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Minneapolis Fire Department Relief Association

Minneapolis
Minnesota

Comprehensive Annual Financial Report



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Dorothy Coughlin
Pauline Rivett
Ida M. Anderson
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MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION

MINNEAPOLIS
MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BOARD OF TRUSTEES

Edward R. Ballweber	Executive Secretary
Virgil C. Carlson	President
Walter C. Schirmer	Treasurer
Ronald J. Eickholt	Vice President
Jens E. Peterson	Assistant Secretary
Harold R. Pope	Assistant Treasurer
Robert T. Palmer	Retired Trustee
Donald C. Gregg	Retired Trustee
Jerry E. McKinney	City Appointed Trustee
Linda K. Waite	City Appointed Trustee

PREPARED BY:

Edward R. Ballweber	Executive Secretary
Diane P. Glodek	Administrative Assistant

FISCAL
YEAR ENDED
DECEMBER 31,
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minneapolis Fire Department Relief Association, Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1989

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



Gary R. Hoistrem
President

Jeffrey L. Esser
Executive Director

Minneapolis Fire Department Relief Association

Pension Fund

750 MINNEAPOLIS GRAIN EXCHANGE
400 SOUTH 4TH STREET
MINNEAPOLIS, MINNESOTA 55415
TELEPHONE: 612/338-3044

June 5, 1991

Board of Trustees
Minneapolis Fire Department Relief Association
750 Minneapolis Grain Exchange
400 South Fourth Street
Minneapolis, Minnesota 55415

I was elected Executive Secretary of the Minneapolis Fire Department Relief Association (MFDRA) on December 28, 1990. I am pleased to submit this one hundred and sixteenth Annual Report for the fiscal year end December 31, 1990. This report consists of four sections; the introductory section contains this transmittal letter, a summary of the membership requirements and benefits and information about the Board of Trustees and the administrative organization. The financial section contains the Minnesota State Auditor's report and the fiscal year end financial statements. The actuarial section includes the report of the actuary, results of the fiscal year 1990 valuation, and other actuarial information. The statistical section contains tables of significant data pertaining to this Association.

ACCOUNTING SYSTEMS AND REPORT

All financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and in accordance with Minnesota Statutes, Section 356.20.

The Association employs internal accounting controls designed to provide reasonable assurance for the safekeeping of assets and the reliability of all financial records. The accrual basis of accounting is used to report transactions for the Special Fund, while the modified basis of accounting is used for the General Fund and Political Fund.

REVENUES

The reserves required to finance retirement benefits are accumulated through the collection of employer (City of Minneapolis) and employee contributions, insurance tax (monies collected from a 2% tax on all fire, lightning, sprinkler leakage, and extended coverage premiums purchased in Minnesota), state amortization aid (a level dollar amount to fully fund the Fund by December 31, 2010) and income on investments. Income for fiscal year 1990 totaled $12,801,654. Employer contributions totaled $7,183,773, employee contributions totaled $1,076,327, the 2% insurance tax totaled $544,124, and amortization aid amounted to $1,191,798. The remaining revenues were added from investment income of $2,747,589 and $58,043 for the special dues account.

EXPENSES

The annual expenses of the MFDRA reflect the aggregate cost of monthly benefit payments to retired or disabled members and their survivors and administrative expenses. With benefit payments of $10,047,632 and administrative expenses, inclusive of investment fees, of $728,561, operating expenses for fiscal year 1990 totaled $10,348,475.

INVESTMENTS

The investment portfolio is a major contributor to the fund. As such, investment income for fiscal year 1990 amounted to $2,747,589 or 24.0% of total revenues. The fund's last five year average annual rate of return has been in excess of 11%.

FUNDING

A pension fund is fully funded when it has present and projected assets sufficient to cover the liabilities for present and future benefits and projected cost of fund administration. In 1980 the Minnesota Legislature recognized that the City of Minneapolis had not been paying its fair share, which created an ever-growing unfunded accrued liability. In their wisdom, they effected Chapter 607 Minnesota Session Laws of 1980 which required the City of Minneapolis, with assistance from the State of Minnesota, to amortize the Minneapolis Fire Department Relief Association pension fund's accrued unfunded liability by December 31, 2010. That law further raised active member's contributions from 6% to 8% and closed the pension fund to all firefighers hired after June 15, 1980.

PROFESSIONAL SERVICES

Professional consultants are retained by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of the fund. Actuarial services are provided by Gabriel, Roeder, Smith and Co., Detroit, Michigan. Legal counsel is provided by the firms of Best and Flanagan and Mansfield and Tanick, both of Minneapolis. Two balanced account investment managers are retained to manage the majority of fund assets; Alliance Capital, Minneapolis office, and Mitchell-Hutchins, Minneapolis. A small portion of the fund is in real estate managed by JMB Trust, Chicago, Illinois, and Investors Advisors Inc., Minneapolis, manages a venture partnership investment. Union Bank and Trust, Minneapolis, serves as custodian for the invested assets of the fund. The Association also employs an investment consultant, Standard Valuations of St. Paul, Minnesota, to monitor and evaluate the investment management firms' performance, to conduct searches for new asset managers when time or need may dictate, and to evaluate suggested investment alternatives. In compliance with Minnesota Statutes, Section 69.50, auditing functions for the Association are performed by the Office of the State Auditor.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Minneapolis Fire Department Relief Association for its comprehensive annual unit financial report for the fiscal year ended December 31, 1989. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial

report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the Government Finance Officers Association.

ACKNOWLEDGEMENTS

The compilation of this report reflects the combined effort of the Minneapolis Fire Department Relief Association staff, Diane Glodek and Kathy Morkrid, under the direction and leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, and as a means of determining compliance for the assets contributed by the City of Minneapolis, employee members, and the taxpayers of Minnesota.

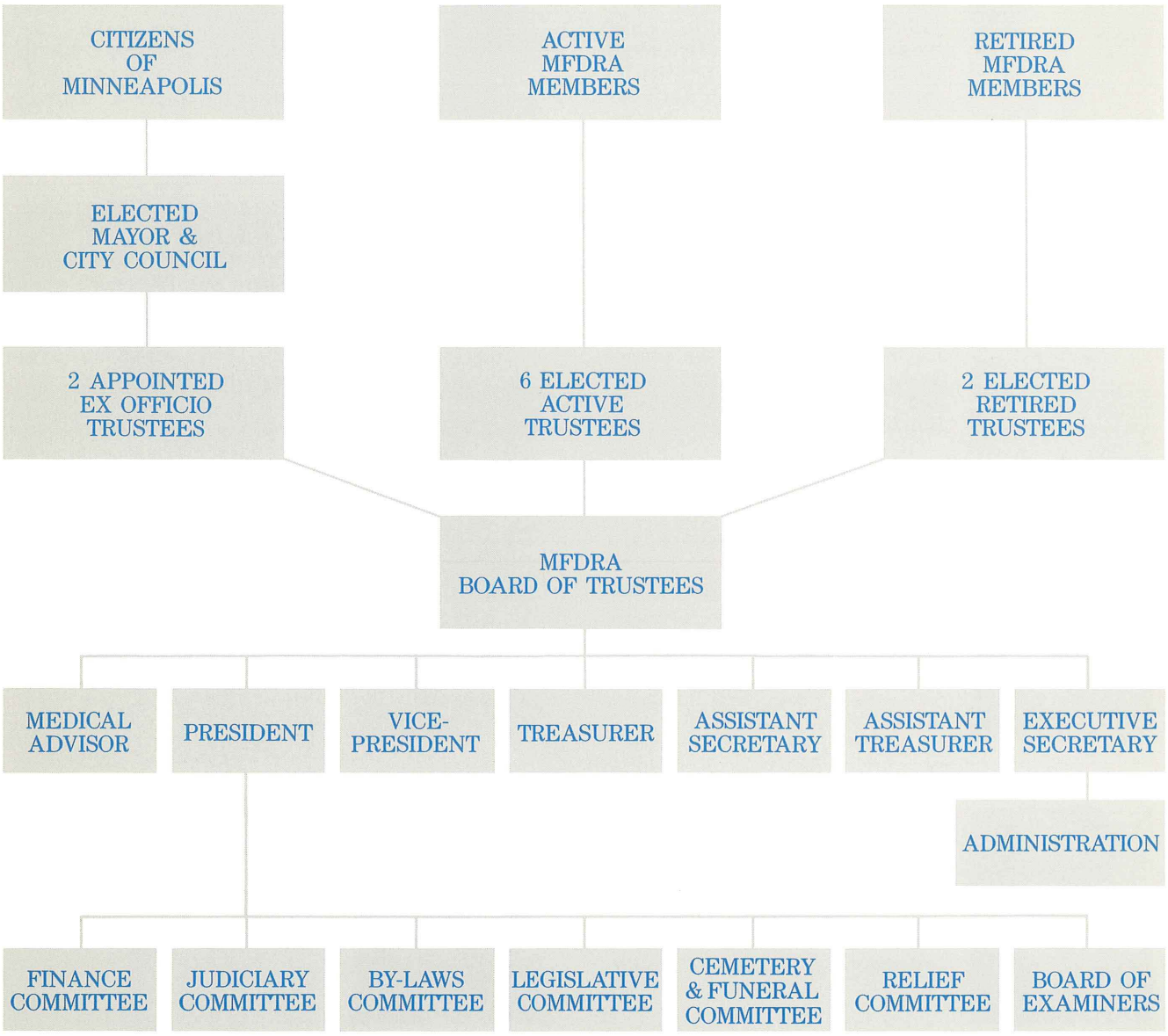
A special thanks is extended to Sharyn Bumann of the Office of the State Auditor for her diligent efforts toward the expedient preparation of this report.

