

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



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**2009 Annual
Financial Report**

**For the Fiscal Year Ended December 31, 2009
Prepared by the Accounting Division**



March 25, 2010

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, 2009, is hereby submitted. To the best of our knowledge, the information presented accurately defines the Fund's current financial position and the results from operations.

The separately stated financials for the Fund have been prepared according to the guidelines established by City Ordinance, Chapter 35. We have also included a copy the annual financial statements contained within the City's Comprehensive Annual Financial Report as an appendix to this report. These statements have been prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP).

City Charter Section 2.10 provides for an independent audit to be performed annually on all City accounts, including the Firefighters' Pension Fund. No conditions, comments or recommendations regarding the Fund for the year-ended December 31, 2009, were brought to our attention within the audit.

Sincerely,

A handwritten signature in cursive script that reads "Eugene Rowenhorst".

Eugene Rowenhorst
Director of Finance
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

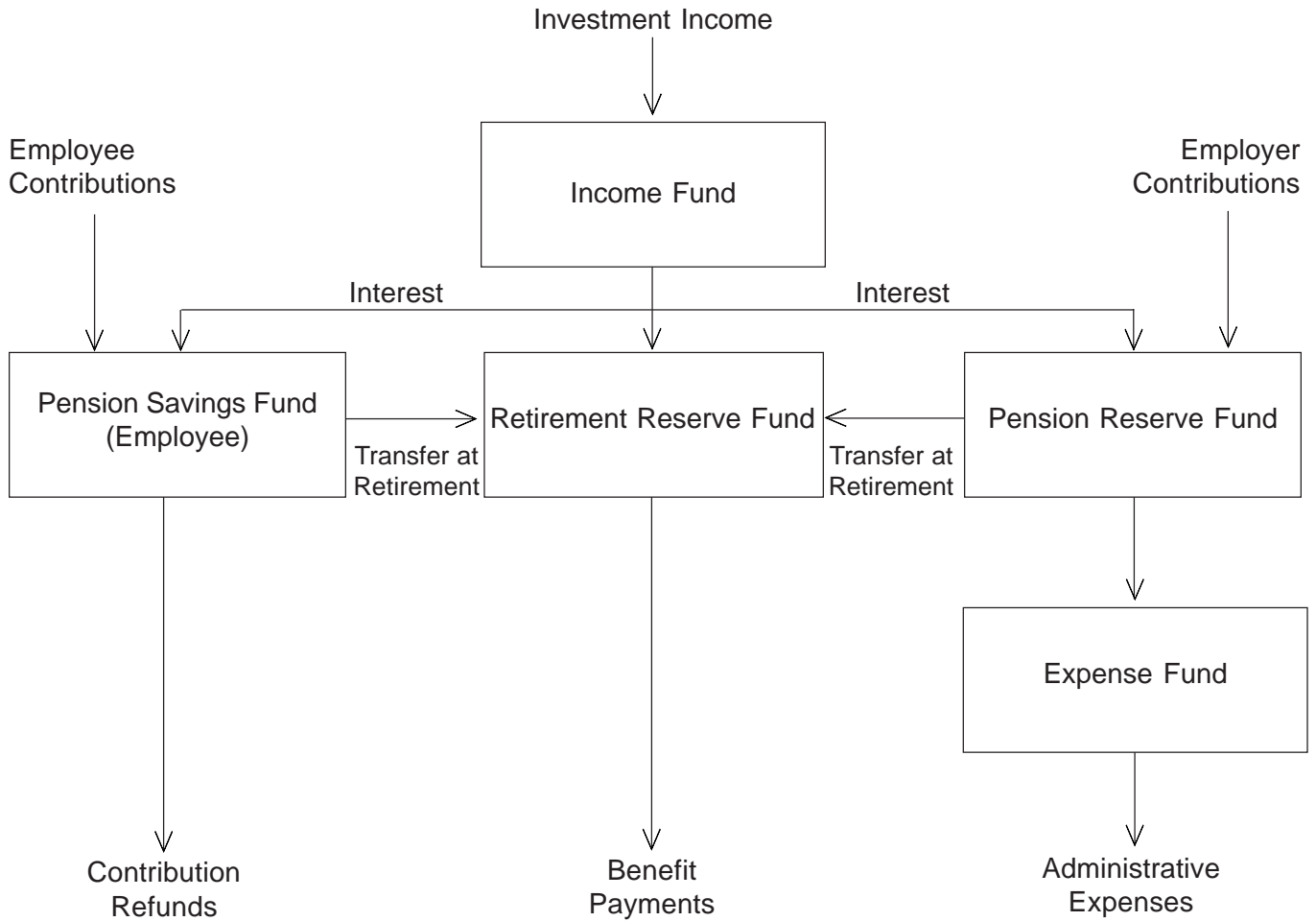
The Income Fund is credited with all revenues earned on investments held by the City and funding agents including increases/decreases in unrealized market values. Subtracted from the Income Fund are transfers to the Pension Savings, Pension Reserve, and Retirement Reserve Funds as well as funding agent 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 operating expenditures by the Board other than benefit payments and investment fees. This amount is transferred from the Pension Reserve Fund each year as authorized by the Board on May 19, 2004. 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, 2008 and 2009

