in the period reported. Fixed assets are capitalized at cost and depreciated over their useful lives. Contri-

Contributions to the plans are based on principles of level cost funding, and are developed using the entry age normal cost method with current service financed on a current basis and prior service amortized over a 10 to 40 year period (depending on the type of plan). In management's opinion, the financial statements present fairly the financial position of the FPPA at December 31, 2001 and the result of its operations for the period then ended.

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

The management of the Fire and Police Pension Association is also responsible for maintaining a system of internal accounting control designed to provide reasonable assurance that transactions are executed in accordance with generally accepted accounting principles. This system includes the appropriate segregation of duties and responsibilities, sound practices in the performance of those duties, capable personnel, and the organizational structure itself. We believe that the internal controls in effect during the year ended December 31, 2001 adequately safeguarded assets and provided reasonable assurance regarding the proper recording of financial transactions.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire and Police Pension Association for its comprehensive annual financial report for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgments

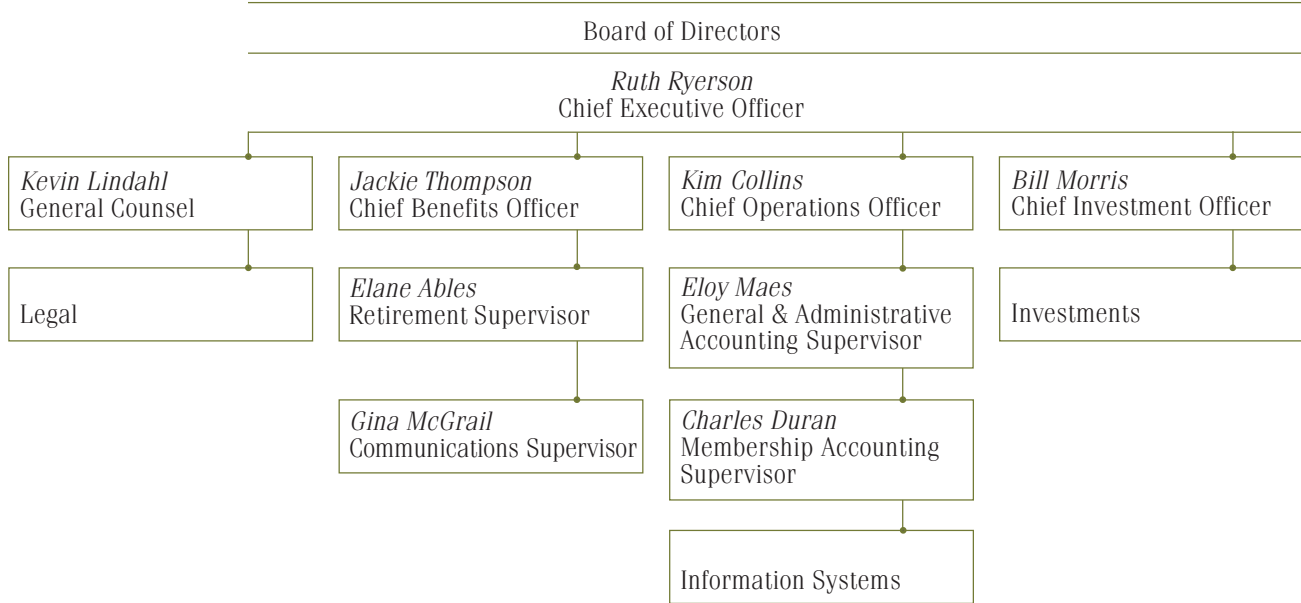
This annual report of the Fire and Police Pension Association was prepared through the combined efforts of the FPPA staff under the leadership of the Board of Directors. It is intended to provide complete and reliable information which may be used as a basis for making management decisions and as a means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

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

Respectfully submitted,


Ruth Ryerson
Chief Executive Officer

FPPA Administrative Organizational Chart



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

Two members representing Colorado municipal employers;

One member representing full-time paid firefighters;

One member representing full-time paid police officers;

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

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

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

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

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

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

The FPPA Board of Directors accomplishes its business at regular meetings, held monthly at the Association’s Greenwood Village offices. In accordance with state law, each meeting’s proposed agenda items are posted in the lobby directory of FPPA’s offices at least 24 hours in advance. All meetings begin between 8:30 and 10 am and are open to the public.

Board of Directors

Left Column



Ronald M. Lappi
Chair of the Board
Member since 2.11.91
Finance Director - Grand Junction
Current term expires 8.31.02

L. Kristine Gardner
Vice Chair of the Board
Member since 10.20.88
*Senior VP - Alpine Banks of Colorado,
Glenwood Springs*
Current term expires 8.31.04

Center Column



Todd Bower
Member since 9.1.01
Lieutenant, Denver Fire Department
Current term expires 8.31.05

John Bramble
Member since 6.16.00
City Manager - Brighton
Current term expires 8.31.03

Lyle Hesalroad
Member since 2.11.02
*Retired Police Captain -
Denver Police Department*
Current term expires 8.31.05

Leo J. Johnson
Member since 6.16.00
Trustee, West Metro Fire Rescue District
Current term expires 8.31.03

Right Column



Ed Lujan
Member since 10.20.88
Captain - Denver Police Department
Current term expires 8.31.04

Raymond M. Mitchell
Member since 10.5.89
*Principal - RIM Unlimited, Inc.,
Lakewood*
Current term expires 8.31.02

Gary E. West
Member since 2.22.95
*Vice Pres. Human Resources -
CIGNA Healthcare, Denver*
Current term expires 8.31.02



Professional Consultants and Managers

Professional Consultants

Actuarial

Buck Consultants

Auditor

BONDI & Co., LLP

Board Medical Advisor

Dr. Roderic Gottula

Investment Consultant

Pension Consulting Alliance

Legal Counsel

Gorsuch, Kirgis, L. L. C.

Master Custodian/Trustee

State Street Bank & Trust

Investment Managers

**Domestic Equities &
Pooled Investments**

Brandywine Asset Management Inc.
J.P Morgan Investment Management Inc.
State Street Global Advisors
Thomson, Horstmann & Bryant, Inc.

Domestic Fixed Income

Bradford & Marzec, Inc.
Pacific Investment Management Co.
Trust Company of the West
Western Asset Management Co.

International Equities

Morgan Stanley Asset Management
Putnam Advisory Company, Inc.
State Street Global Advisors

International Fixed Income

Morgan Grenfell Investment Services
Strategic Fixed Income, L. P.

Real Estate

Apollo Real Estate
Blackstone Real Estate Partners
Hancock Timber Fund
PM Realty Advisors, Inc.
Prudential Asset Management Company
RREEF Funds

Venture Capital & Alternative Investments

ABS Capital Partners
Apollo Investment Fund
Arch Venture Fund
Aurora Equity Partners
Blackstone Partners
Boston Ventures, LP
Candover Partners LTD
Centennial Funds
Charles River Ventures
Chisolm Partners
Columbine Venture Management, Inc.
CVC European
Doughty Hanson & Company
First Reserve Fund
Glenwood Ventures
Hancock Falcon Ventures
Hancock International Venture Fund
Harvest Partners
Heritage Fund
Larimer Venture
Navis Partners
Nordic Capital
Oxford Bioscience
Pacific Corporate Group
SKM Equity Fund
Sprout Capital L.P.
TCW Special Credits Fund
TH Lee Equity Fund
TPG Partners
Vestar Capital Partners
Willis Stein & Partners, LP

The Fire and Police Members' Benefit Fund (the Common Fund) is established pursuant to Title 31, Article 31, Part 3 of the Colorado Revised Statutes, as amended. As trustee of the Common Fund, the Fire and Police Pension Association of Colorado (FPPA) collects, invests, administers and disburses monies on behalf of firefighters and police officers throughout the State of Colorado for:

The Statewide Defined Benefit Plan, a retirement plan for firefighter and police employees hired in the State of Colorado on or after April 8, 1978;

The Statewide Death and Disability Plan; and

The Statewide Money Purchase Plan, which began operations as of January 1, 1995.

Affiliated plans of the Common Fund include:

money purchase pension plans, in the State of Colorado who have chosen to affiliate with FPPA;

local defined benefit pension plans for firefighter and police employees in the State of Colorado hired before April 8, 1978 (old hires) whose employers have chosen to affiliate with FPPA; and

volunteer firefighter defined benefit pension plans in the State of Colorado who have chosen to affiliate with FPPA.

Each of the pension plans mentioned above has their assets pooled for investment purposes in the FPPA Common Fund. All transactions that are specific to each plan (contributions, retirement benefit payments, refunds, etc.) are accounted for by plan. The old hire, money purchase and volunteer plans that have chosen to affiliate with FPPA for investment and administrative purposes are still governed by their local plan document and local pension board, and, (except for the money purchase plans), each has a separate actuarial valuation done every two years. Only the Statewide Defined Benefit Pension Plan, the Statewide Money Purchase Plan and the Statewide Death and Disability Plan are governed by the FPPA Board of Directors.

The following is a brief summary of the basic provisions of the Statewide Defined Benefit Pension Plan and the Statewide Death and Disability Plan and is provided for informational purposes only. Participants should refer to the Colorado Revised Statutes, as amended, for more complete information.

Statewide Defined Benefit Plan

The plan is a defined benefit pension plan covering substantially all full-time employees of participating firefighter or police departments in Colorado hired on or after April 8, 1978 (new hires), provided that they are not already covered by an exempt or withdrawn local pension plan. The plan became effective January 1, 1980.

Employees hired before April 8, 1978 (old hires) may be covered by the plan provided that their employer is affiliated with the Association. An employer has the opportunity to affiliate on January 1 of each year. Old hire employees have 60 days from the date of affiliation by their employer to elect whether to adopt the plan's schedule of benefits or to remain with the employer's old hire plan's previous schedule. A requirement of affiliation is that the affiliating employer transfers assets to the plan equivalent to the total accrued actuarial liability of employees who transfer to the plan.

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

Summary of FPPA Plan Information

Pension 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 the retirement age should not be less than age 55 or more than age 60. The Trustees subsequently approved an age of 55 retirement age. Any member may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 55 years, if the member has at least 25 years of service.

The annual normal pension is 2% per year for each year of service up to ten years, then 2.5% per year for each year thereafter. This benefit is based on the average of the member's highest three years' base salary. Benefits paid to retired members are evaluated and redetermined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the Consumer Price Index or 3%. In addition, upon retirement a participant may receive additional benefits credited to the participant's "Separate Retirement Account" each year beginning January 1, 1988, which are attributable to contributions in excess of the actuarially determined pension cost for the plan's defined benefits, plus any earnings or losses thereon. Participants do not vest in amounts credited to their account until retirement and the plan may use such reserve amounts to reduce pension costs in the event such costs exceed contributions.

Once a member is eligible for a normal retirement, instead of terminating employment and receiving normal retirement benefits, a member may choose to enter the Deferred Retirement Option Plan (DROP). Once entered into the DROP a member continues to be employed (as well as continues to contribute their 8% member contribution) for a specified period of time not to exceed five years. A written agreement between the member and the employer is required.

A member is eligible for an early retirement benefit after completion of 30 years of service or attainment of age 50. The early retirement benefit shall be the normal retirement benefit reduced on an actuarially equivalent basis.

Upon termination, an employee may elect to have all contributions, together with 5% 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 continue to be eligible for a retirement pension at age 55 equal to 2% per year for each year of service up to ten years, then 2.5% per year for each year thereafter. The benefit is based on the average of the member's highest three years' base salary.

Contributions

It is the policy of the plan that the contribution rate be established at a level that will result in all benefits being fully funded at the retirement date of all new hires. At the present time, both employers and employees are required by Colorado statute to contribute 8% of the employee's salary to the plan.

Interest in the Undivided Net Assets of the Common Fund

At December 31, 2001 and 2000, the plan had an interest of 16.6% and 16.0%, respectively, in the undivided net assets of the FPPA Members' Benefit Fund.

Historical Trend Information

Historical trend information designed to provide information about the plan's progress in accumulating sufficient assets to pay benefits when due is presented in the statistical section.

Statewide Death and Disability Plan

The plan is in the nature of a self-insured employee welfare benefit plan, covering full-time employees of substantially all firefighter and police departments in Colorado. Contributions to the plan are used solely for the payment of death and disability benefits.

For covered employees hired prior to January 1, 1997, the plan is funded by the State of Colorado whose contributions are established by Colorado statute. For covered employees hired on or after January 1, 1997, the plan is funded through local employer and/or member contributions. In addition, there were seven contributing employers as of December 31, 2001, who are covered by Social Security and have also elected supplementary coverage by the statewide plan.

Benefits

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary with an additional 10% of base salary if a spouse has two or more dependent children. Benefit entitlement continues until death of the spouse and death, marriage, or other termination of dependency of children.

A member who becomes disabled prior to retirement is eligible for disability benefits. The benefit is 70% of base salary for cases of total disability and 30% for cases of occupational disability, reduced by the amount of certain other benefits received. These occupational disability benefits are increased by an additional 10% of base salary if the member has a spouse and a further 10% of base salary if the member has any dependent children. A cost of living adjustment may be granted annually in an amount that does not exceed the greater of the CPI or 3%.

Interest in the Undivided Net Assets of the Common Fund

At December 31, 2001 and 2000, the plan had an interest of 9.0% and 9.4% respectively in the undivided net assets of the FPPA Members' Benefit Fund.

Historical Trend Information

Historical trend information designed to provide information about the plan's progress in accumulating sufficient assets to pay benefits when due is presented in the schedules in the statistical section.

General Information

The Members' Benefit Fund consists of the Statewide Defined Benefit Plan, the Statewide Death and Disability Plan, the Statewide Money Purchase Plan Benefit Fund, plus 57 local defined benefit funds, four local money purchase funds and 154 affiliated volunteer firefighter pension funds.

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

The Members' Benefit Fund

The Statewide Defined Benefit Plan

The Statewide Death and Disability Plan

Statewide Money Purchase Plan Benefit Fund

The Money Purchase Plan Benefit Fund.

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

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



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**Board of Directors
Fire and Police Pension Association**

Independent Auditors' Report

We have audited the accompanying general-purpose financial statements, consisting of the Affiliated Local Plans Fund, the Statewide Death & Disability Fund, the Statewide Defined Benefit Fund, the Members' Statewide Money Purchase Fund, the Members' Money Purchase Fund, and the IRC 457 Plan of the Fire and Police Pension Association of Colorado, (FPPA), as of and for the year ended December 31, 2001. These general-purpose financial statements are the responsibility of the management of FPPA. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial status of FPPA as of December 31, 2001, and its changes in financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

February 22, 2002

BonDI & Co. LLP
BONDI & Co. LLP



Affiliate Offices Worldwide

Financial Section

Statement of Plan Net Assets Available for Pension Benefits - December 31, 2001

	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY	STATEWIDE DEFINED BENEFIT
ASSETS			
Cash and Cash Equivalents (Note 4)	\$ 75,330,812	\$ 9,127,279	\$ 16,940,815
Investments (Note 4)			
U.S. Government Agency Obligations	230,033,356	27,871,445	51,731,188
Corporate Bonds	258,914,151	31,370,718	58,226,063
Domestic Equity Securities	654,127,192	79,255,767	147,103,783
International Equity Securities	369,849,496	44,811,935	83,173,824
International Fixed Income	5,454,390	660,868	1,226,614
Venture Capital	95,423,233	11,561,729	21,459,311
Real Estate	110,555,009	13,395,135	24,862,229
Securities Lending Investment Pool	82,224,856	9,962,579	18,491,186
<i>Total Investments</i>	<i>1,806,581,683</i>	<i>218,890,176</i>	<i>406,274,198</i>
<i>Total Cash and Investments</i>	<i>1,881,912,495</i>	<i>228,017,455</i>	<i>423,215,013</i>
Receivables			
Other			
Assets Sold-Pending Trades	13,899,995	1,684,160	3,125,908
Contributions	0	168,426	886,473
Accrued Interest and Dividends	8,297,175	1,005,307	1,865,915
<i>Total Receivables</i>	<i>22,197,170</i>	<i>2,857,893</i>	<i>5,878,296</i>
Properties and Equipment, at Cost, Net of Accumulated Depreciation (Note 6)	1,283,866	155,557	288,723
Other Assets	85,615	10,373	19,254
TOTAL ASSETS	1,905,479,146	231,041,278	429,401,286
LIABILITIES			
Payables			
Accounts, Employee and Participants Payable	1,287,483	155,995	289,536
For Assets Purchased-Pending Trades	104,067,705	12,609,116	23,403,328
Amounts Owed for Securities Lending Transactions (Note 4)	82,224,856	9,962,579	18,491,186
TOTAL LIABILITIES	187,580,044	22,727,690	42,184,050
NET ASSETS AVAILABLE FOR PENSION BENEFITS/ FUND BALANCE RESERVED FOR WITHDRAWALS (A Schedule of Funding Progress for each Plan is presented on Page 40)	\$1,717,899,102	\$208,313,588	\$387,217,236

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

TOTAL DEFINED BENEFIT	MEMBERS' MONEY PURCHASE	MEMBERS' STATEWIDE MONEY PURCHASE	IRC 457 EXPENDABLE TRUST	COMBINED TOTALS 2001	COMBINED TOTALS 2000
\$ 101,398,906	\$ 0	\$ 0	\$ 0	\$ 101,398,906	\$ 87,093,290
309,635,989	654,269	138,882	1,118,784	311,547,924	244,835,714
348,510,932	809,943	254,769	893,088	350,468,732	292,717,443
880,486,742	9,831,786	2,812,991	13,337,224	906,468,743	895,510,918
497,835,255	352,588	153,972	814,690	499,156,505	608,713,402
7,341,872	0	0	0	7,341,872	165,023,422
128,444,273	0	0	0	128,444,273	145,143,375
148,812,373	0	0	0	148,812,373	155,054,907
110,678,621	0	0	0	110,678,621	224,015,379
2,431,746,057	11,648,586	3,360,614	16,163,786	2,462,919,043	2,731,014,560
2,533,144,963	11,648,586	3,360,614	16,163,786	2,564,317,949	2,818,107,850
18,710,063	0	0	0	18,710,063	10,904
1,054,899	2,815	26,253	0	1,083,967	20,313,767
11,168,397	0	0	0	11,168,397	1,458,750
30,933,359	2,815	26,253	0	30,962,427	12,009,664
1,728,146	0	0	0	1,728,146	33,793,085
115,242	0	0	0	115,242	1,628,690
2,565,921,710	11,651,401	3,386,867	16,163,786	2,597,123,764	2,853,638,412
1,733,014	0	0	0	1,733,014	2,210,470
140,080,149	0	0	0	140,080,149	109,368,159
110,678,621	0	0	0	110,678,621	224,015,379
252,491,784	0	0	0	252,491,784	335,594,008
\$2,313,429,926	\$11,651,401	\$3,386,867	\$16,163,786	\$2,344,631,980	\$2,518,044,404

Financial Section

Statement of Changes in Plan Net Assets Available for Benefits for the year ended December 31, 2001

	AFFILIATED LOCAL PLANS	STATEWIDE DEATH & DISABILITY
ADDITIONS		
Contributions (Note 3)		
Employer	\$ 37,838,035	\$ 2,269,989
Plan Member	30,852,223	748,601
Affiliations	10,679,999	0
State Contributions	27,432,188	0
<i>Total Contributions</i>	<i>106,802,445</i>	<i>3,018,590</i>
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	(166,249,743)	(20,339,928)
Interest	34,066,933	4,127,639
Dividends	8,574,454	1,038,903
Net Real Estate Investment Income	6,553,529	794,043
Other Income	1,419,735	172,019
<i>Total Investment Income (Loss)</i>	<i>(115,635,092)</i>	<i>(14,207,324)</i>
Less Investment Counsel	131,867	15,977
Less Investment Management Fees	3,566,915	432,176
<i>Net Investment Income (Loss)</i>	<i>(119,333,874)</i>	<i>(14,655,477)</i>
Securities Lending		
Income	6,161,659	746,563
Borrowers Rebates	(5,082,688)	(615,832)
Agent Fees	(268,340)	(32,513)
<i>Net Securities Lending Income</i>	<i>810,631</i>	<i>98,218</i>
Total Additions	(11,720,798)	(11,538,669)
DEDUCTIONS		
Benefit Payments	115,521,820	8,736,810
Refunds of Contributions	15,234,656	0
Administrative Costs	2,353,771	285,189
Total Deductions	133,110,247	9,021,999
NET INCREASE (DECREASE) IN PLAN NET ASSETS	(144,831,045)	(20,560,668)
NET ASSETS AVAILABLE FOR PENSION BENEFITS		
BEGINNING OF YEAR	1,862,730,147	228,874,256
END OF YEAR	\$ 1,717,899,102	\$ 208,313,588

