

**Inter-Canyon Fire Protection District  
Pension Board Meeting Agenda  
ICFPD Station 3  
8445 S. Highway 285, Morrison, CO 80465  
Public Via Zoom Until Further Notice  
July 7, 2021**

- 1. Call to Order**
  - a. Determination of additions to agenda and sequence
  - b. Approval of Absences
  - c. Acknowledge Guests
  - d. Approval of Pension Board Minutes for the April 14, 2021 meeting.
  
- 2. New Business**
  
- 3. Financial Condition of the Fund**
  
- 4. Old Business**
  
- 5. Adjournment**

**INTER-CANYON FIRE PROTECTION DISTRICT  
PENSION BOARD MEETING  
ICFPD Station 3  
8445 S. Highway 285, Morrison, CO 80465  
Public in person or Virtual Meeting via Zoom  
July 7, 2021**

**1. Call to Order**

ICFPD Pension Board was called to order at 19:09 hours.

**Board Members Present:**

Michael Swenson, President  
Karl Firor, Treasurer  
Kerry Prielipp, Secretary  
Bob Scott, Director  
Dmitriy, Director  
Kent Harris  
Shane Buckles

**Board Members Absent**

None

**Guests:**

Deb Brobst, Canyon Courier  
Gayla Logan

**1. Approval of Minutes**

There was a motion by Kent Harris with a second by Karl Firor to approve the April 14, 2021, Pension Board Meeting Minutes. The motion passed unanimously.

**2. New Business**

None

**3. Financial Condition of the Fund**

Karl advised the Audit Report shows the pension deficit to be \$768k. The FPPA March 31 report shows a normal amount of \$40k in paid benefits. This year the State was late with the matching contribution, so we have \$18,500 in revenue. There is \$40k in first 3 months, increased by \$30k in funds. We will see what the Actuarial Study says in 2 to 3 months.

Karl recommended all board members read the footnotes in the 2020 Audit. Look specifically at the allocation of funds, equity, private investment, etc. Karl stated in his opinion the allocation is extremely aggressive. The District hired FPPA to manage the funds and confirmed the District does not have control over where funds are allocated. Karl believes the allocation is aggressive to get the 7 1/4 rate

of return. Kelley will send out the audit report, read the pension footnotes. Once read, Karl can answer any questions.

Karl referred to changes and promises made, both the FPPA with the State promised not to come back to the District for more money beyond what was agreed upon. Karl does not see the promises as having been kept, the burden will come back to the District if things do not as planned by the FPPA. Karl asked how risky do we want to be and what are we comfortable with. Kerry asked if the District can pull out of FPPA. Karl indicated no as state law provides for the pension fund. We could speak with our representative at the FPPA. We may not be able to make change, but we should make our suggestions.

Private markets are at 25% of target allocation. Global equity is at 38%, seems to be a high amount. Private market needs to make 9.2% and cash is going to make 2.52%, this does not happen. 63% in private and global equity is concerning. Dmitriy agreed it is an aggressive profile. These numbers will go into the actuarial report. Karl noted this is good timing to have the information from the audit report. Karl advised we are still overfunding, and we are still trying to pay off the balance in less than 20 years. Karl hopes to see good news in the actuarial study. Chief Shirlaw asked about the number of 27 active members who could be eligible for pension. Karl responded this number is from the Audit, the real numbers will come from the FPPA. Karl noted rate of return went down to 7 ¼. Kent asked if there are any new retirees in 2021. Kelley confirmed we do have a retiree coming up in October and yes, she is pension eligible.

**MOTION:** There was a motion by Kerry Prielipp with a second by Shane Buckles to approve the July 7, 2021 Treasurer's Report as presented. The motion was unanimous.

#### 4. Old Business –

None

#### Adjournment

There being no further business before the Board, the meeting was adjourned at 1924 hours.

Meeting Minutes by Kelley D. Wood, District Administrator

Submitted by:



Kerry Prielipp

Secretary

Inter-Canyon Fire Protection District

Approved by:



Mike Swenson

President

Inter-Canyon Fire Protection District

Attachments: Q1 FPPA Report

## MEMORANDUM

**To:** Affiliated FPPA Volunteer Pension Plan Employers  
**From:** Peggy Job, Senior Accountant  
**Re:** Three months ended March 31, 2021  
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary  
**Date:** April 26, 2021

### *Allocation Report*

#### Investment Performance

Your plan assets are commingled for investment purposes in the Members' Benefit Investment Fund – Long Term Pool ("Pool"). Returns for the Pool are as follows (returns for periods longer than one year are annualized):

As of 3/31/2021	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Pool Net of Investment Expense*	2.84%	2.84%	28.35%	10.25%	10.29%

\*FPPA Administrative Expenses are not included in the Total Pool Net of Investment Expense percentages.