ASSETS

	<u>2008</u>	<u>2009</u>
Cash in bank	\$ 70,892	\$ 948,806
Prepaid expenses	-	-
Accounts receivable	72,536	21,501
Accrued Interest and dividends	262,246	245,856
Investments held by funding agents (at market value):	<u>71,011,697</u>	<u>85,322,247</u>
Total Assets	<u>\$ 71,417,371</u>	<u>\$ 86,538,410</u>

LIABILITIES AND EQUITY

Accounts payable	\$ 1,548	\$ -
Funded reserves:		
Pension savings fund	9,037,052	9,106,121
Pension reserve fund	16,012,120	25,296,190
Retirement reserve fund	46,252,738	52,009,682
Expense fund	<u>113,913</u>	<u>126,417</u>
Total Liabilities & Equity	<u>\$ 71,417,371</u>	<u>\$ 86,538,410</u>

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

STATEMENT OF CHANGES IN RESERVE ACCOUNTS

December 31, 2008 and 2009

	<u>2008</u>	<u>2009</u>
<u>Pension Savings Fund</u>		
Balance 1-1	\$ 8,827,539	\$ 9,037,052
Interest earned-individual accounts	425,251	429,437
Member contributions	856,843	926,257
Contribution refunds	(22,529)	(43,069)
Transfer to retirement reserve fund	(1,050,052)	(1,243,556)
Balance 12-31	<u>\$ 9,037,052</u>	<u>\$ 9,106,121</u>
<u>Pension Reserve Fund</u>		
Balance 1-1	\$ 49,221,408	\$ 16,012,120
Unallocated interest	(30,078,973)	12,627,253
City contributions	2,685,905	2,852,790
Transfers to:		
Expense fund	(93,831)	(90,164)
Retirement reserve fund	(5,722,389)	(6,105,809)
Balance 12-31	<u>\$ 16,012,120</u>	<u>\$ 25,296,190</u>
<u>Retirement Reserve Fund</u>		
Balance 1-1	\$ 40,898,479	\$ 46,252,738
Transfers from:		
Pension reserve fund	5,722,389	6,105,809
Income fund-interest	3,351,970	3,665,626
Pension savings fund	1,050,052	1,243,556
Pension payments	(4,440,801)	(4,930,354)
Group health insurance payment	(329,351)	(327,693)
Balance 12-31	<u>\$ 46,252,738</u>	<u>\$ 52,009,682</u>

