



ANNUAL REPORT 1995

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**BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION**

REPORT OF THE FINANCIAL AFFAIRS
OF THE
BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION
FOR THE
YEAR ENDING DECEMBER 31, 1995

THIS REPORT WAS MADE PURSUANT
TO ARTICLE VI - SEC. 4 OF THE
BYLAWS

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION
ANNUAL REPORT FOR 1995

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BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

TREASURER'S REPORT

This report on the financial affairs of the Bloomington Fire Department Relief Association covers the year ended December 31, 1995.

It is the opinion of the Board of Trustees that the balance sheet and statements of receipts and disbursements in this report present fairly the financial position of the Bloomington Fire Department Relief Association on December 31, 1995, and its cash transactions for the year ended. The balance sheet was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the proceeding year.

J. E. Judy
Treasurer

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BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

INVESTMENT OUTLOOK

"THE ECONOMY WALKED THE LINE"

With the economy behaving in almost perfect fashion, stock prices enjoyed some of the strongest gains in years. But the spectacular year required something akin to a razor's edge dance by the economy. The enriching combination of modest growth with good profits - the so-called soft landing - came about despite a great deal of cynicism that it could ever happen. Because of this, despite predictions for a mediocre bond market in 1995, the year turned out to be the third best on record. Growth began to falter and inflation began to ease, the Federal Reserve who had increased short term rates in the first quarter, reversed direction and cut rates twice during the last two quarters of the year. It could not have been a better environment for bond investors who covet slowing economic growth, falling inflation, and fiscal restraint. These are the necessary factors for bond prices to rise. Last year long-term rates which topped 7.88% in January, ended the year at 5.94%. For millions of investors, 1995 will be remembered fondly for the windfall gains that were obtained in the stock and bond markets.

No doubt, 1996 will also have its surprises, and investors are facing the new year with a mixture of hope and trepidation. Such ambivalence is both warranted and healthy. Nothing lasts forever, and there are many reasons to ponder the future with caution. It would be folly to try to anticipate how the markets will perform in 1996. The landscape is littered with humble pundits who vainly attempted to do so over the past years.

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

FINANCIAL AND OPERATING NOTES

Note 1 - Summary of Significant Accounting Policies

Basis of Accounting

The cash basis is used for the Special and General Funds.

Investments

Investments in mutual funds, stocks, governmental securities, and the Minnesota Supplemental Retirement Fund are recorded at cost. Interest is recorded when earned and received. The market value at December 31, 1995 was \$66,758,014.77 in the Special Fund, and \$1,537,737.06 in the General Fund.

General Fixed Assets

General fixed assets purchased are recorded as disbursements in the various funds at the time of purchase. Such assets are capitalized at cost. No depreciation has been provided on general fixed assets.

Balance Sheet

The Special and General Funds shown on the balance sheet were prepared to reflect the actual cash basis of accounting.

Note 2 - Funding of Retirement Plan - Exhibit A.

Prior to 1965, the City contributions were made without regard to actuarial requirements which resulted in a substantial deficiency in the accumulation of reserves on an actuarial basis. Minnesota Laws 1965, CH 446, Section 7, as amended, provides that the City shall appropriate and provide to the Association each year an amount which together with other estimated receipts will be sufficient to meet the minimum obligation of the City made pursuant to Minnesota Statutes Section 69.77, Subd. 2 (2) (b) (1982), plus an additional amount sufficient to retire the accumulated deficit by December 31, 2010.

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

ORGANIZATION

	Term of Office	
	<u>From</u>	<u>To</u>
BOARD OF TRUSTEES:		
Elected Members		
Paul Goodwin	Sep. 26, 1995	Jan. 29, 1996
Ernest Palmsten	Jan. 26, 1987	Jan. 29, 1996
John Bayard	Jul. 1, 1995	Jan. 31, 1997
Jeff Judy	Jan. 25, 1988	Jan. 31, 1997
George F. Hayden	Nov. 21, 1967	Jan. 26, 1998
Jon Sheflet	Jan. 28, 1994	Jan. 26, 1998
Ex-Officio Members		
Mayor -		
Coral Houle	Jan. 1, 1995	
City Treasurer -		
Lyle Olson	Jan. 1, 1995	
Fire Department Chief -		
Ulysses Seal	Dec. 15, 1987	
OFFICERS:		
President -		
Ernest Palmsten	Oct. 1, 1995	Jan. 29, 1996
Vice President -		
John Bayard	Oct. 24, 1995	Jan. 29, 1996
Secretary -		
Jon Sheflet	Jun. 19, 1995	Jan. 29, 1996
Treasurer -		
Jeff Judy	Jul. 1, 1992	Jan. 29, 1996
Investments -		
George Hayden	Nov. 21, 1967	Jan. 29, 1996

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

COMBINED BALANCE SHEET

December 31, 1995

	FUNDS		
	TOTAL	SPECIAL	GENERAL
<u>ASSETS & ACTUARIAL RESERVE DEFICIENCY</u>			
Treasurer's Cash Balance:			
Checking Account	.00	.00	.00
Money Market Fund Certificate	<u>1,321,849.54</u>	<u>1,235,783.49</u>	<u>86,066.05</u>
Total Cash Balance (Sch A-1 & A-2)	1,321,849.54	1,235,783.49	86,066.05
Investments	66,973,892.29	65,522,221.28	1,451,671.01
Fixed Assets & Acct Receivable	<u>3,017.00</u>	<u>3,017.00</u>	<u>.00</u>
TOTAL ASSETS	68,298,758.83	66,761,021.77	1,537,737.06
Non-current Asset (*)			
Actuarial Reserve Overfunded	<u>16,401,221.00</u>	<u>16,401,221.00</u>	
TOTAL Assets & Actuarial Reserve Deficiency	<u>68,298,758.83</u>	<u>66,761,021.77</u>	<u>1,537,737.06</u>
<u>LIABILITIES, RESERVES & FUND BALANCE</u>			
Liabilities:			
UBC Trust - Fees	4,516.25	4,381.21	135.04
Salaries Payable	7,224.76	7,224.76	
Pensions Payable	<u>126,762.90</u>	<u>126,762.90</u>	
Total Liabilities	138,503.91	138,368.87	<u>135.04</u>
Required Reserves:			
Funded: Pensions, Benefits	50,218,414.90	50,218,414.90	
Overfunded	<u>16,401,221.00</u>	<u>16,401,221.00</u>	
Total Reserves			
Invested in Fixed Assets	3,017.00	3,017.00	
Unallocated Fund Balance	<u>1,537,602.02</u>		<u>1,537,602.02</u>
Total Liabilities, Reserves & Fund Balance	<u>68,298,758.83</u>	<u>66,761,021.77</u>	<u>1,537,737.06</u>