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

STATEWIDE DEFINED BENEFIT	TOTAL DEFINED BENEFIT	MEMBERS' MONEY PURCHASE	MEMBERS' STATEWIDE MONEY PURCHASE	COMBINED TOTALS 2001	COMBINED TOTALS 2000
\$ 12,108,251	\$ 52,216,275	\$ 461,980	\$ 325,219	\$ 53,003,474	\$ 51,028,118
12,431,576	44,032,400	460,123	380,768	44,873,291	38,011,053
0	10,679,999	0	0	10,679,999	1,426,317
0	27,432,188	0	0	27,432,188	27,141,938
24,539,827	134,360,862	922,103	705,987	135,988,952	117,607,426
(37,232,166)	(223,821,837)	(2,150,773)	(427,560)	(226,400,170)	(165,616,510)
7,661,162	45,855,734	0	0	45,855,734	46,919,098
1,928,271	11,541,628	0	0	11,541,628	9,839,204
1,473,794	8,821,366	0	0	8,821,366	8,585,599
319,278	1,911,032	0	0	1,911,032	9,118,716
(25,849,661)	(155,692,077)	(2,150,773)	(427,560)	(158,270,410)	(91,153,893)
29,655	177,499	0	0	177,499	142,501
802,147	4,801,238	0	0	4,801,238	5,309,859
(26,681,463)	(160,670,814)	(2,150,773)	(427,560)	(163,249,147)	(96,606,253)
1,385,668	8,293,890	0	0	8,293,890	13,428,783
(1,143,023)	(6,841,543)	0	0	(6,841,543)	(12,372,570)
(60,346)	(361,199)	0	0	(361,199)	(264,290)
182,299	1,091,148	0	0	1,091,148	791,923
(1,959,337)	(25,218,804)	(1,228,670)	278,427	(26,169,047)	21,793,096
678,154	124,936,784	65,179	1,593	125,003,556	112,283,281
1,856,449	17,091,105	463,821	258,463	17,813,389	20,594,148
529,330	3,168,290	0	0	3,168,290	3,042,822
3,063,933	145,196,179	529,000	260,056	145,985,235	135,920,251
(5,023,270)	(170,414,983)	(1,757,670)	18,371	(172,154,282)	(114,127,155)
392,240,506	2,483,844,909	13,409,071	3,368,496	2,500,622,476	2,614,749,631
\$ 387,217,236	\$ 2,313,429,926	\$ 11,651,401	\$ 3,386,867	\$ 2,328,468,194	\$ 2,500,622,476

Financial Section

*Statement of Revenues, Expenditures and Changes in Fund Balance
for the year ended December 31, 2001*

	IRC 457 EXPENDABLE TRUST
REVENUES	
Contributions	
Plan Member	\$ 2,566,749
<i>Total Contributions</i>	<i>2,566,749</i>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(3,186,898)
<i>Total Investment Income</i>	<i>(3,186,898)</i>
<i>Total Revenues</i>	<i>(620,149)</i>
EXPENDITURES	
Withdrawals	637,993
<i>Total Expenditures</i>	<i>637,993</i>
EXCESS OF REVENUES OVER EXPENDITURES	(1,258,142)
FUND BALANCE RESERVED FOR WITHDRAWALS BEGINNING OF YEAR	17,421,928
<i>END OF YEAR</i>	<i>\$ 16,163,786</i>

NOTE 1

ORGANIZATION

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

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

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

The Statewide Defined Benefit Plan Fund is a defined benefit plan for fire and police employees hired in the State of Colorado on or after April 8, 1978. This is a cost sharing multiple-employer plan.

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

The Members' Statewide Money Purchase Plan Benefit Fund is a defined contribution plan.

The Expendable Trust Fund is a deferred compensation plan created under Internal Revenue Code Section 457. This Fund collects amounts deferred by participants of affiliated plans. The assets are held in trust for the exclusive benefit of participants.

In order to facilitate investing, and to reduce operating costs, FPPA pools investments in what is known as the Common Fund. Each month shared revenues (i.e. investment income) and shared operating expenses are allocated to each affiliate, and to the statewide plans, based upon each plan's proportionate share of total assets.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

The accompanying financial statements were prepared using the accrual basis of accounting for the Affiliated Local Plans, Statewide Death and Disability Plan, Statewide Defined Benefit Plan, Members' Money Purchase Plan, and Statewide Members' Money Purchase Plan in accordance with generally accepted accounting principles applicable to governmental accounting in accordance with GASB Statement No. 25. The Expendable Trust Fund was prepared using the modified accrual basis of accounting. Member and employer contributions for all plans are recognized as additions/revenues in the period in which employee services are performed, and deductions/expenditures are recorded when incurred regardless of when payment is made.

(b) Reporting Entity

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

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

(c) Investments

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

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

(d) Cash and Cash Equivalents

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

(e) Property and Equipment

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

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

(f) Income Taxes

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

(g) Member Transactions

Funds invested by members include payroll contributions made by member police officers and fire fighters, contributions of affiliated employers on behalf of their police officers and fire fighters, contributions from the State of Colorado, and contributions of plan assets by newly affiliated plans of formerly non-participating entities. Contributions by members and their employers for the State-wide Defined Benefit Plan and the Statewide Death and Disability Plan are recognized in the period in which employee services are performed.

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

(h) Estimates

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

(i) Reclassification of Prior Year Amounts

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

NOTE 3

PLAN DESCRIPTIONS

(A) Affiliated Local Plans

(1) Plan Description

This is an agent multiple-employer Public Employee Retirement System (PERS). There are 211 local plans affiliated with the Association.

The Affiliated Local Plans represent the assets of a number of separate plans, which have been pooled for investment purposes. The pension plans (volunteer and paid) represented in the Affiliated Local Plans investment pool, have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document, actuarial valuation, and is governed by its own local pension board.

(2) Contributions and Benefit Provisions

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

(3) Membership

These plans are for the benefit of two distinct groups. The first of those are fire and police employees of affiliated employers hired prior to April 8, 1978, (Old Hires). The other group is volunteer firefighters of affiliated plans. The membership of these two groups as of December 31, 2001, are comprised as follows:

DROP Participants - Active	524
Retirees and Beneficiaries Currently Receiving Benefits	4,758
Terminated Vested Employees Entitled to Benefits But Not Yet Receiving Them	266
DROP Participants - In Pay Status	41
Current Employees - Active Old Hire	440
Current Employees - Active Exempt New Hire	890
Current Volunteers - Active	3,798

<i>Total Members</i>	<i>10,717</i>
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Notes to the Financial Statement

(B) Statewide Death and Disability Plan

(1) Plan Description

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

(2) Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In addition, there were 7 contributing employers as of December 31, 2001, who are covered by Social Security and have also elected supplementary coverage by the statewide plan. The State made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, contribute 2.30% of payroll to this fund. This percentage can vary depending on actuarial experience.

(3) Benefits

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 25% of the member's monthly base salary. Benefit entitlement continues until death of the spouse and death, marriage, or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 70% of base salary for cases of total disability and 30% for cases of occupational disability, reduced by the amount of certain other benefits received. These occupational disability benefits are increased by an additional 10% of base salary if the member has a spouse and further 10% of base salary if the member has any dependent children.

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the Consumer Price Index (CPI) or 3%. Totally disabled members and their beneficiaries receive an automatic COLA each year based on the lesser of 3% or CPI increases.

(4) Membership

The participating employees (members) of the Plan as of December 31, 2001, are comprised as follows:

Retirees and beneficiaries receiving benefits	567
Active non-vested members	9,322
<i>Total Members</i>	<i>9,889</i>

(C) 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. The Plan became effective January 1, 1980. The Plan currently has 158 contributing employers.

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

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

(2) Contributions

It is the policy of the Plan that the contribution rate be established at a level that will result in all benefits being fully funded at the retirement date of all members of the Statewide Defined Benefit Plan. At the present time, both employers and employees are required by Colorado statute to contribute 8% of the employees' salary to the Plan. In addition, certain employers who are covered by Social Security have also elected supplementary coverage by the statewide plan. Based upon an estimated payroll, the actuarially determined contributions for 2001 are \$19,727,606, representing 13.976% of base payroll.

(3) Benefits

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

On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that the retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983 to state that any member may be retired from further service and shall be eligible for a normal retirement pension at any time after attaining the age of 55 years, if the member has at least 25 years of service. On June 1, 2001, the Colorado Revised Statutes were amended to reflect the 55 retirement age.

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

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

Upon termination, an employee may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least ten years of accredited service may leave contributions with the Plan and continue to be eligible for a retirement pension at

Notes to the Financial Statement

age 55 equal to 2% of the member's highest three years base salary for each year of credited service up to ten years plus 2.5% for each year thereafter.

(4) Membership

The participating employees (members) of the Plan as of December 31, 2001, are comprised as follows:

Retirees and beneficiaries receiving benefits	43
Terminated members entitled to benefits but not yet receiving such benefits	103
Members	
DROP Participants	6
Fully Vested	39
Partially Vested	1,156
Non-vested	1,986
<i>Total Members</i>	<i>3,333</i>

(D) Members' Money Purchase Plan Benefit Fund

(1) Plan Description

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

The Members' Money Purchase Plan Benefit Fund became effective on January 1, 1990. Participants have the option of choosing between various mutual funds offered by an outside money manager. There were 4 contributing employers as of December 31, 2001.

(2) Contributions and Vesting

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

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

(3) Membership

There were 125 contributing employees (members) at December 31, 2001.

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	22
Members:	
Partially Vested	125
<i>Total Members</i>	<i>147</i>

(E) Members' Statewide Money Purchase Plan Benefit Fund

(1) Plan Description

The Fund is a cost sharing multi-employer defined contribution (money purchase) pension fund covering full-time employees of participating fire or police departments in Colorado who have elected to participate in the Statewide Money Purchase Benefit Fund.

The Members' Statewide Money Purchase Plan Benefit Fund became effective on January 1, 1995. Participants have the option of choosing between various mutual funds offered by an outside money manager. There were 37 contributing employers as of December 31, 2001.

(2) Contributions and Vesting

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

(3) Membership

The participating employees (members) of the Fund at December 31, 2001, are comprised as follows:

Retirees and beneficiaries receiving benefits, and terminated members entitled to benefits but not yet receiving such benefits	24
Members:	
Fully Vested	34
Partially Vested	41
Non-vested	13
<i>Total Members</i>	<i>112</i>

NOTE 4

CASH AND INVESTMENTS

(1) Cash Deposits

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

Category 1

Insured or collateralized with securities held by the Plan or by its agent in the Association's name.

Category 2

Collateralized with securities held by the pledging financial institution's trust department or agent in the Association's name.

Category 3

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

Notes to the Financial Statement

At December 31, 2001, the Association's cash deposits had a carrying value, and a corresponding bank balance as follows:

	<i>Carrying Value</i>	<i>Bank Balance</i>
Cash on Hand	\$ 350	\$ N/A
Insured Deposits	100,000	100,000
Deposits Collateralized in Single Institution Pools (Category 2)	2,557,839	3,545,283
<i>Total Deposits</i>	<i>\$ 2,658,189</i>	<i>\$ 3,645,283</i>
Cash and Cash Equivalents held by the Respective Custodians (Category 2)	98,740,717	98,740,717
<i>Total Cash and Cash Equivalents</i>	<i>\$ 101,398,906</i>	<i>\$ 102,386,000</i>

(2) Investments

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

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

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

Category 1

Insured or registered, or securities held by the Common Fund or its agents in the Association's name.

Category 2

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

Category 3

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

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

Notes to the Financial Statement

	<i>Securities not Loaned</i>	<i>Securities Loaned</i>	<i>Carrying Amount</i>
INVESTMENTS CATEGORIZED			
U.S. Government Obligations	\$ 285,182,100	\$ 0	\$ 285,182,100
Domestic Corporate Bonds	329,890,296	0	329,890,296
Domestic Stocks (1)(3)	885,542,532	62,304	885,604,836
International Stocks (1)(2)(3)	452,076,824	8,150,410	460,227,234
International Fixed Income	7,341,872		7,341,872
<i>Sub-Total</i>	<i>\$1,960,033,624</i>	<i>\$8,212,714</i>	<i>\$1,968,246,338</i>

(1) Secured by Cash Collateral

(2) Secured by Letter of Credit Collateral

(3) Secured by Securities Collateral

INVESTMENTS NOT CATEGORIZED

Venture Capital	128,444,273
Real Estate	148,812,373
Securities Lending Investment Pool	110,678,621
Investments Held by Broker -	
Dealers Under Securities Loans	
U.S. Government Obligations	26,365,824
Domestic Corporate Bonds	20,578,436
Domestic Stocks	20,863,907
International Stocks	38,929,271
<i>Total</i>	<i>\$2,462,919,043</i>

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

U.S. Government Agency Obligations	\$ 311,547,924
Corporate Bonds	350,468,732
Domestic Equity Securities	906,468,743
International Equity Securities	499,156,505
International Fixed Income	7,341,872
Venture Capital	128,444,273
Real Estate	148,812,373
Securities Lending Investments Pool	110,678,621
<i>Total Investments</i>	<i>\$2,462,919,043</i>

(3) Securities Lending

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

During the year ended December 31, 2001, the Association received U.S. and foreign dollar cash, U.S. Government Securities, foreign sovereign debt and irrevocable bank letters of credit for collateral. The Association did not have the ability to pledge or sell collateral securities without a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to but not less than 100% of the market value of the loaned securities. The Association did not impose any restrictions on the amounts of loans that State Street made on its behalf, and State Street indemnified the Association by agreeing to purchase replacement securities, or return the cash collateral, in the event a borrower failed to return the loaned securities or failed to pay distributions. There were no failures by any borrower's to return loaned securities or pay distributions during the year ended December 31, 2001. In addition, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During the fiscal year, the Association and borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders. As of December 31, 2001, such investment pool had an average duration of 73 days and an average weighted maturity of 445 days. Because the loans were terminable at will their duration did not generally match the maturation of the investments made with cash collateral. On December 31, 2001, the Association has no credit risk exposure to borrowers because the amounts FPPA owes the borrowers is equal to the amounts the borrowers owe FPPA. The market value of the securities on loan for the Association as of December 31, 2001, was \$110,678,621.

(4) Investment Concentration

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

NOTE 5

DEFERRED COMPENSATION PLAN

The employees of FPPA may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457, along with participating fire and police departments. All funds are invested outside the Common Fund. The Plan, available to all employees, permits the deferral of a portion of their salary until future years. The deferred compensation and associated appreciation in the fair value of the assets held are not available to employees until termination, retirement, death, or an unforeseen emergency.

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

In response to this Statement, the Association has modified its trust agreement with respective affiliates; and the result of this modification is the placing of Plan activity within an Expendable Trust Fund for the purposes of financial statement presentation. Fund Balance Reserved for Withdrawals equaled \$16,163,786 at December 31, 2001.

NOTE 6

PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2001, is comprised of the following:

<i>General Fixed Assets</i>	<i>Balance December 31, 2000</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance December 31, 2001</i>
Land, Bldgs. & Equipment	\$ 2,879,602	\$ 223,543	\$ 0	\$ 3,103,145
Accumulated Depreciation	(1,250,912)	(126,085)	1,998	(1,374,999)
<i>Total</i>	<i>\$ 1,628,690</i>	<i>\$ 97,458</i>	<i>\$ 1,998</i>	<i>\$ 1,728,146</i>

Depreciation expense totaled \$126,085 in 2001.

NOTE 7

RISK MANAGEMENT

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

NOTE 8

EMPLOYEE RETIREMENT PLAN

(1) Plan Description

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

(2) Basis of Accounting for the SDTF

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

(3) Funding Policy

Plan members and the Association are required to contribute at a rate set by statute. The contribution requirements of plan members and the Association are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the Association the rate changed from 10.40% to 9.9% as of July 1, 2001, of covered salary. A portion of the Association's contribution is allocated for the Health Care Fund. The Association's contributions to SDTF for the years ending December 31, 2001, 2000, 1999, 1998, 1997, 1996, and 1995, were \$107,985, \$146,324, \$149,983, \$132,843, \$114,043, \$120,418, and \$111,522, respectively, equal to their required contributions for each year.

NOTE 9

DEFINED CONTRIBUTION PENSION PLAN

Plan Description

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

The VIP is funded by voluntary member contributions of up to 18% of covered salary. No employer contributions are required. The VIP member contributions from Association employees for the year ended December 31, 2001, were \$28,145. Under the PERA Matchmaker Program, employee contributions are matched up to 3% of annual salary.

NOTE 10

FINANCIAL OBLIGATIONS WITH OFF BALANCE SHEET RISK

FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

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

EQUITY INDEX FUTURES

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

NOTE 11

COMMITMENTS AND CONTINGENCIES

FPPA is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of FPPA's legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Common Fund. The Association has invested in certain venture capital partnerships and corporations. As part of these investments, FPPA has agreed to contribute additional funds at various times. At December 31, 2001, FPPA had committed approximately \$75.8 million in additional funds to these projects.

Financial Section

Required Supplementary Information Schedule of Funding Progress (Unaudited) • December 31, 2001

Statewide Defined Benefit Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
2001	1/1/2001	\$ 405,598,652	\$ 305,500,209	\$ (100,098,443)	132.8%	\$ 141,154,007	(70.9%)
2000	1/1/2000	367,003,914	230,422,395	(136,581,519)	159.3%	125,090,112	(109.2%)
1999	1/1/1999	311,057,177	203,004,350	(108,052,827)	153.2%	108,851,702	(99.3%)
1998	1/1/1998	261,508,736	171,147,782	(90,360,954)	152.8%	97,101,652	(93.1%)
1997	1/1/1997	217,453,896	139,041,762	(78,412,134)	156.4%	85,955,603	(91.2%)
1996	1/1/1996	180,001,287	113,656,148	(66,345,139)	158.4%	78,398,964	(84.6%)
1995	1/1/1995	137,168,606	92,730,116	(44,438,490)	147.9%	71,709,917	(62.0%)
1994	1/1/1994	125,631,977	93,609,168	(32,022,809)	134.2%	65,745,436	(48.7%)
1993	1/1/1993	103,311,819	103,311,819	N/A	100.0%	55,907,812	N/A
1992	1/1/1992	89,587,411	89,587,411	N/A	100.0%	50,517,390	N/A

Affiliated Local Plans	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Surplus) Actuarial Accrued Liability as a Percentage of Covered Payroll
2000	1/1/2000	\$1,824,520,033	\$ 1,958,959,749	\$ 134,439,716	93.1%	\$ 82,304,632	163.3%
1998	1/1/1998	1,466,608,186	1,813,999,862	347,391,676	80.9%	104,522,694	332.4%
1996	1/1/1996	1,121,444,504	1,593,927,538	472,483,034	70.4%	96,013,582	492.1%
1994	1/1/1994	856,308,695	1,382,776,434	526,467,739	61.9%	102,422,653	514.0%
1992	1/1/1992	687,407,249	1,321,304,664	633,897,415	52.0%	104,481,916	606.7%

Required Supplementary Information
Schedule of Employer and State Contributions (Unaudited) • December 31, 2001

(A) Statewide Death and Disability Plan*Employer Contributions*

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2001	\$ 2,270,023	100%
2000	1,465,861	100
1999	434,958	100
1998	492,648	100
1997	28,289	100
1996	36,712	100
1995	29,500	100
1994	23,564	100
1993	21,201	100
1992	17,230	100

(B) Statewide Defined Benefit Plan*Employer Contributions*

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2001	\$ 11,292,321	100%
2000	10,007,209	100
1999	9,473,201	100
1998	8,890,743	100
1997	6,876,448	100
1996	6,732,026	100
1995	6,008,223	100
1994	5,341,227	100
1993	4,926,158	100
1992	4,420,194	100

State of Colorado Contributions

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2001	\$ 0*	N/A
2000	0*	N/A
1999	0*	N/A
1998	0*	N/A
1997	39,000,000	100%
1996	7,500,000	100
1995	7,500,000	100
1994	7,467,052	100
1993	3,717,048	100
1992	600,000	100

(C) Affiliated Local Plans*Employer Contributions*

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2001	\$ 32,779,006	100%
2000	35,097,807	100
1999	51,599,353	100
1998	53,639,344	100
1997	60,058,331	100
1996	60,058,331	100
1995	57,505,130	100
1994	57,505,130	100
1993	66,161,860	100
1992	66,161,860	100

*Funding discontinued with contribution for the year ended December 31, 1997.

