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Financial Statements, 2003

Maplewood Policemen's and Firemen's Retirement Fund

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***Maplewood Policemen's and
Firemen's Retirement Fund***

FINANCIAL STATEMENTS

June 30, 2003



Grace & Company, LLP
Certified Public Accountants

***Maplewood Policemen's and
Firemen's Retirement Fund***

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FINANCIAL STATEMENTS

June 30, 2003 and 2002

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Grace & Company, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Maplewood Policemen's and Firemen's Retirement Fund
Maplewood, Missouri

We have audited the accompanying statements of plan net assets of the ***Maplewood Policemen's and Firemen's Retirement Fund***, a component unit of the City of Maplewood, Missouri, as of June 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the ***Maplewood Policemen's and Firemen's Retirement Fund*** as of June 30, 2003 and 2002, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements but is information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Grace & Company, L.L.P.

St. Louis, Missouri
September 4, 2003

Maplewood Policemen's and Firemen's Retirement Fund

STATEMENTS OF PLAN NET ASSETS

June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Cash	\$ 2,106	\$ 461
Investments	8,042,748	7,905,026
Accrued interest and dividends receivable.....	<u>56,732</u>	<u>54,306</u>
Total Assets	<u>\$ 8,101,586</u>	<u>\$ 7,959,793</u>
Liabilities:		
Accounts payable.....	\$ 12,490	\$ 4,062
Contingencies	-	-
Net Assets Held in Trust for Pension Benefits (Schedules of Funding Progress for the Plan are Presented on Page 8)	<u>8,089,096</u>	<u>7,955,731</u>
	<u>\$ 8,101,586</u>	<u>\$ 7,959,793</u>

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

Maplewood Policemen's and Firemen's Retirement Fund

STATEMENTS OF CHANGES IN PLAN NET ASSETS

Years Ended June 30, 2003 and 2002

	2003	2002
Additions:		
Contributions:		
Employer.....	\$ 237,545	\$ 239,979
Plan members.....	<u>122,051</u>	<u>118,038</u>
	<u>359,596</u>	<u>358,017</u>
Investment income (loss):		
Net reduction in the fair value of investments.....	(56,054)	(602,081)
Interest.....	220,206	281,655
Dividends.....	<u>53,522</u>	<u>42,955</u>
	217,674	(277,471)
Less investment management fees.....	<u>75,162</u>	<u>70,610</u>
Net investment income (loss).....	<u>142,512</u>	<u>(348,081)</u>
Total additions.....	<u>502,108</u>	<u>9,936</u>
Deductions:		
Benefits:		
Annuity.....	240,903	247,735
Disability.....	37,850	42,856
Beneficiary.....	<u>32,161</u>	<u>26,277</u>
	<u>310,914</u>	<u>316,868</u>
Refunds of contributions.....	51,039	58,491
Administrative expenses.....	<u>6,790</u>	<u>12,950</u>
	57,829	71,441
Total deductions.....	<u>368,743</u>	<u>388,309</u>
Net Increase (Decrease).....	133,365	(378,373)
Net Assets Held in Trust for Pension Benefits:		
Beginning of year.....	<u>7,955,731</u>	<u>8,334,104</u>
End of year.....	<u>\$ 8,089,096</u>	<u>\$ 7,955,731</u>

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

Maplewood Policemen's and Firemen's Retirement Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

1. General

The Maplewood Policemen's and Firemen's Retirement Fund (the Plan) is a contributory defined benefit plan covering certain police officers and firefighters of the City of Maplewood (the City). The Plan provides for pension, death, and disability benefits and is subject to the provisions of the Public Employee Retirement System (PERS). PERS is the administrative agent of this single-employer plan that was established by the City in accordance with the City Charter and State Statutes. The Plan is a component unit of the City of Maplewood, Missouri.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Tax Status

The Plan obtained its determination letter in which the Internal Revenue Service stated that the Plan was in compliance with the applicable requirements of the Internal Revenue Code.

Maplewood Policemen's and Firemen's Retirement Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

3. Plan Description

The following brief descriptions are provided for general information purposes only.

Plan Description and Contribution Information

Participation in the Plan at June 30, 2003 and 2002 consisted of the following:

	<u>2003</u>	<u>2002</u>
Retirees and Beneficiaries Currently Receiving Benefits....	21	21
Active Plan Members.....	41	42
Total.....	<u>62</u>	<u>63</u>

Administration

The Plan is governed by a five member Board of Trustees, which includes the City of Maplewood's city manager.

Administrative costs are borne by the Plan.

Eligibility

All full-time police officers and firefighters for the City are eligible to participate in the Plan.

Normal Retirement Benefits

Upon retirement, a plan member receives 2% of base pay for each year of service up to a maximum of 60% of their base pay.

In order to be eligible for retirement, a plan member must complete twenty years of service, or have between 10 and 20 years of service, may file an application for retirement. If they have less than 20 years of service, retirement benefits would begin after they reach age 55.

Surviving Spouse and Dependent Benefits

The surviving spouse shall receive payments of 50% of a retiree's benefits and an additional 5% of the retiree's benefits for each child under the age of eighteen. The minimum payment to a surviving spouse shall be \$250 a month.

