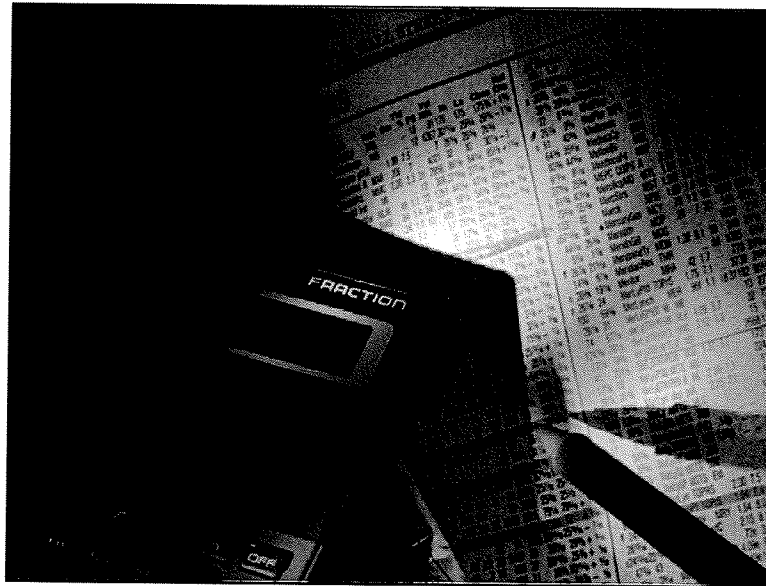


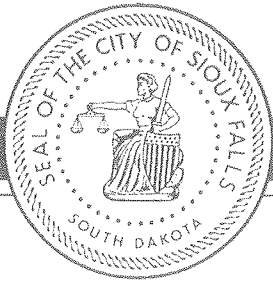
**City of Sioux Falls, South Dakota  
Firefighters'  
Pension Fund**



**2001 Annual  
Financial Report**

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**For the Fiscal Year Ended December 31, 2001  
Prepared by the Accounting Division**



## CITY OF SIOUX FALLS

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(605) 367-7039 Hearing Impaired  
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May 15, 2002

Board of Trustees  
City of Sioux Falls  
Firefighters' Pension Fund

The annual financial report of the City of Sioux Falls Firefighters' Pension Fund for the year ended December 31, 2001, is hereby submitted for review and approval. To the best of our knowledge, the information presented accurately defines the Fund's current financial position and the results from operations.

The fiscal staff has prepared this report for the Board of Trustees following the guidelines established by City Ordinance, Chapter 35. It is prepared in conjunction with the annual reconciliation of trust and financial statements conducted by the audit firm Eide Bailly LLP.

In addition, City Charter Section 2.10 provides for an independent audit to be performed annually on all City accounts, including the Firefighters' Pension Fund. No audit comments or recommendations regarding the System for the year-ended December 31, 2001, were noted within this audit.

Sincerely,

Thomas J. Huber  
Accounting Manager  
City of Sioux Falls

Attachments

# City of Sioux Falls Firefighters' Pension Fund

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# City of Sioux Falls Firefighters' Pension Fund

## Definition of Funds

### **Pension Savings Fund (Ordinance Section 35-106)**

The Pension Savings Fund is the Fund which receives member (employee) contributions and interest. An account is maintained for each employee and is credited with regular interest of 5 percent per annum, compounded quarterly. Added to the beginning balance are interest and member contributions. Subtracted are refunds to separated members and transfers to the Retirement Reserve Fund for retired members.

### **Pension Reserve Fund (Ordinance Section 35-107)**

The Pension Reserve Fund is the Fund which receives the City's contributions. Contributions are made as a percentage of payroll as determined by the actuary and adopted by the board during the annual actuarial valuation. Added to the beginning balance is the City's contribution and interest earned from the Income Fund. Subtracted from the balance are the transfers to the Expense Fund for plan expenses and transfers to the Retirement Reserve Fund for retirements as determined by the actuary. The interest is calculated based upon the mean balance and the assumed interest rate, currently 8 percent.

### **Retirement Reserve Fund (Ordinance Section 35-108)**

The Retirement Reserve Fund is the Fund from which is paid all annuities, pensions, and retirement allowances. Added to the beginning balance are transfers from the Pension Savings Fund (employee contribution and interest) and Employer Reserve Fund (employer contributions and interest). Also added is interest from the Income Fund. The interest is calculated by the mean balance at the assumed rate of interest, currently 8 percent.