Financial Section

Required Supplementary Information

Notes to the Required Supplementary Information (Unaudited) • December 31, 2001

NOTE 1

DESCRIPTION

The historical trend information for the Statewide Death and Disability Fund, Statewide Defined Benefit Plan, and Affiliated Local Plans are presented as required supplementary information. Actuarial studies are completed on the Affiliated Local Plans biennially in accordance with GASB 27. Each of the 211 Affiliated Local Plans has its own actuarial study. Data presented here is an aggregation of the data from each individual plan study. The data should not be interpreted as being indicative of the status of any individual plan.

NOTE 2

ACTUARIAL ASSUMPTIONS AND METHODS

	Statewide Death & Disability	Statewide Defined Benefit	Affiliated Local Plans
Valuation Date	1/1/01	1/1/01	1/1/01
Actuarial Method	Aggregate Funding(2)	Entry Age Normal	Entry Age Normal
Amortization Method	N/A(1)	Level Percent of Projected Payroll	Various
Remaining Amortization Period	N/A(1)	30 Years - Open	Various
Asset Valuation Method	Actuarial Value Of Assets	Actuarial Value Of Assets	Actuarial Value Of Assets
Actuarial Assumptions Investment Rate of Return	8%	8%	8%
Projected Salary Increase	4.5% - 13.0%	4.5% - 13.0%	4.5% - 13.0%
Includes Inflation at	4.0%	4.0%	4.0%
Cost of Living Adjustment	0% - 3%	0% - 3%	0% - 3%
Health Care	N/A	N/A	N/A

(1) Plans not permitted to be unfunded under State statute.

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

NOTE 3

SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Statewide Death and Disability Plan

The current Plan benefits provide an automatic Cost of Living Adjustment, COLA, to totally disabled members and their beneficiaries; but assumes no future COLA benefits to other members. COLAs can be paid only when funds are available.

Statewide Defined Benefit Plan

There were no significant factors affecting trends during 2001.

Affiliated Local Plans

There were no significant factors affecting trends during 2001.

Financial Section

Supporting Schedules for Financial Section Net Assets by Participant • December 31, 2001

Alamosa Volunteer Fire Department (Volunteer)	\$ 1,134,654
** Allens Park Fire (Volunteer)	186,788
Aspen Fire Protection District (Volunteer)	1,290,273
Ault Fire Protection District (Volunteer)	292,175
Aurora Police	81,885,948
Aurora Police - DROP	6,593,912
Aurora Police-Rank Escalation	12,676,844
Aurora Fire	77,563,231
Aurora Fire - DROP	5,269,745
Aurora Fire-Rank Escalation	10,827,403
Bancroft Fire Protection District	7,540,121
Bancroft Fire Protection District-Rank Escalation	1,299,423
Basalt and Rural Fire Protection District (Volunteer)	1,285,913
Bennett Volunteer Fire (Volunteer)	226,528
Berthoud Fire Protection District (Volunteer)	446,138
Black Hawk Fire Protection District (Volunteer)	16,825
Boone Volunteer Fire (Volunteer)	30,692
Boulder Rural Fire Protection District (Volunteer)	523,414
Boulder Heights Fire Protection District (Volunteer)	319,811
Bow Mar Police	149,304
Brighton Fire (Volunteer)	3,064,113
Brush Volunteer Fire Department (Volunteer)	282,352
** Brush Rural Fire (Volunteer)	311,662
Buena Vista Fire (Volunteer)	209,442
Burning Mountain Fire Protection District (Volunteer)	409,066
Calhan Fire (Volunteer)	23,169
Canon City Area Fire Protection District	3,657,936
Canon City Area Fire Protection District (Volunteer)	214,862
Carbondale & Rural Fire Protection District (Volunteer)	1,017,641
Cascade Fire (Volunteer)	177,817
Castle Rock Volunteer Fire Department (Volunteer)	822,731
Cedaredge Police	225,814
Central City Fire Department (Volunteer)	174,859
Central Orchard Mesa Fire Protection District (Volunteer)	97,106
Cherry Hills Fire Protection District	3,247,196
Cherryvale Fire Protection District (Volunteer)	201,001
Cheyenne City #1 Fire (Volunteer)	117,437
Clear Creek County Emergency Services District (Volunteer)	1,129,152
Clifton Fire Protection District (Volunteer)	1,665,995
Coal Creek Fire Protection District (Volunteer)	680,888
Colorado Sierra Fire Protection District (Volunteer)	31,324
Colorado Springs Exempt Police	87,616,288
Colorado Springs Exempt Police SRA-Master	138,336
Colorado Springs Exempt Police SRA-Actuarial	389,305
Colorado Springs Police	71,224,793

** *New Affiliation in 2001*
See the accompanying independent auditor's report.

*Supporting Schedules for Financial Section
Net Assets by Participant • December 31, 2001*

** Colorado Springs Police - DROP	\$ 1,055,653
Colorado Springs Police-Rank Escalation	11,402,364
Colorado Springs Exempt Fire-SRA Actuarial	133,934
Colorado Springs Fire SRA-Master	1,008
Colorado Springs Exempt Fire	52,129,727
Colorado Springs Fire	84,882,697
** Colorado Springs Fire - DROP	2,544,284
Colorado Springs Fire-Rank Escalation	13,783,510
Cortez Police	279,324
Cripple Creek Fire Protection District (Volunteer)	217,334
Crowley Fire Department (Volunteer)	10,254
Crystal Lake Fire Department (Volunteer)	34,466
Del Norte Police	45,364
Del Norte Fire (Volunteer)	341,949
Denver Fire	337,510,304
Denver Fire-Rank Escalation	27,985,555
Denver Fire - DROP	14,105,174
Denver Police	460,511,366
Denver Police-Rank Escalation	35,103,314
Denver Police - DROP	22,520,945
Dove Creek Fire (Volunteer)	90,655
** Durango Police	2,531,151
** Durango Fire	1,941,692
Eads Volunteer Fire Department (Volunteer)	96,383
Eckley Fire (Volunteer)	21,431
** Elbert Fire (Volunteer)	26,356
Eldorado Fire Department (Volunteer)	88,225
Elizabeth Fire Protection District (Volunteer)	930,792
Englewood Police	7,944,525
Englewood Police-DROP	392,062
Englewood Fire Department	12,776,512
Englewood Fire Department (Volunteer)	429,773
Englewood Fire DROP	271,277
Erie Police	298,603
Evans Volunteer Fire Department (Volunteer)	306,099
Evergreen Fire (Volunteer)	2,747,622
Falcon Fire Protection District (Volunteer)	609,470
Federal Heights Volunteer Fire Department (Volunteer)	1,253,535
Firestone Marshalls	48,039
Fisher's Peak Fire (Volunteer)	23,524
Foothills Fire Protection District (Volunteer)	825,687
Fort Morgan Fire (Volunteer)	1,120,438
Fort Morgan Rural Fire (Volunteer)	295,838
Fort Morgan Police	861,205
Florence Fire (Volunteer)	303,904

** *New Affiliation in 2001*
See the accompanying independent auditor's report.

Financial Section

Supporting Schedules for Financial Section Net Assets by Participant • December 31, 2001

Franktown Fire Protection District (Volunteer)	\$ 985,542
Frederick Area Fire Protection District (Volunteer)	222,193
** Galeton Fire (Volunteer)	205,206
Genesee Fire Protection District (Volunteer)	690,832
Glendale Volunteer Fire Department (Volunteer)	181,836
Glenwood Springs Fire Department (Volunteer)	725,893
Golden Volunteer Fire Department (Volunteer)	2,599,873
Golden Gate Fire Protection District (Volunteer)	111,480
Grand Fire Protection District (Volunteer)	643,782
Grand Junction Fire	12,118,906
Grand Junction Police	2,214,671
Grand Lake Fire (Volunteer)	960,913
Grand Valley Fire (Volunteer)	929,548
Greeley Police	1,914,707
Green Mountain Falls-Chipita Park Fire Protection District (Volunteer)	176,645
Gypsum Fire (Volunteer)	262,586
Hartsel Fire Protection District (Volunteer)	290,433
Haxtun Volunteer Fire Department (Volunteer)	117,507
Haxtun Police	226,308
Hermosa Cliff Fire Protection District (Volunteer)	595,072
High Country Fire Protection District (Volunteer)	840,836
** Hillrose Rural Fire (Volunteer)	83,151
Holyoke (City) Volunteer Fire Department (Volunteer)	109,631
Holyoke Fire Protection District (Volunteer)	234,924
Holyoke Police	76,792
Hot Sulphur Springs-Parshall Fire Protection District (Volunteer)	69,259
Indian Hills Fire Protection District (Volunteer)	253,359
Inter-Canyon Fire Protection District (Volunteer)	620,300
Jackson 105 Fire Protection District (Volunteer)	96,505
Jefferson-Como Fire Protection District (Volunteer)	379,331
Kiowa Fire Protection District (Volunteer)	300,457
Kremmling Fire Protection District (Volunteer)	371,067
Lafayette Volunteer Fire Department (Volunteer)	961,502
* Lake Dillon Fire (Volunteer)	1,619,185
Lake George Fire Protection District (Volunteer)	62,819
La Junta Police	1,193,339
La Junta Fire	976,975
La Junta Rural Fire Protection District (Volunteer)	292,486
Lakewood Fire Protection District	16,587,375
Lakewood Fire Protection District-Rank Escalation	5,199,537
Lamar Fire	745,588
Lamar Police	119,298
Lamar Fire Protection District (Volunteer)	161,994
Larkspur Fire Protection District (Volunteer)	864,664
Las Animas Police	648,299

* Formerly Dillon Fire Protection District (Volunteer), Dillon Valley District

** New Affiliation in 2001

See the accompanying independent auditor's report.

*Supporting Schedules for Financial Section
Net Assets by Participant • December 31, 2001*

La Salle Police	\$ 336,457
La Salle Fire Protection District (Volunteer)	1,218,976
Leadville Fire	320,536
Left Hand Fire Protection District (Volunteer)	452,348
Lewis-Arriola Fire Protection District (Volunteer)	718,228
Limon Fire Department (Volunteer)	289,708
Log Hill Mesa Fire Protection District (Volunteer)	41,405
Lower Valley Fire Protection District (Volunteer)	330,842
Manitou Springs Fire	417,647
Manitou Springs Volunteer Fire Department (Volunteer)	404,204
Manzanola Rural Fire Protection District (Volunteer)	59,259
Milliken Fire Protection District (Volunteer)	493,310
Montrose Fire Protection District	264,045
Montrose Fire Protection District (Volunteer)	632,413
Mountain View Fire Protection District	606,093
Mountain View Fire Protection District (Volunteer)	1,839,207
Nederland Fire Protection District (Volunteer)	92,897
Northeast Teller County Fire Protection District (Volunteer)	368,518
North Fork Fire Protection District (Volunteer)	46,781
North Routt Fire Protection District (Volunteer)	76,522
North Washington Fire Protection District	4,496,068
North Washington Fire Protection District-Rank Escalation	389,376
North Washington Fire Protection District (Volunteer)	182,183
Northwest Fire Protection District (Volunteer)	312,138
Northwest Conejos Fire Protection District (Volunteer)	294,684
** Nucla-Naturita Fire (Volunteer)	177,927
Nunn Fire Protection District (Volunteer)	199,480
Oak Creek Fire Protection District (Volunteer)	170,720
Olathe Fire Protection District (Volunteer)	246,518
Olney Springs Volunteer Fire Department (Volunteer)	119,679
Ouray Volunteer Fire Department (Volunteer)	218,956
Pagosa Fire Protection District (Volunteer)	2,315,173
Palisade Volunteer Fire Department (Volunteer)	213,429
Palmer Lake Volunteer Fire Department (Volunteer)	37,471
Paonia Police	17,311
Parker Fire Protection District (Volunteer)	735,358
Pawnee Fire (Volunteer)	15,943
Pinebrook Hills Fire Protection District (Volunteer)	101,304
Platte Canyon Fire Protection District (Volunteer)	798,245
Platte Valley Fire Protection District (Volunteer)	1,536,301
** Platteville/Gilcrest Fire Protection District (Volunteer)	937,434
Pleasant View Fire Protection District (Volunteer)	215,870
Pleasant View Metro Fire Protection District (Volunteer)	875,548
Poudre Valley Fire (Volunteer)	143,122
Pueblo Fire	38,202,705

** *New Affiliation in 2001
See the accompanying independent auditor's report.*

Financial Section

Supporting Schedules for Financial Section Net Assets by Participant • December 31, 2001

Pueblo Fire-Rank Escalation	\$ 2,638,000
Pueblo Police	54,782,244
Pueblo Police-Rank Escalation	6,641,804
Pueblo Rural Fire Protection District	2,656,450
Pueblo Rural Fire Protection District-Rank Escalation	381,717
Rangley Rural Fire (Volunteer)	466,039
Rattlesnake Fire Protection District (Volunteer)	288,497
Red Feather Lakes Fire Protection District (Volunteer)	115,132
Ridgeway Fire (Volunteer)	219,138
Rio Blanco Fire Protection District (Volunteer)	763,492
Rifle Fire (Volunteer)	768,975
Rocky Ford Police	538,382
Rocky Ford Fire	284,123
Rocky Ford Volunteer Fire Department (Volunteer)	27,423
Sable Altura Fire Protection District (Volunteer)	427,536
Salida Fire	336,819
Salida Police	1,146,593
Salida Police DROP	121,873
** Silverton Fire (Volunteer)	91,434
Simla Volunteer Fire Department (Volunteer)	73,678
Snake River Fire Protection District (Volunteer)	427,472
South Adams County Fire Protection District	655,398
South Adams County Fire Protection District (Volunteer)	3,250,341
South Arkansas Fire Protection District (Volunteer)	247,923
South Conejos Fire Protection District (Volunteer)	151,687
South Metro Fire Rescue (Volunteer)	427,480
Springfield Police	489,523
Springfield Fire (Volunteer)	88,483
Steamboat Springs Volunteer Fire Department (Volunteer)	1,083,666
Sterling Fire	903,450
Sterling Volunteer Fire Department (Volunteer)	301,312
Sterling Police	1,106,696
** Stonewall Fire (Volunteer)	21,041
Stratton Fire Protection District (Volunteer)	44,697
Sugar City Fire Department (Volunteer)	69,534
Sugarloaf Fire Protection District (Volunteer)	269,443
SW Washington Fire (Volunteer)	10,840
Telluride Fire Protection District (Volunteer)	580,443
Thornton Fire	8,909,584
Trinidad Fire	406,842
Trinidad Fire-Rank Escalation	54,485
Trinidad Police	177,084
Union Colony Fire	9,052,592
Walsenburg Police	44,751
Walsh Fire (Volunteer)	7,332

** *New Affiliation in 2001
See the accompanying independent auditor's report.*

*Supporting Schedules for Financial Section
Net Assets by Participant & Payments to Consultants • December 31, 2001*

Wellington Fire Protection District (Volunteer)	\$ 558,949
West Cheyenne Fire Protection District (Volunteer)	46,388
West Douglas County Fire Protection District (Volunteer)	458,892
West Metro Fire (Volunteer)	791,062
West Routt Fire Protection District (Volunteer)	1,120,078
** Westminster Fire (Volunteer)	3,178,165
** Wet Mountain Fire (Volunteer)	363,482
** Wiggins Fire (Volunteer)	359,774
Wiley Rural Fire Protection District (Volunteer)	64,550
Woodmoor - Monument Fire	347,097
Yampa Fire Protection District (Volunteer)	237,793
Yuma Fire (Volunteer)	227,932
Unallocated Accruals	65,796
Total Net Assets By Participant	\$ 1,717,899,102

** New Affiliation in 2001
See the accompanying independent auditor's report.

PAYMENTS TO CONSULTANTS	
ACTUARIAL CONSULTANTS	
Buck Consultants	\$ 141,547
AUDITORS	
BONDI & Co. LLP	30,000
INVESTMENT COUNSEL	
Pension Consulting Alliance	165,000
LEGAL & LEGISLATIVE COUNSELS	
Gorsuch Kirgis L.L.P.	31,946
Christensen, White, Miller, & Fink	47,277
James E. Christiansen	45,000
MEDICAL CONSULTANT	
Roderic Gottula, M.D.	21,458
Total Payments To Consultants	\$ 482,228

See the accompanying independent auditor's report.

Financial Section

*Schedule of Administration and Investment Expenses • December 31, 2001
(with comparative totals for December 31, 2000, 1999, 1998, 1997 and 1996)*

Expenditure Group	2001	2000	1999	1998	1997	1996
INVESTMENT FEES						
Investment Counsel	\$ 177,499	\$ 142,501	\$ 90,000	\$ 90,000	\$ 90,305	\$ 80,897
Investment Mgmt. Fees	4,422,092	4,925,713	4,814,483	4,209,531	3,487,427	2,804,524
Real Estate Mgmt. Fees	0	0	0	0	72,722	22,554
Bank Fees	379,146	384,146	206,506	204,324	221,456	191,514
<i>Total Investment Fees</i>	<i>4,978,737</i>	<i>5,452,360</i>	<i>5,110,989</i>	<i>4,503,855</i>	<i>3,871,910</i>	<i>3,099,489</i>
PROFESSIONAL CONTRACTS						
Actuarial Contract	141,547	141,352	197,700	130,000	107,707	85,983
Audit Fees	30,000	29,000	28,000	27,000	28,000	32,200
Computer Maintenance & Lease	140,483	67,494	87,602	120,653	72,047	63,642
Insurance & Bonding	87,394	84,942	79,516	91,889	73,702	111,269
Legal & Legislative Counsel	124,223	113,730	148,777	158,573	95,046	70,031
Management Consulting	30,000	2,500	20,000	37,492	17,241	4,401
Medical Exam Fees	117,717	150,100	154,214	133,500	84,734	76,670
Hearing Officers - D&D	6,980	4,274	2,966	5,215	18,349	0
Outside Svcs/Contract Help	8,277	3,144	4,934	1,296	949	690
Records Management	5,701	6,313	51,400	4,289	4,417	4,090
<i>Total Professional Contracts</i>	<i>692,322</i>	<i>602,849</i>	<i>775,109</i>	<i>709,907</i>	<i>502,192</i>	<i>448,976</i>
PERSONNEL SERVICES						
Salaries	1,572,031	1,426,576	1,373,899	1,254,737	1,038,733	1,110,351
Employee Benefits	258,869	300,238	330,316	287,588	250,929	252,370
Employment Programs	14,624	15,553	10,883	7,268	28,025	5,675
<i>Total Personnel Services</i>	<i>1,845,524</i>	<i>1,742,367</i>	<i>1,715,098</i>	<i>1,549,593</i>	<i>1,317,687</i>	<i>1,368,396</i>
STAFF EDUCATION						
Tuition Assistance Program	8,691	16,466	11,192	12,165	9,765	11,804
Conferences & Seminars	28,241	32,762	28,570	30,133	24,672	23,230
<i>Total Staff Education</i>	<i>\$ 36,932</i>	<i>\$ 49,228</i>	<i>\$ 39,762</i>	<i>\$ 42,298</i>	<i>\$ 34,437</i>	<i>\$ 35,034</i>

*continued on next page
See the accompanying independent auditor's report.*

*Schedule of Administration and Investment Expenses • December 31, 2001
(with comparative totals for December 31, 2000, 1999, 1998, 1997, 1996)*

Expenditure Group	2001	2000	1999	1998	1997	1996
OTHER OPERATING EXPENSES						
Company Vehicles	\$ 7,251	\$ 7,200	\$ 7,017	\$ 2,202	\$ 2,336	\$ 2,354
Board Expenses	78,343	84,492	86,765	80,390	68,401	52,083
Data Processing Supplies	13,396	13,151	13,198	10,467	8,288	9,700
Equipment Rental & Maint.	39,495	37,524	19,755	21,353	13,531	8,283
Meetings & Travel	24,584	24,659	28,138	21,296	10,031	10,836
Operating Exp. Two DTC	8,913	13,418	0	25,930	5,057	18,153
Other (misc.)	1,299	2,200	1,368	3,932	2,329	2,000
Postage	62,590	55,414	50,605	42,781	38,937	37,416
Printing & Mailing	137,942	131,646	88,099	90,916	54,837	92,993
Retirement Services	14,246	8,862	16,619	4,562	9,383	10,152
Staff Expense	5,323	5,255	5,227	4,716	3,477	3,453
Subscriptions & Dues	15,092	16,000	15,858	14,088	13,828	13,733
Supplies	35,733	54,249	38,592	46,164	41,267	46,475
Telephone	23,220	17,282	18,815	18,557	17,315	17,404
<i>Total Other Operating Expense</i>	<i>467,427</i>	<i>471,352</i>	<i>390,056</i>	<i>387,354</i>	<i>289,017</i>	<i>325,035</i>
TOTAL OPERATING EXPENSE	3,042,205	2,865,796	2,920,025	2,689,152	2,143,333	2,177,441
Depreciation Expense	126,085	155,555	127,967	131,092	129,996	163,309
TOTAL ADMINISTRATIVE EXPENSE	3,168,290	3,021,351	3,047,992	2,820,244	2,273,329	2,340,750
CAPITAL EXPENDITURES	223,543	21,471	71,113	53,638	105,886	94,120
TOTAL ADMINISTRATIVE AND CAPITAL EXPENSE	\$ 3,391,833	\$ 3,042,822	\$ 3,119,105	\$ 2,873,882	\$ 2,379,215	\$ 2,434,870

See the accompanying independent auditor's report.