(*) Accrued Unfunded Liability as of 12/31/94

Prepared without audit



512 Central Ave. S.E.

Minneapolis, MN 55414

Trust Division

ACCOUNT 56-2288-00

BLOOMINGTON FIRE DEPARTMENT

RELIEF ASSOCIATION SPECIAL FUND

ASSET STATEMENT AS OF DECEMBER 31, 1995

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UNITS/ DESCRIPTION	RATING	MARKET VALUE/ UNIT PRICE	FEDERAL COST/ AVG UNIT COST/ UNREALIZED G/L	EST ANNUAL INC/ ACCRUED INCOME	YIELD AT MARKET

-- CASH EQUIVALENTS --					
1,235,783.490	FPOC0000	1,235,783.49	1,235,783.49	63,840.58	5.17
FIN'L SQUARE PRIME OBLIG SERVICE			100.0000	10,183.73	
PLAN GOLDMAN SACHS					
-- BONDS --					
1,000,000	302412FJ	955,000.00	995,000.00	72,000.00	7.54
FIRST BANK SYSTEM REMIC 93-E-A6			99.5000	1,200.00	
DTD 8/1/93 7.2% DUE 8/25/23			40,000.00-		
1,275,057.700	3129114L BA3	1,299,793.82	1,229,071.75	95,629.33	7.43 *
FHMLC REMIC 1376-Z 0% DUE 9/15/22			96.3934	4,250.19	
ZERO COUPON ACCRUAL 7.5%			70,722.07		
1,463,544.390	312912DT BA3	1,487,839.23	1,463,544.39	109,765.83	7.43 *
FHLMC REMIC 1378-JZ 0% DUE 11/15/21			100.0000	4,878.48	
0% COUPON ACCRUAL BOND 7.5%			24,294.84		
585,885.600	3129142T BA3	594,498.12	573,286.09	43,941.42	7.43 *
FHLMC REMIC 1483-2A 0% DUE 12/15/22			97.8494	1,952.95	
DTD 4/1/93 0% COUPON ACCRUAL 7.5%			21,212.03		
606,530.550	3129157A BA3	608,956.67	605,264.88	45,489.79	7.53 *
FHLMC REMIC 1527-QZ 7.5% DUE 5/15/23			99.7913	2,021.77	
DTD 5/1/93 0% COUPON ACCRUAL BOND			3,691.79		
500,000	313391KN AAA	502,810.00	500,000.00	38,700.00	7.65 *
FED HM LOAN BNK 7.74% DUE 5/23/05			100.0000	4,085.00	
			2,810.00		
1,000,000	3133926Q AAA	1,004,680.00	1,000,000.00	75,600.00	7.50 *
FHLB NT 7.56% DUE 10/19/10			100.0000	15,120.00	
			4,680.00		
500,000	313392FZ AAA	500,625.00	497,550.00	35,000.00	6.98 *
FHLMB DTD 11/21/95 7% DUE 11/21/05			99.5100	3,888.89	
			3,075.00		
500,000	313392GC AAA	502,965.00	498,750.00	37,500.00	7.43 *
FHLMC 7.5% DUE 11/22/10			99.7500	4,062.50	
			4,215.00		
500,000	313392RZ	500,000.00	500,000.00	36,625.00	7.33
FHLB 7.325% DUE 12/28/2010			100.0000	305.21	



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UNITS/ DESCRIPTION	RATING	MARKET VALUE/ UNIT PRICE	FEDERAL COST/ AVG UNIT COST/ UNREALIZED G/L	EST ANNUAL INC/ ACCRUED INCOME	YIELD AT MARKET
980,708.100	3133T4RM	984,179.81	953,738.62	63,746.03	6.48
FHLMC 1701-1 6.5% DUE 3/15/09		100.3540	97.2499	2,833.16	
			30,441.19		
420,930.400	3133T5E2	432,590.17	374,723.34	33,674.43	7.54 *
FHLMC REMIC 1752Z 8% DUE 9/15/24		102.7700	89.0226	1,496.64	
			57,866.83		
1,142,125.300	3133T5ER	1,132,016.35	1,105,690.63	91,370.02	8.07
FHLMC REMIC #G31Z 8% DUE 4/25/24		99.1149	96.8099	9,076.49	
DTD 4/1/94 COUPON ACCRUAL BOND			26,325.72		
719,236.849	3133T63E	747,948.78	713,878.29	57,538.95	7.69
FHLMC REMIC 1771-Z 8% DUE 2/15/25		103.9920	99.2549	2,557.29	
ZERO COUPON BOND			34,070.49		
1,500,000	31358JAT	1,413,975.00	1,260,000.00		
FNMA REMIC 91110 D 0% DUE 2/25/20		94.2650	84.0000		
			153,975.00		
1,218,666.340	31358TMM AAA	1,200,995.68	1,198,677.50	85,306.64	7.18 *
FNMA REMIC 93-22-PZ 7% DUE 3/25/22		98.5500	98.3597	1,184.81	
COUPON ACCRUAL BOND 0% DTD 2/1/93			2,318.18		
1,929,102.840	31359ED5	1,118,879.65	1,678,319.48		
FNMA REM 93228E CP		58.0000	87.0000		
0% DUE 9/25/23			559,439.83-		
250,000	805570BJ	256,002.50	250,000.00	20,000.00	7.81
SAXON MTG CMO 93-2 8% DUE 3/25/23		102.4010	100.0000	1,666.67	
			6,002.50		
2,200,000	89233PFP	2,201,760.00	2,197,250.00		
TOYOTA MOTOR CREDIT CORP MULTI CPN		100.0800	99.8750		
STEP-UP NT TO 9% DUE 01/24/2000			4,510.00		
20,000	G0919810	502,500.00	500,000.00	40,000.00	7.96
BEAR STEARNS FINANCE PFD INCOME CUM		25.125	25.000	3,332.00	
			2,500.00		
TOTAL BONDS		17,948,015.78	18,094,744.97	981,887.44	5.48
				63,912.05	
			146,729.19-		



