
East Wisconsin Pension Trust
Financial Report
December 31, 2002

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McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Trustees
East Wisconsin Pension Trust
Eau Claire, Wisconsin

We have audited the accompanying statements of net assets of East Wisconsin Pension Trust as of December 31, 2002 and 2001, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. 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 management, 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 net assets of East Wisconsin Pension Trust as of December 31, 2002 and 2001, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Madison, Wisconsin
April 3, 2003

McGladrey & Pullen, LLP is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

EAST WISCONSIN PENSION TRUST

STATEMENTS OF NET ASSETS

December 31, 2002 and 2001

ASSETS	2002	2001
Investments, at fair value		
United States treasury notes	\$ 2,215,374	\$ 2,463,000
Common stocks	2,992,606	3,698,413
	<u>5,207,980</u>	<u>6,161,413</u>
Accrued Interest and Dividends	18,557	27,363
Prepaid Insurance	1,226	-
Cash	395,597	361,453
	<u>5,623,360</u>	<u>6,550,229</u>
Total assets		
	<u>5,623,360</u>	<u>6,550,229</u>
LIABILITIES		
Accounts Payable	5,946	8,985
	<u>5,946</u>	<u>8,985</u>
Total liabilities		
	<u>5,946</u>	<u>8,985</u>
Net assets	\$ 5,617,414	\$ 6,541,244
	<u>\$ 5,617,414</u>	<u>\$ 6,541,244</u>
NET ASSETS		
Reserve Fund Designated by Trustees	\$ 266,000	\$ 266,000
Designated for Ultimate Distribution to the Wisconsin Annual Conference - The United Methodist Church	5,351,414	6,275,244
	<u>5,351,414</u>	<u>6,275,244</u>
	<u>\$ 5,617,414</u>	<u>\$ 6,541,244</u>

See Notes to Financial Statements.

EAST WISCONSIN PENSION TRUST

STATEMENTS OF CHANGES IN NET ASSETS
Years Ended December 31, 2002 and 2001

	2002	2001
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
United States Treasury notes	\$ 53,376	\$ 30,354
Common stocks	(821,826)	1,195
Interest	109,348	159,728
Dividends	45,379	45,576
	<u>(613,723)</u>	<u>236,853</u>
Less investment expenses	24,691	26,469
	<u>(638,414)</u>	<u>210,384</u>
Net investment income (loss)		
	(638,414)	210,384
Deductions:		
Benefits paid	254,380	257,978
Administrative expenses	31,036	33,646
	<u>285,416</u>	<u>291,624</u>
Total deductions		
	285,416	291,624
Net decrease	(923,830)	(81,240)
Net assets:		
Beginning	<u>6,541,244</u>	<u>6,622,484</u>
Ending	<u>\$ 5,617,414</u>	<u>\$ 6,541,244</u>

See Notes to Financial Statements.

EAST WISCONSIN PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Trust

The following brief description of the East Wisconsin Pension Trust is provided for general information only. Participants should refer to the Trust agreement for more complete information.

General: The East Wisconsin Pension Trust (the Trust) was established in 1969 to assist in the funding of pensions for retired ministers of the then East Wisconsin Conference of the Methodist Church and their surviving spouses and dependent children. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits: The Trust provides benefits to retired ministers and their surviving spouses and dependent children in an amount each year sufficient to supplement by 25 percent that portion of the established pension rate of the Wisconsin Annual Conference - The United Methodist Church, which is based upon each year of membership in the East Wisconsin Conference prior to January 1, 1970. Benefits are limited to the annual net income of the Trust and the amount in the reserve fund discussed in the following paragraph. In the event the annual net income and reserve fund is insufficient to pay the full amount of benefits, all benefit amounts shall be scaled down pro rata.

Reserve Fund: The Trustees may designate a reserve fund for the estimated amount of one year's payment of benefits. The amount retained is identified on the accompanying statements of net assets as reserve fund designated by Trustees.