Upon retirement, a member's balance, including contribution and interest, is transferred from the Pension Savings Fund to the Retirement Reserve Fund. Transferred from the Employer Reserve Fund to the Retirement Reserve Fund is an amount determined by the actuary to fund the member's lifetime benefit payments. Deducted from the Employer Reserve Fund are benefit payments.

### **Income Fund**

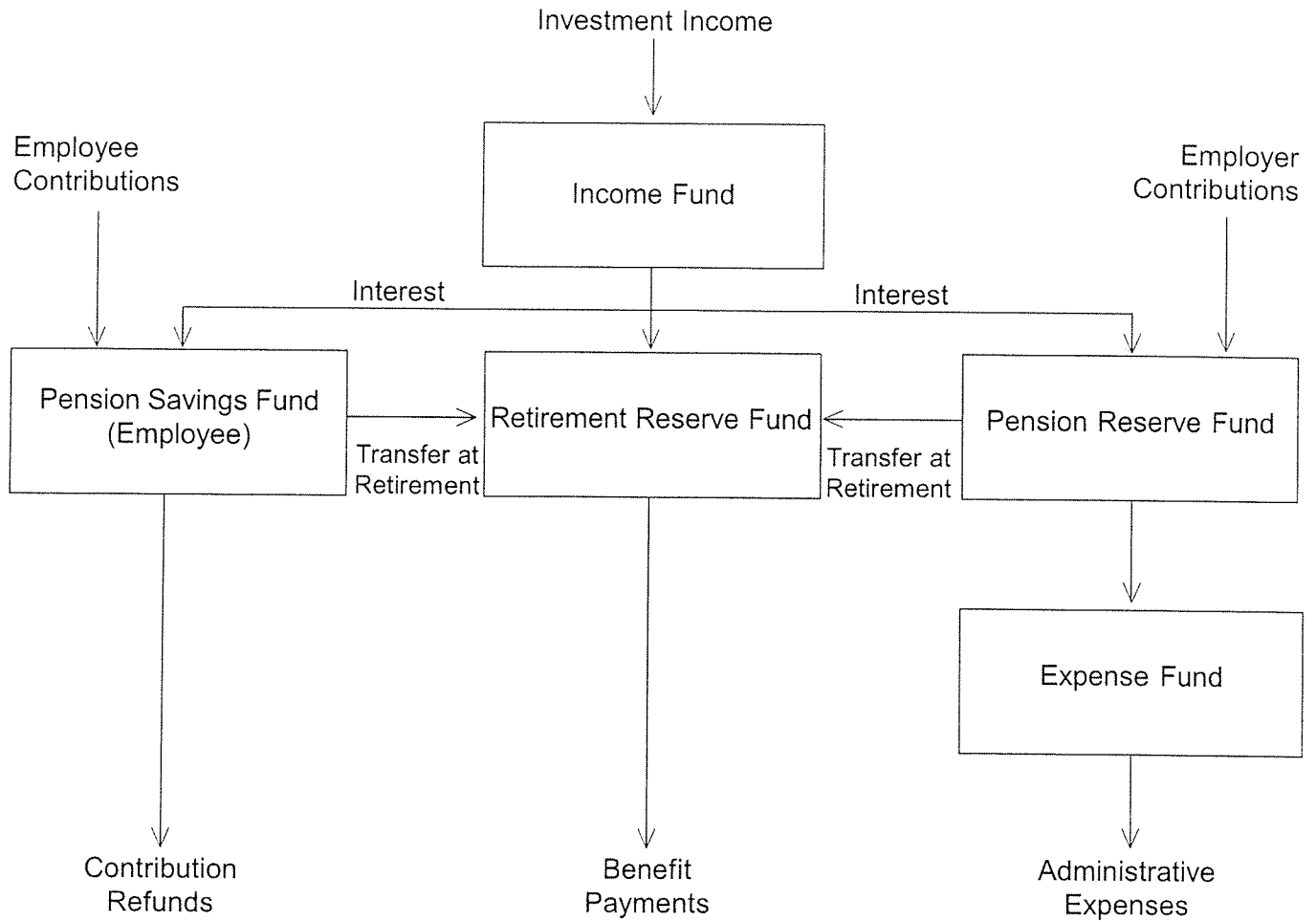
The Income Fund is credited with all revenues earned on investments held by the City and funding agents including increases/decreases in unrealized market values. Subtracted from the Income Fund are transfers to the Pension Savings, Pension Reserve, and Retirement Reserve Funds as well as funding agent and custodial fees.

Revenue remaining in the Fund after the allocation of interest to the Pension Savings and Retirement Reserve Funds is transferred to the Pension Reserve Fund. The Income Fund maintains a zero balance at year end (Ordinance Section 35-115).

