

Notes to Financial Statements - Fiduciary Funds Statement of Net Position

	<u>Employee's Retirement System</u>	<u>Firefighters' Pension Fund</u>	<u>City of Sioux Falls OPEB Trust</u>	<u>Total Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Assets					
Cash and Cash Equivalents	\$ 10,355,225	\$ 4,958,532	\$ 4,550,011	\$ 19,863,768	\$ 331,314
Receivables:					
Contribution	555,020	213,784	-	768,803	-
Interest	698,288	245,790	17,947	962,025	-
Total Receivables	<u>1,253,308</u>	<u>459,574</u>	<u>17,947</u>	<u>1,730,829</u>	<u>-</u>
Investments at Fair Value:					
US Government	33,082,166	13,983,727	-	47,065,893	-
Corporate Obligations	47,971,368	15,324,825	-	63,296,193	-
Foreign Obligations	8,135,092	1,983,551	-	10,118,643	-
Domestic Stocks	121,822,255	43,308,918	-	165,131,173	-
Foreign Stocks	18,334,383	6,522,717	-	24,857,100	-
Index Funds:					
Equity	77,375,268	27,517,467	-	104,892,735	-
Government / Corporate Bonds	35,346,838	12,553,428	-	47,900,266	-
Mutual Funds:					
Foreign Equity	113,553,867	39,324,631	-	152,878,498	-
Domestic Equity	15,413,754	5,388,958	-	20,802,712	-
Real Estate	34,864,994	12,280,370	-	47,145,364	-
Total Investments	<u>505,899,985</u>	<u>178,188,592</u>	<u>-</u>	<u>684,088,577</u>	<u>-</u>
Total Assets	<u>517,508,518</u>	<u>183,606,698</u>	<u>4,567,958</u>	<u>705,683,173</u>	<u>331,314</u>
Liabilities					
Total Liabilities	<u>9,622</u>	<u>4,625</u>	<u>-</u>	<u>14,247</u>	<u>-</u>
Net Position					
Restricted for Pension and Post Employment Health Care Benefits	\$ 517,498,896	\$ 183,602,072	\$ 4,567,958	\$ 705,668,926	\$ -
Restricted for Police Evidence and Found Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,314</u>
Total Net Position	<u>\$ 517,498,896</u>	<u>\$ 183,602,072</u>	<u>\$ 4,567,958</u>	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