Trust Distributions and Termination: When the number of persons eligible to receive benefits are reduced in number to such an extent that it is no longer necessary to retain the full amount of the Trust's assets, the Trustees may, from time to time and at their discretion, pay portions of the Trust's assets to the Wisconsin Annual Conference - The United Methodist Church. Furthermore, when the recipients of benefits are reduced in number to such a point that it is impractical or uneconomical to continue this Trust, the Trustees may make provisions for such recipients by way of annuities or otherwise to the end that the Trust can be terminated. Upon the death of the last beneficiary of the Trust, all remaining assets of the Trust shall revert to the Wisconsin Annual Conference - The United Methodist Church and the Trust shall be terminated.

Note 2. Summary of Accounting Policies

The following are the significant accounting policies followed by the Trust:

Valuation of Investments: Investments are valued at fair market value based on quoted market prices.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Payment of Benefits: Benefit payments to participants are recorded when paid.

EAST WISCONSIN PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Accounting Policies (Continued)

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Note 3. Investments

The following table presents the fair value of investments held at December 31, 2002 and 2001 that represent 5 percent or more of the Trust's net assets.

	2002	2001
Investments at fair value as determined by quoted market price:		
U.S. treasury note, 6.5%, due May 31, 2002	\$ -	\$ 408,000
U.S. treasury note, 4.75%, due February 15, 2004	311,719	309,750 *
U.S. treasury note, 5.875%, due November 15, 2004	324,000	317,625 *
U.S. treasury note, 5.75%, due November 15, 2005	442,125	422,625
U.S. treasury note, 3.25%, due August 15, 2007	512,343	-

* Does not exceed 5 percent of the Trust's net assets.

Note 4. Obligation to Distribute Any Excess Earnings

The Trust agreement provides that for each year, any excess of interest and dividend income over benefits paid and investment and administrative expenses of the Trust shall be paid to the Wisconsin Annual Conference - The United Methodist Church. Such payments are restricted for the payment by the Wisconsin Annual Conference - The United Methodist Church of certain pension responsibilities and are free of restrictions when the specified pension obligations have been fulfilled. The calculation of the excess for the years ended December 31, 2002 and 2001, is shown below and results in no amount due for either year.

	2002	2001
Interest income	\$ 109,348	\$ 159,728
Dividend income	45,379	45,576
Benefits paid	(254,380)	(257,978)
Investment expenses	(24,691)	(26,469)
Administrative expenses	(31,036)	(33,646)
Deficit	<u>\$ (155,380)</u>	<u>\$ (112,789)</u>

EAST WISCONSIN PENSION TRUST**NOTES TO FINANCIAL STATEMENTS**

Note 4. Obligation to Distribute Any Excess Earnings (Continued)

The following is a summary of payments to the Conference Board of Pensions and benefits paid to retirees since 1970:

Years	Payments to Conference Board of Pensions	Benefits Paid to Retirees
Prior to 1992	\$1,137,689	\$1,767,299
1992	26,819	141,140
1993	9,156	139,896
1994	783	146,526
1995	367	151,861
1996	-	166,553
1997	-	171,761
1998	-	181,218
1999	-	225,398
2000	-	242,357
2001	-	257,978
2002	-	254,380
	<u>\$1,174,814</u>	<u>\$3,846,367</u>

Note 5. Commitment

In December 2001, the board of trustees approved an agreement to gift the Wisconsin Annual Conference - The United Methodist Church \$100,000 in quarterly installments of \$25,000, beginning February 2003, to be used for health insurance for retired pastors and surviving spouses of the Wisconsin Annual Conference - The United Methodist Church.

Note 6. Income Taxes

The Trust is exempt from federal and Wisconsin income tax because it is a grantor trust. Accordingly, the grantor, the Wisconsin Annual Conference - The United Methodist Church, is responsible for any taxable income.

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Trustees
East Wisconsin Pension Trust
Eau Claire, Wisconsin

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary investment information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Madison, Wisconsin
April 3, 2003

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RSM International, an affiliation of independent accounting
and consulting firms.