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

Bill Morris, Chief Investments Officer

The mission of the Fire and Police Pension Association – to provide for the retirement needs of police officers and firefighters throughout the State of Colorado – is facilitated by the management of various fund investment portfolios, which totaled \$2.312 billion in market value as of December 31, 2001. Specifically, the Association is responsible for managing three separate retirement funds: the Members' Benefit Fund, the Members' Money Purchase Plan Benefit Fund, and the Members' Statewide Money Purchase Plan Benefit Fund ("the funds").

The Members' Benefit Fund includes the assets of various defined benefit plans designed to supply participants with a specified benefit after retirement, which is calculated as a percentage of the participant's salary. In contrast, The Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund include the assets of various defined contribution plans. In these plans, members direct the investment of their contributions among various investment options. The amount received at retirement depends on the performance, over time, of those options chosen.

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

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

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

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

Members' Benefit Fund

Summary of Investment Objectives

The Board, in developing investment objectives, asset allocation, and investment guidelines, recognizes that the Members' Benefit Fund ("the fund") includes the assets of nearly 200 different benefit plans, all having a different funded status. To manage these assets effectively and prudently,

General Information

the Board has, in its planning process, considered, and will continue to consider, all of the plans' liabilities, both present and projected.

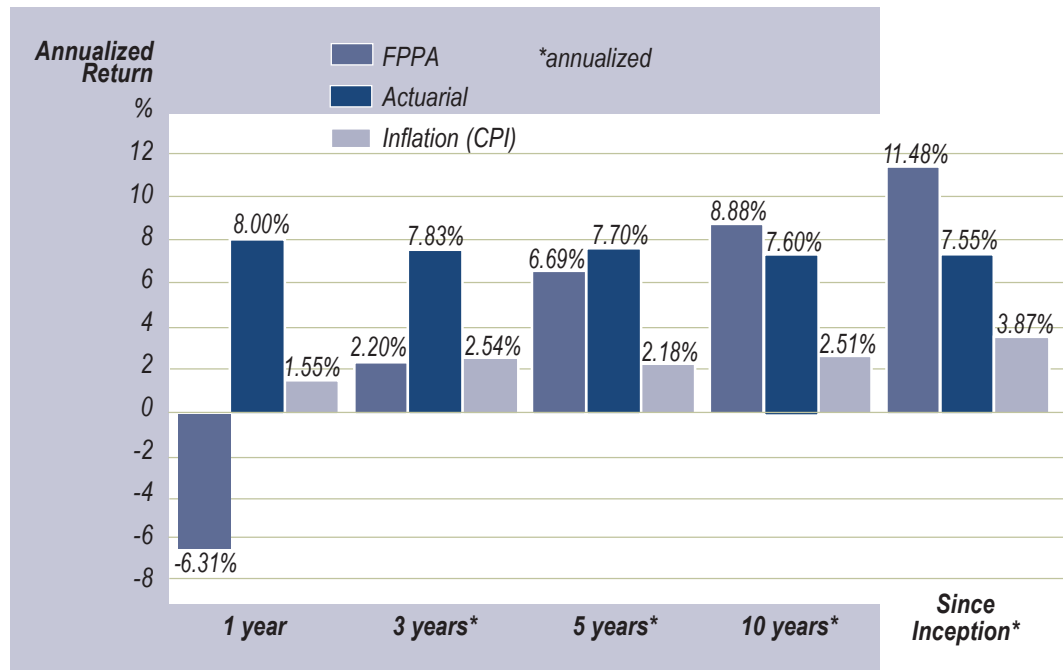
The investment objectives of the Board represent desired results and are long-term in nature. Given assumptions about current and projected capital market conditions, a real rate of return objective for plan assets has been set. This objective may be modified based on changes in plan conditions or the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

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

The Board has established the following minimum average annual real rate of return objectives for each asset class in which the fund is invested: Core Domestic Equities 6%, Small Cap. Domestic Equities 7.5%, Core Domestic Fixed Income 3%, High Yield Domestic Fixed Income 6%, International Equities 6%, Real Estate 5%, Alternative Investments 12%.

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

FPPA Fund Return vs. Inflation and Actuarial Requirements (inception - 2001)



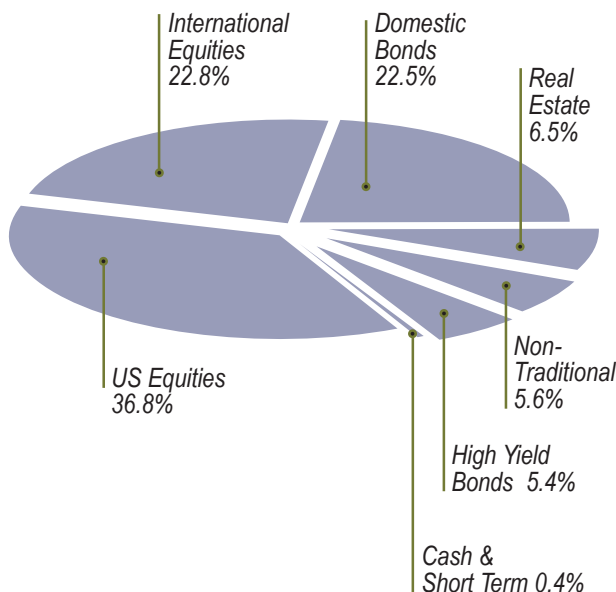
Each professional investment management firm retained by the Board must execute an Investment Manager Agreement, the form and substance of which is mutually agreed upon. Each firm must also agree, in writing, to abide by the policies and guidelines of the Association's investment policy and any additional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

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

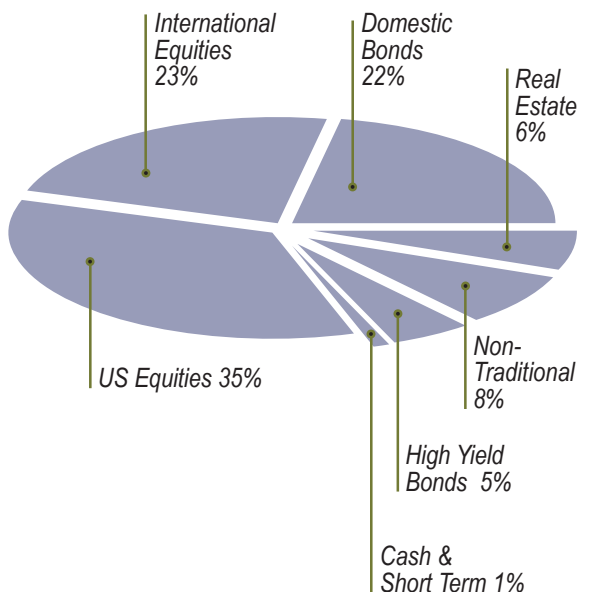
Cash equivalents, when utilized by an investment manager, are to be actively managed. In addition, unless agreed to between the Board and the manager, cash equivalent holdings are to be minimized. Commingled funds of any manager may not be used without prior approval of the Board. Securities that are assets of the fund may not be utilized in securities lending programs without prior approval of the Board.

It is the philosophy of the Board that the investment managers, the Board, the Chief Investment Officer, the Chief Executive Officer and the consultant retained by the Board, shall engage in an active partnership to focus on the long-term objectives and goals of the fund. Therefore, periodic review meetings are held to evaluate the managers' progress as it relates to achievement of long-term policies. Performance evaluations are constructed to provide a uniform and consistent basis for the evaluation of each manager as well as the total fund. The total fund results, as well as those of each manager, will be evaluated against several benchmarks including, but not limited to: the

2001 Asset Allocation



2001 Target Asset Allocation



achievement of the real rate of return objective, comparison against the performance of other tax-exempt funds, and evaluation against indices. Each manager is evaluated on an on-going basis with evaluations conducted for the most meaningful periods of time within the year, one-year, three-year, and five-year periods ending with the most recent quarter.

Asset Allocation

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

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

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

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

The asset class allocation strategy developed by the Board during 2001 has the following target allocations: U.S. equities 35%, international equities 23%, domestic core bonds 22%, domestic high yield bonds 5%, real estate 6%, cash and short-term investments 1%, and non-traditional investments 8%.

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

For the Members' Benefit Fund, as of December 31, 2001, the Association employed the external investment managers listed in the table on page 58.

Members' Money Purchase Plan Benefit Fund and Members' Statewide Money Purchase Plan Benefit Fund

Summary of the Funds' Objectives

The Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund ("the funds"), include the assets of the Statewide Money Purchase Plan and affiliated local money purchase plans ("the plans"). Plan documents require that employer contri-

butions to these plans be invested in the Members' Benefit Fund, detailed in the previous section. Members of the plans, however, may direct their employee contributions to one or more of the investment options selected by the Board.

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

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

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

Fund Options for Members

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

For the funds, as of December 31, 2001 the Association employed the investment managers and the investment options listed in the table on page 95.

FPPA selected Fidelity Investments® to provide recordkeeping and investment management services for FPPA's 457 Deferred Compensation Plan, Statewide Money Purchase Plan, and the local money purchase plans affiliated with FPPA effective May 1, 2001. Fidelity Investments® provides members with new investment options, convenient access to account information, more flexibility, and increased access to investment education. New services available to members include internet account access and automated phone service. Fidelity Investments® provides members with 16 investment options across various asset classes including six life-cycle funds. The Fidelity Freedom® life-cycle funds are designed for investors who want a simple approach to investing by investing in a group of other Fidelity mutual funds that provide moderate asset allocation. Each Freedom Fund® offers a different investment horizon and asset allocation strategy based on a target retirement date.

Investment Section

Asset Allocation by Category & Investment Manager

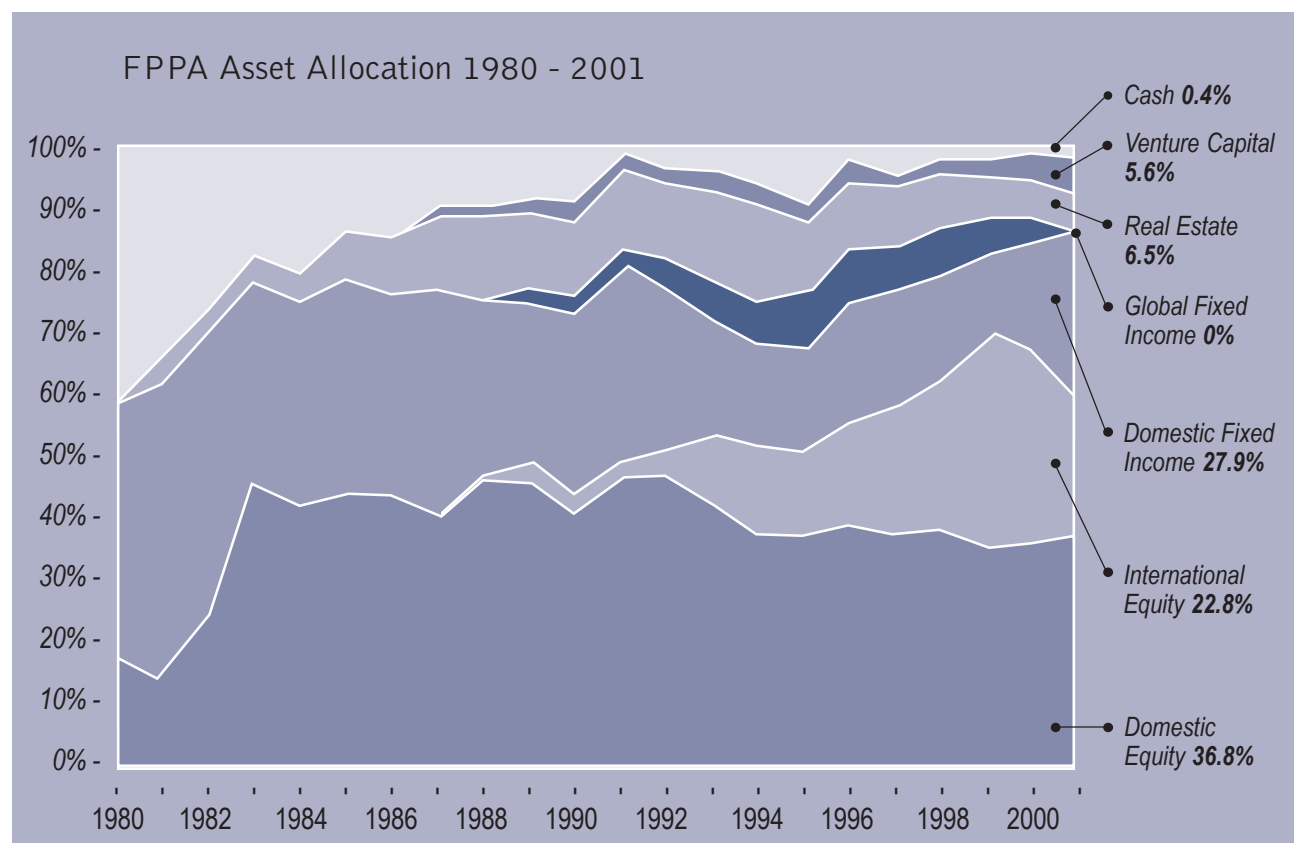
ASSET CLASS MANAGER	Investment Style	Management Fees	TOTAL ASSETS	% of Total Assets
Domestic Equities				
TH&B	Small Cap Core	\$ 309,738.00	\$ 99,049,388.83	4.28%
SSGA S&P/Barra Growth	S&P/Barra Growth Index	25,185.42**	160,519,315.91	6.94%
SSGA S&P/Barra Value	S&P/Barra Value Index	11,142.67**	120,521,971.17	5.21%
SSGA S&P 500	S&P 500 Index	29,403.37**	332,670,278.09	14.39%
Brandywine	Small Cap Value	264,548.70	48,326,232.82	2.09%
JP Morgan	Enhanced S&P 500 Index	178,628.62	90,328,074.79	3.91%
<i>Total Domestic Equities</i>			\$ 851,415,261.61	36.83%
Domestic Fixed Income				
Bradford & Marzec, Inc.	Active	317,326.36	171,105,613.13	7.40%
Trust Company of the West	High Yield	530,630.07	124,251,317.42	5.37%
PIMCO	Active	453,743.00	175,801,148.39	7.60%
Western Asset Mgmt	Active	377,739.45	173,710,024.30	7.51%
<i>Total Domestic Fixed</i>			\$ 644,868,103.24	27.89%
International Equities				
Morgan Stanley	Active/Passive EAFE	479,594.00	138,351,192.40	5.98%
Morgan Stanley-EM	Active Emerging Markets	*	31,266,008.17	1.35%
State Street-EMI	Active/Passive Emerging Markets	104,268.74	31,173,332.78	1.35%
SSGA-EAFE	EAFE Index	(39,984.27)**	113,355,736.21	4.90%
Putnam International	Active EAFE	789,121.65	212,420,815.56	9.19%
<i>Total International Equities</i>			\$ 526,567,085.12	22.78%
Real Estate				
PM Realty Advisors	Directly Owned	*	64,639,517.16	2.80%
PRISA	Pooled	*	17,196,754.09	0.74%
RREEF	Pooled	*	4,837,489.00	0.21%
Hancock Timber	Timberlands	*	44,712,545.17	1.93%
Apollo RE	Opportunistic	*	11,425,541.06	0.49%
Blackstone RE	Opportunistic	*	6,000,526.58	0.26%
Internal	Directly Owned	*	2,294,000.97	0.10%
<i>Total Real Estate</i>			\$ 151,106,374.03	6.54%
Alternative Investments				
ABS Capital Partners II		*	1,559,670.99	0.07%
Apollo Investment Fund IV		*	9,954,693.34	0.43%
ARCH Venture V		*	1,391,809.50	0.06%
Aurora Equity Partners II		*	7,443,019.18	0.32%
Blackstone Capital Partners III		*	7,391,922.35	0.32%
Boston Ventures V		*	4,117,891.80	0.18%
Candover Partners		*	7,213,796.85	0.31%
Centennial Funds		*	2,649,056.70	0.11%
Charles River Partnership VI		*	213,039.45	0.01%
Chisholm Funds		*	11,505,076.53	0.50%
Columbine Venture Fund II		*	1,243,945.19	0.05%
CVC European Equity III		*	394,693.22	0.02%
Doughty Hanson & Co. Funds		*	4,576,170.68	0.20%
First Reserve Funds		*	9,931,710.90	0.43%
<i>continued on next page</i>				

* Fees netted against trust fund income

** Fees net of securities lending income

Asset Allocation by Category & Investment Manager

ASSET CLASS MANAGER	Management Fees	TOTAL ASSETS	% of Total Assets
Glenwood Ventures II	*	36,025.06	0.00%
Hancock Falcon Ventures	*	341,060.62	0.01%
Hancock Intl Venture	*	1,225,473.96	0.05%
Harvest Funds	*	8,578,371.72	0.37%
Heritage Funds	*	5,513,559.36	0.24%
Larimer Venture II	*	500,630.91	0.02%
Nordic Capital III	*	3,360,876.74	0.15%
Oxford Bioscience IV	*	435,562.00	0.02%
SKM Equity Fund II	*	7,372,768.78	0.32%
Sprout Capital Partners Funds	*	4,218,105.88	0.18%
TCW Special Credits Fund III	*	179,612.00	0.01%
Thomas H. Lee Equity Funds	*	6,771,133.88	0.29%
TPG Partners Funds	*	10,040,995.01	0.43%
Vestar Funds	*	7,396,206.59	0.32%
Willis Stein Partners	*	2,887,394.37	0.12%
<i>Total Alternative Investments</i>		\$ 128,444,273.56	5.56%
Cash Held at State Street		\$ 9,524,217.29	0.41%
TOTAL ASSETS		\$ 2,311,925,314.85	100.00%



Investment Section

'Top 20 Holdings'

'Top 20' Equity Holdings *

<i>Company</i>	<i>Market Value</i>
TOTAL FINA ELF	\$ 12,568,899
VODAFONE GROUP	11,586,563
ASTRAZENECA	10,206,011
GLAXOSMITHKLINE	9,871,140
NTT DOCOMO	8,613,002
PHILIPS ELECTRONICS NV	8,321,164
SANOFI SYNTHELABO	8,300,030
SHELL TRNSPT+TRDG	7,906,036
ING GROEP NV	7,494,435
ALLIANZ AG	5,704,730
NESTLE SA	4,937,407
TOYOTA MOTOR CORP	4,878,926
BP PLC	4,822,108
MUNCHENER RUCKVERS	4,774,381
NEWS CORP LTD	4,153,574
TELEFONICA SA	3,963,172
NOVARTIS AG	3,804,360
ROYAL DUTCH PETROL	3,481,854
GENERAL ELEC CO	3,390,768
MICROSOFT CORP	3,246,250

'Top 20' Fixed Income Holdings *

<i>Company</i>	<i>Due</i>	<i>Market Value</i>
GNMA I TBA JAN 30 SINGLE FAM	15 Dec 2099	\$ 26,440,644.00
FNMA TBA JAN 30 SINGLE FAM	01 Dec 2099	19,605,720.00
GNMA I TBA JAN 30 SINGLE FAM	15 Dec 2099	13,609,440.00
FNMA TBA JAN 30 SINGLE FAM	01 Dec 2099	10,318,800.00
FHLMC TBA JAN 30 GOLD SINGLE	01 Dec 2099	9,790,600.00
FNMA POOL 545123	01 Aug 2031	9,777,972.07
UNITED STATES TREAS BDS	15 Feb 2031	9,284,112.87
WESTERN ASSET INVEST GRADE		8,823,294.51
FNMA TBA JAN 15 SINGLE FAM	01 Dec 2099	8,155,040.00
FNMA TBA FEB 15 SINGLE FAM	31 Dec 2099	7,987,520.00
WESTERN ASSET US HIGH YIELD		7,648,341.02
TENNESSEE VALLEY AUTH	13 Nov 2008	7,147,557.90
UNITED STATES TREAS NTS	30 Nov 2003	7,011,414.41
GNMA POOL 003095	20 Jun 2031	6,749,660.17
FHLMC TBA JAN 30 GOLD SINGLE	01 Dec 2099	6,508,125.00
GNMA II TBA JAN 30 JUMBOS	20 Dec 2099	5,875,312.50
UNITED STATES TREAS NTS	15 May 2008	5,762,130.00
UNITED STATES TREAS NTS	15 Oct 2006	5,437,500.00
PIMCO FDS PAC INVT MGMT SER	INTL PORTFOLIO INSTL CL	5,169,021.19
UNITED STATES TREAS NTS	15 Jan 2009	4,987,656.25

*Excludes Index Funds

Note: space and cost restrictions make it impractical to print the entire investment portfolio in this report. A portfolio listing is available for review at FPPA's office.