### **Expense Fund (Ordinance Section 35-112)**

The Expense Fund is the Fund in which is placed all amounts authorized for expenditures by the Board. This amount is transferred from the Pension Reserve Fund at the time the annual report is adopted. Deducted from this balance are the expenses to administer the fund.

**City of Sioux Falls  
Firefighters' Pension Fund  
Flow Chart of Fund Transfers**



**CITY OF SIOUX FALLS  
FIREFIGHTERS' PENSION FUND**

**BALANCE SHEET**

December 31, 2000 and 2001

**ASSETS**

	<b>2000</b>	<b>2001</b>
Cash in bank	\$ 36,493	\$ 272,198
Cash in trust		
Accounts receivable	18,581	20,287
Accrued Interest and dividends	156,658	121,843
Investments held by funding agents (at market value):	64,715,095	62,494,676
Total Assets	\$ 64,926,827	\$ 62,909,004

**LIABILITIES AND EQUITY**

Accounts payable	\$ 26,770	\$ 34,177
Funded reserves:		
Pension savings fund	6,278,959	6,824,793
Pension reserve fund	40,308,924	36,490,127
Retirement reserve fund	18,237,737	19,524,824
Expense fund	74,437	35,083
Total Liabilities & Equity	\$ 64,926,827	\$ 62,909,004

CITY OF SIOUX FALLS  
FIREFIGHTERS' PENSION FUND

STATEMENT OF CHANGES IN RESERVE ACCOUNTS

December 31, 2000 and 2001

	<u>2000</u>	<u>2001</u>
<b><u>Pension Savings Fund</u></b>		
Balance 1-1	\$ 5,724,358	\$ 6,278,959
Interest earned-individual accounts	294,976	313,796
Member contributions	377,237	549,024
Contribution refunds	(9,920)	0
Transfer to retirement reserve fund	(107,692)	(316,986)
Balance 12-31	<u>\$ 6,278,959</u>	<u>\$ 6,824,793</u>
<b><u>Pension Reserve Fund</u></b>		
Balance 1-1	\$ 41,110,237	\$ 40,308,924
Unallocated interest	(1,353,330)	(2,791,144)
City contributions	1,034,177	878,260
Transfers to:		
Expense fund	(74,623)	0
Retirement reserve fund	(407,537)	(1,905,913)
Balance 12-31	<u>\$ 40,308,924</u>	<u>\$ 36,490,127</u>
<b><u>Retirement Reserve Fund</u></b>		
Balance 1-1	\$ 18,471,197	\$ 18,237,737
Transfers from:		
Pension reserve fund	407,537	1,905,913
Income fund-interest	1,411,882	1,452,406
Pension savings fund	107,692	316,986
Pension payments	(2,082,927)	(2,275,493)
Group health insurance payment	(77,644)	(112,725)
Balance 12-31	<u>\$ 18,237,737</u>	<u>\$ 19,524,824</u>

**CITY OF SIOUX FALLS  
FIREFIGHTERS' PENSION FUND**

**INCOME AND EXPENSE FUNDS**

**December 31, 2000 and 2001**

<u>Income Fund</u>	<u>2000</u>	<u>2001</u>
Balance 1-1	\$ 0	\$ 0
Revenue:		
Interest earned-City	1,721	22,384
Other income	-	-
Investment earnings-funding agents	4,471,764	2,209,410
Increase (decrease) in unrealized market value	<u>(3,981,968)</u>	<u>(3,145,389)</u>
Total balance and revenue	<u>491,517</u>	<u>(913,595)</u>
Expenditures:		
Transfers to:		
Pension savings fund-interest	294,976	313,796
Pension reserve fund-interest	(1,353,330)	(2,791,144)
Retirement reserve fund-interest	1,411,882	1,452,406
Funding agent, trustee, and consultant fees	<u>137,989</u>	<u>111,347</u>
Total expenditures	<u>491,517</u>	<u>(913,595)</u>
Balance 12-31	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Expense Fund</u>		
Balance 1-1	\$ 16,009	\$ 74,437
Revenue:		
Transfer from pension reserve fund	<u>74,623</u>	<u>0</u>
Funds available	<u>90,632</u>	<u>74,437</u>
Expenditures:		
Investment consulting	0	0
Actuary fees	7,600	32,650
Administrative Fees	8,253	5,009
Supplies & Materials	8	13
Travel and education	334	519
Health related fees	0	1,125
Other expenses	<u>0</u>	<u>38</u>
Total expenditures	<u>16,195</u>	<u>39,354</u>
Balance 12-31	<u>\$ 74,437</u>	<u>\$ 35,083</u>