EAST WISCONSIN PENSION TRUST

SUMMARY OF INVESTMENTS AND RELATED INCOME

Year Ended December 31, 2002

	Balance December 31, 2001	Purchases and Exchanges	Proceeds from Sales	Fair Value			Balance December 31, 2002	2002 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)			
SUMMARY								
U.S. Treasury Notes	\$ 2,463,000	\$ 698,998	\$ 1,000,000	\$ 3,190	\$ 50,186	\$ 2,215,374	\$ 101,902	
Common Stocks	3,698,413	1,202,392	1,086,373	(56,865)	(764,961)	2,992,606	45,379	
	<u>\$ 6,161,413</u>	<u>\$ 1,901,390</u>	<u>\$ 2,086,373</u>	<u>\$ (53,675)</u>	<u>\$ (714,775)</u>	<u>\$ 5,207,980</u>	<u>\$ 147,281</u>	
U.S. Treasury notes	\$ 301,125	-	\$ 300,000	\$ 901	\$ (2,026)	\$ -	\$ 1,562	
6.25%, due 01/31/02	303,563	-	300,000	391	(3,954)	-	6,625	
6.625%, due 03/31/02	408,000	-	400,000	1,898	(9,898)	-	10,833	
6.5%, due 05/31/02	207,500	-	-	-	(6,125)	201,375	11,000	
5.5%, due 02/28/03	309,750	-	-	-	1,969	311,719	15,438	
4.75%, due 02/15/04	317,625	-	-	-	6,375	324,000	17,625	
5.875%, due 11/15/04	422,625	-	-	-	19,500	442,125	23,000	
5.75%, due 11/15/05	-	201,188	-	-	14,499	215,687	6,676	
4.625%, due 5/15/06	192,812	-	-	-	15,313	208,125	6,705	
3.5%, due 11/15/06	-	497,810	-	-	14,533	512,343	2,438	
3.25%, due 8/15/07	-	-	-	-	-	-	-	
	<u>\$ 2,463,000</u>	<u>\$ 698,998</u>	<u>\$ 1,000,000</u>	<u>\$ 3,190</u>	<u>\$ 50,186</u>	<u>\$ 2,215,374</u>	<u>\$ 101,902</u>	

(Continued)

EAST WISCONSIN PENSION TRUST

SUMMARY OF INVESTMENTS AND RELATED INCOME (Continued)
Year Ended December 31, 2002

	Balance December 31, 2001	Purchases and Exchanges	Proceeds from Sales	Fair Value		Balance December 31, 2002	2002 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)		
Common Stocks							
Ace LTD	\$ 80,300	\$ -	\$ -	\$ -	\$ (21,620)	\$ 58,680	\$ 1,280
Alberto Culver Co.	39,090	36,113	-	-	12,259	87,462	432
Amerus Group Co.	43,008	31,133	-	-	(11,947)	62,194	880
Anadarko Petroleum Corp.	56,850	-	-	-	(8,950)	47,900	325
Andrew Corporation	39,402	-	31,734	(3,546)	(4,122)	-	-
Apogent Technologies, Inc.	77,400	-	60,530	7,574	(24,444)	-	-
Aptargroup Inc.	73,563	-	-	-	(7,959)	65,604	504
Bemis Co., Inc.	-	35,555	-	-	(814)	34,741	-
BJS Wholesale Club Inc.	39,690	-	16,617	(20,311)	(2,762)	-	-
BJ Services Co.	58,410	-	59,645	21,462	(20,227)	-	-
Black Box Corp.	-	34,468	-	-	(3,108)	31,360	-
Bristol Myers Squibb Co.	-	78,724	-	-	(9,274)	69,450	1,316
Brown & Brown Inc.	54,600	-	-	-	10,040	64,640	400
CVS Corp.	60,088	-	-	-	(9,399)	50,689	467
Cardinal Health Inc.	58,647	15,926	39,840	21,893	(20,697)	35,929	91
Check Point Software Technologies	55,846	12,389	27,985	5,787	(30,473)	15,564	-
Cintas Corp.	48,000	-	-	-	(2,250)	45,750	250
Clear Channel Communications, Inc.	101,820	-	63,483	2,889	(11,394)	29,832	-
Disney Walt Company	31,080	-	-	-	(6,615)	24,465	-
Dollar General Corp.	27,937	19,207	-	-	(6,813)	40,331	180
Echostar Communication Corp.	27,470	-	-	-	(5,210)	22,260	-
El Paso Corporation	64,149	-	20,347	(63,676)	19,874	-	931
Subtotals - forward	\$ 1,037,350	\$ 263,515	\$ 320,181	\$ (27,928)	\$ (165,905)	\$ 786,851	\$ 7,056