Respectfully,

Edward R. Ballweber

Edward R. Ballweber
Executive Secretary

ADMINISTRATIVE ORGANIZATION



BOARD OF DIRECTORS



Thomas Fyle
was elected Executive Secretary of the Association in August, 1984. Prior to that he held the position of Assistant Secretary. On December 28, 1990 he vacated his position on the Board to resume his duties as a Captain on the Minneapolis Fire Department.



Virgil Carlson
is currently the President of the Association, a position he has held since December, 1986. First elected to the Board in December, 1979, he has been a member of the Minneapolis Fire Department for 23 years and is assigned to the Arson Division as an Investigator.



Edward Ballweber
served nearly all of 1990 as the Treasurer. On December 28, 1990 he was elected to the position of Executive Secretary. He was first elected to the Board in December, 1984 and is a 17 year member of the Minneapolis Fire Department.



Walter Schirmer
held the position of Vice President for the year. He was elected to the Board in December, 1986, and has also served as the Assistant Treasurer. A 21 year member of the Minneapolis Fire Department, he is an Investigator in the Arson Division.



Jens Peterson
was elected to the Board in January, 1987 and serves as the Assistant Secretary. He is a 21 year member of the Minneapolis Fire Department functioning as a Fire Motor Operator at Station 19.



Ronald Eickholt
is the Assistant Treasurer having been elected to the Board in January, 1990. The newest member of the Board is an 11 year veteran of the Minneapolis Fire Department and serves as a Captain at Station 5.



Robert Palmer
the first Retired Trustee to serve on the Board was elected in December, 1985. He retired from the Minneapolis Fire Department as a District Chief in 1965 after having served 24 years on the Department.



Donald Gregg
was elected to the Board in December, 1988 to serve as a Retired Trustee. Prior to his retirement from the Minneapolis Fire Department in 1986 he served as President of the MFDRA for the period of 1968-1980 and Fund Administrator from 1955-1980.



Jerald McKinney
has served on the Board since his appointment in September, 1986. He is a past Vice President of Northern States Power, business owner and currently an administrator at Christ Presbyterian Church.



Linda Waite
was appointed to the Board by the City Council in February, 1989. She has been the Assistant to the City Coordinator since August, 1988. Prior to that she was the Executive Director of the Tax Research Conference, Sioux City, Iowa.

BOARD OF TRUSTEES

ACTIVE ELECTED TRUSTEES	PERIOD OF SERVICE
Virgil C. Carlson	December 28, 1979 - December, 1991
Thomas R. Fyle	December 29, 1983 - December 28, 1990
Edward R. Ballweber	December 28, 1984 - December, 1993
Walter C. Schirmer	December 26, 1986 - December, 1992
Jens E. Peterson	January 5, 1987 - December, 1991
Ronald J. Eickholt	January 25, 1990 - December, 1992
Harold R. Pope	December 28, 1990 - December, 1993

RETIRED ELECTED TRUSTEES	
Donald C. Gregg	January 28, 1988 - December, 1992
Robert T. Palmer	December 27, 1985 - December, 1991

EX OFFICIO - APPOINTED BY CITY OF MINNEAPOLIS	
Jerald E. McKinney	September, 1986 - December, 1992
Linda K. Waite	February, 1989 - December, 1992

OFFICE STAFF	
Diane P. Glodek	October, 1987
Kathy K. Morkrid	June, 1988

SUMMARY OF RELIEF ASSOCIATION PLAN

ADMINISTRATION

The Minneapolis Fire Department Relief Association (MFDRA) governing Board of Trustees is comprised of ten members. Six are active members of the Minneapolis Fire Department elected to serve three-year terms by the active firefighter members. Two are retired members of the MFDRA elected by their peers. The Minneapolis City Council and Mayor appoint two ex officio Trustees. Retired and ex officio Trustees are elected or appointed to serve two-year terms.

The Board of Trustees elects its Officers at the Annual Meeting in December to serve in each capacity for a one-year term, with the Executive Secretary functioning as the chief administrative officer of the Association. With Board of Trustee approval, the Executive Secretary develops the annual budget, is responsible for financial information, determines staffing requirements, contracts for professional services, and directs the day-to-day operations of the Association.

SUMMARY OF RETIREMENT SYSTEM PLAN

HISTORY AND PURPOSE

The Fireman Association was formed on September 10, 1868. The preamble to the constitution states: ". . . in order to insure a more efficient and uniform system in the Fire Department of the City of Minneapolis and to provide for the relief of disabled firemen and their families."

The Association was incorporated under Minnesota laws on November 24, 1886.

On July 1, 1879, the volunteer fire department disbanded and the paid department came into being.

A service pension was first authorized in 1897, not to exceed $40.00 per month. Increases were in 1925 to $50.00 per month, in 1933 to $75.00 per month, in 1936 to $98.00 per month, in 1947 to $108.00 per month and in 1955 our present escalated system of units was adopted. Although the law allowed for payments of up to 40 units, this amount was not paid until 1965, due to insufficient amounts of income to the Association.

Since then we have paid the maximum amount allowable under the State of Minnesota Statutes.

Pursuant to Minnesota Statutes, Section 423A.01, all eligible employees employed after June 15, 1980, became members of the Minnesota Public Employees Retirement Association Police and Fire Fund. At the same time, anyone retiring after June 15, 1980, would receive an extra unit per month.

PENSION BENEFITS - SPECIAL FUND

All benefits are based on a plan of a number of units. A unit is 1/80th of the maximum monthly pay of a Firefighter for the month the benefit is paid. Pensions are based on current payroll and are fully escalated for all persons receiving a pension benefit. (NOTE: All active members, regardless of rank, contribute 8% of the maximum monthly pay of a Firefighter.)

VESTING

A member must have five (5) years of service to be vested in the pension plan, and he must be fifty (50) years old before he can draw a service pension.

SERVICE PENSIONS

Years	Units	Years	Units
5	7.75	16	24.80
6	9.30	17	26.35
7	10.85	18	27.90
8	12.40	19	29.45
9	13.95	20	32.00**
10	15.50	21	33.00**
11	17.05	22	34.00**
12	18.60	23	35.00**
13	20.15	24	36.00**
14	21.70	25	40.00***
15	23.25		

**Members retiring after June 15, 1980, will receive one extra unit.
***Four (4) units of pension are earned for the 25th year of service.

SURVIVORS PENSIONS

Widows receive 21 units of pension. The member's dependent children each receive eight (8) units until age 18 or until age 22 if they are a full time single student. A widow and her children cannot receive combined benefits in excess of 40 units.

TOTAL TEMPORARY DISABILITY PENSIONS

Whenever a member becomes temporarily disabled because of sickness or injury, on or off the job, he will receive a temporary disability pension of 40 units, provided he has expired all his leaves of absence.

PERMANENT DISABILITY PENSIONS

Whenever a member becomes permanently disabled because of sickness or injury, he will be entitled to a permanent disability pension. Based upon medical information, the Board of Trustees shall make a determination as to the degree of the disability, which in turn will determine classification of disability.