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UNITS/ DESCRIPTION	RATING	MARKET VALUE/ UNIT PRICE	FEDERAL COST/ AVG UNIT COST/ UNREALIZED G/L	EST ANNUAL INC/ ACCRUED INCOME	YIELD AT MARKET
-- COMMON STOCK --					
43,627.857	00141320	982,063.06	1,031,716.58	436.28	.04
AIM - CONSTELLATION FUND		22.510	23.648		
			49,653.52-		
10,000	08442320	246,250.00	250,000.00	18,440.00	7.49
W.R. BERKLEY CORP.		24.625	25.000		
			3,750.00-		
100,100.100	26926110	1,000,000.00	1,000,000.00		
EATON VANCE CLASSIC FLTG RT FD		9.990	9.990		
429,572.398	27790410	3,501,015.04	2,852,671.64	120,280.27	3.44
EATON VANCE INVESTORS FUND		8.150	6.640		
			648,343.40		
51,417.637	31580720	1,626,854.03	1,540,594.74	21,081.23	1.30
FIDELITY ADVISOR		31.640	29.962		
GROWTH OPPORTUNITIES FUND			86,259.29		
193,831.600	45332010	3,076,107.49	2,532,825.20	155,065.28	5.04
INCOME FUND OF AMERICA		15.870	13.067		
AMERICAN FUNDS GROUP			543,282.29		
236,799.465	46130810	5,117,236.44	4,245,234.93	113,663.74	2.22
INVESTMENT COMPANY OF AMERICA		21.610	17.927		
THE AMERICAN FUNDS GROUP			872,001.51		
38,003.662	48890810	443,122.70	363,825.84	2,280.22	.51
KEMPER TECH FUND		11.660	9.573		
			79,296.86		
66,000.693	55298110	1,032,250.84	999,999.99	3,366.04	.33
MFS RESEARCH FD CL A		15.640	15.151		
			32,250.85		
41,480.019	55298510	1,107,931.31	999,999.99		
MFS EMERGING GROWTH CL A		26.710	24.107		
			107,931.32		
268,346.505	57565C10	3,850,772.35	3,274,029.95		
MASSACHUSETTS FINL TOTAL RETURN		14.350	12.200		
			576,742.40		



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10,000	61690660	260,000.00	250,000.00		
MORGAN STANLEY PREF 8.4%		26.000	25.000		
			10,000.00		
60,377.490	61744K10	815,699.89	759,447.66		
MORGAN STANLEY EQUITY ALLOC FD CL A		13.510	12.578		
			56,252.23		
11,854.216	61744K60	192,393.93	205,887.61		
MORGAN STANLEY ASIAN GROWTH FD CL A		16.230	17.368		
			13,493.68-		
8,073.487	61744K85	82,511.04	100,355.30		
MORGAN STANLEY EMERGING MKTS FD CL A		10.220	12.430		
			17,844.26-		
344,555.986	68379310	3,762,551.37	3,243,817.65	165,386.87	4.40
OPPENHEIMER EQUITY INCOME FUND		10.920	9.414		
			518,733.72		
9,672	74437E10	96,526.56	100,008.48		
PRUDENTIAL JENNISON FUND INC CLASS A		9.980	10.340		
			3,481.92-		
75,936.681	88019610	1,132,215.91	1,183,307.02	5,315.57	.47
TEMPLETON WORLD FUND		14.910	15.582		
			51,091.11-		
115,357.597	88019620	1,058,982.74	1,082,904.04	21,917.94	2.07
TEMPLETON FOREIGN FD		9.180	9.387		
			23,921.30-		
7,980.379	91005610	185,783.22	139,419.94	5,426.66	2.92
UNITED CONTINENTAL INCOME FUND		23.280	17.470		
			46,363.28		
44,201.793	91045030	1,280,083.93	1,187,339.97	19,095.17	1.49
UNITED INCOME FUND		28.960	26.861		
			92,743.96		
11,883.954	91045040	272,023.71	145,389.10	237.68	.09
UNITED SCIENCE & ENERGY FUND		22.890	12.234		
			126,634.61		



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UNITS/ DESCRIPTION	RATING	MARKET VALUE/ UNIT PRICE	FEDERAL COST/ AVG UNIT COST/ UNREALIZED G/L	EST ANNUAL INC/ ACCRUED INCOME	YIELD AT MARKET
10,000	G7549510	243,750.00	250,000.00	20,310.00	8.33
RHONE POULENC OVERSEAS 8.125 CUM GTD PREF SER A		24.375	25.000 6,250.00-	5,078.00	
197,893.636	ZZ228800	12,613,740.36	3,196,400.86		
MN STATE BOARD OF INVESTMENTS INCOME SHARE ACCOUNT		63.740	16.152 9,417,339.50		
24,720.638	ZZ228801	812,814.58	504,888.61		
MN STATE BOARD OF INVESTMENT COMMON STOCK INDEX ACCOUNT		32.880	20.423 307,925.97		
TOTAL COMMON STOCK		44,792,680.50	31,440,065.10	672,302.95 5,078.00	1.50
			13,352,615.40		
-- PREFERRED STOCK --					
10,000	02637F20 A+	267,500.00	250,000.00	21,120.00	7.90
AMERICAN GEN CUM PFD SER A		26.750	25.000 17,500.00		
20,000	55271M20	512,500.00	509,500.00	45,620.00	8.90
MEPC INTL CAPITAL L P PFD		25.625	25.475 3,000.00		
10,000	74460D88	253,750.00	250,000.00		
PUBLIC STORAGE INC SER G PFD		25.375	25.000 3,750.00		
9,000	90319220	241,875.00	225,000.00	19,800.00	8.19
UNUM CORP 8.8% CUM PREF		26.875	25.000 16,875.00		
TOTAL PREFERRED STOCK		1,275,625.00	1,234,500.00	86,540.00	6.78
			41,125.00		
-- REAL ESTATE --					
2,130	LP228801	692,250.00	711,385.00		
BALCOR PENSION INVESTORS V		325.00	333.98 19,135.00-		
4,260	LP228802	813,660.00	1,000,000.00		
BALCOR EQUITY PENSION INVESTOR IV		191.00	234.74 186,340.00-		



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UNITS/ DESCRIPTION	RATING	MARKET VALUE/ UNIT PRICE	FEDERAL COST/ AVG UNIT COST/ UNREALIZED G/L	EST ANNUAL INC/ ACCRUED INCOME	YIELD AT MARKET
=====					
		-----	-----	-----	-----
		-----	-----	-----	-----
	TOTAL REAL ESTATE	1,505,910.00	1,711,385.00		
			205,475.00-		
			-----	-----	-----
	TOTAL ASSETS	66,758,014.77	53,716,478.56	1,804,570.97	2.71
			13,041,536.21	79,173.78	
	CASH				
	GRAND TOTAL ASSETS	66,758,014.77	53,716,478.56	1,804,570.97	2.71
			13,041,536.21	79,173.78	

(AN (*) AFTER YIELD RATE INDICATES YIELD TO MATURITY)



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ASSET SUMMARY AS OF DECEMBER 31, 1995