EAST WISCONSIN PENSION TRUST

SUMMARY OF INVESTMENTS AND RELATED INCOME (Continued)
Year Ended December 31, 2002

	Fair Value						2002 Income
	Balance December 31, 2001	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2002	
Subtotals - forwarded	\$ 1,037,350	\$ 263,515	\$ 320,181	\$ (27,928)	\$ (165,905)	\$ 786,851	\$ 7,056
Electronic Data Systems Corp.	47,985	46,748	23,320	(62,164)	(9,249)	-	840
Emerson Electric Co.	-	47,805	-	-	3,045	50,850	393
First Merit Corp.	54,180	-	-	-	(10,860)	43,320	1,960
Gallagher & Co.	-	71,184	-	-	(6,548)	64,636	510
General Mills Inc.	104,020	-	-	-	(10,120)	93,900	2,200
General Motors Corp.	30,900	-	31,854	10,682	(9,728)	-	-
Genuine Parts Co.	80,740	-	-	-	(12,980)	67,760	2,541
Guidant Corp.	39,840	-	-	-	(15,160)	24,680	-
Harley Davidson Corp.	65,172	-	64,157	29,127	(30,142)	-	18
Harris Corp.	36,612	-	-	-	(5,052)	31,560	312
Health Management Association	55,200	-	63,533	39,755	(31,422)	-	-
Hormel Foods Corp.	-	74,406	-	-	(4,416)	69,990	565
IMS Health, Inc.	19,510	15,425	-	-	(2,935)	32,000	100
Interpublic Group Company Inc.	76,804	17,115	-	-	(43,231)	50,688	1,178
King Pharmaceutical Inc.	-	41,237	-	-	(20,609)	20,628	-
Kroger Company	39,653	-	-	-	(10,298)	29,355	-
LSI Logic Corp.	47,340	-	-	-	(30,033)	17,310	-
LA-Z-BOY, Inc.	65,460	-	71,866	22,560	(16,154)	-	570
Liberty Media Corp.	70,000	24,728	-	-	(20,347)	74,381	-
Manor Care Inc.	35,565	-	37,278	940	773	-	-
Manpower Inc.	-	74,217	-	-	(10,417)	63,800	290
Subtotals - forward	\$ 1,906,331	\$ 676,380	\$ 612,189	\$ 12,972	\$ (461,785)	\$ 1,521,709	\$ 18,533

EAST WISCONSIN PENSION TRUST

SUMMARY OF INVESTMENTS AND RELATED INCOME (Continued)
Year Ended December 31, 2002