Notes to Financial Statements - Fiduciary Funds Changes in Net Position

	Employees' Retirement Pension	Firefighters' Pension	City of Sioux Falls OPEB Trust	Total Pension and Health Care Trust Funds	Police Custodial Fund
Additions					
Contributions					
Employer	\$ 10,213,721	3,991,024	\$ -	\$ 14,204,745	\$ -
Plan Members	2,943,200	1,202,997	-	4,146,197	-
Total Contributions	<u>13,156,921</u>	<u>5,194,021</u>	<u>-</u>	<u>18,350,942</u>	<u>-</u>
Investment Income (Loss)	89,243,791	31,100,753	138,245	120,482,789	-
Less Investment Expense	1,459,764	549,385	-	2,009,149	-
Net Investment Income (Loss)	<u>87,784,027</u>	<u>30,551,368</u>	<u>138,245</u>	<u>118,473,640</u>	<u>-</u>
Police Funds Received into Custody	-	-	-	-	263,145
Total Additions	<u>100,940,948</u>	<u>35,745,389</u>	<u>138,245</u>	<u>136,824,582</u>	<u>263,145</u>
Deductions					
Benefit Payments					
Pension	24,197,114	7,950,985	-	32,148,099	-
*Health Premiums	-	-	501,328	501,328	-
Total Benefit Payments	<u>24,197,114</u>	<u>7,950,985</u>	<u>501,328</u>	<u>32,649,427</u>	<u>-</u>
Police Funds Released from Custody	-	-	-	-	459,050
Refunds	205,046	-	-	205,046	-
Administrative Expense	214,322	137,165	-	351,487	-
Total Deductions	<u>24,616,482</u>	<u>8,088,150</u>	<u>501,328</u>	<u>33,205,960</u>	<u>459,050</u>
Change in Net Position	76,324,466	27,657,239	(363,083)	103,618,622	(195,905)
Total Net Position January 1, as previously stated	441,174,430	155,944,833	4,931,041	602,050,304	-
Restatement (Note 12)	-	-	-	-	527,219
Total Net Position, January 1	<u>441,174,430</u>	<u>155,944,833</u>	<u>4,931,041</u>	<u>602,050,304</u>	<u>527,219</u>
Total Net Position, December 31	<u>\$ 517,498,896</u>	<u>183,602,072</u>	<u>\$ 4,567,958</u>	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Fiscal Year Ending December 31,	City Employee's Retirement System (CERS)						City Firefighters' Pension Fund (CFFF)					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand)												
Total Pension Liability (TPL)												
Service Cost	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510	\$ 8,300	\$ 8,593	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223	\$ 3,051	\$ 2,891
Interest on the total Pension Liability	34,343	33,560	33,140	31,878	30,431	28,266	12,553	12,160	12,083	11,662	11,177	10,499
Actual versus expected TPL#	-	(2,569)	(7,243)	(2,996)	(192)	6,785	-	(2,365)	(2,091)	(1,965)	(723)	(73)
Assumption Changes	-	(5,000)	5,546	-	7,740	2,210	-	-	(237)	-	2,814	2,188
Benefit Payments and Refunds	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,542)
Net Change in Total Pension Liability	18,163	11,628	18,662	17,558	27,838	29,470	8,047	5,475	5,500	5,797	9,405	8,963
Total Pension Liability - Beginning	478,543	466,915	448,253	430,695	402,857	373,387	174,209	168,734	163,234	157,437	148,032	139,069
Total Pension Liability - Ending (a)	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253	\$ 430,695	\$ 402,857	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234	\$ 157,437	\$ 148,032
Plan Fiduciary Net Position												
Employer Contributions	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418	\$ 11,418	\$ 10,670	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407	\$ 4,425	\$ 4,089
Employee Contributions	2,943	3,026	3,113	3,237	3,331	2,966	1,203	1,182	1,188	1,169	1,150	1,057
Pension Plan Net Investment Income	87,784	(19,794)	68,398	30,218	60	24,406	30,551	(6,743)	23,857	10,749	31	8,701
Benefit Payments and Refunds	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,541)
Pension Plan Administrative Expense	(214)	(203)	(232)	(228)	(182)	(164)	(137)	(117)	(143)	(160)	(110)	(99)
Other	-	-	21,965	-	-	-	-	-	4,947	-	-	-
Net Change in Plan Fiduciary Net Position	76,325	(28,228)	83,945	24,811	(3,814)	21,494	27,657	(8,930)	27,053	9,042	(1,418)	7,207
Plan Fiduciary Net Position - Beginning	441,174	469,402	385,457	360,646	364,460	342,966	155,945	164,875	137,822	128,780	130,198	122,991
Plan Fiduciary Net Position - Ending (b)	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457	\$ 360,646	\$ 364,460	\$ 183,602	\$ 155,945	\$ 164,875	\$ 137,822	\$ 128,780	\$ 130,198
Net Pension Liability - Ending (a) - (b)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796	\$ 70,049	\$ 38,397	\$ (1,346)	\$ 18,264	\$ 3,859	\$ 25,412	\$ 28,657	\$ 17,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.19%	92.19%	100.53%	85.99%	83.74%	90.47%	100.74%	89.52%	97.71%	84.43%	81.80%	87.95%
Covered Payroll*	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755	\$ 49,318	\$ 51,347	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479	\$ 11,230	\$ 10,910
Net Pension Liability as a Percentage of Covered Payroll	-45.87%	84.06%	-5.37%	128.80%	142.04%	74.78%	-11.27%	155.97%	33.83%	221.38%	255.18%	163.46%

* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year

Experience gain made negative to facilitate addition

These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer's Net Pension Liability (\$Thousands)						
Year Ended December 31	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll *	Net Pension Liability (Asset) as a % of Covered Payroll
City Employee's Retirement System (CERS)						
2014	\$ 402,857	\$ 364,460	\$ 38,397	90.47%	\$ 51,347	74.78%
2015	430,695	360,647	70,048	83.74%	49,318	142.03%
2016	448,253	385,457	62,796	85.99%	48,755	128.80%
2017	466,915	469,402	(2,487)	100.53%	46,306	-5.37%
2018	478,543	441,174	37,369	92.19%	44,454	84.06%
2019	496,706	517,499	(20,793)	104.19%	45,329	-45.87%
City Firefighters' Pension Fund (CFPF)						
2014	\$ 148,032	\$ 130,198	\$ 17,834	87.95%	\$ 10,910	163.46%
2015	157,437	128,780	28,657	81.80%	11,230	255.18%
2016	163,235	137,823	25,412	84.43%	11,479	221.38%
2017	168,734	164,875	3,859	97.71%	11,407	33.83%
2018	174,209	155,945	18,264	89.52%	11,710	155.97%
2019	182,256	183,602	(1,346)	100.74%	11,948	-11.27%
<p style="text-align: center;"><small>* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</small></p>						
Notes to Schedule						
Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2019						
Inflation	4.25%					
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.					
Investment Rate of Return	7.30% net of expenses					
Post-Retirement Cost of Living Adjustments	Annual increases equal to 100% of the June CPI of each year with a cap of 3% applied to the member's current benefit. The first increase will be granted after 36 months of retirement.					