Maplewood Policemen's and Firemen's Retirement Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

3. Plan Description, (Continued)

Surviving Spouse and Dependent Benefits, (Continued)

If a plan member dies from causes not related to the performance of duties, the surviving spouse shall receive payments of 30% of the plan member's base pay at the time of death, and an additional 5% for each child under the age of eighteen.

If a plan member dies from injury or disease resulting from the performance of duties, the surviving spouse shall receive payments of 40% of the plan member's base pay at the time of death, and an additional 5% for each child under the age of eighteen.

If there is no surviving spouse or if the surviving spouse dies the benefits will be divided equally among the plan member's children under the age of eighteen. If the surviving spouse remarries, all payments shall terminate.

Disability Benefits

If a plan member becomes permanently and totally disabled while performing active duty, the plan member will receive disability benefits of 60% of base pay. If the disability is non-duty related, the plan member will receive disability benefits of 40% of base pay.

Plan Member's Vested Contributions

A plan member who terminates employment for reasons other than retirement, death or disability, shall receive a refund of their contributions made to the Plan without interest plus contributions of 7% of base salary made by employer after January 1, 1995.

Contributions

Contributions to the Plan are made by the City and the plan member of the Plan. The City of Maplewood's Code of Ordinances authorizes the City to levy a tax of \$.232 per \$100 of assessed valuation for 2003 and \$.228 for 2002 and contribute the tax receipts to the Plan. The City also contributes 7% of the base salary of each eligible employee. These contributions are referred to as plan member contributions.

Maplewood Policemen's and Firemen's Retirement Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

4. Investments

The Board of Trustees has established a formal investment policy that includes selecting investment advisors to manage investments and diversifying the investment portfolio to help realize a consistent return.

Investments consist of the following:

	<u>2003</u>		<u>2002</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money Funds.....	\$ 281,520	\$ 281,520	\$ 281,169	\$ 281,169
Common Stocks.....	3,777,331	3,896,976	3,987,396	3,735,967
U.S. Agency Obligations.....	1,304,163	1,445,515	1,096,323	1,170,807
U.S. Treasury Obligations.....	<u>2,144,078</u>	<u>2,418,737</u>	<u>2,517,906</u>	<u>2,717,083</u>
	<u>\$ 7,507,092</u>	<u>\$ 8,042,748</u>	<u>\$ 7,882,794</u>	<u>\$ 7,905,026</u>

One U.S. Treasury Obligation represented 5.5 % of the Plan's net assets as of June 30, 2003 and 5.6% as of June 30, 2002

SUPPLEMENTARY INFORMATION

Maplewood Policemen's and Firemen's Retirement Fund

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULES OF FUNDING PROGRESS

June 30, 1995 through 2003

Actuarial Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability [AAL]	Unfunded AAL [UAAL]	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1995	\$ 4,536,874	\$ 5,561,166	\$ 1,024,292	81.6 %	\$ 1,341,790	76.3 %
1996	\$ 5,074,793	\$ 6,094,633	\$ 1,019,840	83.3 %	\$ 1,493,167	68.3 %
1997	\$ 5,996,731	\$ 6,686,532	\$ 689,819	89.7 %	\$ 1,558,198	44.3 %
1998	\$ 7,083,731	\$ 7,173,631	\$ 89,900	98.8 %	\$ 1,644,848	5.5 %
1999	\$ 8,013,607	\$ 7,576,414	\$ -	100.0 %	\$ 1,721,144	- %
2000	\$ 8,653,624	\$ 8,010,983	\$ -	100.0 %	\$ 1,733,984	- %
2001	\$ 8,334,104	\$ 8,383,609	\$ 49,505	99.4 %	\$ 1,865,202	2.7 %
2002	\$ 7,955,731	\$ 8,484,589	\$ 528,858	93.8 %	\$ 1,683,548	31.4 %
2003	\$ 8,089,096	\$ 8,807,251	\$ 718,155	91.8 %	\$ 1,788,154	40.2 %

Maplewood Policemen's and Firemen's Retirement Fund

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Years Ended June 30, 1995 through 2003

<u>Year Ended June 30,</u>	<u>Annual Required Contribution {1}</u>	<u>Percentage Contributed</u>
1995.....	\$ 266,054	75.0 %
1996.....	\$ 257,960	80.8 %
1997.....	\$ 241,911	88.7 %
1998.....	\$ 209,334	95.6 %
1999.....	\$ 192,004	109.2 %
2000.....	\$ 176,899	129.8 %
2001.....	\$ 257,492	89.1 %
2002.....	\$ 291,757	82.3 %
2003.....	\$ 317,577	74.8 %

{1} Actuarially determined contribution requirements.

Maplewood Policemen's and Firemen's Retirement Fund

NOTES TO REQUIRED SCHEDULES

June 30, 2003 and 2002

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2003
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases for inflation {*}	4%

{*} Additional 6% at the end of the first five years of employment, 3% at the end of the sixth through tenth years of employment, and 1% thereafter.