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	MARKET VALUE/ % TOTAL	COST BASIS/ % TOTAL	EST ANNUAL INC/ YIELD AT MARKET ACCRUED INCOME
	-----	-----	-----
-- CASH EQUIVALENTS --			
MASTER NOTES & MONEY MKT FUNDS	1,235,783.49 1.85 %	1,235,783.49 2.30 %	63,840.58 5.17 10,183.73
TOTAL CASH EQUIVALENTS	1,235,783.49 1.85 %	1,235,783.49 2.30 %	63,840.58 5.17 10,183.73
-- BONDS --			
BONDS FEDERAL GOVERNMENT	14,032,753.28 21.02 %	14,152,494.97 26.35 %	849,887.44 6.07 57,713.38
BONDS CORPORATE	3,915,262.50 5.86 %	3,942,250.00 7.34 %	132,000.00 3.37 6,198.67
TOTAL BONDS	17,948,015.78 26.89 %	18,094,744.97 33.69 %	981,887.44 5.48 63,912.05
-- COMMON STOCK --			
COMMON STOCK FINANCIAL & INS	506,250.00 .76 %	500,000.00 .93 %	18,440.00 3.64
COMMON STOCK INVESTMENT CO.	44,042,680.50 65.97 %	30,690,065.10 57.13 %	633,552.95 1.44
COMMON STOCK FOREIGN	243,750.00 .37 %	250,000.00 .47 %	20,310.00 8.33 5,078.00
TOTAL COMMON STOCK	44,792,680.50 67.10 %	31,440,065.10 58.53 %	672,302.95 1.50 5,078.00



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	MARKET VALUE/ % TOTAL	COST BASIS/ % TOTAL	EST ANNUAL INC/ YIELD AT MARKET ACCRUED INCOME
-- PREFERRED STOCK --			
INDUSTRIAL PREFERRED	509,375.00 .76 %	475,000.00 .88 %	40,920.00 8.03
NON CONVERTIBLE PREFERRED	766,250.00 1.15 %	759,500.00 1.41 %	45,620.00 5.95
TOTAL PREFERRED STOCK	1,275,625.00 1.91 %	1,234,500.00 2.30 %	86,540.00 6.78
-- REAL ESTATE --			
REAL ESTATE RENTAL	1,505,910.00 2.26 %	1,711,385.00 3.19 %	
TOTAL REAL ESTATE	1,505,910.00 2.26 %	1,711,385.00 3.19 %	
TOTAL ASSETS	66,758,014.77 100.00 %	53,716,478.56 100.00 %	1,804,570.97 2.71 79,173.78
CASH	.00 .00 %	.00 .00 %	79,173.78
GRAND TOTAL ASSETS	66,758,014.77 100.00 %	53,716,478.56 100.00 %	1,804,570.97 2.71 79,173.78



312 Central Ave. S.E.

Minneapolis, MN 55414

Trust Division

ACCOUNT 56-2288-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION SPECIAL FUND

BOND MATURITY SCHEDULE AS OF DECEMBER 31, 1995

PAGE 395

	PAR VALUE	MARKET VALUE/ % TOTAL	COST BASIS/ % TOTAL	EST ANNUAL INC/ YIELD AT MARKET
5 - 9 YEARS	2,200,000	2,201,760.00 3.30 %	2,197,250.00 4.09 %	
OVER 9 YEARS	16,091,788.069	15,243,755.78 22.83 %	15,397,494.97 28.66 %	941,887.44 6.19
TOTAL BONDS	18,291,788.069	17,445,515.78 26.13 %	17,594,744.97 32.75 %	941,887.44 5.41

ACCOUNT 50-2293-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995

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UNITS/          PRICE      MARKET VALUE/      FEDERAL COST/      EST ANNUAL YIELD AT
DESCRIPTION      RATING  DATE      UNIT PRICE      % ACCT  AVG UNIT COST      INCOME      MARKET
-----
-- CASH EQUIVALENTS --

-- MASTER NOTES & MONEY MKT FUNDS --

86,066.050          12/31/95      86,066.05      5.60      86,066.05      4,446.17      5.17
FIN'L SQUARE PRIME OBLIG SERVICE
PLAN GOLDMAN SACHS
** INCLUDES 69,463.590 UNITS HELD BY A/C 50-2293-00
** INCLUDES 16,602.460 UNITS HELD BY A/C 50-2293-01

-- COMMON STOCK --

-- COMMON STOCK INDUSTRIAL --

-- COSMETIC, TOILETRIES, HOME PRODS --

2,000          B-      12/31/95      22,000.00      1.43      22,010.09
ELECTROMAGNETIC SCIENCES INC      11.000      11.005
** INCLUDES 2,000 UNITS HELD BY A/C 50-2293-01

-- DRUGS, HOSPITAL, MEDICAL PRODS --

2,000          B      12/31/95      51,000.00      3.32      25,500.00
EMPI INC      25.500      12.750
** INCLUDES 2,000 UNITS HELD BY A/C 50-2293-01

700          12/31/95      17,500.00      1.14      26,395.67      14.00      .08
INTEGRATED HEALTH SERVICE      25.000      37.708
** INCLUDES 700 UNITS HELD BY A/C 50-2293-01

TOTAL DRUGS, HOSPITAL, MEDICAL PRODS      68,500.00      4.45      51,895.67      14.00      .02

-- ELECTRONICS & ELECTRICAL PROD --

2,500          12/31/95      30,312.50      1.97      34,393.07
BROOKTREE CORP. (CALIF.)      12.125      13.757
** INCLUDES 2,500 UNITS HELD BY A/C 50-2293-01

1,500          12/31/95      57,750.00      3.76      39,314.05
DIALOGIC CORPORATION      38.500      26.209
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01

1,500          12/31/95      50,625.00      3.29      36,620.17
ITRON INC      33.750      24.413
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01

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312 C Ave. S.

Minneapolis, MN 55414

Trust Division

ACCOUNT 50-2293-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995

PAGE 5

UNITS/ DESCRIPTION	RATING	PRICE DATE	MARKET VALUE/ UNIT PRICE	% ACCT	FEDERAL COST/ AVG UNIT COST	EST ANNUAL YIELD AT INCOME MARKET
1,500 LEVEL ONE		12/31/95	27,000.00 18.000	1.76	25,406.25 16.937	
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01						
2,500 MICRO LINEAR		12/31/95	25,625.00 10.250	1.67	23,094.54 9.237	
** INCLUDES 2,500 UNITS HELD BY A/C 50-2293-01						
1,060 3 COM CORP	B-	12/31/95	49,422.50 46.625	3.21	33,849.31 31.933	
** INCLUDES 1,060 UNITS HELD BY A/C 50-2293-01						
TOTAL ELECTRONICS & ELECTRICAL PROD			240,735.00	15.66	192,677.39	
-- MACHINERY & MACHINE TOOLS --						
1,500 VERIFONE INC.	B	12/31/95	42,937.50 28.625	2.79	38,190.00 25.460	
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01						
-- OFFICE EQUIPMENT --						
300 INTERNATIONAL BUSINESS MACHS CORP	B-	12/31/95	27,412.50 91.375	1.78	26,610.00 88.700	300.00 1.09
** INCLUDES 300 UNITS HELD BY A/C 50-2293-01						
-- PRINTING & PUBLISHING --						
2,000 CORNERSTONE IMAGING INC		12/31/95	29,000.00 14.500	1.89	32,307.00 16.153	
** INCLUDES 2,000 UNITS HELD BY A/C 50-2293-01						
1,500 PRINTRONIX INC	B-	12/31/95	21,000.00 14.000	1.37	29,530.02 19.686	
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01						
TOTAL PRINTING & PUBLISHING			50,000.00	3.25	61,837.02	
-- SERVICES --						
600 UNITED HEALTH CARE CORP COM	B	12/31/95	39,225.00 65.375	2.55	26,629.33 44.382	18.00 .05
** INCLUDES 600 UNITS HELD BY A/C 50-2293-01						