Fund Performance Summary as of December 31, 2001

<i>Series Name benchmark indices</i>	<i>1 year return %</i>	<i>3 years return* %</i>	<i>5 years return* %</i>
FPPA Total Fund	(6.31)%	2.20%	6.69%
Domestic Equity Accounts	(7.50)	0.29	9.14
Russell 3000 Stock Index	(11.46)	(0.31)	10.14
International Equity Accounts	(17.38)	1.08	2.35
MSCI All Country World Free Ex U.S. Index	(19.50)	(3.63)	0.89
All Equity Accounts	(11.63)	0.65	6.87
Domestic Fixed Inc. Accounts	8.42	5.71	6.94
Lehman Brothers Aggregate Index	8.44	6.28	7.43
Lehman Brothers Universal Index	8.10	6.26	N/A
All Fixed Inc. + Cash Eq.	6.46	3.77	5.60
All Real Estate Accounts	1.77	6.23	8.68
All Alternative Accounts	(19.23)	5.33	6.83
<i>*Annualized</i>			

Investment Section

Schedule of Brokerage Commissions

<i>Broker Name</i>	<i>Commission</i>	<i>Shares</i>	<i>Per Share</i>
DEUTSCHE BANK	\$ 39,197.01	4,727,609	0.01
UBS AG	65,552.19	4,638,030	0.01
GOLDMAN SACHS + CO	122,190.16	3,522,824	0.03
LYNCH JONES AND RYAN INC	109,454.09	3,476,671	0.03
CREDIT LYONNAIS			
SECURITIES (USA) INC	6,943.76	2,449,722	0.00
SALOMON SMITH BARNEY INC	42,329.08	1,968,033	0.02
MORGAN STANLEY AND CO, INC	59,770.36	1,781,203	0.03
INVESTMENT TECHNOLOGY GROUP INC.	33,384.15	1,765,060	0.02
MERRILL LYNCH	36,950.61	1,587,285	0.02
FRANK RUSSELL	62,483.28	1,400,436	0.04
CS FIRST BOSTON CORPORATION	26,433.15	1,233,745	0.02
LEHMAN BROS INC.	28,085.79	1,187,215	0.02
CREDIT SUISSE FIRST BOSTON			
CORPORATION	20,072.05	956,645	0.02
HSBC SEC NEW YORK	5,764.10	878,495	0.01
DRESDNER BANK AG NEW YORK	11,639.58	791,555	0.01
JONES + ASSOCIATES	21,013.80	626,263	0.03
FRIEDMAN BILLINGS + RAMSEY	3,241.00	562,002	0.01
B-TRADE SERVICES LLC	13,784.00	505,400	0.03
JEFFERIES COMPANY	6,109.30	491,342	0.01
UBS WARBURG LLC	18,271.22	404,633	0.05
SALOMON BROTHERS INC, NY	4,118.95	397,882	0.01
ING BARING	4,343.22	386,403	0.01
JP MORGAN	10,981.27	294,209	0.04
KLEINWORTBENSON	688.57	286,348	0.00
BEAR STEARNS	9,941.90	268,710	0.04
ROBERT W BAIRD & CO., INCORPORATED	5,280.00	229,800	0.02
BLAIR, WILLIAM, AND COMPANY	6,204.00	221,300	0.03
CHARLES SCHWAB & CO., INC.	1,062.00	217,400	0.00
INSTINET	2,214.22	199,575	0.01
CAZENOVE + CO.	4,320.51	194,410	0.02
SKANDINAVISKA ENSKILDA			
BANKEN NEW YORK	4,485.21	193,990	0.02
PUNK ZIEGEL AND KNOLL	0.00	190,000	0.00
ABN AMRO SECURITIES	7,542.02	186,877	0.04
NDB CAPITAL MARKETS INC	820.00	169,099	0.00
CANTOR FITZGERALD	6,443.50	156,500	0.04
FIRST UNION CAPITAL MARKETS	5,866.80	156,200	0.04
SANDLER ONEILL	785.00	155,700	0.01
BERNSTEIN SANFORD	3,354.45	154,450	0.02

continued on next page

Schedule of Brokerage Commissions

<i>Broker Name</i>	<i>Commission</i>	<i>Shares</i>	<i>Per Share</i>
CANADIAN IMPERIAL			
BANK OF COMMERCE	5,778.88	148,524	0.04
SPEAR, LEEDS & KELLOGG			
CAPITAL MARKETS	0.00	145,708	0.00
HOWARD WEIL DIVISION LEGG MASON	6,690.25	130,805	0.05
BAIRD, ROBERT W., & COMPANY	5,015.00	123,800	0.04
VERITAS SECURITIES	6,144.85	122,897	0.05
CAPITAL INSTITUTIONAL SERVICES	6,648.00	110,800	0.06
FOX PITT KELTON	1,366.36	110,260	0.01
A B WATLEY INC	4,960.00	106,200	0.05
BANC AMERICA SECURITY LLC			
MONTGOMERY	2,717.00	84,800	0.03
EDWARDS AG & SONS	3,675.20	84,700	0.04
MCDONALD AND COMPANY SECURITIES	0.00	82,300	0.00
MCDONALD INVESTMENTS INC.	60.00	69,000	0.00
SK INTERNATIONAL SECURITIES	4,040.40	67,340	0.06
JANNEY MONTGOMERY, SCOTT INC	4,025.04	67,084	0.06
AUTRANET	3,272.00	66,400	0.05
THOMAS WEISEL PARTNERS	859.50	60,300	0.01
FACTSET DATA SYSTEMS	3,182.82	56,970	0.06
SBS FINANCIAL	1,373.38	56,508	0.02
SANDERS MORRIS MUNDY	551.25	52,525	0.01
All Other Brokerage Firms (<50,000 Shares)	62,051.53	9,841,151	0.01
Totals	\$ 933,531.76	50,601,093	0.02

**BUCK
CONSULTANTS®**

A Mellon Consulting Company

1200 17th Street, Suite 1200
Denver, Colorado 80202

May 6, 2002

Board of Directors
Fire and Police Pension Association
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111**Re: Actuarial Certification of Defined Benefit Plans**

Dear Members of the Board:

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

For each plan, a contribution rate has been determined which will provide for funding as shown in the following table:

Plan	Funding Objective
Statewide Defined Benefit	Current cost plus level dollar amortization of unfunded liability over 30 years
Death & Disability Plan	Fully funded
Affiliated Local Old Hire and New Hire Plans	Current cost plus level dollar amortization of unfunded liability over varying periods up to 27 years
Affiliated Volunteer Fire Plans	Current cost plus level dollar amortization of unfunded liability over 20 years

The affiliated plans are valued every two years, while the statewide plans are valued each year. This fund objective is currently being realized for all plans. The statewide plans and volunteer fire plans were last valued as of January 1, 2001. Most local affiliated old and new hire plans were most recently valued as of January 1, 2000. The state assisted local paid pension plans were valued as of January 1, 2001, per statutory requirement. The valuations are performed based on data provided by FPPA's administrative staff, with an examination of the data for reasonableness. The supporting schedules in this actuarial section were prepared by FPPA from information in Buck's actuarial reports. We have reviewed these schedules for their accuracy. Buck is responsible for the trend data schedules presented in the financial section of this report. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*.

We believe that the support schedules fully and fairly disclose the actuarial conditions of the plans.

Sincerely,


William B. Fornia, FSA, MAAA, EA
Principal and Consulting Actuary

Diane L. Hunt, FSA, MAAA, EA
Consulting Actuary

/mlp

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Buck Consultants, Inc.

720 | 359-7700 Fax 720 | 359-7701

General Information and Actuarial Assumptions

General Information

As of December 31, 2001 the Members' Benefit Fund of the Fire and Police Pension Association was comprised of the following individual plans: the Statewide Defined Benefit Plan, the Statewide Death and Disability Plan, the Statewide Money Purchase Plan, 57 local paid pension plans, 4 local money purchase plans, and 154 volunteer firefighters pension plans. An independent actuarial firm is hired by the Association to perform annual valuations on the two statewide plans, and to perform bi-annual valuations on the local plans. In 2001 the independent actuarial valuation was performed by Buck Consultants.

All of the local paid pension plans have a valuation performed as of January 1 of the even numbered years (2002, 2004, etc.). All of the affiliated volunteer firefighters plans have valuations performed as of January 1 of the odd numbered years (2001, 2003, etc.). The state assisted local paid pension plans have their valuation also updated on the odd numbered years per statutory requirement.

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

The following data covers detailed information on the two statewide plans as well as the other affiliated local plans.

Summary of Actuarial Assumptions

The Statewide Defined Benefit Plan was created by state statute to cover all members hired on and after April 8, 1978 for normal retirement benefits. The purpose of the creation of this plan was to close entry to all of the local plans, most of which had significant unfunded liabilities. The statewide plan is a multiple employer, cost-sharing public employee retirement system (PERS). As of December 31, 2001, 158 departments throughout the state were participating in the plan.

The Statewide Death and Disability Plan is a multiple employer cost sharing plan, funded almost exclusively by contributions from the state. This plan was created by state statute, and is designed to provide both on and off-duty coverage for death and disability for all members in the state who have not yet completed the age and service requirements for a normal retirement. As of December 31, 2001, 344 departments were participating in this plan.

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

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

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

The following economic and non-economic assumptions were adopted by the FPPA Board of Directors and were first used during the January 1, 2000 actuarial valuations.

Economic Assumptions

The investment rate of return for purposes of the actuarial valuation is 8.0% per annum (increased from 7.5%), compounded annually and net of operating expenses. Future inflation is assumed to be

General Information and Actuarial Assumptions

4.0% annually and is included in the active members' salary projections. Thus, the real investment rate of return, net of inflation, is 4.0% per annum (increased from 3.5%).

Active members' salary increases are composed of two pieces, inflation increases and merit increases. As stated above, inflation is assumed to be 4.0% annually. For the statewide plans, merit increases vary by the service of the member but decrease with service. For the other affiliated plans, merit increases vary by length of service of the member but also decrease with age. Retirees and beneficiaries are projected to receive annual cost-of-living increases of 3.0% per year, the maximum allowed under state statute.

Under the Statewide Defined Benefit Plan, social security benefits for supplemental social security departments are assumed to increase by 4.0% annually and the social security wage base is assumed to increase by 5.0% per year. Under the other affiliated plans, paid plan retirees and beneficiaries from limited rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum, compounded annually for benefits accrued prior to January 1, 1980, and 3% per annum thereafter, (maximum permitted by law). Paid plan retirees and beneficiaries from full rank escalation departments are projected to receive annual cost-of-living increases of 4% per annum.

Beginning with the January 1, 2000 valuation, assets are valued at an actuarial value of assets. The actuarial value of assets is based on a three-year moving average of expected and actual market values.

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

Non-economic Assumptions

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

The probabilities of separation from service and disablement are based on paid firefighter and police and volunteer experience, and for disablement reflect the increased probability of injury/disablement due to the hazardous nature of firefighter and police work. These assumptions have been updated as of January 1, 2000 based on recent experience.

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

Pre-Retirement Assumptions

Years of Service	Increases in Earnings		
	(Merit)	(Inflation)	(Total)
<1	9.00%	4.00%	13.00%
1	8.50%	4.00%	12.50%
2	8.00%	4.00%	12.00%
3	7.50%	4.00%	11.50%
4	2.50%	4.00%	6.50%
5	2.00%	4.00%	6.00%
6	1.50%	4.00%	5.50%
7	1.00%	4.00%	5.00%
8	0.75%	4.00%	4.75%
9+	0.50%	4.00%	4.50%

Actuarial Section

General Information and Actuarial Assumptions

Pre-Retirement Assumptions

Sample Ages	Increases in Earnings			Disability Annual Rate Per 1,000 Members		Separation Annual Rate Per 1,000 Members			Death Annual Rate Per 1,000 Members	
	(Merit)	(Inflation)	(Total)	(Paid)	(Volunteer)	(Fire)	(Police)	(Volunteer)	(Male)	(Female)
20	9.00%	4.0%	13.00%	1.20	0.20	58.5	75.0	192.0	0.91	0.68
30	4.00%	4.0%	8.00%	1.52	0.52	29.4	52.5	160.0	1.20	0.75
40	1.50%	4.0%	5.50%	2.94	1.94	8.4	27.0	112.0	1.47	1.11
45	1.00%	4.0%	5.00%	4.00	7.00	13.5	22.5	96.0	1.98	1.37
50	0.75%	4.0%	4.75%	14.00	13.00	23.6	30.0	80.0	2.98	1.83
55	0.50%	4.0%	4.50%	34.40	16.20	33.6	45.0	96.0	4.82	2.69

For Statewide Death and Disability Plan:
Service Retirement:

- 1) Statewide Defined Benefit Plan members - Age 55 and 10 years of service, or current age and service, if greater.
- 2) Money purchase plan members - Age 65 or current age, if greater.
- 3) Denver Police local plan members - Age after 25 years of service, or current age if greater.
- 4) Denver Fire local plan members - Age 50 and 25 years of service or current age if greater.
- 5) All other plan members - Age 52 or current age, if greater.

Post Retirement Assumptions

Sample Ages	COLA Increases	Social Security (Benefit)(Wage Base)		Full Rank	Limited Rank (Pre 1980) (Post 1980)	Retiree/Surviving Spouse/ Occupational Disability Death Annual Rate Per 1,000 Members		Total Disability Death Annual Rate Per 1,000 Members (Unisex)	
						(Male)	(Female)		
20	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	0.51	0.28	10.60
30	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	0.80	0.35	10.60
40	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	1.07	0.71	13.50
45	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	1.58	0.97	20.00
50	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	2.58	1.43	31.64
55	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	4.42	2.29	37.81
60	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	7.98	4.44	42.46
65	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	14.54	8.64	51.20
70	3.0%	4.0%	5.0%	4.0%	4.0%	3.0%	23.73	13.73	67.47

For Statewide Defined Benefit Pension Plan :

Service Retirement: Age 55 and 10 years of service, or current age and service if greater.

STATEWIDE DEFINED BENEFIT PLAN

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll*	Annual Average Pay	% Increase in Average Pay
1/1/01	3,007	\$ 136,306,027	\$ 45,330	9.51%
1/1/00	2,768	\$ 114,579,015	\$ 41,394	1.59%
1/1/99	2,513	\$ 102,400,344	\$ 40,748	3.69%
1/1/98	2,328	\$ 91,488,829	\$ 39,299	7.52%
1/1/97	2,202	\$ 80,484,109	\$ 36,550	5.14%
1/1/96	2,103	\$ 73,106,851	\$ 34,763	(3.67%)

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

Development of Actuarial Gain or Loss - 3% COLA for All Members

	Actuarial Accrued Liability (1)	Plan Assets (2)	Unfunded Actuarial Accrued Liability (1 - 2)
January 1, 2000	\$ 282,257,681	\$ 367,003,914	(\$ 84,746,233)
Normal Cost	14,684,328	N/A	14,684,328
Contributions	9,546,314	21,820,146	(12,273,832)
Benefit Payments	(1,645,868)	(1,645,868)	0
Interest on:			
January 1, 2000	22,580,614	29,360,313	(6,779,699)
Normal Cost	1,174,746	NA	1,174,746
Contributions	381,853	872,806	(490,953)
Benefit Payments	(65,835)	(65,835)	0
	24,071,378	30,167,284	(6,095,906)
Expected January 1, 2001	328,913,833	417,345,476	(88,431,643)
Actual January 1, 2001	320,893,789	405,598,652	(84,704,863)
Preliminary Gain or Loss	8,020,044	11,746,824	(3,726,780)
Loss Due to Plan Changes	(60,076,025)	0	(60,076,025)
Excess Return on SRA	(10,067,674)	(10,067,674)	0
Net Gain or Loss	(\$ 62,123,655)	\$ 1,679,150	(\$ 63,802,805)
	Loss	Loss	Loss

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Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll

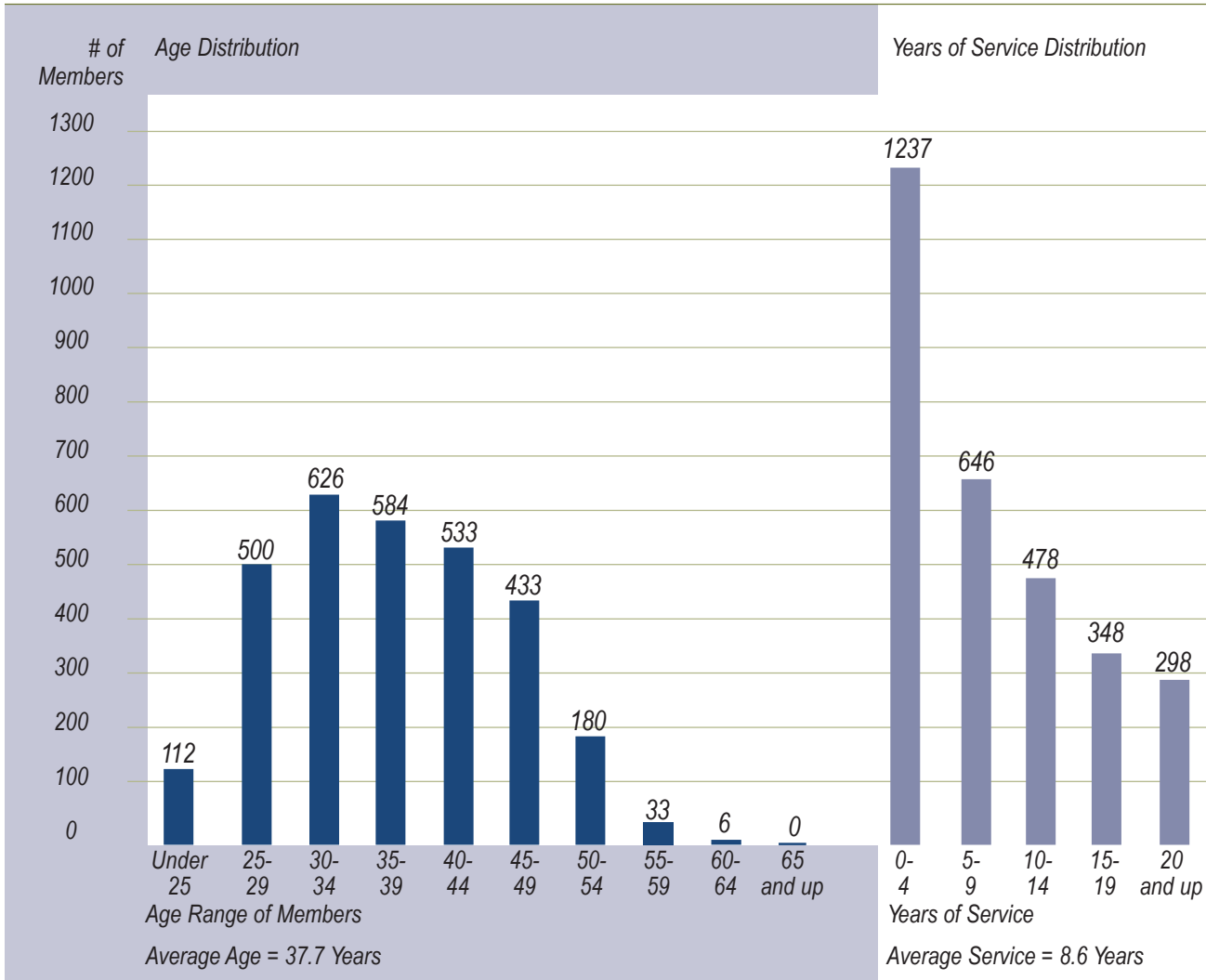
Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/01	5	\$ 50,774	1	\$ 15,482	32*	\$ 353,534*	13.35%	\$ 11,050
1/1/00	4	\$ 56,252	1	\$ 6,592	28*	\$ 311,906*	23.19%	\$ 11,140
1/1/99	5	\$ 61,039	0	\$ 0	25*	\$ 253,185	61.77%	\$ 10,127
1/1/98	2	\$ 22,218	1	\$ 568	20*	\$ 156,512	13.72%	\$ 7,826
1/1/97	8	\$ 54,955	1	\$ 568	19*	\$ 137,627	53.59%	\$ 7,244
1/1/96	3	\$ 21,759	1	\$ 5,071	12	\$ 89,605	14.06%	\$ 7,467

* These end-of-year counts include two beneficiaries with a deferred vested benefit. Information for these two beneficiaries is not available for years ended before December 31, 1996. The total annual benefits as of December 31, 2000 excluding these two beneficiaries is \$339,554.