The table below summarizes expenses as a percentage of net assets for the Pool:

Year	FPPA Administrative Expense*	Investment Management Expense	Total Expense Ratio
YTD 3-31-2021	0.03%	0.13%	0.16%
2020	0.13%	0.79%	0.92%
2019	0.13%	0.80%	0.93%
2018	0.16%	0.88%	1.04%
2017	0.23%	0.89%	1.12%
2016	0.24%	0.79%	1.03%

#### How to Calculate Your Plan Specific Expense Ratio

Your Allocation Report may reflect expenses specific to your plan such as actuarial expense and legal fees as well as expenses you directed FPPA to pay from your plan assets. These expenses are reflected in the line items *Plan Directed Expenses* and *Direct Expense Allocation*. As such, your plan's administrative expenses may differ from the Pool. In order to calculate your plan's administrative expense ratio, you will need to add the line items *Plan Directed Expenses*, *Direct Expense Allocation* and *Allocated Fees & Expenses* and divide by the *Ending Balance*.

#### Allocation Methodology

*Investment Expenses* and *Allocated Fees & Expenses* are separately allocated and separately reported in the Allocation Report. The *Investment Expenses* are allocated to each plan based on the plan's proportion of total assets. The *Allocated Fees & Expenses* are allocated based on the plan's proportion of total membership, including active, inactive and retired members as of December 31 of the prior year as defined by the guidelines within the Comprehensive Annual Financial Report. Member counts may be adjusted during the year for plan affiliation, disaffiliation, or reentry.

#### Review of the Report

Review the items *Member Contributions*, *Employer Contributions*, *Refunds*, *Affiliations*, *Net Benefits*, *Plan Directed Expenses* and *State Funding* and confirm that these amounts are correct year-to-date. **If any**

**amount is not correct, please send a written response to FPPA by May 31, 2021. If FPPA does not receive a response by May 31, 2021, you are confirming that these report items are correct.**

### ***Annual Contributions Received***

FPPA provides a schedule of your 2021 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2021. **Please be aware that this report shows contributions based on the date received by FPPA and does not consider if contributions relate to a prior year.** All required contributions were due to FPPA before December 31, 2021 to be included in this report. *Please be aware that most state matching funds received from DOLA for 2020 were received by FPPA in 2021. These will be included in the 2021 reports and support.*

### ***Direct Expense Allocation Summary***

#### **Direct Expense Allocation**

FPPA provides a summary of expenses directly allocated to your plan, payments received related to these expenses and the related annual budgeted amounts. These costs are identified as direct plan expenses and are charged directly to the plan as a reduction of plan assets. They are reflected in the *Direct Expense Allocation* row of your Allocation Report. You may contact me to request a detailed summary of these allocated expenses.

The direct expense allocation is comprised of costs for audit and actuarial services. The audit services relate to the SOC 1 Type 2 report over the operating effectiveness of FPPA's controls for processing data and transactions related to your plan. The SOC 1 Type 2 report has been provided since 2014 to assist employers in reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. Actuarial services include the biennial funding valuation report (issued in odd years for Volunteer Firefighter plans and even years for Old Hire plans) and the annual GASB 68 report. Actuarial services are provided by Gabriel Roeder Smith & Co. Audit services are provided by Eide Bailly LLP.

The Colorado Revised Statutes allow FPPA to allocate expenses that are directly related to the administration of the local affiliated plans from those plan's assets. For additional information, please see C.R.S. 31-31-701(7)(a)(VI) for old hire plans and C.R.S. 31-31-705(2)(f) for volunteer fire plans.

#### **Payment of Settlor Expenses**

Please discuss these direct plan expenses with your legal counsel to determine if they are a "settlor" expense. The Department of Labor believes that the employer should bear the cost of settlor expenses. If you agree, you should reimburse the plan for these expenses. This payment is in addition to any employer contributions made to the plan or as determined by the actuary (the actuarially determined contribution).

To reimburse the plan for these costs, please send payment via ACH or wire to FPPA. These payments need to be identified separately from your actuarial required contribution in order to net out the expense. Please contact FPPA for ACH or wire Instructions.

If you have any questions regarding your allocation report or the direct allocated plan expenses, please call me at 303-770-3772 in Metro Denver or 800-332-3772 or email me at [pjob@fppaco.org](mailto:pjob@fppaco.org).

