

***Fire & Police Pension Association  
Budget Committee Meeting Agenda***

November 21, 2019

9:00 a.m. Mountain Time

- 9:00 a.m.**    **Call to Order.** *Karen Frame, Chair*
- Approval of October 18, 2018 meeting minutes.**
- 9:05 a.m.**    **Budget process.** *Presenter: Dan Slack*
- 9:20 a.m.**    **Proposed 2020 Budget.** *Presenter: Kim Collins*
- 10:05 a.m.**    **Salaries and benefits.** *Presenter: Elaine Gorton*
- 10:35 a.m.**    **Draft Board presentation of the proposed 2020 budget.** *Presenter: Kim Collins*
- 11:00 a.m.**    **Adjourn**

## **FIRE AND POLICE PENSION ASSOCIATION**

Budget Committee Meeting  
November 21, 2019

FPPA Office  
5290 DTC Parkway, Suite 100  
Greenwood Village, CO

Committee Members Present: Chair Karen Frame, Sue Morgan, and Patrick Phelan.

Staff Members Present: Dan Slack, Kim Collins, Kevin Lindahl, Scott Simon, Chip Weule, Elaine Gorton, Ahni Smith, and Karen Moore.

### Call to Order

At 9:06 a.m., Chair Frame called the meeting to order.

Ms. Morgan moved to approve the October 18, 2018, meeting minutes. Mr. Phelan seconded the motion. The motion passed.

### Budget process

Mr. Slack provided a brief summary of the budget process. Staff do not spend the budgeted amount just because it has been budgeted—the amount that's spent is only what is necessary. Of course, staff is always mindful of the budget approved by the board and strives to keep expenditures within the approved budget. Mr. Lindahl stated that local governments never want to be over budget and typically will amend their budget to include expenses so as to avoid going over budget. Ms. Morgan confirmed that it was her understanding that by law they can't go over budget. Mr. Lindahl noted that the budgetary law Ms. Morgan referenced does not apply to FPPA.

Mr. Slack stated there is a new budget process this year based on a recommendation the Budget Committee made to the Board last year, making it a two-step process.

The committee and staff discussed the new two-step process, rather than having an initial proposed budget in October when insurance numbers are not available. The committee felt that this new process is working better.

Mr. Slack explained that revenue is reported in the Comprehensive Annual Financial Report (CAFR), but the revenue belongs to the plans FPPA administers. The revenue reported by FPPA annually is many times the operating expenditures and is not a factor when creating the budget.

### Proposed 2020 Budget

Ms. Collins reviewed the proposed 2020 budget with the Committee. The combined proposed 2020 budget (\$54,106,548) reflects an increase of 1.8% from the prior year budget, or \$943,670. The Budget reflects FPPA's strategic plan as well as the mission statement and the applicable fiduciary standard. It is split into two components, the operating budget and the asset based fees budget. The operating budget is for administrative costs and is \$8.3 million of the \$54.1 million of the total budget. The 2020 operating budget (\$8,347,689) will increase by 3.2% from the prior year budget, or by \$260,471. The 2020 capital expenditures are proposed at \$377,695. FPPA will be under budget for operating expenses in 2019 by about \$155,000.

Professional contracts represent 22.22% of the operating budget. Ms. Collins stated that in 2020 there will be 7 statewide actuarial valuations performed and the corresponding GASB 68 reports, 45 old hire actuarial valuations, as well as 173 volunteer fire GASB 68 reports. There are four different audits provided, the financial, SOC, GASB 68, and internal audits. Ms. Collins reviewed some of the projects planned in 2020 that impact the proposed budget.

Ms. Collins went on to review the asset based fees budget, noting the proposed budget was \$45.3 million, an increase of 1.5% from the prior year. This budget is heavily impacted by the investment management fees, which represent 83.7% of the total budget.

At 10:25 a.m., Chair Frame called for a break.

### Salaries and Benefits

At 10:35 a.m., the meeting reconvened.

Ms. Gorton reviewed the operating salaries and budgets portion of the proposed budget. Operating expenses for salaries and benefits constitute 69.7% of the total operating budget. While 3 people retired, turnover has been low. The 2020 proposed budget has an increase in the salaries line item of 1.4%. The increase is based on changes that will need to be made based on legislation and hiring a designated business analyst. The average 2019 pay increase was 2.57%. Our overall benefit costs are increasing in 2020, with health insurances increases and the mandated employer contribution to PERA. Salaries and benefits are 9.2% of the asset based fees budget, and assume staff fully meet all targets in their incentive compensation program.

At 10:51 a.m., Ms. Morgan moved the committee to recommend approval of the proposed 2020 Budget. Mr. Phelan seconded the motion. The motion passed.

*Draft Board presentation of the proposed 2020 budget*

Ms. Collins reviewed the budget presentation slides and summary information to be presented to the board at the December meeting. Ms. Frame stated that the Budget Committee recommends approval.

At 11:00 a.m., Mr. Phelan moved to adjourn the meeting. Ms. Morgan seconded the motion. The motion passed. The meeting was adjourned.