12 Central Ave. S.E.
Minneapolis, MN 55414

Trust Division

ACCOUNT 50-2293-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995
PAGE 6

UNITS/ DESCRIPTION	RATING	PRICE DATE	MARKET VALUE/ UNIT PRICE	% ACCT	FEDERAL COST/ AVG UNIT COST	EST ANNUAL YIELD AT INCOME MARKET
-- MISCELLANEOUS INDUSTRIAL --						
1,500 ADFLEX SOLUTIONS INC		12/31/95	40,125.00 26.750	2.61	30,281.25 20.187	
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01						
3,750 AETRIUM CORPORATION		12/31/95	75,000.00 20.000	4.88	36,562.50 9.750	
** INCLUDES 3,750 UNITS HELD BY A/C 50-2293-01						
1,000 CALIF MICROWAVE INC	B	12/31/95	16,625.00 16.625	1.08	25,744.93 25.744	
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01						
2,000 CINCINNATI MICROWAVE INC		12/31/95	9,000.00 4.500	.59	20,753.98 10.376	
** INCLUDES 2,000 UNITS HELD BY A/C 50-2293-01						
2,000 CIRRUS LOGIC	B-	12/31/95	39,500.00 19.750	2.57	34,405.53 17.202	
** INCLUDES 2,000 UNITS HELD BY A/C 50-2293-01						
1,500 FLIR SYSTEMS INC		12/31/95	18,375.00 12.250	1.19	21,000.00 14.000	
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01						
900 FTP SOFTWARE INC.		12/31/95	26,100.00 29.000	1.70	25,890.66 28.767	
** INCLUDES 900 UNITS HELD BY A/C 50-2293-01						
1,000 NORAND CORP		12/31/95	11,750.00 11.750	.76	34,780.00 34.780	
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01						
1,000 NORSTAN INC	B	12/31/95	25,250.00 25.250	1.64	21,450.00 21.450	
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01						
1,000 PROGRESS SOFTWARE		12/31/95	37,500.00 37.500	2.44	24,463.82 24.463	
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01						
3,500 R F MONOLITHICS INC		12/31/95	21,000.00 6.000	1.37	29,718.99 8.491	
** INCLUDES 3,500 UNITS HELD BY A/C 50-2293-01						

ACCOUNT 50-2293-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995
PAGE 7

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UNITS/      PRICE      MARKET VALUE/      FEDERAL COST/      EST ANNUAL YIELD AT
DESCRIPTION  RATING   DATE        UNIT PRICE    % ACCT  AVG UNIT COST      INCOME    MARKET
-----
1,500      12/31/95      29,250.00      1.90      20,674.42
SPSS INC      19.500      13.782
** INCLUDES 1,500 UNITS HELD BY A/C 50-2293-01

1,200      12/31/95      42,900.00      2.79      32,079.54
UNIPHASE CORP 35.750      26.732
** INCLUDES 1,200 UNITS HELD BY A/C 50-2293-01

TOTAL MISCELLANEOUS INDUSTRIAL      392,375.00      25.52      357,805.62

TOTAL COMMON STOCK INDUSTRIAL      883,185.00      57.43      777,655.12      332.00      .04

-- COMMON STOCK UTILITY --

-- COMMUNICATIONS --

1,600      12/31/95      53,600.00      3.49      30,055.95
ASPECT COMMUNICATION 33.500      18.784
** INCLUDES 1,600 UNITS HELD BY A/C 50-2293-01

1,000      12/31/95      19,750.00      1.28      16,314.08
CENTIGRAM COMMUNICATIONS CORP 19.750      16.314
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01

1,000      B      12/31/95      36,875.00      2.40      34,155.00
DSC COMMUNICATIONS CORP 36.875      34.155
** INCLUDES 1,000 UNITS HELD BY A/C 50-2293-01

2,500      B      12/31/95      26,562.50      1.73      27,804.96
TELCO SYSTEM INC 10.625      11.121
** INCLUDES 2,500 UNITS HELD BY A/C 50-2293-01

TOTAL COMMUNICATIONS      136,787.50      8.90      108,329.99

-- COMMON STOCK INVESTMENT CO. --

-- MUTUAL FUNDS --

25,010      12/31/95      266,606.60      17.34      236,367.01
FIRST TR SPL SITUATIONS TRUST 10.660      9.450
UNIT 115 TARGET EQUITY TR VALUE
FIVE SERIES 1
** INCLUDES 25,010 UNITS HELD BY A/C 50-2293-00

5,791.506      12/31/95      83,455.60      5.43      75,000.00      3,752.90      4.50
MFS SER TR V TOTAL RETURN FD CL A 14.410      12.949
** INCLUDES 5,791.506 UNITS HELD BY A/C 50-2293-00

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12 Central Ave. S.E.
Minneapolis, MN 55414

Trust Division

ACCOUNT 50-2293-00 BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995
PAGE 8

UNITS/ DESCRIPTION	RATING	PRICE DATE	MARKET VALUE/ UNIT PRICE	% ACCT	FEDERAL COST/ AVG UNIT COST	EST ANNUAL YIELD AT INCOME MARKET
4,879.636		12/31/95	81,636.31	5.31	75,000.01	1,171.11 1.43
MFS SER TR 1 WORLD ASSET ALLOC FD A			16.730		15.370	
** INCLUDES 4,879.636 UNITS HELD BY A/C 50-2293-00						
TOTAL MUTUAL FUNDS			431,698.51	28.07	386,367.02	4,924.01 1.14
TOTAL COMMON STOCK			1,451,671.01	94.40	1,272,352.13	5,256.01 .36
TOTAL ASSETS			1,537,737.06	100.00	1,358,418.18	9,702.18 .63
CASH						
GRAND TOTAL ASSETS			1,537,737.06	100.00	1,358,418.18	9,702.18 .63



12 Co. ve. S.I
Minneapolis, MN 55414

Trust Division

ACCOUNT 50-2293-00

BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET STATEMENT AS OF DECEMBER 31, 1995
PAGE 9