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## **Allocation Report Descriptions**

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*This report provides the beginning of year plan balance, year-to-date totals, and an ending plan balance as of the report date*

<p><b>Beginning Balance</b></p> <p><b>Plan Direct Inflows and Outflows</b></p> <p>Member Contributions</p> <p>Employer Contributions</p> <p>Contributions from the SWDD Plan</p> <p>Refunds</p> <p>Affiliations/(Disaffiliations)</p> <p>Net Benefits</p> <p>Plan Directed Expenses</p> <p>State Funding</p> <p><b>Plan Direct Inflows and Outflows Sub-Total</b></p> <p><b>Allocated Income and Expense</b></p> <p>Interest*</p> <p>Dividends*</p> <p>Other Income*</p> <p>Net Change Accrued Income*</p> <p>Unrealized Gain/Loss*</p> <p>Realized Gain/Loss*</p> <p>Defined Contribution Earnings (Net)</p> <p>Investment Expenses</p> <p>Direct Expense Allocation</p> <p>Other Expenses</p> <p><b>Allocated Income and Expense Sub-Total</b></p> <p><b>Ending Balance</b></p>	<p>Plan assets at the beginning of the year</p> <p>Member Contributions made to the plan</p> <p>Employer Contributions made to the plan</p> <p>Contributions received for a member on disability rolling to a normal retirement</p> <p>Member withdrawal of funds from the plan</p> <p>Plan affiliation or disaffiliation or idle funds distribution (typically a Volunteer Fire Plan matter)</p> <p>Benefits paid to retired members</p> <p>Payments from plan assets directed by the department Examples: legal, actuarial, and insurance expense</p> <p>State funding for volunteer plans</p> <p>Sub-Total of the above activity</p> <p>Interest on investments</p> <p>Dividends on investments</p> <p>Other investment income</p> <p>Change in accrued earnings for interest and dividends</p> <p>Unrealized Gain/Loss on investments</p> <p>Realized Gain/Loss on investments</p> <p>Not applicable for Defined Benefit plans</p> <p>Allocated share of FPPA investment expense</p> <p>Expenses directly allocated to the plan Examples: actuarial and audit fees</p> <p>Allocated share of FPPA administrative expense</p> <p>Sub-Total of the above activity</p> <p>Plan assets at period end</p>
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*\* Allocated from the Fire & Police Members' Benefit Investment Fund – Long Term Pool.*

**Fire and Police Pension Association  
Inter-Canyon FPD Volunteers 7187-5  
For the Three Months Ending March 31, 2021**

Beginning Balance	\$1,938,305.28
Plan Direct Inflows and Outflows	
Member Contributions	
Employer Contributions	
Contributions from the SWDD Plan	
Refunds	
Affiliations/(Disaffiliations)	
Plan Transfers	
Net Benefits	(\$40,810.92)
Plan Directed Expenses	
State Funding	\$18,500.00
Plan Direct Inflows and Outflows Sub-Total	<u>(\$22,310.92)</u>
Allocated Income and Expense	
Interest	\$1,166.67
Dividends	\$2,100.96
Other Income	\$1,051.21
Net Change Accrued Income	\$107.50
Unrealized Gain/Loss	\$10,309.91
Realized Gain/Loss	\$41,018.42
Defined Contribution Earnings (Net)	
Investment Expenses	(\$2,497.01)
Direct Expense Allocation	(\$360.37)
Other Expenses	(\$2,144.04)
Allocated Income and Expense Sub-Total	<u>\$50,753.25</u>
Ending Balance	<u><u>\$1,966,747.61</u></u>

# Fire and Police Pension Association

## Volunteer Fire Pension Plan Contributions INTER-CANYON FPD 7187-5

For the Reporting Period: 01/01/2021 through 03/31/2021

<b>Deposit Date</b>	<b>Employer Contributions</b>	<b>State Matching Funds</b>	<b>Total Remittance</b>
01/11/2021	\$0.00	\$18,500.00	\$18,500.00
<b>Total Remittance</b>			\$18,500.00
<b>Calculated Contribution per the 01/01/2019 Actuarial Study</b>			\$89,770.00
<b>Difference Over/(Under)</b>			<b>\$(71,270.00)</b>

*Note: The Calculated Contribution amount is due to FPPA before 12/31/2021*



**Fire and Police Pension Association  
 Direct Expense Allocation Summary  
 Inter-Canyon FPD Volunteers 7187-5  
 For the Three Months Ending March 31, 2021**

Type of Expense	2021 Budget	Year-to-Date Expenses	Payment of 2021 Expenses
Actuarial Expenses	\$1,216.56	\$202.76	
Audit Expenses	\$146.43	\$157.61	
Other Asset Allocation Study Expenses			
<b>Total Direct Allocated Expenses &amp; Payments</b>	<b>\$1,362.99</b>	<b>\$360.37</b>	

*Actuarial expenses may exceed the budget related to asset allocation studies and implementation.*

**Contact Peggy Job at 720-479-2345 to obtain a detailed expense listing.**