First Class Disability Pension . . . . . 40 units
Second Class Disability Pension . . . . . 32 units
Third Class Disability Pension . . . . . 24 units

Members permanently disabled after June 15, 1980, receive an extra unit.

If a member is discharged by the Minneapolis Fire Department administration for medical reasons, he will automatically be entitled to a First Class Disability Pension. Disability arising from employment other than the Minneapolis Fire Department will cause a member to forfeit his entitlement to a disability pension.

ADDITIONAL BENEFITS - GENERAL FUND

DEATH BENEFIT

Upon the death of any active or former active member on the pension rolls of the Association, the sum of $1,000.00 shall be appropriated to his designated beneficiary or estate to defray the expense of his funeral.

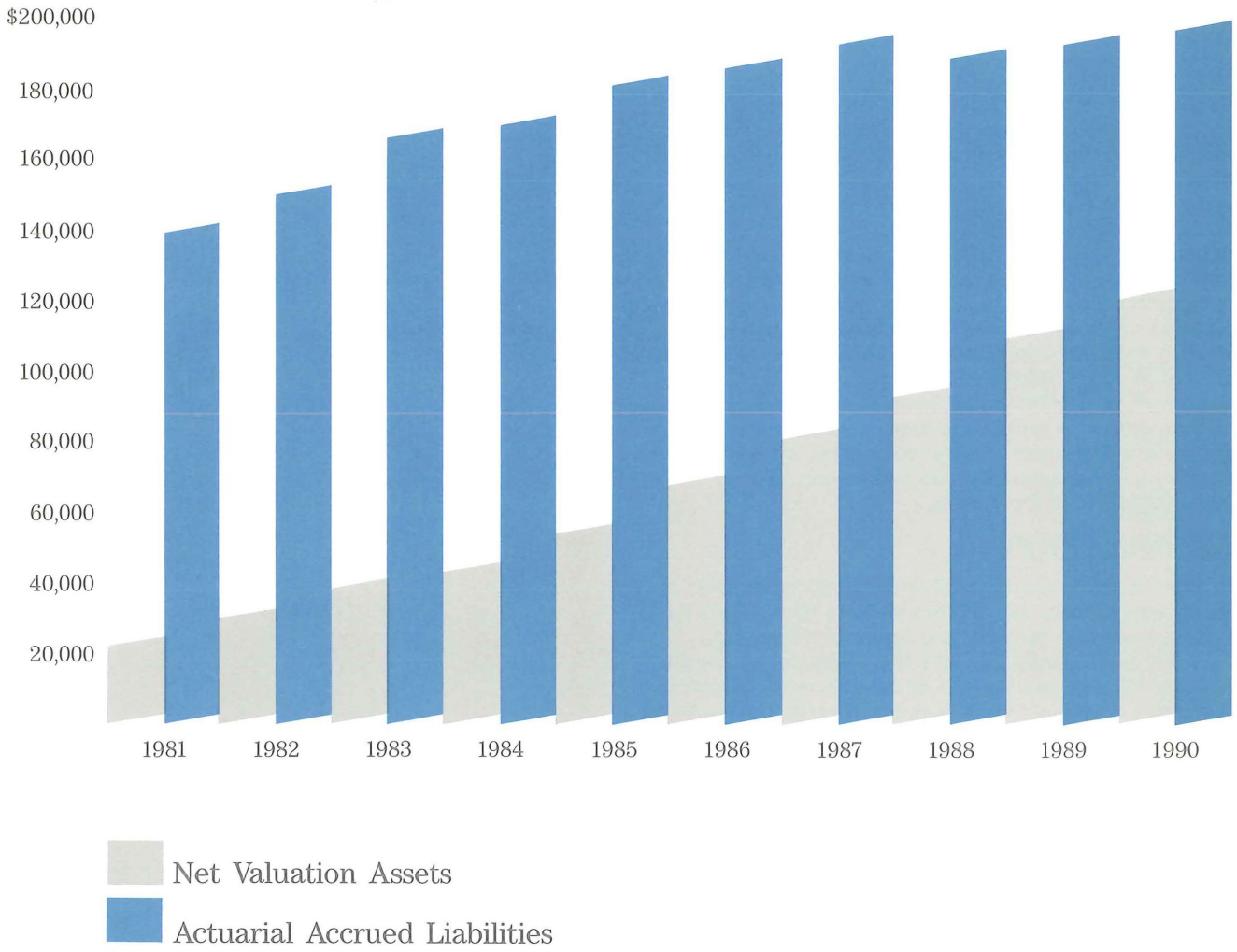
RETIREMENT BENEFIT

Every member of the Association who retires after having completed a period, or periods on the Minneapolis Fire Department of five (5) years shall be paid upon his retirement from the payroll of said department, out of the General Fund, the sum of $7.50 per month for each full month of active service on the department completed after May 1, 1957. More than half a month of service shall be construed as a full month. In case of the death of an active member of this Association, his widow or beneficiary shall receive an amount calculated as provided herein, upon the months of service of the deceased member, but without the requirement of any minimum years of service. In case an active member is retired because of disability before completing five years of service, he shall nevertheless be entitled to the payment, upon retirement, of the amounts provided for herein.

LEGISLATION

In 1990 the Minnesota Legislature discontinued the remarriage penalty for MFDRA widows. This allows surviving spouses to remarry and continue receiving benefits. Additionally, in 1990, the Legislature passed a bill that allows active members with 25 or more years of service to contribute their member contributions into an individual special dues account. This was fair legislation as members with 25 plus years of service accrue no additional pension benefits and as of 1990 will no longer be required to contribute their member dues to the Association. Upon retirement these members can begin drawing monthly payments from their accounts. The intent of which is to help relieve the burden of increasing health insurance costs for retirees.

FUNDING STATUS
LAST TEN YEARS
(in thousands)



MARK B. DAYTON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
SUITE 400
525 PARK STREET
SAINT PAUL 55103

296-2551

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Minneapolis Fire Department Relief Association

We have audited the accompanying financial statements of the Minneapolis Fire Department Relief Association, Minnesota, as of December 31, 1990, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Minneapolis Fire Department Relief Association's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minneapolis Fire Department Relief Association, Minnesota, as of December 31, 1990, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as required supplemental information and supporting schedules in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements of Minneapolis Fire Department Relief Association. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

We did not audit the statistical data contained in this report and express no opinion thereon.

MARK B. DAYTON
State Auditor

June 5, 1991

AN EQUAL OPPORTUNITY EMPLOYER

COMBINED BALANCE SHEET
ALL FUND TYPES

EXHIBIT A

	Governmental Fund Types		Fiduciary Fund Type	Total
	General	Special Revenue	Special Pension	(Memorandum Only)
ASSETS				
Cash and deposits	$ 153,896	$ 2,805	$ 7,833,657	$ 7,990,358
Investments	259,071		111,878,225	112,137,296
Receivables				
Interest and dividends	2,919		863,664	866,583
Accounts	72,605			72,605
Intergovernmental			243,300	243,300
Total Assets	$ 488,491	$ 2,805	$120,818,846	$121,310,142
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable	$ 212	$	$ 17,398	$ 17,610
Total Liabilities	$ 212	$ -0-	$ 17,398	$ 17,610
Equity and other credits				
Net assets available for benefits	$	$	$120,801,448	$120,801,448
Fund balances				
Unreserved, undesignated	488,279	2,805		491,084
Total equity and other credits	$ 488,279	$ 2,805	$120,801,448	$121,292,532
Total liabilities, equity and other credits	$ 488,491	$ 2,805	$120,818,846	$121,310,142

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
SPECIAL PENSION FUND

EXHIBIT B

ASSETS	
Investments, at fair value	
United States government securities	$ 31,035,972
Corporate bonds and notes	13,492,698
Common stock	60,973,390
Real estate	5,009,216
Short-term cash equivalents	1,366,949
Total investments	$111,878,225
Receivables	
City contributions	$ 30,868
State contributions	212,432
Accrued interest and dividends	863,664
Total receivables	$ 1,106,964
Cash and deposits	$ 7,833,657
Total assets	$120,818,846
LIABILITIES	
Accounts payable	$ 17,398
NET ASSETS AVAILABLE FOR BENEFITS	$120,801,448