CITY OF SIOUX FALLS  
FIREFIGHTERS' PENSION FUND

STATEMENT OF REVENUES AND EXPENSES

December 31, 2000 and 2001

	<u>2000</u>	<u>2001</u>
<b>Operating revenues:</b>		
Investment earnings:		
City	\$ 1,721	\$ 22,384
Funding agents	4,471,764	2,209,410
Member contributions	377,237	549,024
City contributions	1,034,177	878,260
Other income	-	-
Total operating revenues	<u>5,884,899</u>	<u>3,659,078</u>
<b>Operating expenses:</b>		
Benefit payments	2,082,927	2,275,493
Group health insurance payments	77,644	112,725
Contribution refunds	9,920	0
Funding agent fees	98,739	71,597
Trustee fees	21,750	21,750
Actuary fees	7,600	32,650
Consultant fees	17,500	18,000
Other operating expenses	8,594	6,704
Total operating expenses	<u>2,324,674</u>	<u>2,538,919</u>
Operating income	3,560,225	1,120,159
 Increase (decrease) in unrealized market value	 <u>(3,981,968)</u>	 <u>(3,145,389)</u>
 Net income (loss)	 (421,743)	 (2,025,230)
 <b>Fund balance 1-1</b>	 <u>65,321,800</u>	 <u>64,900,057</u>
 <b>Fund balance 12-31</b>	 <u>\$ 64,900,057</u>	 <u>\$ 62,874,827</u>

CITY OF SIOUX FALLS  
FIREFIGHTERS' PENSION FUND

EXPENSE FUND TRANSFER

2002 Budget

Balance 12-31-01			\$ 35,083
2000 Approved Budget:			
Wages & Benefits	\$	21,689	
Professional Services			
Actuarial	\$	20,100	
Administrative	\$	6,037	
Office Supplies & Materials	\$	600	
Travel, Education & Training	\$	11,105	<u>\$ 59,531</u>
Expense Fund Deficit/(Excess)			<u>\$ 24,448</u>
<b>Required Transfer</b>			<b>\$ 24,448</b>

Motion to transfer funds from the Employer Reserve Fund to the Expense Fund

CITY OF SIOUX FALLS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
DECEMBER 31, 2001

ASSETS	EMPLOYEE'S RETIREMENT	FIREFIGHTERS' PENSION	TOTAL
Cash and cash equivalents	\$ 927,731	\$ 961,663	\$ 1,889,394
Receivables:			
Accounts	81,881	20,287	102,168
Interest	352,852	121,843	474,695
Investments at fair value:			
Corporate Obligations	12,456,052	5,098,635	17,554,687
State & Local Obligations	3,839,698	1,840,955	5,680,653
Foreign Obligations	5,814,190	1,766,405	7,580,595
Index Funds:			
Equity	42,722,709	10,809,825	53,532,534
Government / Corporate Bonds	16,356,023	6,704,542	23,060,565
Mutual Funds:			
Foreign Equity	30,223,312	12,087,440	42,310,752
Domestic Equity	33,384,074	20,032,862	53,416,936
Real Estate	8,460,305	3,464,548	11,924,853
Total assets	154,618,827	62,909,005	217,527,832
LIABILITIES			
Accounts payable	66,563	34,063	100,626
Accrued wages	122	41	163
Accrued vacation	222	74	296
Total liabilities	66,907	34,178	101,085
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress for each plan is presented on page 4-12.)	\$ 154,551,920	\$ 62,874,827	\$ 217,426,747

CITY OF SIOUX FALLS  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	EMPLOYEE'S RETIREMENT	FIREFIGHTERS' PENSION	TOTAL
<b>ADDITIONS:</b>			
Contributions			
Employer	\$ 3,537,192	\$ 878,260	\$ 4,415,452
Plan members	1,359,825	549,024	1,908,849
Total contributions	4,897,017	1,427,284	6,324,301
Investment income (loss)	(1,535,525)	(913,595)	(2,449,120)
Less investment expense	168,202	111,347	279,549
Net investment income (loss)	(1,703,727)	(1,024,942)	(2,728,669)
Total additions	3,193,290	402,342	3,595,632
<b>DEDUCTIONS:</b>			
Benefit payments	6,499,609	2,388,218	8,887,827
Refunds	237,070	-	237,070
Administrative expense	64,120	39,354	103,474
Total deductions	6,800,799	2,427,572	9,228,371
Net increase (decrease)	(3,607,509)	(2,025,230)	(5,632,739)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	158,159,429	64,900,057	223,059,486
December 31	\$ 154,551,920	\$ 62,874,827	\$ 217,426,747