Summary of Plan Provisions

STATEWIDE DEFINED BENEFIT PLAN

Age and Years of Service Distribution



The Statewide Defined Benefit Plan Solvency Test

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

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

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

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

Statewide Defined Benefit Plan - Solvency Test

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1)	(2)	(3)	(1)	(2)	(3)
		Active Member Contributions (000's)	Retirees and Beneficiaries (000's)	Active Members (Employer Financed Portion) (000's)*			
1/1/01	\$405,599	\$75,909	\$12,166	\$292,895	100%	100%	100%
1/1/00	\$367,004	\$66,204	\$10,263	\$205,791	100%	100%	100%
1/1/99	\$311,057	\$58,232	\$8,539	\$182,676	100%	100%	100%
1/1/98	\$261,509	\$51,092	\$6,521	\$153,512	100%	100%	100%
1/1/97	\$217,454	\$47,439	\$5,056	\$119,448	100%	100%	100%
1/1/96	\$180,001	*	\$3,083	\$137,531	N/A	100%	100%

*Included in Column 3

SUMMARY OF PLAN PROVISIONS

Statewide Defined Benefit Plan

Members Included

Members included are active employees who are full-time salaried employees of a participating municipality or fire protection district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection.

Compensation Considered

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

Normal Retirement Date

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

Normal Retirement Benefit

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

STATEWIDE DEFINED BENEFIT PLAN

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

Early Retirement Benefit

A vested member shall be eligible for an Early Retirement Benefit after completion of thirty years of service or attainment of age 50. The Early Retirement Benefit shall be the Normal Retirement Benefit reduced by one half of one percent for each month that the benefit commences prior to age 60. Effective 6/1/2001, the reduction of the Normal Retirement Benefit will be on an actuarially equivalent basis. The benefit for members of affiliated social security employers will be reduced by the amount of social security income the member receives annually.

Late Retirement Benefit

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

Terminated Vested Benefit

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

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

Severance Benefits

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

Cost-of-Living Increases for Benefits in Pay Status

If adopted by the municipality prior to January 1, 1980, benefits are increased annually on October 1 to reflect increases in the Consumer Price Index. The amount of increase is based on the Board's discretion and can range from 0-3%. For all other municipalities, benefits may be adjusted annually to reflect increases in the Consumer Price Index at the Board's discretion. Benefits may not be increased by more than 3% for any one year.

Contribution Rates

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

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

Stabilization Reserve Account (SRA)

Annually, at the discretion of the Board of Directors, the difference between the combined member/ employer contribution and the actuarially determined contribution rate may be allocated to the stabilization reserve account. Amounts set aside in the SRA are allocated to individual accounts for each new hire member. A member may receive the amounts in his individual account only upon election of normal, early, disability, or vested retirement. If the cost of the defined benefit plan exceeds the combined member/employer contribution rate, funds from the SRA will make up the shortfall. If the member quits with less than 10 years of service, the SRA account is forfeited. Effective 6/1/2001, if a member has less than 10 years of service and dies prior to retirement eligibility, then the SRA would be paid to the member's estate.

Deferred Retirement Option Program (DROP)

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

Death Benefits

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

Changes in Plan Provisions

The plan provisions have changed to increase the Normal Retirement Benefit for service beyond 10 years and to change the reduction for an Early Retirement Benefit to an actuarially equivalent basis.

Actuarial Section

Summary of Plan Provisions

STATEWIDE DEATH & DISABILITY PLAN

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
1/1/01	8,949	\$427,649	\$47,787	5.06%
1/1/00	8,629	\$392,479	\$45,484	3.44%
1/1/99	8,443	\$371,257	\$43,972	1.21%
1/1/98	8,374	\$363,820	\$43,446	6.01%
1/1/97	8,310	\$340,587	\$40,985	3.64%

Note: An actuarial valuation was not performed in 1996 on the Statewide Death & Disability Plan.

Development of Actuarial Gain or Loss - 3% COLA for All Members

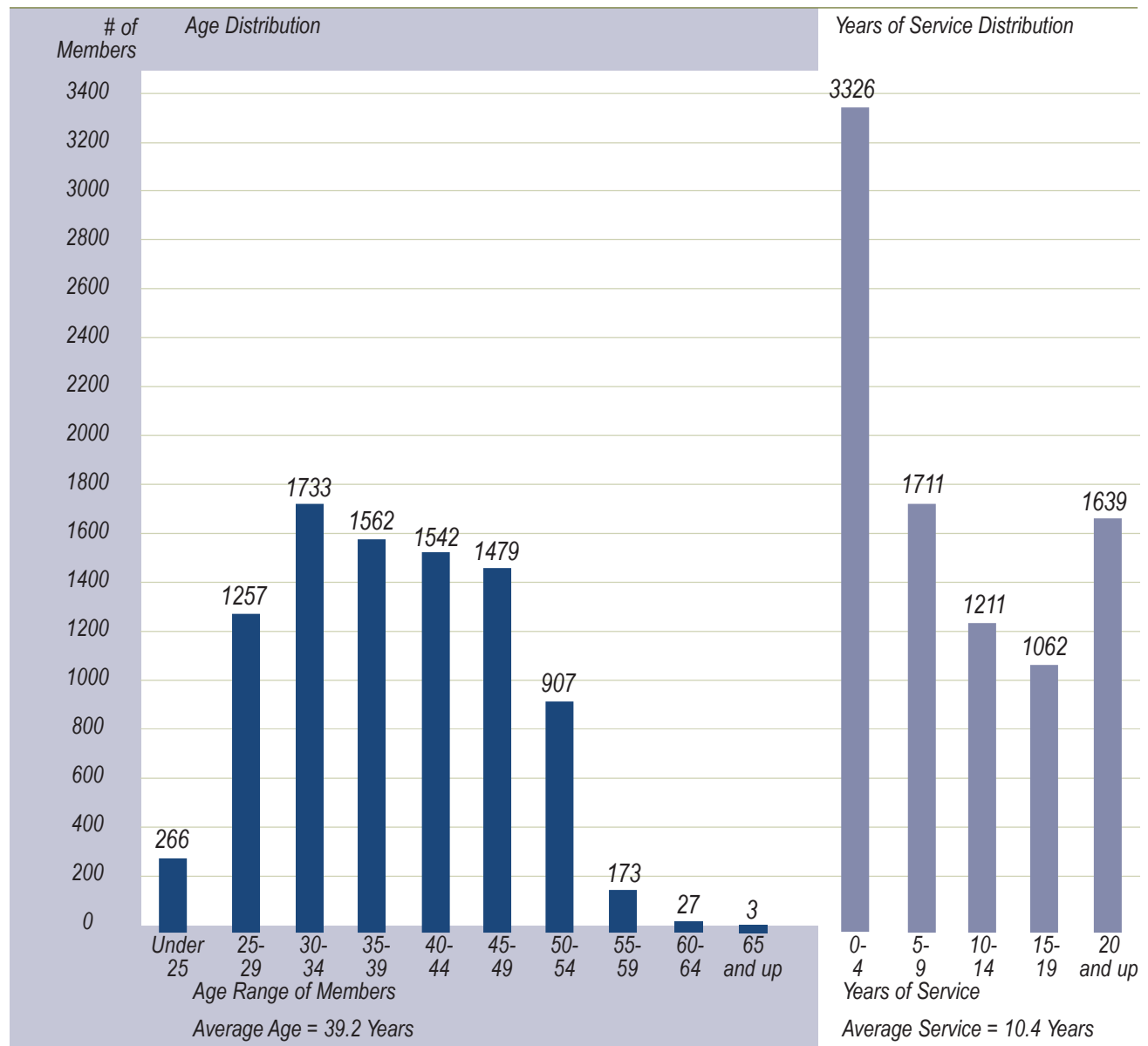
	Total Present Value of Benefits (1)	Plan Assets (2)	Unfunded Actuarial Accrued Liability (1 - 2)
January 1, 2000	\$ 239,825,651	\$ 229,537,083	\$ 10,288,568
Normal Cost	0	N/A	0
Contributions	0	2,057,948	(2,057,948)
Benefit Payments	(7,855,192)	(7,855,192)	0
Interest on:			
January 1, 2000 Balance	19,186,052	18,362,967	823,085
Normal Cost	0	N/A	0
Contributions	0	82,318	(82,318)
Benefit Payments	(314,208)	(314,208)	0
	18,871,844	18,131,077	740,767
Expected January 1, 2001	250,842,303	241,870,916	8,971,387
Actual January 1, 2001	256,352,973	240,575,733	15,777,240
Preliminary Gain or Loss	(5,510,670)	1,295,183	(6,805,853)
Loss due to Plan Changes	(25,925,702)	0	(25,925,702)
Net Gain or Loss	(31,436,372)	1,295,183	(32,731,555)
	Loss	Loss	Loss

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Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll

Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/01	52	\$788,000	16	\$118,000	520	\$7,855,192	14.90%	\$15,106
1/1/00	42	\$732,000	16	\$62,000	484	\$6,836,274	10.13%	\$14,125
1/1/99	51	\$651,000	11	\$79,000	458	\$6,207,553	7.87%	\$13,554
1/1/98	31	\$419,000	12	\$152,000	418	\$5,754,726	9.17%	\$13,767
1/1/97	58	\$542,000	24	\$364,000	399	\$5,271,191	8.77%	\$13,211

Age and Years of Service Distribution



The Statewide Death and Disability Plan Solvency Test

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

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

Summary of Plan Provisions

STATEWIDE DEATH & DISABILITY PLAN

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

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

Statewide Death & Disability Plan - Solvency Test

Valuation Date	Valuation Assets (000's)	Aggregate Accrued Liabilities For			Funded Percentages		
		(1)	(2)	(3)	(1)	(2)	(3)
		Active Member Contributions (000's)	Retirees and Beneficiaries (000's)	Active Members (Employer Financed Portion) (000's)*			
1/1/01	\$240,576	\$0	\$96,431	\$115,073	100%	100%	100%
1/1/00	\$229,537	\$0	\$82,344	\$101,830	100%	100%	100%
1/1/99	\$212,357	\$0	\$81,573	\$100,293	100%	100%	100%
1/1/98	\$193,630	\$0	\$71,957	\$ 75,942	100%	100%	100%
1/1/97	\$175,364	\$0	\$67,734	\$ 73,781	100%	100%	100%

An actuarial valuation was not performed in 1996.

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

SUMMARY OF PLAN PROVISIONS

Statewide Death and Disability Plan

Members Included

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

Compensation Considered

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

Pre-Retirement Death Benefits

If a member dies prior to retirement, the surviving spouse shall receive a benefit (including payments made from local defined contribution plans) equal to 25% of the monthly base salary paid to the member prior to death. Benefits will be paid to dependent children according to the schedule outlined below. Benefits will be paid to the spouse until death and to dependent children until death, marriage or other termination of dependency. These benefits are offset by Money Purchase account balances and SRA accounts, converted to annuities.

	<i>Number of Dependent Children</i>	<i>Additional Benefit</i>
1. With Surviving Spouse	1	15% of base salary
	2 or more	25% of base salary
		<i>Total Benefit</i>
2. Without Surviving Spouse	1	25% of base salary
	2	40% of base salary
	3 or more	50% of base salary

Disability Benefits

A member who becomes disabled prior to retirement shall be eligible for disability benefits. If the member is totally disabled, he shall receive 70% of his base salary preceding disability. If the member is occupationally disabled, he shall receive 30% of his base salary preceding disability. All disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable. Disability benefits are also reduced by 25% of additional earned income and further offset by the Money Purchase account balances and SRA accounts, converted to annuities. The occupationally disabled benefits will be increased by 10% of base salary if the member has a spouse and an additional 10% of base salary if the member has any depended children. All disability benefits cease if the member recovers from disability. The occupational disability benefits to the spouse and dependent children outlined above continue after the death of the member. Benefits will be paid to the spouse until death and to dependent children until death, marriage or other termination of dependency.

Cost-of-Living Increases for Benefits in Pay Status

Benefits to members and spouses are increased to reflect increases in the consumer price index annually if approved by the Board, but in no case may benefits be increased by more than 3% for any one year. Totally disabled members and their beneficiaries receive an automatic COLA each year based on the lesser of 3% or CPI increases.

Contributions

Members hired after 1996 contribute 2.3% of pay. Either the employer pays the entire 2.3% or it may be split between the employer and the member.

Offsets for SRA and Money Purchase

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

Changes in Plan Provisions

No changes.

Actuarial Section

Summary of Plan Provisions

AFFILIATED LOCAL PLANS

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

Schedule of Active Member Valuation Data

Valuation Date	Number of Participating Employers	Number of Paid and Volunteer Members	Annual Payroll of Paid Members	Annual Average Pay of Paid Members	% Increase in Average Pay
1/1/00	191	5,687	\$100,141,943	\$50,146	2.98%
1/1/98	177	5,278	\$104,552,694	\$48,697	28.83%
1/1/96	154	5,033	\$ 96,013,582	\$37,801	N/A

Development of Actuarial Gain or Loss

Note: Data to calculate a gain/loss analysis on all local plans was not available as of the 1/1/00 actuarial valuations.

Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll

Year Ended	Added to Payroll		Removed from Payroll		Payroll		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
1/1/00	1,372	\$10,741,140	265	\$4,122,768	4,869	\$101,013,468	7.01%	\$20,746
1/1/98	604	\$ 8,510,136	253	\$4,018,824	3,762	\$ 70,089,060	6.85%	\$18,631
1/1/96	154	\$ 2,842,536	104	\$1,622,616	3,411	\$ 59,864,784	2.08%	\$17,551

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Affiliated Local Plans - Solvency Test

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

*Included in Column 3

SUMMARY OF PLAN PROVISIONS

Affiliated Local Plans

Members Included

Members included are active police officers and paid firefighters hired prior to April 8, 1978, electing to remain covered under the provisions of their local plan, and volunteer firefighters.

Compensation Considered

Base salary, including longevity, sick and vacation pay.

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

Normal Retirement Date

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

Normal Retirement Benefit

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

Volunteer plans offer a flat dollar benefit from \$0 - \$750 per month.

Deferred Vested Benefit

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

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

Severance Benefits

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

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

Cost-of-Living Increases for Benefits in Pay Status

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

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

Summary of Plan Provisions

AFFILIATED LOCAL PLANS

Contribution Rates

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

Volunteer members do not contribute to their plan.

Pre-Retirement Death and Disability Benefits

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

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

Post-Retirement Death Benefits

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

Deferred Retirement Option Plan (DROP)

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

Changes in Plan Provisions

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

General Information

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

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

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

History of State Involvement in Fire and Police Pension Plans

1978

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

1979

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

1983

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

1987

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

1989

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

1991

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

1993

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

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

1995

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

Senate Bill 12 grants the FPPA Board the authority to adopt procedural rules in regard to local

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

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

1996

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

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

1997

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

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

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

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

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

1998

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

1999

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

House Bill 1022 updates provisions needed to maintain police and fire pension plans as “qualified plans” under the Internal Revenue Code. These amendments were required by federal tax law in order

for employers and employees to continue to benefit from the favorable tax treatment available under these pension plans.

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

2000

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

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

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

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

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

2001

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

General

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

Statewide Defined Benefit Plan

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

Statewide Money Purchase Plan

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

Affiliated Plans

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

Statewide Death and Disability Plan

- Eliminates off-sets and reporting requirements for disability recipients for income earned after the calendar year in which a member attains age 55
- Continues benefits for dependent children who have reached age 19 to age 23 if they are in high

school or college.

- Allows an incapacitated child who marries to continue to receive benefits.
- Clarifies that all members who become eligible for normal retirement or who reach its age and service equivalent are ineligible for benefits under the plan, and therefore, are not required to contribute to the plan.
- Requires that actuarial reports be generated annually.
- Authorizes the Board to establish rules for the administrative approval of disability applications in order to shorten the processing times.

457 Deferred Compensation Plan

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

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

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

Statistical Section

State Funding

2001 Distribution of State Funds

Death and Disability Fund	\$ 0
Volunteer Fire Pension Plans*	3,483,151
Old Hire Plans for Unfunded Liabilities*	25,321,079
Total Monies Distributed	\$ 28,804,230

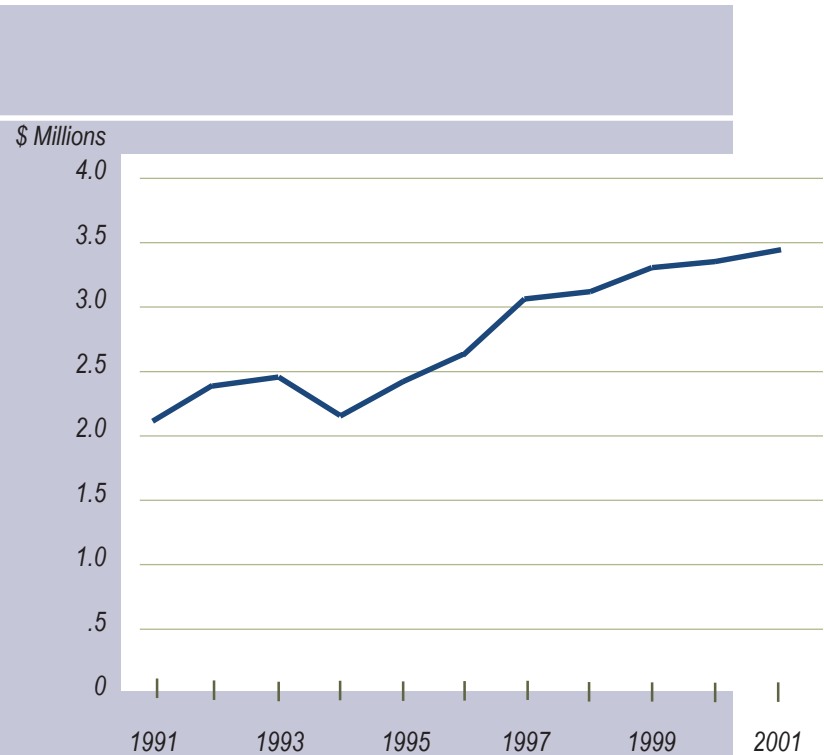
*FPPA serves as a flow-through entity for state funding to non-affiliated departments.
State funding to FPPA affiliates was \$27.4 million. State funding to non-affiliates was \$1.4 million.