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer Contributions (\$Thousands)

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll**</u>	<u>Actual Contribution as a % of Covered Payroll</u>
City Employee's Retirement System (CERS)					
2014	\$ 11,563	\$ 11,563	\$ -	\$ 51,347	22.52%
2015	11,397	11,418	(21)	49,318	23.15%
2016	11,417	11,417	-	48,754	23.42%
2017	11,610	11,624	(14)	46,306	25.10%
2018	10,624	11,166	(542)	44,454	25.12%
2019	10,012	10,214	(202)	45,329	22.53%
City Firefighters' Pension Fund (CFPF)					
2014	\$ 4,484	\$ 4,484	\$ -	\$ 10,910	41.10%
2015	4,425	4,425	-	11,230	39.40%
2016	4,407	4,407	-	11,479	38.39%
2017	4,664	4,664	-	11,407	40.89%
2018	4,270	4,443	(173)	11,710	37.94%
2019	3,991	3,991	-	11,948	33.40%

* Includes contributions transferred from the Unallocated Income Reserve

** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.

These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.

Schedule of Investment Returns

	CERS	CFPF
2014	6.90%	6.88%
2015	-0.20%	-0.12%
2016	8.42%	8.43%
2017	16.68%	16.80%
2018	-4.30%	-4.19%
2019	20.11%	19.68%

Notes to Schedule

Valuation Date Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2019

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year smoothed market
Inflation	4.25%
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.
Investment Rate of Return	7.30% net of expenses

condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2007 - 2011.

Mortality RP-2000 Combined Healthy Mortality table projected 2020 using Projection Scale BB was used for both men and women with 100% of the table rates used for both men and women.

Other Information The assumptions used to develop the current Total Pension Liability (TPL) as of December 31, 2019, differ from those noted above.

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Changes in the Employer's Net OPEB Liabilities (Assets)			
Fiscal Year Ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	125,926	148,241	123,986
Benefit Changes	-	2,565	-
Actual versus expected experience	(1,027,562)	(639,812)	(364,194)
Assumption Changes	103,378	(34,571)	(135,976)
Benefit Payments	<u>(501,667)</u>	<u>(619,906)</u>	<u>(1,055,768)</u>
Net Change in Total OPEB Liability	(1,299,925)	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	<u>3,645,057</u>	<u>4,788,540</u>	<u>6,220,492</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,345,132</u>	<u>\$ 3,645,057</u>	<u>\$ 4,788,540</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 339	\$ -	\$ 301,178
Employee Contributions	-	-	-
OPEB Plan Net Investment Income	138,246	71,934	13,111
Employer Paid Benefit Payments	(501,667)	(619,906)	(1,055,768)
OPEB Plan Administrative Expense	-	-	-
Other	-	-	6,220,492
Net Change in Plan Fiduciary Net Position	(363,082)	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	<u>4,931,041</u>	<u>5,479,013</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,567,959</u>	<u>\$ 4,931,041</u>	<u>\$ 5,479,013</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (2,222,827)</u>	<u>\$ (1,285,984)</u>	<u>\$ (690,473)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	194.78%	135.28%	114.42%
Covered Payroll *	N/A	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A
<p><small>* GASB Statement No. 74/75 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.</small></p> <p><small>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</small></p>			

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Employer Contributions					
<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
City's OPEB Plan					
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ 301,178	\$ (301,178)	N/A	N/A
<p style="text-align: center;"><i>* Includes contributions and paid outside of the trust</i></p> <p style="text-align: center;"><i>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</i></p>					
Notes to Schedule					
Valuation Date	Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. As the plan is fully funded, no actuarial contributions are required. The amortization method shown below is illustrative if contributions are required.				
Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2019					
Valuation Date	December 31, 2016				
Actuarial Cost Method	Entry-Age Normal				
Amortization Method	Level Dollar				
Remaining Amortization Period	10 years for police and 15 years for General, Closed				
Asset Valuation Method	Market Value of Assets				
Salary Increases	N/A - No active employees				
Investment Rate of Return	2.25% net of OPEB plan investment expense				
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.				
Mortality	RP-2000 Combined Healthy Mortality table projected 2020 using Projection Scale BB was used for both men and women				
Health Care Trend Rates	Initial trend of 8.00% gradually decrease to an ultimate trend of 4.25% in 10 years.				
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"				
Other Information	The Total OPEB Liability as of December 31, 2019, was based on a Please refer to the 2016 valuation report for additional information.				