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS SPECIAL PENSION FUND

EXHIBIT C

Investment income	
Net depreciation in fair value of investments	$ <854,889>
Interest and dividends	5,154,592
Net realized loss on sale of investments	<1,124,396>
Less investment expenses	427,718
	2,747,589
Contributions	
City of Minneapolis	7,183,773
State of Minnesota	
2% insurance tax	544,124
Amortization aid	1,191,798
Members	1,076,327
	9,996,022
Special Dues Account	58,043
Total additions	12,801,654
Benefits paid participants	10,047,632
Administrative expenses	300,843
Total deductions	10,348,475
Net increase	2,453,179
Net assets available for benefits	
Beginning of year	118,348,269
End of year	$120,801,448

The accompanying notes are an integral part of the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

EXHIBIT D

	Governmental Funds		
	General Fund	Special Revenue Fund	Total (Memorandum Only)
Revenues			
Membership dues	$ 63,952	$15,721	$ 79,673
Interest and dividends	54,642	—	54,642
Other	35	—	35
Total revenues	$118,629	$15,721	$134,350
Expenditures			
Membership benefits			
Funeral benefits	$ 14,000	$ —	$ 14,000
Retirement benefits	34,185	—	34,185
Board activities	11,737	—	11,737
Conference and meetings	9,884	—	9,884
Contributions to candidates	—	15,338	15,338
Total expenditures	$ 69,806	$15,338	$ 85,144
Excess of revenues over (under) expenditures	48,823	383	49,206
Fund balance—January 1, 1990	439,456	2,422	441,878
Fund balance—December 31, 1990	$488,279	$ 2,805	$491,084

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 — FORM OF GOVERNMENT

The Minneapolis Fire Department Relief Association was incorporated on November 24, 1886, to provide financing for and the payment of service, disability, or dependency pensions to their eligible members, their widows, and dependents. The Association is the administrator of this single-employer pension plan available to the firefighters. The Association operates under Minn. Stat. §§ 69.25-69.56, 69.62, 69.77, 69.80 and various other state laws. It is governed by a Board of Trustees consisting of ten members. Six members are elected by the active members of the Association. Two members are elected by the retired members of the Association. The City of Minneapolis appoints two people to serve as members. The Board annually elects a president, vice president, executive secretary, assistant secretary, treasurer, and assistant treasurer from the active trustees elected and appoints a medical advisor.

As of December 31, 1990, membership data related to the Association were:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	559
Active plan participants — vested	337
Total	896

Each member who is at least 50 years of age and has twenty years of service with the Minneapolis Fire Department is eligible to receive a full service pension, monthly, for the remainder of his life. All benefits are based on a plan of a number of units. A unit is 1/80th of the maximum monthly salary of a first grade firefighter. Pensions are based on current fire department payroll and are fully escalated for all persons receiving a pension benefit. Each vested member also receives a lump sum amount, at the time of separation, from the General Fund based upon the number of years the member has belonged to the Association.

Pursuant to Minn. State. § 423A.01, all eligible employees employed after June 15, 1980, become members of the Minnesota P.E.R.A. Police and Fire Fund.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Association conform to generally accepted accounting principles.

A. Financial Reporting Entity
The Association, for financial reporting purposes, includes all funds that are controlled by the Association's Board of Trustees.

The criteria applied for including or excluding a governmental unit in the reporting entity, as adopted under GASB Statement 1, includes a) Manifestations of oversight such as the Selection of its Governing Authority, Designation of Management, Ability to Significantly Influence Operations, and Accountability for Fiscal Matters, and b) Scope of Public Service.

As a result of applying the foregoing criteria, the Association has been excluded from the City of Minneapolis' financial statements, since they do not conform to one or more of the aspects of Accountability for Fiscal Matters under Manifestation of Oversight.

B. Fund Accounting
Special Fund
The Special Fund is a pension trust fund for the accumulation of resources to be used for retirement, dependency and disability annuity payments at appropriate amounts and times. Resources are accumulated from contributions by members at rates fixed by law; from contributions by the City of Minneapolis at amounts determined by law; and from a two-percent insurance premium tax, a two-percent insurance premium surcharge tax, and amortization aid from the State of Minnesota at amounts determined by law. Proceeds are used for purposes specified by law.

Governmental Funds

Governmental funds are used to account for all or most of the Association's general activities. The general fund is used to account for all activities of the Association not accounted for in some other fund. The special revenue fund (Political Fund) accounts for the collection and disbursement of earmarked monies.

C. Basis of Accounting
The accrual basis of accounting is used for the Special Fund, while the modified accrual basis of accounting is used for the General Fund and the Political Fund.

D. Investments
Investments in common stocks and corporate and government long-term bonds and notes are recorded at market value. Short-term investments in the Special Fund consist of Shearson Temp Cash Funds which are recorded at market value. The Association's interests in IAI Venture Capital Partnerships I and II, IAI Lenders Partnership (Woodbridge II), IAI Realty Lenders Partnership (Woodridge III), and JMB Group Trust Partnership are recorded at contributed capital, plus/minus net income/loss and net realized gains or losses allocated to the Association's capital account, plus distributions of income, and less returns of capital, which approximates market value.

Interest and dividends are recorded when earned.

E. Memorandum Only - Total Columns
Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

F. General Fixed Assets
The Association follows a policy of expensing office equipment at the time of purchase. At December 31, 1990, the Association owned office equipment costing $42,760. This amount is not shown on the Combined Balance Sheet.

NOTE 3 — CASH AND DEPOSITS

Minn. Stat. § 118.005 authorizes the Fire Relief Association to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board of Trustees. At December 31, 1990, Association bank deposits totaled $8,411,883, of which $7,932,315 was invested in certificates of deposit. Minnesota statutes requires that all Association deposits be covered by insurance, surety bond, or collateral.

Following is a summary of the deposits covered by insurance or collateral at December 31, 1990.

	Bank Balances	Carrying Amount
Insured, or collateralized with securities held by the Association or its agent in the Association's name	$8,411,883	$7,990,358
Collateralized with securities held by the pledging institutions' trust department in the Association's name	—	
Uncollateralized	—	
Totals	$8,411,883	$7,990,358

NOTE 4 — INVESTMENTS

Minn. Stat. § 11A.24 authorizes the types of securities available to the Association for investment. Accordingly the Association invests its idle funds as follows:

a) Government obligations guaranteed by the United States or its agencies or the states and their municipalities.

b) Corporate obligations guaranteed by a corporation organized under the laws of the United States or any state thereof, provided they are rated among the top four quality categories by a nationally recognized rating agency.

c) Corporate stock or convertible issues of any corporation organized under the laws of the United States or states thereof, or any corporation listed on the New York Stock Exchange or the American Stock Exchange.

d) Venture capital investment businesses through participation in limited partnerships and corporations.

e) Real estate ownership interests or loans secured by mortgages or deeds of trust through investment in limited partnerships, bank sponsored collective funds, trusts and insurance company commingled accounts, including separate accounts.

f) Regional and mutual funds through bank sponsored collective funds and open-ended investment companies registered under Federal Investment Company Act of 1940.

Generally accepted accounting principles have determined three levels of credit risk for securities:

1) securities that are insured or registered, or for which the securities are held by the Association or its agent in the Association's name;

2) securities that are uninsured and unregistered and are held by the counterparty's trust department or agent in the Association's name;

3) securities that are uninsured and unregistered and are held by the counterparty's trust department or agent, but not in the Association's name.

Following is a summary of the cost values of the Association's securities, categorized into the aforementioned levels of risk, along with the market value of the securities, at December 31, 1990.

CREDIT RISK CATEGORY					
Security Type	1	2	3	Market Value (Carrying Amount)	Cost
U.S Government Bonds & Notes	$ 31,035,972	$ —	$ —	$ 31,035,972	$29,604,268
Corporate Bonds & Notes	13,586,698	—	—	13,586,698	13,515,970
Common Stock	60,973,390	—	—	60,973,390	48,305,307
Real Estate					
IAI Venture Partnership	1,959,701	—	—	1,959,701	1,899,117
IAI Lenders Partnership	169,375	—	—	169,375	500,000
IAI Realty Partnership	816,000	—	—	816,000	1,600,000
JMB Group Trust Partnership	1,529,256	—	—	1,529,256	1,000,000
St. Anthony Green	699,955	—	—	699,955	699,955
	$110,770,347	$ —	$ —		
Investment Pools					
Temporary Cash Equivalents				1,366,949	1,366,949
Total Investments				$112,137,296	$98,491,566

Investment in Limited Partnership
During 1983, a capital contribution of $2,000,000 was committed to IAI Venture Partners, a Minnesota limited partnership. In accordance with the partnership agreement, installments of $1,800,000 have been made as of December 31, 1990. The remaining balance will be paid on specific dates and in percentages specified in notes from the general partner. The partnership will continue for a term of 11 years, subject to certain provisions for extension or earlier dissolution.