	Fair Value					2002 Income	
	Balance December 31, 2001	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)		Balance December 31, 2002
Subtotals - forwarded	\$ 1,906,331	\$ 676,380	\$ 612,189	\$ 12,972	\$ (461,785)	\$ 1,521,709	\$ 18,533
Marshall & Ilsley Corp.	88,592	-	-	-	(11,928)	76,664	1,750
Merck & Co. Inc.	-	38,021	-	-	7,267	45,288	288
Mercury General Corp.	87,320	-	-	-	(12,160)	75,160	2,400
National Commerce Bancorp.	75,900	-	-	-	(4,350)	71,550	1,860
Nationwide Financial Services	82,920	-	-	-	(25,620)	57,300	1,000
Outback Steakhouse Inc.	51,375	-	-	-	285	51,660	180
Partnerre Ltd.	-	37,973	-	-	3,483	41,456	232
Penney J.C. Co. Inc.	-	46,072	-	-	(4,654)	41,418	450
Pfizer Inc.	-	34,825	-	-	(4,255)	30,570	130
Pharmacia Corp.	42,650	-	38,224	(3,940)	(486)	-	405
Pier 1 Imports Inc.	-	28,475	-	-	(80)	28,395	-
Plantronics Inc.	51,280	-	-	-	(21,020)	30,260	-
Priority Healthcare Corp.	-	36,825	-	-	(4,345)	32,480	-
Protective Life Corp.	61,794	-	-	-	(3,012)	58,782	1,260
Province Healthcare Co.	37,032	-	-	-	(19,518)	17,514	-
Qwest Communications International	49,455	-	27,085	(56,699)	34,329	-	-
RPM Incorporated	52,866	-	-	-	2,998	55,864	1,846
Rayovac Corp.	35,200	15,225	38,734	(18,383)	6,692	-	-
Renal Care Group, Inc.	32,100	-	-	-	(460)	31,640	-
Robert Half International Inc.	80,100	-	77,655	14,420	(16,865)	-	-
SBC Communications, Inc.	66,589	25,335	-	-	(18,727)	73,197	1,813
Subtotals - forward	\$ 2,801,504	\$ 939,131	\$ 793,887	\$ (51,630)	\$ (554,211)	\$ 2,340,907	\$ 32,147

EAST WISCONSIN PENSION TRUST

SUMMARY OF INVESTMENTS AND RELATED INCOME (Continued)
Year Ended December 31, 2002

	Balance December 31, 2001	Purchases and Exchanges	Proceeds from Sales	Fair Value		Unrealized Increase (Decrease)	Balance December 31, 2002	2002 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)			
Subtotals - forwarded	\$ 2,801,504	\$ 939,131	\$ 793,887	\$ (51,630)	\$ (554,211)	\$ 2,340,907	\$ 32,147	
Schering Plough Corp.	-	38,465	-	-	5,935	44,400	340	
Service Master Co.	86,250	-	-	-	(16,875)	69,375	2,563	
Shire Pharmaceutical	40,260	29,259	-	-	(31,739)	37,780	-	
Sprint Corp. PCS	73,230	-	11,837	(64,349)	2,956	-	250	
Sprint Corp.	40,160	-	23,181	(36,906)	19,927	-	250	
Supervalu Inc.	-	33,909	-	-	(889)	33,020	285	
Target Corp.	-	27,797	-	-	(3,797)	24,000	-	
Teco Energy Inc.	-	39,600	20,094	(19,506)	-	-	2,115	
Teleflex Inc.	-	33,693	-	-	(3,670)	30,023	126	
Texas Instruments, Inc.	30,800	-	-	-	(14,289)	16,511	92	
Travelers Property Casualty Corp.	-	41,675	-	-	2,275	43,950	-	
Tribune Co.	37,430	-	44,869	11,807	(4,368)	55,008	440	
USA Interactive	81,930	-	17,689	4,939	(14,172)	-	-	
Universal Health Club	38,502	-	-	-	2,088	40,590	-	
Valspar Corporation	79,200	-	91,703	88,034	(75,531)	-	420	
Verizon Communications	57,901	-	-	-	(10,626)	47,275	1,879	
Vulcan Materials Co.	76,704	-	-	-	(16,704)	60,000	1,504	
Waddell & Reed	70,840	18,863	-	-	(26,759)	62,944	1,202	
Walgreen Company	40,392	-	-	-	(5,364)	35,028	176	
Washington Mutual, Inc.	49,050	-	-	-	2,745	51,795	1,590	
Waters Corp.	38,750	-	25,855	(5,200)	(7,695)	-	-	
Zebra Tech Corp.	55,510	-	57,258	15,946	(14,198)	-	-	
Total common stock	\$ 3,698,413	\$ 1,202,392	\$ 1,086,373	\$ (56,865)	\$ (764,961)	\$ 2,992,606	\$ 45,379	