

**BLOOMINGTON FIRE DEPARTMENT  
RELIEF ASSOCIATION**

**BLOOMINGTON, MINNESOTA**

**ANNUAL REPORT**

**For the Year Ended December 31, 2013**

# Table of Contents

|  |   |
|--|---|
| President's Letter   | 3 |
| Summary of Current Plan Provisions                           | 4 |
| Financials   | 5 |
| Investment Policy  | 6 |
| Appendix A – State Auditor's Report                          |   |
| • Organization   |   |
| • Independent Auditor's Report                               |   |
| • Management's Discussion and Analysis                       |   |
| • Basic Financial Statements                                 |   |
| • Notes to Basic Financial Statements                        |   |
| • Schedule of Funding Progress                               |   |
| • Schedule of Contributions                                  |   |
| • Notes to the Required Supplementary Information            |   |
| • Schedule of Findings and Recommendations                   |   |
| • Communication on Internal Control over Financial Reporting |   |
| • Independent Auditor's Report on Minnesota Legal Compliance |   |

## President's Letter

March 2014

Dear BFDRA Members,

Investment returns were strong for the fund in 2013. Our overall investment return was 19.27%, thanks to strong gains in equities. Fixed income markets lagged for the second year in a row but still provided positive returns. Our funding ratio increased to 111%, up from 98.6% in 2012.

Every five years we submit to the IRS to renew our status as a qualified plan. Late in 2013 we submitted the necessary forms, along with recently updated bylaws. The process went smoothly. The IRS reviewed our application quickly, and we received our requalification letter earlier this month.

There was one change in board members at the end of the year. Steve Peterson declined to run for re-election to city council, and his position on the board was filled at the end of the year by new councilmember Dwayne Lowman. We are grateful for Steve's contributions to the board and we wish him well in the future.

Sincerely,

A handwritten signature in black ink that reads "John Bayard". The signature is written in a cursive style with a large, looping initial "J".

John Bayard  
President, BFDRA

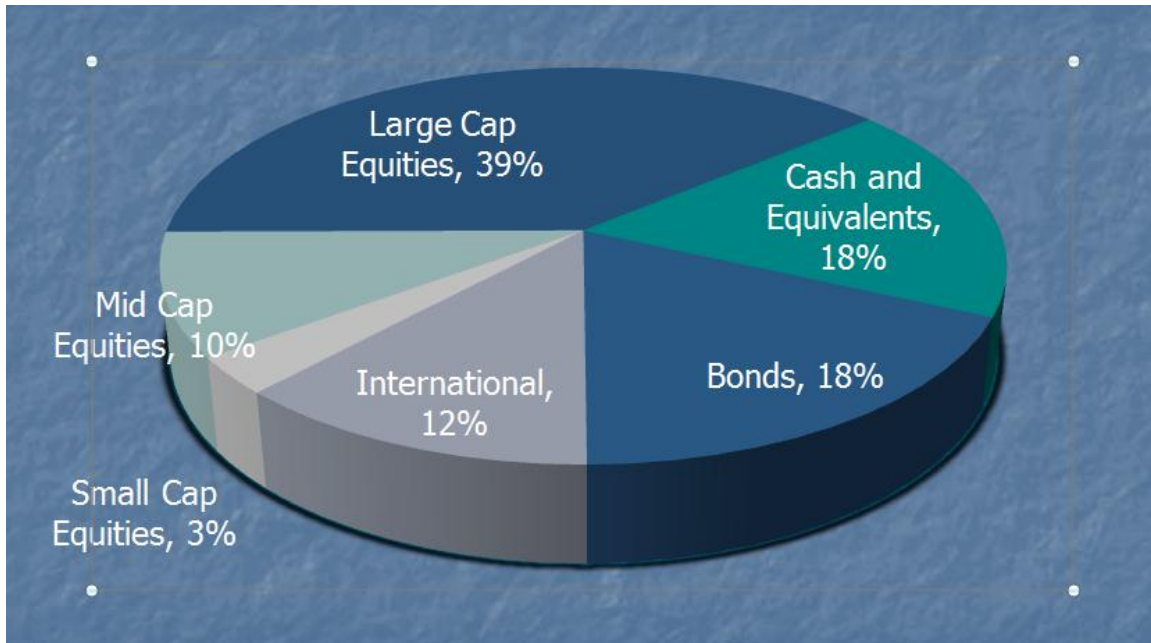
## Bloomington Fire Department Relief Association

### SUMMARY OF CURRENT PLAN PROVISIONS

|                              |   |
|------------------------------|---|
| 1. Basic Benefit             | One-third of the final average salary of a City of Bloomington police officer of the highest grade, not including officer rank. The final average earning is the average of the monthly pay for such a police officer over the past three years. All benefits under the plan are adjusted annually to reflect changes in police officer salaries. |
| 2. Normal Retirement Benefit | Basic benefit is payable at retirement after attainment of the age of 50 and completion of 20 years of service.   |
| 3. Deferred Vested Benefit   | After completion of 20 years of service, the basic benefit is payable after attainment of age 50.   |
| 4. Disability Benefit        | The basic benefit is payable while the member remains disabled. Non-Duty related disability payments are pro-rated based on credited full year(s) of service. Disability is defined as inability to perform the duties of a firefighter.  |
| 5. Surviving Spouse Benefit: | On the death of any active or inactive member, 75% of the basic benefit is payable to the surviving spouse for the spouse's remaining lifetime, or until remarriage. For non-duty related deaths, this benefit is pro-rated based on full years of credited service.  |
| 6. Children's Benefit        | On the death of an active member, 25% of the basic benefit is payable to all surviving children, divided equally, until attainment of age 18. Maximum family benefit is 100% of the basic benefit.  |
| 7. Lump Sum Death Benefit    | On the death of any active or inactive member, \$500 is payable from the Special Fund, and \$2000 is payable from the General Fund.   |
| 8. Membership Dues           | Each active member contributes \$144. per year.   |

# Financials

Asset allocations as of 12/31/2013:



Total returns for each investment of the Special Fund:

| Account                | Percent of Total Invested | End Balance 12/31/2013 | YTD Return    |
|------------------------|---------------------------|------------------------|---------------|
| Union Bank Account     | 1.72%                     | \$ 2,474,526           | 0.00%         |
| ACIO Account           | 2.78%                     | \$ 4,009,696           | 4.86%         |
| DSIP Account           | 2.66%                     | \$ 3,824,924           | 29.52%        |
| MPMG Account           | 1.92%                     | \$ 2,760,282           | 31.29%        |
| APTR Account           | 2.63%                     | \$ 3,782,852           | 12.84%        |
| SBI Bond Market Fund   | 16.08%                    | \$ 23,149,278          | -1.34%        |
| SBI Common Index Fund  | 32.62%                    | \$ 46,960,599          | 33.55%        |
| SBI International Fund | 10.59%                    | \$ 15,252,538          | 17.78%        |
| SBI Growth Fund        | 14.24%                    | \$ 20,503,526          | 35.93%        |
| SBI Money Market Fund  | 14.77%                    | \$ 21,258,378          | 0.14%         |
| <b>Total</b>           | <b>100%</b>               | <b>\$ 143,976,599</b>  | <b>19.27%</b> |