On June 1, 1990, a capital contribution of $2,000,000 was committed to IAI Venture Capital Group II, a Minnesota general partnership. In accordance with this partnership agreement, installments of $200,000 have been made as of December 31, 1990. The remaining balance will be paid on specific dates and in percentages specified in notes from the general partner. The partnership will continue until December 31, 2000, subject to certain provisions for extension or earlier dissolution

NOTE 5 — UNFUNDED ACCRUED LIABILITY

An actuarial survey was made as of December 31, 1990, using the Entry Age Normal Cost Method. The accrued liability as of December 31, 1990, is $197,295,449. The unfunded accrued liability on December 31, 1990, is $76,494,001, which is the difference between the accrued liability of $197,295,449 and the net assets available for benefits, totaling $120,801,448. This represents an increase of $2,578,491 from the December 31, 1989, unfunded accrued liability of $73,915,510.

NOTE 6 — FUNDING OF RETIREMENT PLAN

Prior to 1970, the City's contributions were made without regard to actuarial requirements, resulting in a substantial deficiency in the accumulation of reserves on an actuarial basis. This actuarial deficiency is a deferred obligation of the City. Tax levies for the fire retirement plan are made pursuant to Minn. Stat. § 69.77, Subd. 2e. Pursuant to that section, full funding is required by the year 2010. This chapter also provides that the minimum employee contribution shall be eight percent of the maximum salary from which retirement and survivorship credits and amounts of benefits are determined.

The actuarial assumptions prior to 1989 were prescribed in Minn. Stat. § 356.215, which provided for an assumption rate of 3.5 percent for salary increases on an annual basis, and five percent for interest earnings. Accordingly, in 1989, actuarial assumptions are prescribed in Minn. Stat. § 356.216, which provide for an assumption rate of four percent for salary increases on an annual basis, and six percent for interest earnings. Pursuant to Laws of Minn. 1989, Ch. 319, Art. 19, the effective date of these changes applied to the 1988 actuarial valuations.

NOTE 7 — FUNDING STATUS AND PROGRESS

Presented below is the total pension benefit obligation of the Minneapolis Fire Department Relief Association. The amount of the total pension benefit obligation is based on a standardized measurement established by the Governmental Accounting Standards Board (GASB) that, with some exceptions, must be used by relief associations for financial statement presentation. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. A standardized measure of the pension benefit obligation was adopted by GASB to enable the readers of relief association financial statements to (a) assess the Minneapolis Fire Department Relief Association's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due and (c) make comparisons among relief associations.

Because the standardized measure is used only for disclosure purposes by the Minneapolis Fire Department Relief Association, the measurement is independent of the actuarial computation made to determine contributions to the Relief Association. The actuarial funding method used to determine contributions to the Relief Association is explained in Note 8.

Significant actuarial assumptions used in determining the pension benefit obligation include:

- A rate of return on the investment of present and future assets of six percent per year compounded annually.
- Future pension payments reflect an assumption of a four percent (compounded annually) salary increase, attributable to inflation.
- Future pension payments reflect an assumption of a four percent increase per year after retirement.

The standardized measure of the unfunded pension benefit obligation as of December 31, 1990, is:

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$115,632,180
Current employees—	
Accumulated employee contributions including allocated investment income	0
Employer financed	75,540,301
Total Pension Benefit Obligation	$191,172,481
Net assets available for benefits, at market	120,801,448
Unfunded Pension Benefit Obligation	$ 70,371,033

The total pension benefit obligation as of January 1, 1990, was $187,552,009. During the year, the plan experienced an increase of $3,620,472 in the pension benefit obligation.

NOTE 8 — CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The funding policy of the Relief Association provides for periodic employer (City of Minneapolis) contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal and actuarial accrued liability are determined using an entry age actuarial funding method. The unfunded actuarial accrued liability is to be funded by December 31, 2010. The City's minimum obligation is the financial requirement for the year less anticipated member contributions and state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the Relief Association. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay the Relief Association benefits on a timely basis.

Total contributions to the Relief Association in the year ended December 31,1990, totaled $9,996,022 of which $7,183,773, $1,735,922, and $1,076,327 were made by the City of Minneapolis, the State of Minnesota, and the members, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation of the plan as of December 31, 1988. The City of Minneapolis and State of Minnesota contributions totaling $8,919,695 represent funding for normal cost of $2,140,727 and the amortization of the unfunded accrued liability of $6,778,968. Contributions made by the City of Minneapolis, and its firefighters represent 52 percent and 8% percent of covered payroll for the year.

Significant actuarial assumptions used to compute pension contribution requirements are substantially the same as those used to determine the standardized measure of the pension obligation.

NOTE 9 — TEN-YEAR HISTORIAL TREND INFORMATION (unaudited)

Historical trend information related to the pension plan is presented here. The information is presented to enable the reader to assess the progress made by the Minneapolis Fire Department Relief Association in accumulating sufficient assets to pay pension benefits as they become due.

Ten-year historical trend information is required by Governmental Accounting Standards Board (GASB) Statement No. 5. The pension benefit obligation based on the standardized measure required by GASB Statement No. 5 was not calculated by the actuary for years prior to 1986; therefore, only five years of the required supplementary disclosures are presented below. This information is intended to help readers of the financial statements assess the relief association's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other relief associations.

Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1986	$ 73,242,601	$182,929,518	40.0%	$109,686,917	$14,190,588	773.0%
1987	83,840,867	189,250,921	44.3%	105,410,054	14,431,511	730.4%
1988	94,898,423	183,297,021	51.7%	88,398,598	14,045,668	629.3%
1989	118,348,269	187,552,009	63.1%	69,203,740	14,067,027	492.0%
1990	120,801,448	191,172,481	63.2%	70,371,033	13,854,744	507.9%

Analysis of the dollar value of net assets available for benefits, pension benefits obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing net assets as a percentage of the pension benefit obligation provides one indication of the relief association's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the relief association. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the association's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the relief association. Since this plan is a closed plan that is limited to employees hired prior to June 15, 1980, the annual covered payroll will be declining over time.

NOTE 10 — ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Vested Benefits:	
Participants currently receiving payments	$115,174,188
Other participants	66,842,616
Total Vested Benefits	$182,016,804
Non-Vested Benefits	—
Total Actuarial Present Value of Accumulated Plan Benefits	$182,016,804

The accompanying notes are an integral part of the Statement of the Actuarial Present Value of Accumulated Plan Benefits.

1. The actuarial present value of accumulated plan benefits presented in this statement was determined using the following assumptions:
   a. Future salary increases were not considered for active members.
   b. Future service was considered only to the extent that it would permit active plan participants to become eligible for benefits attributable to service rendered prior to the date of determination.
   c. Regular valuation assumptions were used as to mortality, withdrawal, retirement ages, and disability.
   d. The assumed rate of investment return was 6% compounded annually for active members and retired lives.
   e. Salary increase related post-retirement benefit adjustments were assumed to be at the rate of 4% compounded annually.
2. The calculation of the actuarial present value of Accumulated Plan Benefits was made because of the requirements of the Financial Accounting Standards Board. Comparison of this value with plan assets is not indicative of the future ability of the plan to pay benefits when due or of their security in a termination situation.

   Calculation of contribution requirements and related benefit value information in a "going-concern" environment is made by annual actuarial valuations. The results of the contribution rate calculations cannot be simply replaced by the Accumulated Plan Benefits results. To do so will mislead.
3. The actuarial present value of accumulated plan benefits was $178,314,579 as of December 31, 1989. During the year ended December 31, 1990, the plan experienced a net increase in the actuarial present value of accumulated plan benefits of $3,702,225 as a result of general plan experience.

NOTE 11 — CONTINGENT LIABILITIES

In connection with the normal conduct of its affairs, the Association is involved in various claims, litigation and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the Association.