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

INCOME AND EXPENSE FUNDS

December 31, 2008 and 2009

<u>Income Fund</u>	<u>2008</u>	<u>2009</u>
Balance 1-1	\$ -	\$ -
Revenue:		
Interest earned-City	11,367	17,733
Other income	642	13,767
Investment earnings-funding agents	944,975	2,604,458
Increase (decrease) in unrealized market value	<u>(27,049,646)</u>	<u>14,264,882</u>
Total balance and revenue	<u>(26,092,662)</u>	<u>16,900,840</u>
Expenditures:		
Transfers to:		
Pension savings fund-interest	425,251	429,437
Pension reserve fund-interest	(30,078,973)	12,627,253
Retirement reserve fund-interest	3,351,970	3,665,626
Funding agent, trustee, and consultant fees	<u>209,091</u>	<u>178,524</u>
Total expenditures	<u>(26,092,662)</u>	<u>16,900,840</u>
Balance 12-31	<u>\$ -</u>	<u>\$ -</u>
 <u>Expense Fund</u>		
Balance 1-1	\$ 114,789	\$ 113,913
Revenue:		
Transfer from pension reserve fund	<u>93,831</u>	<u>90,164</u>
Funds available	<u>208,620</u>	<u>204,077</u>
Expenditures:		
Actuary fees	24,776	17,436
Audit fees	1,380	1,450
Wages and benefits	65,731	56,912
Supplies & materials	40	169
Travel and education	562	263
Disability exams	-	-
Other expenses	<u>2,218</u>	<u>1,430</u>
Total expenditures	<u>94,707</u>	<u>77,660</u>
Balance 12-31	<u>\$ 113,913</u>	<u>\$ 126,417</u>

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

STATEMENT OF REVENUES AND EXPENSES

December 31, 2008 and 2009

	<u>2008</u>	<u>2009</u>
Operating revenues:		
Investment earnings:		
City	\$ 11,367	\$ 17,733
Funding agents	944,975	2,604,458
Member contributions	856,843	926,257
City contributions	2,685,905	2,852,790
Other income	642	13,767
Total operating revenues	<u>4,499,733</u>	<u>6,415,005</u>
 Operating expenses:		
Benefit payments	4,440,801	4,930,354
Group health insurance payments	329,351	327,693
Contribution refunds	22,530	43,069
Funding agent fees	159,937	142,531
Trustee fees	13,653	10,993
Consultant fees	35,500	25,000
Actuary fees	24,776	17,436
Audit Fees	1,380	1,450
Other operating expenses	68,551	58,774
Total operating expenses	<u>5,096,479</u>	<u>5,557,300</u>
Operating income	(596,746)	857,705
 Increase (decrease) in unrealized market value	<u>(27,049,646)</u>	<u>14,264,882</u>
 Net income (loss)	(27,646,393)	15,122,587
 Fund balance 1-1	<u>99,062,215</u>	<u>71,415,823</u>
 Fund balance 12-31	<u>\$ 71,415,823</u>	<u>\$ 86,538,410</u>

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

EXPENSE FUND BALANCE

2010 Budget

2010 Approved Expense Fund Budget:	
Wages & Benefits	\$ 73,066
Insurance	481
Actuarial Services	30,500
Legal and Audit Services	14,700
Health Services (Disability Exams)	5,000
Professional Training Services	1,000
Supplies & Materials	450
Travel and Education	1,220
Other Expenses	-
Total	<u>\$ 126,417</u>