RELATED ACCOUNT SUMMARY

ACCOUNT	SHORT TITLE	UNITS	MARKET VALUE/ % OF ACCOUNT	COST BASIS/ % OF ACCOUNT
50-2293-00	BLOOMINGTON FIRE REL ASSN - GENERAL	105,144.732	501,162.10 32.59 %	455,830.61 33.56 %
50-2293-01	BLOOMINGTON FIRE-GENERAL-KOPP INV	65,712.460	1,036,574.96 67.41 %	902,587.57 66.44 %
	TOTAL CONSOLIDATED ASSETS	170,857.192	1,537,737.06 100.00 %	1,358,418.18 100.00 %



312 Central Ave. S.W.
Minneapolis, MN 55414

Trust Division

ACCOUNT 50-2293-00 BLOOMINGTON FIRE DEPARTMENT
RELIEF ASSOCIATION - GENERAL FUND
(CONSOLIDATED)

ASSET SUMMARY AS OF DECEMBER 31, 1995
PAGE 10

	MARKET VALUE/ % TOTAL	COST BASIS/ % TOTAL	EST ANNUAL INC/ YIELD AT MARKET

-- CASH EQUIVALENTS --			
MASTER NOTES & MONEY MKT FUNDS	86,066.05 5.60 %	86,066.05 6.34 %	4,446.17 5.17
TOTAL CASH EQUIVALENTS	86,066.05 5.60 %	86,066.05 6.34 %	4,446.17 5.17
-- COMMON STOCK --			
COMMON STOCK INDUSTRIAL	883,185.00 57.43 %	777,655.12 57.25 %	332.00 .04
COMMON STOCK UTILITY	136,787.50 8.90 %	108,329.99 7.97 %	
COMMON STOCK INVESTMENT CO.	431,698.51 28.07 %	386,367.02 28.44 %	4,924.01 1.14
TOTAL COMMON STOCK	1,451,671.01 94.40 %	1,272,352.13 93.66 %	5,256.01 .36
TOTAL ASSETS	1,537,737.06 100.00 %	1,358,418.18 100.00 %	9,702.18 .63
CASH	.00 .00 %	.00 .00 %	
GRAND TOTAL ASSETS	1,537,737.06 100.00 %	1,358,418.18 100.00 %	9,702.18 .63

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

SPECIAL FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED DECEMBER 31, 1995

Balance January 1, 1995		42,870.00
RECEIPTS:		
City of Bloomington	267,134.00	
State of Minnesota 2%	<u>231,511.50</u>	<u>498,645.50</u>
Bloomington Fire Department Dues	<u>20,242.00</u>	<u>20,242.00</u>
Interest Income	519,308.84	
Dividend Income	140,232.27	
Belcor Pension Investors	120,387.57	
Other Miscellaneous Interest	<u>- 5,643.38</u>	<u>774,285.30</u>
TOTAL Balance and Receipts		<u>1,336,042.80</u>
DISBURSEMENTS:		
Pensions - Survivors - Disability	<u>1,464,721.28</u>	<u>1,464,721.28</u>
Wyatt Company - Actuarial	4,751.00	
State Auditor - Audit	2,367.00	
Union Bank - Custodian	16,232.86	
Sharyn North - Accounting	950.00	
Deloitte & Touche - Accounting	495.00	
Messerli & Kramer - Attorney	<u>9,065.95</u>	<u>33,861.81</u>
Postage, Printing, Annual Report	1,983.93	
Conventions	1,543.66	
Bond	408.00	
Standard Valuation	<u>2,000.00</u>	<u>5,935.59</u>
Taxes	11,860.24	
Salaries	<u>20,000.00</u>	<u>31,860.24</u>
Purchase of Investments	38,254,623.01	
Sales of Investments	<u>38,454,959.13</u>	<u>200,336.12</u>
Balance December 31, 1995		<u>.00</u>

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION**GENERAL FUND****STATEMENT OF RECEIPTS AND DISBURSEMENTS****YEAR ENDED DECEMBER 31, 1995**

Balance January 1, 1995		1,295,948.05
-------------------------	--	--------------

RECEIPTS:

Cash Deposits		
Ball Tournament	18,000.00	
Split	110,000.00	
Dance	8,000.00	
Transfers	<u>95,833.25</u>	
Asset Deposits at Bank	<u>33,849.31</u>	265,682.56
Investment Income and Growth		
Net Interest Income	7,583.64	
Divident Income	<u>10,148.98</u>	
Change in Market Value	<u>244,811.61</u>	262,544.23

DISBURSEMENTS:

Pete Heger	Service Pay	27,508.02	
Dennis Walker	Service Pay	29,490.58	
John Hogan	Service Pay	6,815.05	
Craig Gerdes	Service Pay	1,911.20	
Mike Loisello	Service Pay	3,583.50	
William Kalina	Service Pay	27,592.95	
William Sutcliffe	Service Pay	1,194.50	
Daniel Hedin	Service Pay	5,375.25	
Gerald Jessen	Service Pay	27,473.50	
Ronald Peterson	Service Pay	27,473.50	
James Nanoff	Service Pay	10,153.25	
Lawrence Cramb	Service Pay	<u>836.15</u>	169,407.45
Withdrawals at Costs		33,849.31	
Fees and Commissions		16,669.02	
Transfers		<u>66,512.00</u>	117,030.33

Balance December 31, 1995		<u><u>1,537,737.06</u></u>
---------------------------	--	----------------------------

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

OFFICER'S SURETY BONDS

Name Schedule Fidelity Bond

President:

Ernest Palmsten

\$500,000.00*

Treasurer:

George Hayden

\$500,000.00*

Jeff Judy

\$500,000.00*

Secretary:

Jon Sheflet

\$500,000.00*

Dated: August 19, 1993

Expires: August 19, 1996

Surety: Hartford Insurance Company

Filed with Secretary of the Association

- * Loss of money, securities and other property which the insured shall sustain, to an amount not exceeding in the aggregate the amount stated in the table of limits of liability, resulting directly from one or more fraudulent or dishonest acts committed by an officer, acting alone or in collusion with others.

A vertical dashed line consisting of 20 short, thick black horizontal bars spaced evenly along the left margin of the page.

SUPPLEMENTAL INFORMATION

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

10 West 95th Street
Bloomington, MN 55420

**Statement of the Association's Investment
policy, objectives, and operating guidelines.**

INTRODUCTION

This statement of investment policies and objectives is adopted so that:

1. The Trustees will have a clear understanding of the investment goals and objectives of the Bloomington Fire Department Relief Association.
2. The Trustees will have a basis from which to evaluate the investment performance of the Association's Special and General funds.
3. Any Investment Manager, if employed by the Board of Trustees, will have an understanding of the investment philosophy of the Association and such limitations which may be applicable.