REQUIRED SUPPLEMENTAL INFORMATION
REVENUE RATIOS BY SOURCE OF REVENUE
LAST TEN YEARS

December 31	(Column 1) Employer Contributions	(Column 2) State of Minnesota Contributions	Columns 1 & 2 as % of Covered Payroll*	Member Contributions	Investment Income	Total Revenue
1981	58.3%	23.9%		9.7%	8.1%	100%
1982	39.3	16.5		6.9	37.3	100
1983	52.1	17.4		8.5	22.0	100
1984	55.0	20.3		7.9	16.8	100
1985	36.3	12.4		4.8	46.5	100
1986	42.4	16.0	83.2%	5.5	36.1	100
1987	45.2	18.3	82.7	6.0	30.5	100
1988	38.1	17.9	81.1	5.7	38.3	100
1989	23.4	8.4	73.9	3.2	65.0	100
1990	54.3	13.1	64.3	8.6	24.0	100

*Information concerning the pension benefit obligation as required by GASB Statement No. 5 was not calculated by the actuary prior to 1986; therefore, only five years of supplementary disclosure are presented.

EXPENSES BY TYPE
LAST TEN YEARS

December 31	Benefits	Administration	Total
1981	$ 5,961,694	$148,414	$ 6,110,108
1982	6,414,085	174,538	6,588,623
1983	6,768,286	312,035	7,080,321
1984	6,978,609	212,800	7,191,409
1985	7,544,396	231,659	7,776,055
1986	7,758,581	299,362	8,057,943
1987	7,750,449	415,544	8,165,993
1988	8,764,762	536,913	9,301,675
1989	8,985,284	292,221	9,277,505
1990	10,047,632	300,843	10,348,475

Beginning in 1989, administrative expenses are shown net of investment fees.

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personal Services	
Officers' salaries	$ 27,857
Staff salaries	61,409
Retirement	2,336
Total Personal Services	$ 91,602
Professional Services	
Accounting	$ 15,500
Actuary	12,581
Audit	17,658
Investment consultant's fees	427,718
Legal counsel	50,136
Medical examinations	235
Contractual services	9,201
Total Professional Services	$533,029
Communications	
Printing	$ 16,404
Telephone	3,806
Postage	7,886
Conventions and meetings	41,424
Memberships	3,901
Total Communications	$ 73,421
Office Space Rental	$ 10,759
Other	
Equipment	$ 5,517
Office supplies	9,815
Fiduciary insurance	400
Parking	3,992
Special dues paid	26
Total Other	$ 19,750
Total Expenses	$728,561
Less: Investment Consultant's Fees	427,718
Total Administrative Expenses	$300,843

SUMMARY SCHEDULE OF COMMISSIONS AND COMPENSATIONS TO CONSULTANTS

Individual or Firm Name	Nature of Services	Fee Paid
Gabriel, Roeder, Smith & Co.	Actuary	$ 12,581
Best & Flanagan	Legal counsel	43,415
Mansfield & Tanick	Legal counsel	6,559
Peterson, Engberg & Peterson	Legal counsel	162
Jeffrey Riveness	Accounting	15,500
State of Minnesota - State Auditor	Audit	17,658
Union Bank and Trust	Investment consultants' fees	343,510
Investment Advisors, Incorporated	Investment consultants' fees	84,208
Noran Neurological Clinic	Medical examinations	235
Control Data Corporation	Contractual services - payroll	9,201
Total Commissions and Compensations to Consultants		$533,029

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

	General Fund	Special Revenue Fund	Special Pension Fund	Total
Cash Balance at Beginning of Year	$ 105,117	$ 2,422	$ 7,852,771	$ 7,960,310
Add Receipts				
Member contributions	$	$	$ 1,076,327	$ 1,076,327
Employer contributions			8,954,799	8,954,799
Interest and dividends	54,100		621,377	675,477
Investments redeemed/sold	4,976			4,976
Membership dues	63,952	15,721		79,673
Special dues account			58,043	58,043
Donations	35			35
Reimbursements	13,815			13,815
Other			9,949	9,949
Total Cash Receipts	$ 136,878	$ 15,721	$10,720,495	$10,873,094
Less Disbursements				
Benefits paid participants	$	$	$10,110,772	$10,110,772
Administrative expense			325,893	325,893
Contributions to candidates		15,338		15,338
Funeral benefits	15,000			15,000
Retirement benefits	34,185			34,185
Board activities	13,640			13,640
Conference and meetings	25,274			25,274
Investments purchased			302,944	302,944
Total Cash Disbursements	$ 88,099	$ 15,338	$10,739,609	$10,843,046
Cash Balance at End of Year, Dec. 31, 1990	$ 153,896	$ 2,805	$ 7,833,657	$ 7,990,358

INVESTMENT SUMMARY

	Market Value 12-31-89	Cost 12-31-89	Acquisitions	Dispositions	Cost 12-31-90	Market Value 12-31-90
Special Pension Fund						
U.S. government securities	$ 28,198,021	$28,903,173	$16,337,930	$15,636,835	$29,604,268	$ 31,035,972
Corporate bonds and notes	12,402,330	10,708,047	13,074,999	10,361,076	13,421,970	13,492,698
Common stock	61,301,246	44,313,901	28,235,668	24,244,262	48,305,307	60,973,390
Real estate	5,090,820	5,302,132	300,000	68,131	5,534,001	5,009,216
Short-term cash equivalents	2,238,174	2,238,174	10,568,530	11,439,755	1,366,949	1,366,949
Total Special Pension Fund	109,230,591	91,465,427	68,517,127	61,750,059	98,232,495	111,878,225
General Fund						
Corporate bonds	94,000	94,000	—	—	94,000	94,000
Real estate	165,071	165,071	—	—	165,071	165,071
Total General Fund	259,071	259,071	—	—	259,071	259,071
Total Investments	$109,489,662	$91,724,498	$68,517,127	$61,750,059	$98,491,566	$112,137,296

GABRIEL, ROEDER, SMITH & COMPANY
Actuaries & Consultants

200 Globe Building • 407 East Fort • Detroit, Michigan 48226 • 313-961-3346

June 3, 1991

The Association Board
Minneapolis Fire Department
Relief Association
750 Minneapolis Grain Exchange
400 South Fourth Street
Minneapolis, Minnesota 55415

The basic financial objective of the Relief Association is to establish and receive contribution amounts which will fully fund Association benefits by the year 2010. The normal cost of the plan, expressed as a percent of covered active member payroll, is expected to remain approximately level during the future life of the Association. The amortization payment on the unfunded actuarial accrued liability, expressed as a level dollar amount, is expected to remain relatively constant through the end of the year 2010.

In order to measure progress toward this fundamental objective, annual actuarial valuations of Association financial activity are prepared, with the most recent valuation being prepared on the basis of data which was current as of December 31, 1990. Schedules in this report illustrate the progress being made toward achieving the stated financial objective.

The economic assumptions, funding method, method for arriving at the actuarial value of assets, and the amortization target date used in the valuation are all specified by state law. The assumptions, which are summarized elsewhere in this report, produce results which, in the aggregate, are reasonable. The actuarial value of assets for valuation purposes is determined by adding (i) the most recent three year average of year end unrealized gains to (ii) the book value of assets as of the valuation date.

Data used in the valuation was provided by the Association's administrative staff. The data was checked for year to year consistency and reasonableness but was not otherwise audited by us.

Based upon the valuation results it is our opinion that the Minneapolis Fire Department Relief Association is meeting the financial objectives established by state law.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

J. Daniel Petersen, F.S.A. Gary W. Findlay

JDP:GWF:rmd

*SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

1. Investment return rate — 6.0 per cent per annum, compounded annually. Adopted 1988.
2. Mortality — Up - 1984 Table set forward two years for males and set back three years for females. Adopted 1984.
3. Retirement — Age 57, attained age if older. Adopted 1985.
4. Pre-retirement termination rates - Adopted prior to 1980.

SAMPLE RATES OF SEPARATION FROM ACTIVE EMPLOYMENT

Sample Age	Disability	Withdrawal
20	.08%	6.00%
25	.08%	5.00%
30	.08%	4.00%
35	.08%	3.00%
40	.20%	2.00%
45	.26%	1.00%
50	.49%	0.00%
55	.89%	0.00%

5. Earnings progression — 4.0 percent per year. Adopted 1988.
6. Active member payroll progression — 4.0 percent per year. Use of the pay adjustment is required by state law and reflects inflation. Adopted 1988.
7. Actuarial cost method — Entry Age Normal Cost Method. Actuarial gains and losses are recognized as they occur and are amortized as required by state law. Adopted prior to 1980.