Notes to Financial Statements - Fiduciary Funds Statement of Net Assets

	<u>Employees' Retirement</u>		<u>Firefighters' Pension</u>		<u>Total Pension and Health Care Trust Funds</u>
	<u>Pension</u>	<u>Health Care</u>	<u>Pension</u>	<u>Health Care</u>	
Assets					
Cash and Cash Equivalents	\$ 3,211,586	\$ 172,593	\$ 1,726,184	\$ 75,678	\$ 5,186,041
Receivables:					
Accounts	60,115	3,231	20,598	903	84,847
Interest	632,417	33,987	235,530	10,326	912,260
Total Receivables	<u>692,533</u>	<u>37,217</u>	<u>256,128</u>	<u>11,229</u>	<u>997,107</u>
Investments at Fair Value:					
US Government	678,304	36,453	171,184	7,505	893,446
Corporate Obligations	22,844,839	1,227,699	9,949,959	436,220	34,458,717
Foreign Obligations	10,571,553	568,123	2,239,568	98,186	13,477,430
State and Local Obligations	2,208,648	118,694	874,969	38,360	3,240,671
Domestic Stocks	44,302,769	2,380,865	16,520,223	724,269	63,928,126
Foreign Stocks	5,480,741	294,539	2,046,016	89,700	7,910,996
Index Funds:					
Equity	36,685,867	1,971,527	14,002,893	613,906	53,274,193
Government / Corporate Bonds	18,139,618	974,837	6,983,852	306,181	26,404,488
Mutual Funds:					
Foreign Equity	46,422,539	2,494,783	16,824,960	737,629	66,479,911
Domestic Equity	24,205,476	1,300,821	9,236,456	404,939	35,147,692
Real Estate	5,313,684	285,561	2,071,403	90,813	7,761,461
Total Investments	<u>216,854,035</u>	<u>11,653,905</u>	<u>80,921,485</u>	<u>3,547,706</u>	<u>312,977,131</u>
Total Assets	<u>220,758,154</u>	<u>11,863,715</u>	<u>82,903,797</u>	<u>3,634,613</u>	<u>319,160,279</u>
Liabilities					
Total Liabilities	-	-	-	-	-
Net Assets					
Held in Trust for Pension and Post Employment Health Care Benefits	<u>\$220,758,154</u>	<u>\$11,863,715</u>	<u>\$82,903,797</u>	<u>\$ 3,634,613</u>	<u>\$ 319,160,279</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2009

Notes to Financial Statements - Fiduciary Funds Changes in Net Assets

	Employees' Retirement		Firefighters' Pension		Total Pension and Health Care Trust Funds
	Pension	Health Care	Pension	Health Care	
Additions					
Contributions					
Employer	\$ 5,459,718	\$ 2,974,199	\$ 1,877,096	\$ 975,694	\$ 11,286,707
Plan Members	2,272,170	-	926,257	-	3,198,427
Total Contributions	<u>7,731,888</u>	<u>2,974,199</u>	<u>2,803,353</u>	<u>975,694</u>	<u>14,485,134</u>
Investment Income (Loss)	44,084,742	2,369,148	16,191,005	709,835	63,354,730
Less Investment Expense	411,860	22,134	171,026	7,498	612,518
Net Investment Income (Loss)	<u>43,672,881</u>	<u>2,347,015</u>	<u>16,019,979</u>	<u>702,337</u>	<u>62,742,212</u>
Total Additions	<u>51,404,769</u>	<u>5,321,214</u>	<u>18,823,332</u>	<u>1,678,031</u>	<u>77,227,346</u>
Deductions					
Benefit Payments					
Pension	10,471,659	-	4,930,354	-	15,402,013
Health Premiums	-	712,478	-	327,693	1,040,171
Total Benefit Payments	<u>10,471,659</u>	<u>712,478</u>	<u>4,930,354</u>	<u>327,693</u>	<u>16,442,184</u>
Refunds	90,776	-	43,069	-	133,845
Administrative Expense	<u>138,307</u>	<u>7,433</u>	<u>74,398</u>	<u>3,262</u>	<u>223,400</u>
Total Deductions	<u>10,700,742</u>	<u>719,911</u>	<u>5,047,821</u>	<u>330,955</u>	<u>16,799,429</u>
Net Increase (Decrease)	40,704,027	4,601,303	13,775,510	1,347,077	60,427,917
Total Net Assets, January 1	<u>177,763,396</u>	<u>9,553,143</u>	<u>68,416,358</u>	<u>2,999,465</u>	<u>258,732,362</u>
Total Net Assets, December 31	<u>\$ 218,467,423</u>	<u>\$ 14,154,446</u>	<u>\$ 82,191,869</u>	<u>\$ 4,346,541</u>	<u>\$ 319,160,279</u>