It is the intent of this statement to establish an attitude and/or philosophy which will guide the Trustees toward achievement of the desired performance. It is intended that the objectives be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

DEFINITION AND FUNCTION

The Bloomington Fire Department Relief Association's Special Fund is maintained to provide retirement, disability, survivor and death benefits to the participants in accordance with the provisions contained in the Association's by-laws and applicable state statutes.

OBJECTIVES

The objective of the Board of Trustees shall be to attain a favorable absolute and relative rate of return for the assets of the Association, consistent with the preservation of capital.

MANAGEMENT

Under Minnesota law, the Board of Trustees is required to manage the affairs of the Association. It may engage the services of an investment manager or managers and performance evaluators to assist it in attainment of its goals and objectives.

If the Board of Trustees employs persons or firms to perform such services, it shall conduct studies to ascertain that such employees possess the necessary specialized research facilities and skilled personnel to meet these investment objectives and guidelines. The Board of Trustees shall require an investment manager, if employed, to adhere to the "prudent person rule" under such federal and state laws which now apply, or may in the future apply to investments of the Association.

GUIDELINES

1. INVESTMENT PHILOSOPHY - ASSET ALLOCATION. The Trustees shall allocate the Association's fund among common stocks, international securities, real estate, bonds, and cash reserves. In so doing, the Trustees shall strive to both preserve principal and achieve long-term appreciation of the Association's funds. Varying overall market conditions will, and should, cause the Trustees to place greater emphasis on either the preservation of principal or capital appreciation at certain times. Accordingly, it is the philosophy of the Trustees that no more than 70% of the Association's funds shall be invested in equities if, in the Board's opinion, the equity outlook is very positive. Conversely, there may be times when the equity investment may be as low as 20% of the fund's assets.

2. INVESTMENT PHILOSOPHY - BONDS. The Trustees shall manage the ownership of the bonds to take advantage of changes in the bond market. All bonds shall have at least an A rating and be readily marketable.

3. INVESTMENT PHILOSOPHY - CASH AND CASH EQUIVALENTS. All cash, whenever possible, shall be invested in interest bearing accounts or securities. These investments shall be free of risk of loss or price fluctuation and shall be instantly saleable.

4. PRESERVATION OF PRINCIPAL. The Trustees shall make reasonable efforts to preserve the principal of the Association's funds, but preservation of principal shall not be imposed on each individual investment. It is understood that the dual goals of preservation of principal and capital appreciation may cause fluctuation in the total value of the funds.

5. TYPES OF ASSETS. The Trustees shall invest the funds of the Association according to the laws and regulations imposed by the State of Minnesota. In addition, the following types of assets or transactions shall be expressly prohibited: SHORT SALES - LETTER STOCK - COMMODITIES - FOREIGN SECURITIES (other than those listed on the New York Stock Exchange).

The Trustees shall endeavor to diversify the holdings of the fund to minimize risk. Investment in equity securities of companies whose principal business activity is in the same industry shall not exceed 10% of the portfolio.

REVIEWS

At regular intervals, but at least annually, the Trustees shall:

1. Review the past investment policy;
 2. Examine the current investment policy;
 3. Determine if any changes in the current investment policy should be implemented;
 4. Review the present and prospective economic climate;
 5. Examine the current risk levels of the securities represented in the portfolio;
 6. Examine these guidelines, to determine if amendments may be advisable.
-

**Approved by the Board of Trustees
of the Bloomington Fire Department Relief Association
on August 23, 1994.**

PRESIDENT - (TRUSTEE)

TREASURER - (TRUSTEE)

INVESTMENT OFFICER - (TRUSTEE)

SECRETARY - (TRUSTEE)

TRUSTEE

TRUSTEE

EX OFFICIO (CITY CLERK)

EX OFFICIO (CHIEF OF DEPARTMENT)

EX OFFICIO (BLOOMINGTON MAYOR)

NOTICE OF SPECIAL TAX RULES

Distributions received on
or after January 1, 1987

The Internal Revenue Service provides complex rules relating to the taxation of the amount you received in this distribution. This Notice merely summarizes these rules. ***You should promptly consult a tax advisor in deciding what course to follow with respect to this distribution.***

ROLLOVERS

The Internal Revenue Code permits you to avoid current taxation on any portion of the taxable amount of an eligible distribution by rolling over that portion into another qualified employer retirement plan that accepts rollover contributions or into an Individual Retirement Arrangement (IRA). A tax-free rollover is accomplished by transferring the amount you are rolling over to the new plan or IRA ***not later than 60 days*** after you receive the amount from this plan and notifying the trustee or issuer of the new plan or IRA that you are making a rollover contribution. If you receive a series of distributions within a single year that would be treated as a lump-sum distribution, the 60-day period does not expire until 60 days after the day you receive the last distribution in the series.

Not all plan distributions are eligible to be rolled over. A distribution must be either a "qualified total distribution" or a "partial distribution" in order to be rolled over. In general, a qualified total distribution is either a lump-sum distribution or a distribution because of a plan termination. A lump-sum distribution means a distribution of the entire amount in the plan (the balance to the credit) within one taxable year that is made because of the employee's death or separation from service, or after the employee is disabled or reaches age 59½. A partial distribution is a distribution of an amount equal at least 50% of the account balance and made due to the death or disability of the employee or on account of the employee's separation from service. Partial distributions may be rolled over to an IRA, but ***not*** to another qualified plan. A rollover of any portion of a partial distribution may disqualify a subsequent distribution from the same type of plan for capital gains treatment and 5-year or 10-year averaging (described below). There are specific and technical qualifications and requirements set forth in Section 402 of the Internal Revenue Code that must be satisfied in order for your plan distribution to be eligible to be rolled over.

CAPITAL GAINS TREATMENT AND 5-YEAR/10-YEAR AVERAGING

Assuming you do not choose to rollover any part of your distribution, various methods of tax treatment may be available to you, if your distribution qualifies under Section 402(3) of the Internal Revenue Code as a lump-sum distribution and you have participated in this Plan for any part of at least 5 years.

(1) ***Pre-1974 portion of the distribution.*** In general, the special capital gains treatment for that portion of your distribution that is attributable to your participation in the Plan before 1974 has been eliminated. However, a special transition rule under the Tax Reform Act of 1986 allows limited use of capital gains treatment between 1987 and 1991. Also, individuals who reached age 50 before January 1, 1986, may apply the pre-1987 capital gains rules [see (3) below].