*SUMMARY OF PLAN PROVISIONS

1. **Age & Service Retirement**

   Eligibility. 20 years of service and 50 years of age.

   Amount. For first 19 years of service, 29.45/80 of base pay and 3.55/80 is added for the 20th year of service. For service in excess of 20 years, and additional 1/80 is provided for each of the first 4 years and 4/80 is added for the 25th year to a maximum of 41/80 of base pay for 25 or more years of service.

   Pay Used for Plan Purposes. ''Base pay'' means the maximum monthly salary of a first grade firefighter.

2. **Disability Retirement**

   Eligibility.

   First Class Disability. Disabled to the extent that no longer able to perform the duties of a firefighter or any manual labor.

   Second Class Disability. Disabled to the extent that no longer able to perform duties of a firefighter but able to perform light manual labor or office work.

   Third Class Disability. Disabled to the extent that no longer able to perform duties of a firefighter but able to perform other manual labor.

   Amount.

   First Class Disability. 41/80 of base pay.

   Second Class Disability. 33/80 of base pay.

   Third Class Disability. 25/80 of base pay.

3. **Member's Death While Active, Or In Deferred Status, Or Retired**

   Eligibility.

   Spouse. Married to member at separation from service and residing with member at time of death. (For service or deferred retirement, must have been married at least one year before separation from service.) Benefits terminate upon remarriage but may be reinstated if marriage terminates.

   Child. Younger than age 18, or if full-time student, younger than age 22.

   Amount.

   Spouse. 21/80 of base pay.

   Child. 8/80 of base pay per child. Children's maximum is 20/80 if spouse is receiving or 41/80 if no spouse is receiving.

4. **Vested Deferred.** 5 years of service. Payment beginning is deferred to attainment of age 50.
5. **Post-Retirement Adjustments (''Escalator'').** Each time base pay is changed, payments to all benefit recipients are changed simultaneously by the same percent that base pay is changed.
6. **Member Contributions.** 8% of base pay. Member contributions are non-refundable.

ACTUARIAL VALUATION DATA

RETIRANTS AND BENEFICIARIES LAST TEN YEARS

Valuation Date December 31	Number Added	Number Removed	Rolls End of Year		
			Number	Annual Benefit Amount	Average Annual Benefit
1981	48	54	563	$6,395,262	$11,359
1982	24	30	557	6,690,894	12,012
1983	35	34	558	7,011,344	12,565
1984	27	37	548	7,298,189	13,318
1985	35	28	555	7,705,364	13,884
1986	25	21	559	8,072,888	14,442
1987	25	29	555	8,337,959	15,023
1988	32	25	562	8,894,721	15,827
1989	18	25	555	9,118,089	16,429
1990	24	22	557	9,364,461	16,782

ACTIVE MEMBERS LAST TEN YEARS

Valuation Date December 31	Number	Annual Payroll	Average Annual Earnings
1981	485	$13,645,960	$28,136
1982	474	14,152,692	29,858
1983	451	14,042,787	31,137
1984	438	14,278,362	32,599
1985	418	14,291,838	34,191
1986	401	14,190,588	35,388
1987	389	14,431,511	37,099
1988	364	14,045,668	38,587
1989	351	14,067,027	40,077
1990	337	13,854,744	41,112

SUMMARY OF ACCRUED AND UNFUNDED ACCRUED LIABILITIES LAST TEN YEARS (in thousands)

Valuation Date December 31	Net Valuation Assets	Actuarial Accrued Liabilities	Assets as a % of Accrued Liabilities	Unfunded Actuarial Accrued Liabilities	Annual Active Member Payroll	Unfunded Actuarial Accrued Liabilities as a % of Active Member Payroll
1981	$ 21,453	$140,009	15.3%	$118,556	$13,646	869%
1982	30,989	149,066	20.8	118,077	14,153	834
1983	38,939	165,956	23.5	127,017	14,043	904
1984	42,973	171,333	25.1	128,360	14,278	899
1985	55,568	181,514	30.6	125,973	14,292	881
1986	67,315	186,650	36.1	119,335	14,191	841
1987	80,911	193,023	41.9	112,112	14,431	777
1988	93,601	188,014	49.8	94,413	14,046	672
1989	110,092	192,264	57.3	82,172	14,067	584
1990	119,652	197,295	60.6	77,643	13,855	560

SOLVENCY TEST
LAST TEN YEARS (in thousands)

Valuation Date December 31	Actuarial Accrued Liabilities for: (1) Retirants and Beneficiaries	(2) Active Member Contributions	Valuation Assets	Portion of Accrued Liabilities Covered by Net Valuation (1)	(2)
1981	$ 82,918	$57,091	$ 21,453	26%	0%
1982	85,895	63,171	30,989	36	0
1983	98,013	67,943	38,939	40	0
1984	99,825	71,508	42,973	43	0
1985	104,998	76,516	55,568	53	0
1986	108,458	78,192	67,315	62	0
1987	110,331	82,692	80,911	73	0
1988	111,905	76,109	93,601	84	0
1989	113,228	79,036	110,092	97	0
1990	115,174	82,121	119,652	97	0

Contributions are non-refundable for active members.

SCHEDULE OF BENEFITS BY TYPE
LAST TEN YEARS

December 31	Age & Service Retirement Benefits	Disability Benefits	Widow Benefits	Dependent Children Benefits	Total
1981	$2,750,075	$1,844,232	$1,346,556	$20,831	$ 5,961,694
1982	4,401,307	525,413	1,463,192	24,173	6,414,085
1983	4,716,431	491,521	1,534,975	25,359	6,768,286
1984	5,011,401	433,122	1,518,618	15,468	6,978,609
1985	5,396,175	416.981	1,714,578	16,662	7,544,396
1986	5,667,673	354,153	1,723,150	13,605	7,758,581
1987	5,633,372	312,568	1,790,371	14,138	7,750,449
1988	6,448,250	329,113	1,964,352	23,047	8,764,762
1989	6,734,979	284,965	1,941,018	22,973	8,983,935
1990	7,489,452	328,105	2,208,082	21,993	10,047,632

Unaudited

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
LAST TEN YEARS

December 31	Deferred	Age & Service Retirement	Disability Benefit	Widow Benefit	Dependent Child Benefit	Total
1981	0	219	138	198	8	563
1982	2	315	36	197	9	559
1983	1	324	31	194	9	559
1984	0	332	25	186	5	548
1985	0	332	25	196	5	558
1986	0	340	21	194	4	559
1987	0	334	18	198	5	555
1988	0	354	14	189	5	562
1989	1	347	15	188	5	556
1990	2	346	15	191	5	560

Unaudited

INVESTMENT RESULTS
LAST FIVE YEARS

	Fiscal Year					5 Year
	1986	1987	1988	1989	1990	Average
Time Weighted Rate of Return MFDRA Funds	13.666%	6.915%	7.305%	24.062%	3.152%	11.020%
Dollar Weighted Rate of Return MFDRA Funds	13.22%	6.94%	7.32%	23.81%	2.98%	10.85%
Inflation Rate Consumer Price Index	1.3%	3.0%	5.0%	4.1%	4.1%	3.5%
Standard & Poors - Time Weighted	18.560%	5.100%	16.610%	31.690%	(3.100%)	13.772%
Salomon High Grade	19.509%	(.267%)	10.704%	15.989%	6.782%	10.543%
U.S Government Long Term Bond Index	21.743%	(2.169%)	8.683%	18.093%	7.842%	10.838%
U.S. Government Intermedate Bond Index	18.134%	(0.357%)	6.063%	16.236%	10.168%	10.049%
U.S. Government Short Term Bond Index	13.006%	3.575%	4.076%	12.376%	11.110%	8.829%