State Funds Allocated to Cities to Reduce Unfunded Liabilities

	1996	1997	1998	1999	2000	2001	Total (1980-01)
Aurora Fire	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,502,878
Aurora Police	1,014,624	1,014,624	1,032,476	1,032,476	0	0	9,175,314
Colo Spgs Fire	437,820	437,820	0	0	0	0	9,947,115
Colo Spgs Police	635,127	635,127	646,302	646,302	0	0	11,496,947
Denver Fire	9,013,527	9,013,527	9,172,120	9,172,120	9,827,860	9,960,439	144,627,356
Denver Police	11,403,843	11,403,843	11,604,493	11,604,493	12,434,131	12,601,870	191,653,868
Grand Jct Fire	309,112	309,112	314,551	314,551	337,039	0	4,589,087
Grand Jct Police	261,284	261,284	265,881	265,881	284,890	288,733	4,197,353
Greeley Fire	595,560	595,560	606,039	606,039	649,366	658,126	7,143,775
Greeley Police	0	0	0	0	0	0	192,075
Pueblo Fire	875,110	875,110	890,508	890,508	954,172	967,044	15,511,089
Pueblo Police	0	0	0	0	0	0	1,699,753
Rocky Ford Fire	10,525	10,525	10,710	10,710	0	0	131,044
Rocky Ford Police	0	0	0	0	0	0	14,005
Lakewood FPD	614,795	614,795	625,612	625,612	670,339	679,382	8,905,186
Lamar Fire	0	0	0	0	0	0	23,293
Leadville Fire	0	0	0	0	0	0	44,719
N. Washington FPD	141,933	141,933	144,430	144,430	154,756	156,844	1,863,247
All Other	7,819	7,819	7,957	7,957	8,526	8,641	4,396,156
Total	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$418,114,260

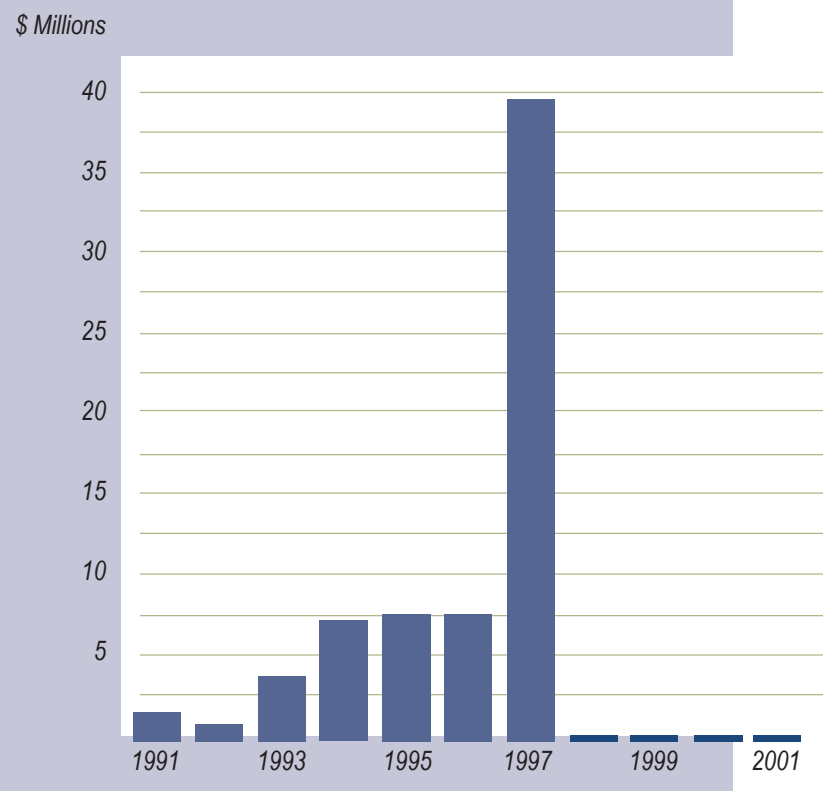
State Funds Distributed to Volunteer Fire Departments (By Year)

	<i>Number of Departments Receiving Funds</i>	<i>Total Amount Distributed</i>
2001	206	3,483,151
2000	202	3,390,678
1999	207	3,361,937
1998	206	3,148,492
1997	211	3,026,834
1996	199	2,599,572
1995	204	2,454,399
1994	189	2,219,058
1993	191	2,484,638
1992	193	2,342,084
1991	183	2,185,908



State Funds Distributed to the Death & Disability Fund (By Year)

	<i>Total Amount Distributed</i>
2001	-0-
2000	-0-
1999	-0-
1998	-0-
1997	39,000,000
1996	7,500,000
1995	7,500,000
1994	7,467,052
1993	3,717,048
1992	600,000
1991	1,200,000



Statistical Section

Revenues

Revenues by Source - All Plans

	1996	1997	1998	1999	2000	2001
Investment Earnings	\$ 194,545,550	\$ 235,801,497	\$ 250,900,298	\$396,262,695	(\$95,430,184)	(\$163,249,147)
State Funding	35,420,651	65,595,405	26,989,691	27,114,921	27,141,938	27,432,188
Employers	47,728,402	49,516,051	58,500,005	49,636,327	51,028,118	53,003,474
Employees	15,962,145	16,552,238	12,991,623	32,428,830	38,011,053	44,873,291
Affiliations	2,616,094	6,141,898	9,324,380	25,807,791	1,426,317	10,679,999
<i>Total</i>	<i>\$ 296,272,842</i>	<i>\$ 373,607,089</i>	<i>\$ 358,705,997</i>	<i>\$531,250,564</i>	<i>\$22,177,242</i>	<i>(\$27,260,195)</i>

Revenue Allocation - All Plans

	1996	1997	1998	1999	2000	2001
Additions to Fund Balance	\$225,768,240	\$289,565,825	\$263,184,561	\$412,447,619	(\$114,127,155)	(\$172,154,282)
Benefit Payments	65,375,899	73,393,878	82,533,683	101,496,836	112,283,281	125,003,556
Administrative Expense	2,532,264	2,494,785	3,024,568	3,254,498	3,426,968	3,168,290
Refunds & Withdrawals	2,596,439	8,152,601	9,963,185	14,051,611	20,594,148	17,813,389
<i>Total</i>	<i>\$ 296,272,842</i>	<i>\$ 373,607,089</i>	<i>\$ 358,705,997</i>	<i>\$531,250,564</i>	<i>\$22,177,242</i>	<i>(\$26,169,047)</i>

*Employers of
Statewide Defined
Benefit Pension Plan
Members*

Aguilar Police*
Alma Police
Antonito Police
Arvada FPD
Aspen FPD*
Ault Police
Basalt Police
Basalt & Rural FPD
Bayfield Police
Bennett FPD #7
Berthoud FPD
Black Forest FPD
Blackhawk FPD
Blanca Police
Blue River Police*
Boulder Mountain FA*
Boulder Rural FPD
Bowmar Police
Greater Brighton FPD
Brush Police
Castle Rock Fire
Center Police
Central City Fire*
Cherryvale FPD
Cimarron Hills FPD
Clear Creek FA
Clifton FPD
Collbran Marshalls*
Columbine Valley Police
Copper Mountain Fire
Cripple Creek Fire
Cunningham FPD
Denver Police and Fire
Dinosaur Police*
Dolores Police*
Donald Wescott FPD
Durango Fire & Rescue
Eads Police
East Grand FPD #4*
Elizabeth Police
Elk Creek FPD
Empire Police
Englewood Fire
Erie Police
Evans Fire
Fairmount FPD
Fairplay Marshalls
Falcon FPD
Firestone Marshalls
Foothills Fire & Rescue
Fort Lupton FPD
Fowler Police

Franktown FPD
Frederick Firestone FPD
Frisco Police
Genesee FPD
Georgetown Police
Gilcrest Police
Granada Police
Grand Valley FPD*
Greater Eagle FPD
Green Mountain Falls/
Chipita Park Fire
Gypsum FPD
Hartsel FPD
Holly Police*
Hugo Police
Idaho Springs Police
Ignacio Police
Jefferson-Como FPD
Kiowa FPD
Kremmling FPD*
La Jara Police
La Salle FPD
La Salle Police
La Veta Police
Lake Dillon FPD
Lake George FPD*
Lakeside Police
Larkspur FPD
Las Animas Police
Leadville Police and Fire
Lefthand FPD*
Lochbuie Police
Log Lane Village Police
Los Pinos FPD
Louisville Fire*
Lower Valley FPD
Manassa Police
Manitou Springs Police and Fire
Minturn Fire*
Montrose FPD
Mountain View FPD
Mountain View Police
Northeast Teller County FPD
North Washington FPD
Northwest FPD
Oak Creek Police
Olathe Police
Otis Police*
Pagosa FPD
Pagosa Springs Police
Palisade Police and Fire
Palmer Lake Police
Paonia Police
Parachute Police
Parker Police
Pierce Police*
Platte Canyon FPD

Platteville Police
Platteville/Gilcrest FPD
Pueblo Police and Fire
Pueblo Rural FPD
Pueblo West Metro FPD
Red, White & Blue FPD
Rifle FPD
Rye FPD
Sable-Altura FPD
Salida Police and Fire
Saguache Police*
Sanford Police
San Luis Police
Silt Police
Silverton Police*
Skyline FPD
South Adams County FPD
South Fork Police
Steamboat Springs Fire
Sterling Police and Fire
Stratmoor Hills FPD
Stratton Police
Telluride FPD
Thornton Fire
Tri Lakes FPD
Union Colony Fire Rescue
Upper Pine River FPD
West Routt FPD
Wheat Ridge FPD*
Wiggins Police
Windsor-Severance FPD
Woodland Park Fire*
Woodmoor-Monument FPD
Wray Police
Yuma Police

*Employers of
Statewide Money
Purchase Plan
Members*

Alma Police*
Arvada FPD
Blackhawk Fire
Blue River Police*
Boulder Mountain Fire Authority
Greater Brighton FPD*
Brush Police*
Burning Mountain FPD
Castle Rock Fire
Central City Police and Fire
Cherryvale FPD
Clear Creek FA
Cripple Creek Fire
Dinosaur Police
Elizabeth FPD
Elizabeth Police*

Elk Creek FPD
Empire Police*
Evans Police and Fire
Falcon FPD*
Fairmont FPD
Fowler Police*
Frederick Firestone FPD
Georgetown Police
Grand Valley FPD
Ignacio Police*
Kiowa FPD
Kremmling FPD
Lake George FPD
Las Animas Police
Leadville Fire
Lochbuie Police
Montrose FPD
Mountain View FPD
Mountain Village Police
Nederland FPD
Oak Creek Police
Palisade Police
Parker Police
Salida Fire
Snake River FPD
South Fork Police*
South Park County FPD
Sterling Fire & Police
Stratton Police*
Union Colony Fire Rescue
Upper Pine River FPD*
Wheat Ridge FPD
Wiggins Police*

*Employers of
Affiliated Old Hire
Pension Plan
Members*

Aurora Police and Fire
Bancroft FPD
Bowmar Police
Canon City Area FPD
Cedaredge Police
Cherry Hills FPD
Colorado Springs
Police and Fire
Cortez Police
Del Norte Police
Denver Police and Fire
Durango Police and Fire
Englewood Police and Fire
Erie Police
Firestone Marshalls
Fort Morgan Police
Grand Junction Police and Fire
Greeley Police

*currently inactive, with no active members

Statistical Section

Employers

Haxtun Police
 Holyoke Police
 La Junta Police and Fire
 LaSalle Police
 Lakewood FPD
 Lamar Police and Fire
 Las Animas Police
 Leadville Fire
 Manitou Springs Fire
 Montrose FPD
 Mountain View FPD
 North Washington FPD
 Paonia Police
 Pueblo Police and Fire
 Pueblo Rural FPD
 Rocky Ford Police and Fire
 Salida Police and Fire
 South Adams County FPD
 Springfield Police
 Sterling Police and Fire
 Thornton Fire
 Trinidad Police and Fire
 Union Colony Fire Rescue
 Walsenburg Police
 Woodmoor-Monument FPD

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

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

*Employers Affiliated
 for Money Purchase Plan
 Administration*

Canon City Police
 Dacono Police
 North Metro FRD
 Trinidad Fire

*Employers of Affiliated
 Exempt New Hires*

Colorado Springs Police and Fire

*Affiliated Volunteer
 Fire Departments*

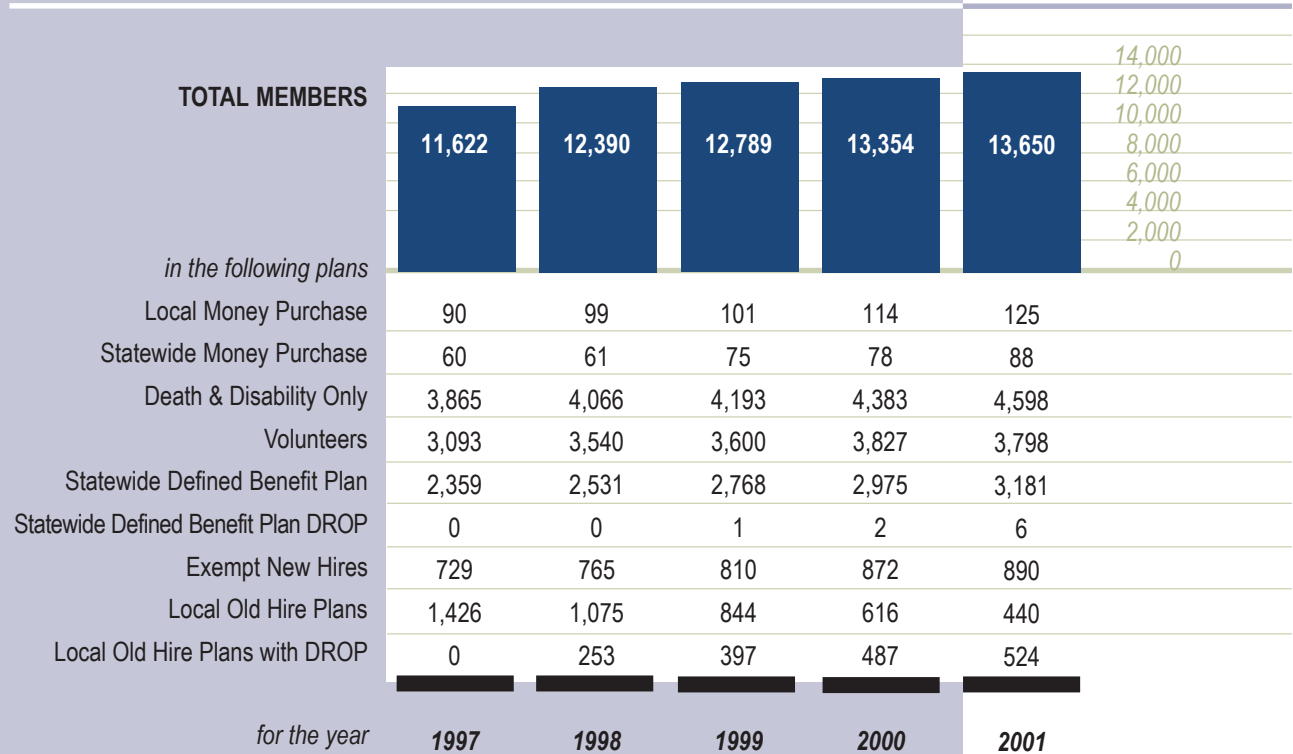
Alamosa VFD
 Allenspark FPD
 Aspen FPD
 Ault FPD
 Basalt & Rural FPD
 Bennett FPD #7
 Berthoud FPD
 Blackhawk FPD
 Boone VFD
 Boulder Heights FPD
 Boulder Rural FPD
 Brighton VFD
 Brush Rural Fire
 Brush VFD
 Buena Vista VFD
 Burning Mountains FPD
 Calhan FPD
 Canon City Area FPD
 Carbondale and Rural FPD
 Cascade FPD
 Castle Rock VFD
 Central City VFD
 Central Orchard Mesa
 Cherryvale FPD
 Cheyenne County FPD #1
 Clear Creek FA
 Clifton FPD
 Coal Creek Canyon FD
 Colorado Sierra FPD
 Cripple Creek
 Crowley FD
 Crystal Lakes FPD
 Del Norte FPD
 Dove Creek FPD
 Eads VFD
 Eckley VFD
 Elbert FPD & Rescue
 Eldorado Springs/Marshall VFD
 Elizabeth FPD
 Englewood VFD
 Evans VFD
 Evergreen VFD
 Falcon FPD
 Federal Heights VFD
 Fisher's Peak FPD
 Florence FPD
 Foothills Fire & Rescue
 Fort Morgan
 Fort Morgan Rural
 Franktown FPD
 Frederick Firestone FPD
 Galeton FPD
 Genesee FPD

Glendale VFD
 Glenwood Springs VFD
 Golden VFD
 Golden Gate Fire
 Grand FPD #1
 Grand Lake FPD
 Grand Valley FPD
 Green Mountain Falls/
 Chipita Park FPD
 Gypsum FPD
 Hartsel FPD
 Haxtun VFD
 Hermosa Cliff FPD
 High Country FPD
 Hill Rose Rural FPD
 Holyoke - City VFD
 Holyoke FPD
 Hot Sulphur Springs/
 Parshall FPD
 Indian Hills FPD
 Inter-Canyon FPD
 Jackson 105 FPD
 Jefferson-Como FPD
 Kiowa FPD
 Kremmling FPD
 La Junta
 La Salle FPD
 Lafayette VFD
 Lake Dillon FPD
 Lake George FPD
 Lamar VFD
 Larkspur FPD
 Left Hand FPD
 Lewis-Arriola FPD
 Limon VFD
 Log Hill Mesa FPD
 Lower Valley FPD
 Manitou Springs VFD
 Manzanola Rural FPD
 Milliken FPD
 Montrose FPD
 Mountain View FPD
 Nederland FPD
 Northeast Teller County FPD
 North Fork VFD
 North Routt County
 North Washington FPD
 Northwest FPD
 Northwest Conejos County FPD
 Nucla-Natuvita FPD
 Nunn Volunteer FPD
 Oak Creek FPD
 Olathe FPD
 Olney Springs VFD
 Ouray Volunteer FPD
 Pagosa FPD