(2) **5-Year Averaging.** Pre-1987 distributions that qualified as lump-sums were allowed special tax treatment under 10-year averaging rules if the employee had participated in the plan for any part of at least five years. The 10-year averaging election could reduce the amount of income tax the participant was required to pay on account of the distribution. In general, the special 10-year averaging rules have been replaced with 5-year averaging rules. All (or the remaining portion of the distribution if capital gains treatment applies for pre-1974 portion) may be taxed as ordinary income or under special 5-year averaging rules. Under 5-year averaging, the amount is treated as if the distribution were spread over 5 years instead of the 10 years under 10-year averaging. The special 5-year averaging rule generally may not be used unless the individual is age 59½ at the time of the distribution and may be used only once.

(3) **Exception for individuals who have reached age 50 before January 1, 1986.** There is an exception to the general rule that special treatment for lump-sum distributions is only available to those who have reached age 59½. Individuals who reached age 50 before January 1, 1986, may, in general:

- (1) elect to use the special 5-year averaging provisions (using the tax rates in effect in the year of distribution), or the 10-year averaging provisions (using the 1986 tax rates), and
- (2) elect to apply the pre-Tax Reform Act of 1986 capital gains rules (using a 20 percent rate).

Only one election is available with respect to an individual and, if made, it eliminates the ability to elect 5-year averaging and capital gains treatment after age 59½.

PENALTY TAXES

You should also be aware of certain penalty taxes that may apply to "early" and "excess" distributions. The penalty for "early distributions" is a 10% additional income tax on taxable distributions made prior to age 59½, similar to the penalty we have had in the past for early withdrawals from IRAs. Note that the additional tax is on the "taxable" amount of the distribution. If you roll over to an IRA or qualified plan, the tax will not apply. The 15% excise tax on "excess" distributions applies if annual distributions to an individual from all of the individual's retirement plans exceed either \$112,500 or \$150,000.

There are complex exceptions to both the "early" and "excess" distribution taxes. Again, you should consult a tax advisor to address their application to your specific circumstances.

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

BLOOMINGTON, MINNESOTA

Historical Trend Information

Historical trend information designed to provide information about the Bloomington Fire Department Relief Association's progress made in accumulating sufficient assets to pay benefits when due is presented below:

	<u>Net Assets Available For Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Funded(Unfunded) Pension Benefit Obligation</u>
1995	66,758,015.00	50,218,415.00	132.94%	16,401,221.00
1994	53,799,072.55	46,992,400.00	114.48%	6,673,633.00
1993	58,584,717.00	45,875,900.00	128.29%	12,866,623.00
1992	51,528,972.00	42,463,100.00	121.43%	9,095,889.00
1991	46,812,295.00	39,416,800.00	118.79%	7,395,495.00
1990	39,217,939.00	36,818,600.00	106.52%	2,398,793.00
1989	36,575,428.00	36,818,600.00	99.33%	(243,172.00)
1988	30,778,578.00	32,495,000.00	94.72%	(1,716,422.00)
1987	26,526,791.00	32,495,000.00	81.63%	(6,482,712.00)
1986	24,005,188.00	30,487,900.00	78.74%	(6,482,712.00)
1985	21,587,797.00	27,533,900.00	78.40%	(5,946,103.00)
1984	16,194,287.00	25,300,000.00	64.01%	(9,105,713.00)
1983	13,541,597.00	22,943,100.00	59.02%	(9,401,503.00)

	Revenues by Source				Expenses by Type			
	State Aid	City Contribution	Employee Contribution	Investment Income	Benefit Payments	Administrative Expenses	Other	
1995	\$ 231,511	\$ 267,134	\$ 20,242	\$ 774,285	\$ 1,464,721	\$ 37,796	\$ 33,862	
1994	\$ 253,157	\$ 1,562,171	\$ 21,224	\$ 904,514	\$ 1,391,118	\$ 52,914	\$ 12,067	
1993	\$ 238,064	\$ 1,573,519	\$ 29,763	\$ 1,024,618	\$ 1,287,224	\$ 35,593	\$ 7,315	
1992	\$ 251,423	\$ 1,419,718	\$ 22,474	\$ 1,631,374	\$ 1,134,450	\$ 28,590	\$ 21,821	
1991	\$ 255,322	\$ 1,264,994	\$ 20,716	\$ 1,301,447	\$ 943,994	\$ 24,598	\$ 16,360	
1990	\$ 291,900	\$ 1,456,589	\$ 20,073	\$ 1,551,347	\$ 810,666	\$ 26,413	\$ 8,972	
1989	\$ 287,879	\$ 1,711,293	\$ 18,888	\$ 1,190,111	\$ 694,335	\$ 16,384	\$ 17,957	
1988	\$ 283,838	\$ 1,588,583	\$ 19,033	\$ 1,032,510	\$ 607,874	\$ 16,696	\$ 28,337	
1987	\$ 257,533	\$ 1,611,373	\$ 17,996	\$ 1,667,855	\$ 606,613	\$ 13,168	\$ 1,560	
1986	\$ 230,204	\$ 1,750,629	\$ 20,966	\$ 1,416,316	\$ 521,429	\$ 8,974	\$ 1,296	
1985	\$ 192,210	\$ 1,653,321	\$ 19,186	\$ 4,000,219	\$ 489,821	\$ 9,003	\$ 0	
1984	\$ 173,705	\$ 1,508,174	\$ 17,686	\$ 1,428,475	\$ 446,727	\$ 9,639	\$ 20,749	
1983	\$ 163,116	\$ 1,234,645	\$ 16,394	\$ 1,202,775	\$ 411,393	\$ 8,740	\$ 4,116	

BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

SUMMARY OF CURRENT PLAN PROVISIONS

1. Basic Benefit: One-third of the final average salary of a policeman of the highest grade, not including officers of the City of Bloomington. Final average earnings is the average of the monthly pay for such a policeman over the past three years. All benefits under the plan increase each time a pay increase is granted to the Bloomington Police Department.
2. Normal Retirement Benefit: Basic benefit is payable at retirement after attainment of age 50 and completion of 20 years of service.
3. Deferred Vested Benefit: On termination after completion of 20 years of service, the basic benefit is payable after attainment of age 50.
4. Disability Benefits: The basic benefit is payable while the member remains disabled. After attainment of age 50, a normal retirement benefit is payable. Disability is defined as inability to perform the duties of a fireman.
5. Spouse's Benefit: On the death of any active or inactive member, 75% of the basic benefit is payable to the surviving spouse for her remaining lifetime. Benefits cease on remarriage of the surviving spouse.
6. Children's Benefit: On the death of an active member, 12% of the basic benefit is payable to each surviving child until attainment of age 18. Maximum family benefit is 100% of the basic benefit. On the remarriage or death of a widow, surviving children may receive benefits which total equal no more than the basic benefit.
7. Lump Sum Death Benefit: On the death of any active or inactive member \$500 is payable.
8. Membership Dues: Each member contributes \$144.00 per year payable semi-annually on January 1 and July 1.