Source: Standard Valuations, St. Paul, MN

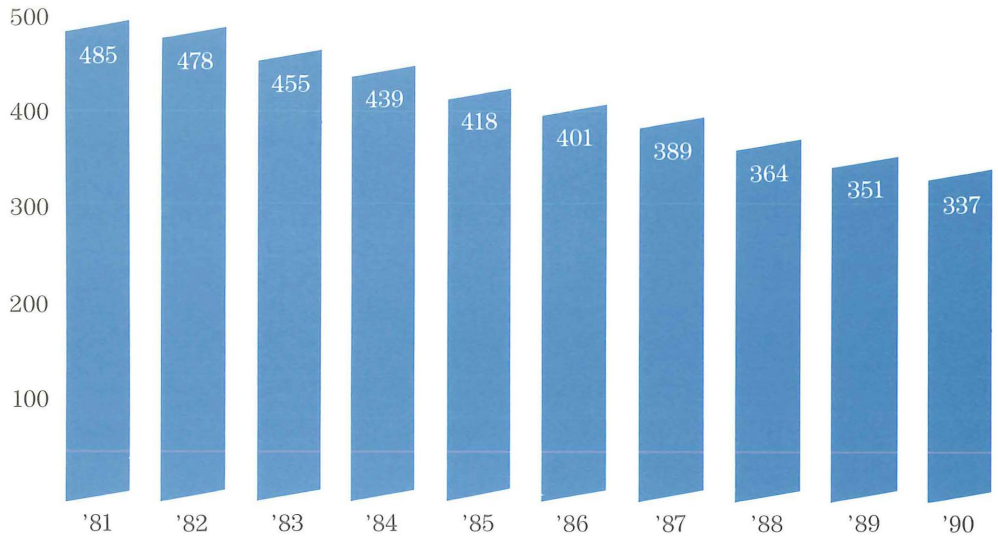
Unaudited

SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENT
LAST TEN YEARS

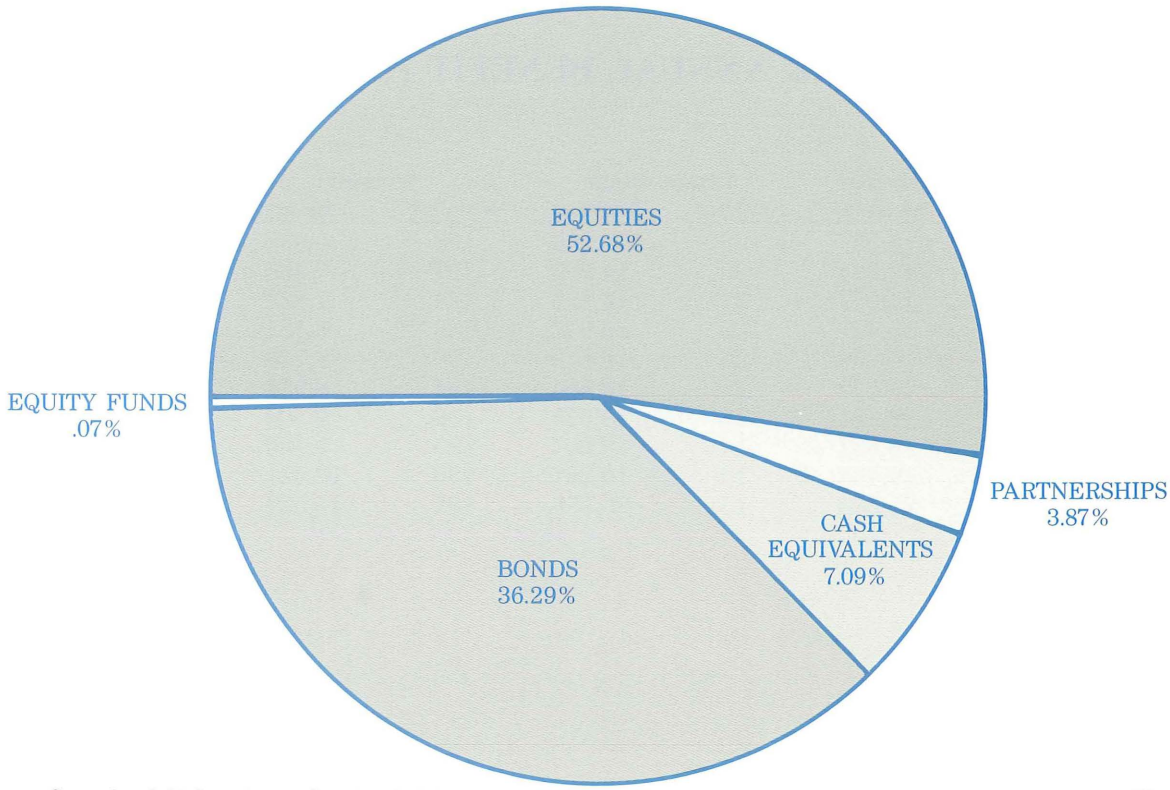
	Age & Service Pensioners		Disabilitants		Widows		Dependent Children	
December 31	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1981	219	$12,557	138	$12,988	198	$ 6,835	8	$2,604
1982	315	13,884	36	14,200	197	7,465	9	2,685
1983	324	14,557	31	14,895	194	7,832	9	2,819
1984	332	15,467	25	16,042	186	8,121	5	3,094
1985	332	16,254	25	16,679	196	8,748	5	3,332
1986	340	16,670	21	16,864	194	8,928	4	3,401
1987	334	19,481	18	19,675	198	9,304	5	3,544
1988	354	18,632	14	18,804	189	9,989	5	3,805
1989	347	19,465	15	19,287	188	10,421	5	3,970
1990	346	21,583	15	20,156	191	11,561	5	4,399

Unaudited

NUMBER OF ACTIVE MEMBERS
LAST TEN YEARS



ASSET ALLOCATION OF INVESTMENTS



Source: Standard Valuations, St. Paul, MN

Unaudited

ANALYSIS OF MEMBERS ON PENSION BY CLASSIFICATION

Type Class	Pension Years	No. Units	Rate in Jan. '90	No. on Pension
SERVICE	20	32	$1,321.53	8
	21	33	1,362.83	8
	22	34	1,404.13	6
	23	35	1,445.42	6
	24	36	1,486.72	8
	25	37	1,528.02	1
	26	38	1,569.32	4
	27	39	1,610.61	2
	28	40	1,651.91	20
	25	40	1,651.91	140
Chapter #542 (for members retiring after 6/1/71)				
1st Class Disability		40	1,651.91	5
2nd Class Disability		32	1,321.53	1
3rd Class Disability		24	991.15	0
Total Temporary Disability		40	1,651.91	0
WITH ONE ADDITIONAL UNIT FOR MEMBERS RETIRING AFTER JULY 1, 1980 (Chapter #607)				
SERVICE	20	33	1,362.83	11
	21	34	1,404.13	4
	22	35	1,445.42	3
	23	36	1,486.72	7
	24	37	1,528.02	1
	25	41	1,693.21	117
1st Class Disability		41	1,693.21	6
2nd Class Disability		33	1,362.83	3
3rd Class Disability		25	1,032.45	0
WIDOWS		21	867.25	191
CHILDREN		8	330.28	5

Total Service Pensioners	346
Deferred	2
Total Disability Pensioners	
First Class	11
Second Class	4
Total Dependent Widows	191
Total Dependent Children	5
Total Active Members	337
Total Membership	896

Unit Value:
Effective January 1, 1990 . . . . $41.2978

Unaudited

MEMBERS RETIRED 1990

25 YEAR SERVICE PENSION

Lawrence B. Schugg	Firefighter	February 11, 1990
William G. Tolle	Firefighter	March 29, 1990
Wallace J. Wermager	Fire Motor Operator	July 1, 1990
Kenneth A. Sherf	Captain	July 4, 1990
Roger A. Elling	Battalion Chief	July 21, 1990
John J. Faus	Captain	September 7, 1990
Richard A. Johnson	Assistant Fire Chief	October 12, 1990
John L. Weller	Firefighter	November 2, 1990
Bruce P. Ebner	Firefighter	November 3, 1990

22 YEAR SERVICE PENSION

James L. Bowman	Firefighter	January 8, 1990

20 YEAR SERVICE PENSION

Robert G. Blake	Firefighter	March 11, 1990

FIRST CLASS DISABILITY

James A. Pyka	Firefighter	February 16, 1990
Daniel W. Callanan	Firefighter	July 29, 1990

SECOND CLASS DISABILITY

Alan R. Schultz	Firefighter	October 10, 1990

WIDOWS PLACED ON PENSION - 1990

Frances G. Connors		January 1, 1990
Dorothy E. Burns		January 2, 1990
Ann Fredine		January 4, 1990
Malvina A. Carlson		March 23, 1990
Joyce W. Horton		May 19, 1990
Betty L. Himmler		June 12, 1990
Ann D. Petroske		June 16, 1990
Joyce K. Pyka		June 29, 1990
Gladys Dear	Reinstated	May 25, 1990
Estelle M. Monahan		September 13, 1990
Audrey A. Olson		October 7, 1990
Irene Hirt		October 10, 1990