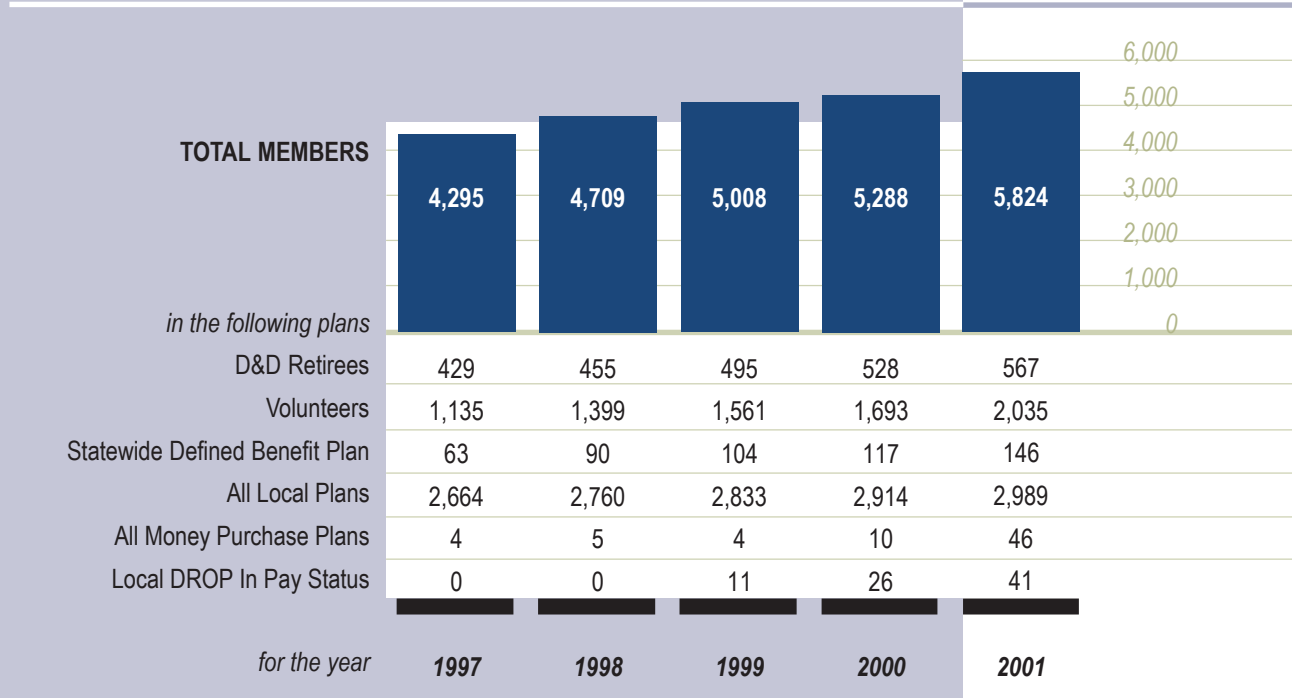
Palisade VFD
 Palmer Lake VFD
 Parker FPD
 Pawnee FPD
 Pinebrook Hills FPD
 Platte Canyon FPD
 Platte Valley FPD
 Platteville/Gilcrest FPD
 Pleasant View FPD
 Pleasant View Metro
 Poudre FA
 Rangely Rural FPD
 Rattlesnake FPD
 Red Feather Lakes VFD
 Ridgway FPD
 Rifle FPD
 Rio Blanco FPD
 Rocky Ford VFD
 Sable-Altura FPD
 Silverton FD
 Simla FD
 Snake River FPD
 South Adams County FPD
 South Arkansas FPD
 South Conejos FPD
 South Metro Fire Rescue
 Southwest Washington
 County FPD
 Springfield VFD
 Steamboat Springs VFD
 Sterling VFD
 Stonewall VFD
 Stratton FPD
 Sugar City VFD
 Sugarloaf FPD
 Telluride FPD
 Walsh FD
 Wellington FPD
 West Cheyenne FPD
 West Douglas County FPD
 West Metro FPD
 West Routt FPD
 Westminster VFD
 Wet Mountain FPD
 Wiggins Rural FPD
 Wiley Rural FPD
 Yampa FPD
 Yuma VFD

*currently inactive, with no active members

FPPA Active Members by Plan Type (1997-2001)



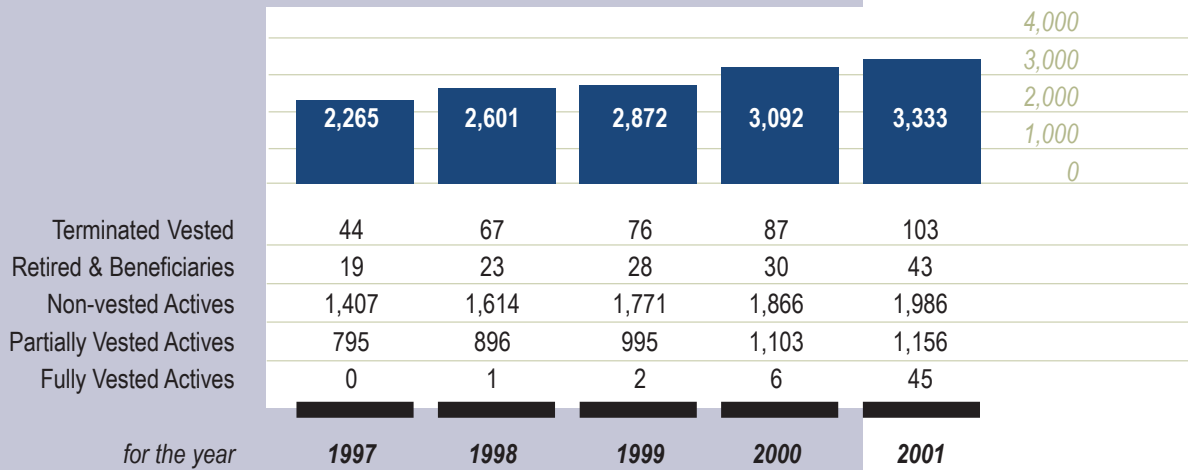
FPPA Retired Members by Plan Type (1997-2001)



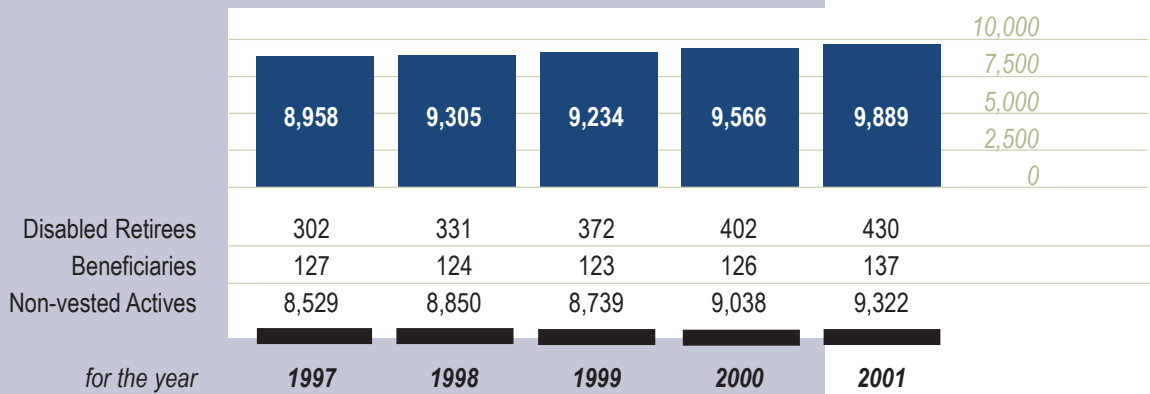
Statistical Section

Member Data

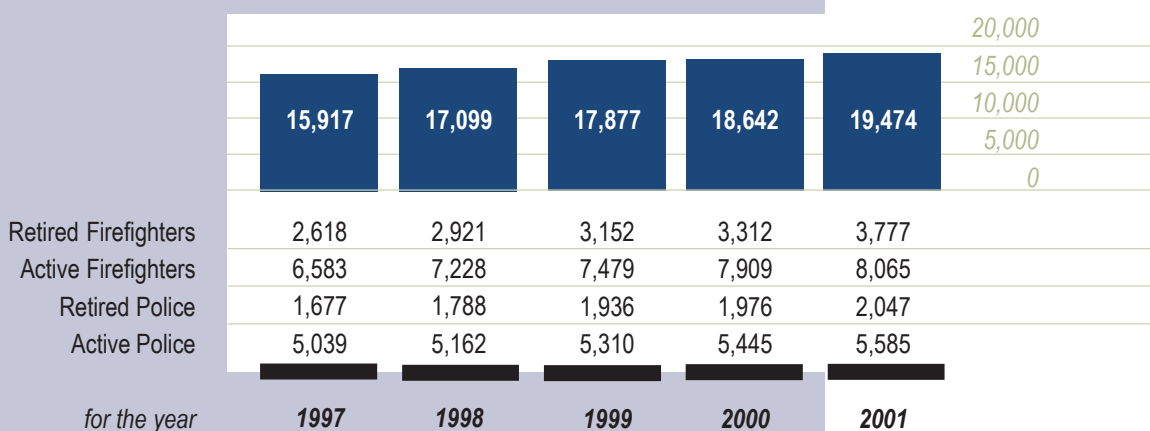
Statewide Defined Benefit Plan Membership by Status (1997 - 2001)



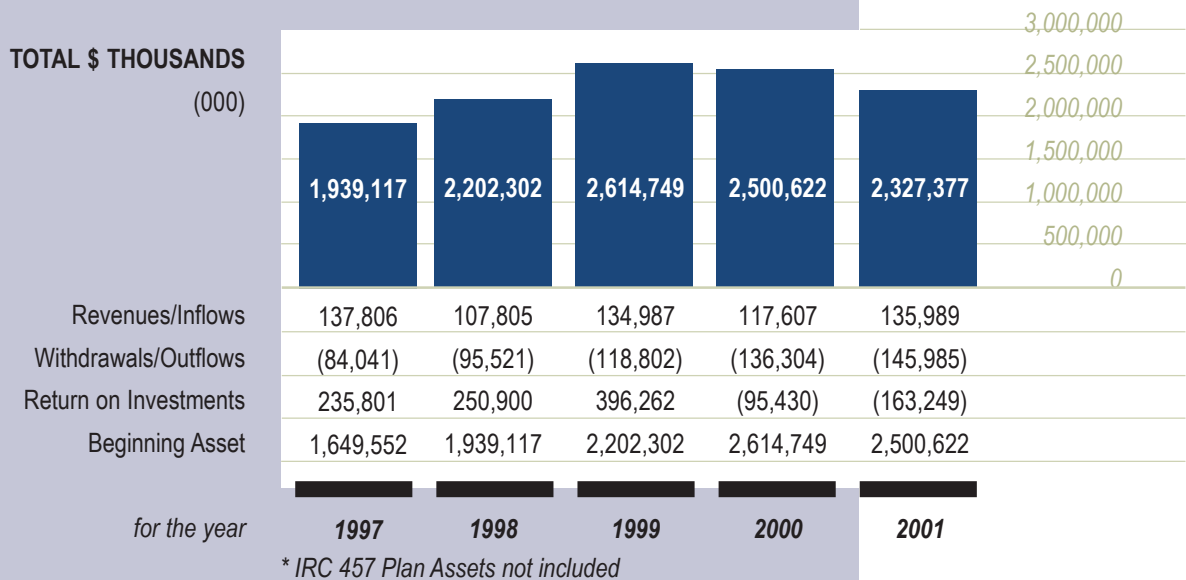
Death and Disability Plan Membership by Status (1997 - 2001)



FPPA Active and Retired Members by Occupation (1997 - 2001)



Growth of Total Pension Fund Assets (1997 - 2001)



Schedule of Retired Members by Type of Benefit as of December 31, 2001

MONTHLY BENEFIT AMOUNT							Totals
	\$0-\$500	\$501-\$1000	\$1001-\$1500	\$1501-\$2000	\$2001-\$2500	\$2501 and up	
Statewide Death & Disability Plan							
Occupational Disability	27	62	145	113	32	5	384
Occupational Disability - Survivor	11	2	3	0	0	0	16
Total Disability	1	1	5	11	12	20	50
Total Disability - Survivor	4	10	6	6	1	0	27
Survivor of Active	7	25	31	21	5	1	90
* Money Purchase Normal	N/A	N/A	N/A	N/A	N/A	N/A	46
Statewide Defined Benefit Plan							
Normal	1	1	2	4	2	3	13
Vested	14	62	32	12	6	3	129
Retiree - Survivor	2	2	0	0	0	0	4
Local Plan							
Disability	9	14	7	22	202	492	746
Disability - Survivor	4	11	57	190	45	10	317
Normal Retiree	1,429	150	55	128	420	920	3,102
Survivor	249	55	42	113	45	16	520
Early Retiree	0	0	10	9	28	26	73
Vested Retiree	224	35	6	1	0	0	266
DROP Retiree	20	13	6	0	1	1	41
Totals	2,002	443	407	630	799	1,497	5,824

* Data not available as of 5-1-2001 due to outsourcing of record keeping of plan.

Visitations

FPPA representatives visit firefighters and police officers from every department in the State of Colorado once every two years. The purpose of these visits is to cover information concerning retirement benefits, disability benefits and survivor benefits, as well as any pending legislation or other related information which could affect benefits.

Following the presentation, FPPA staff calculates projected retirement benefits for individual members using a computerized program which uses income information provided by the member. A hard copy printout of the projected retirement benefit and other information is then provided to the member at no charge. Staff gave approximately 387 presentations to members from 142 fire and police departments.

Educational Seminars

Year 2001 also marks FPPA's fourteenth year of offering various seminars to help members plan for retirement, both financially and psychologically. FPPA hosted three member seminars. Topics included financial fitness - a review of financial planning goals and investment strategies; wills, estates, taxes and trust - practical information on developing financial strategies while planning for the future; and a pre-retirement seminar for members nearing retirement. They also hosted a retiree seminar entitled "Rewarding Retirement" which focused on retirement lifestyle and career issues. The seminars continue to get excellent reviews by the attendees. FPPA strongly recommends these no-cost seminars to members, retirees and employers.

Employer Services

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

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

FPPA also administers the state volunteer matching funds program for all volunteer departments statewide, regardless of affiliation, and serves as an information resource to assist departments with questions relating to their pension plans.

Internet Access

The FPPA website at www.FPPACO.org continues to be a useful resource for members and employers alike. The site contains sections for benefit information, forms, publications, rules and statutes, a calendar of events and deadlines, just to name a few. In addition there are interactive benefit calculators and e-mail links for direct contact with an FPPA staff member. The site is continually being updated, enhanced and expanded.

457 Deferred Compensation Plan

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

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

457 Deferred Compensation Plan Advantages to FPPA Members:

- Lower current income taxes - money is invested before federal taxes are calculated and withheld
- Choose from a variety of investment options
- Enjoy tax-deferred growth on account earnings
- Invest through convenient payroll deductions
- Investment options that range from conservative to aggressive.

Other Programs

General Information

Employers Participating in FPPA's 457 Deferred Compensation Plan

Alamosa Police	Elizabeth FPD	Lake Dillon FPD	Pueblo Rural FPD
Arvada Police	Federal Heights Police & Fire	Lakeside Police*	Red, White, & Blue FPD
Arvada FPD	Fire & Police Pension Ass'n	Loveland Police & Fire	Salida Police & Fire
Aurora Police & Fire	Foothills FPD	Manitou Springs Police & Fire	Snake River FPD
Basalt & Rural FPD	Fort Collins Police	Montrose FPD	South Adams County FPD
Berthoud FPD	Fort Lupton FPD	Mountain View FPD	Southwest Adams County FPD*
Boulder Rural FPD	Glendale Police & Fire	Mountain Village Police	Sterling Police & Fire
Brush Police	Granada Police*	Northeast Teller County FPD	Stratmoor Hills FPD
Buena Vista Police	Greeley Police	North Metro FRA	Telluride FPD*
Canon City Area FPD	Green Mountain Falls/ Chipita Park FPD*	North Washington FPD	Tri-Lakes FPD
Castle Rock Fire	Hermosa Cliff FPD	Northwest FPD	Trinidad Fire
Cherryvale FPD	Hugo Police	Palisade Police & Fire	Union Colony Fire Rescue
Cimarron Hills FPD	Idaho Springs Police*	Parker FPD	Vail Police & Fire
Clifton FPD*	Ignacio Police	Platte Canyon FPD	Wiggins Police*
Colorado Springs Police & Fire	Jefferson Como FPD*	Platteville Police	Woodmoor-Monument FPD
Cripple Creek Police & Fire*	Kremmling FPD	Poudre Fire Authority	Wray Police
Cunningham FPD		Pueblo Police & Fire	Yuma Police*

* Currently no participants.

457 Deferred Compensation Plan & Money Purchase Plan

2001 Rates of Return and Selected Multi-year Average Returns

Fund	1 Year	5 Year	10 Year	Life of Fund	457 Plan 2001 Year End Balances	MP Plan 2001 Year End Balances
Fidelity Equity Income	-5.02%	10.07%	13.65%	13.80%	\$1,304,974	\$1,215,716
Fidelity Growth Company	-25.31%	13.70%	14.28%	16.62%	\$3,988,204	\$2,453,106
Fidelity OTC	-24.07%	8.15%	11.86%	16.45%	\$2,355,064	\$2,283,046
Fidelity Diversified International	-12.99%	9.20%	10.10%	10.15%	\$ 71,723	\$ 6,233
Fidelity Freedom 2000	-0.09%	9.14%	N/A	9.25%	\$ 2,992	\$ 266,547
Fidelity Freedom 2010	-4.34%	10.30%	N/A	10.49%	\$1,610,388	\$4,984,566
Fidelity Freedom 2020	-9.07%	10.26%	N/A	10.52%	\$ 64,111	\$ 45,534
Fidelity Freedom 2030	-11.69%	9.81%	N/A	10.09%	\$ 54,247	\$ 40,310
Fidelity Freedom 2040	-13.50%	N/A	N/A	-18.63%	\$ 21,951	\$ 4,965
Fidelity Managed Income Portfolio	5.82%	5.88%	5.96%	6.32%	\$1,130,477	\$ 793,150
Fidelity Spartan US Equity Index	-12.05%	10.50%	12.70%	13.78%	\$1,905,728	\$1,060,709
Fidelity US Bond Index	8.08%	7.30%	7.24%	8.33%	\$1,055,780	\$1,064,712
Strong Opportunity - Investor Class	-4.80%	14.47%	15.80%	17.10%	\$ 193,119	\$ 105,490
T Rowe Price Small Cap Stock	6.81%	12.15%	14.52%	N/A	\$ 171,161	\$ 184,790
Janus Adviser Worldwide Growth	-21.07%	N/A	N/A	10.50%	\$ 655,968	\$ 500,328

Retiree Health Insurance

FPPA understands the difficulty that retirees face with regard to health insurance. We currently have a committee in place working on this issue. We are looking into retiree health plans as well as possible options to pre-fund for retirement health insurance. It is too early to predict what we will find at the conclusion of this study, but we are committed to doing our research, and hopefully our findings could enhance what is currently available. The options available at this time are mentioned below.

Retirees Under Age 65

FPPA offers the use of a service agency, The Gemini Group, Inc. (formerly known as The Benefit Companies), to assist retirees in locating individual health insurance for the retiree and his/her family. This service agency analyzes the retiree's needs and medical history then provides information on options available to the retiree.

Medicare Eligible Retirees (Age 65 And Over)

The Group Plan

FPPA offers a group Medicare supplement plan for retirees age 65 and over who are Medicare eligible. The current plan, Pacificare Medicare + Choice Plan - Secure Horizons Group Retiree Plan, is limited to those retirees who live in the certain Colorado counties.

Individual Options

Medicare eligible retirees who do not wish to use the group plan mentioned above or who are not receiving a benefit payment directly from FPPA may contact The Gemini Group at (303) 400-0726 or toll free at 1 (877) 332-3772 for individual plan options.

Retiree Vision Insurance

Retirees receiving a benefit payment directly from FPPA can enroll for vision care benefits through Vision Service Plan (VSP) for themselves and their families. Participants have the option of choosing a VSP physician and having certain coverages or choosing their own physician and receiving a lesser amount of coverage. Enrollment is voluntary and handled by VSP directly. All FPPA retirees are given information on this program when they begin receiving their benefit payment from FPPA.

For more information, on these plans please contact FPPA's Payroll Specialist at (303) 770-3772 or toll free at 1 (800) 332-3772.

Retiree Dental Insurance

From 1992 to December 2001, DentalGuard was the sole voluntary dental plan offered to FPPA retirees. In 2001, FPPA added a new dental option. Those members who joined DentalGuard have the option to stay in that plan. New retirees may now enroll in the dental plan offered through Fortis Benefits Insurance Companies. This plan allows members to go to any dentist, nationwide. Or, if they choose, they can select from a PPO network of available dentists to save on their out-of-pocket expenses.