Comprehensive Annual Financial Report

of the

Park Employees' and
Retirement Board Employees'
Annuity and Benefit Fund

(Component Unit of the Chicago Park District)

For the Fiscal Year Ended June 30, 2012

Prepared by the Administrative Staff of the Retirement Board

Park Employees' Annuity and Benefit Fund
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Chicago, Illinois 60603
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Introductory Section

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Park Employees' & Retirement Board Employees' Annuity and Benefit Fund, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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 (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

Transmittal Letter

Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
55 East Monroe Street
Suite 2720
Chicago, Illinois 60603
Tel. # (312) 553-9265
Fax # (312) 553-9114
www.chicagoparkpension.org

December 31, 2012

To the Retirement Board of the Park Employees' and
Retirement Board Employees' Annuity and Benefit Fund
Chicago, Illinois 60603

Dear Members of the Retirement Board:

Enclosed is the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's (Fund) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. The accuracy of the information contained in the report including all disclosures is the sole responsibility of the Fund. The intent of the CAFR is to present fairly the financial condition of the Fund and its related results of operations. The statements and disclosures contained in the CAFR are necessary to assist the Fund's participants, taxpayers and other interested parties towards fully understanding the Fund's financial condition. Readers of the CAFR are directed to review the Management Discussion and Analysis (MD & A) narrative of the Financial Section for important overview and analysis.

Fund Background

The Fund is a single employer, defined benefit plan covering the eligible public employees of the Chicago Park District. The Fund was created by an act of the Legislature of the State of Illinois, approved June 21, 1919 and effective July 1, 1919, covering the three major park systems of Chicago. With the statutory consolidation of the separate park districts of Chicago on May 1, 1934, the Chicago Park District was created authorizing the Fund to cover its employees. The Fund is administered in accordance with Chapter 40 of the Illinois Compiled Statutes, Act 5, Articles 1 and 12.

Responsibilities of the Board of Trustees

The Board of Trustees is composed of seven members. Four members are elected by the active participants for four-year terms and three members are appointed by the Chicago Park District Board of Commissioners for three-year terms. Terms are staggered so that one member is elected and appointed each year. The Board of Trustees elects a President, Vice President and Secretary from within its ranks at its annual meeting in July of every year. These elected office holders each have a prescribed set of duties. The Board of Trustees has various duties and responsibilities which include: invest funds in accordance with state law and its internal investment policy; approve the appointments of all necessary consultants and advisors; develop and approve all rules, regulations and policies governing the operation of the Fund; review and approve all applications for disability, annuities and other benefits; monitor the financial and operational activities of the Fund; and approve all proposed legislation. The day-to-day operations of the Fund are the responsibility of the Executive Director.

Accounting Method and Internal Controls

The CAFR was prepared to conform with the principles of governmental accounting and reporting as pronounced by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). In recording assets and liabilities, revenues and expenses, the accrual basis of accounting is used. All revenues including contributions are recognized when earned and expenses are recorded when incurred. All reserves are recorded and maintained in accordance with actuarial reserve requirements.

The Fund employs a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records which includes the financial statements, supporting schedules and statistical tables. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the valuation costs and benefits require estimates and judgments by management. An evaluation of the internal control structure during the Fund's annual independent audit disclosed no material weaknesses. Management with the assistance of its outside auditors continually reviews the system of internal control to insure its adequacy and effectiveness.

Revenues

Revenues received during the year are from three primary sources:

Source	2012	2011	Increase (Decrease)	Percent Change
Employer Contributions	$ 10,868,361	$ 10,981,419	$(113,058)	(1.0)
Employee Contributions	10,404,827	9,791,650	613,177	6.3
Investment Income	3,861,173	84,890,838	(81,029,665)	(95.4)
Total	$ 25,134,361	$105,663,907	$(80,529,546)	(76.2)

Employee contributions are based on the statutory contribution rate of 9% of salary for all active members in the Fund. During the current year employee contributions reflect a slight increase, mainly due to the Chicago Park District hiring additional work force.

Employer contributions are statutorily set and are provided by the employer through a direct property tax levy. The tax levy is determined by multiplying the annual employee contributions two years prior to the levy year, by a factor of 1.1. The 1.1 factor is the Fund's multiplier and is one of the lowest of all major public pension fund multipliers in the Chicago area.

Investment income is comprised of actual earnings (i.e. dividends, interest, realized gains and losses) and unrealized gains and losses. During the fiscal year ended June 30, 2012, there was a decrease in investment income of $81,029,665 from prior year.

The largest category of the Fund's expenses is for benefit payments. A breakdown of expenses is as follows:

Category	2012	2011	Increase (Decrease)	Percent Change
Retirement Benefits	$ 52,051,852	$ 50,950,848	$ 1,101,004	2.2
Spousal Benefits	10,801,985	10,374,674	427,311	4.1
Children Benefits	14,719	18,519	(3,800)	(20.5)
Disability Benefits	274,724	391,491	(116,767)	(29.8)
Death Benefits	371,225	307,000	64,225	20.9
Refund Payments	1,988,153	1,662,358	325,795	19.6
Administrative Expenses	1,644,603	1,521,884	122,719	8.1
Total	$ 67,147,261	$ 65,226,774	$ 1,920,487	2.9

Funding Status

For the current fiscal year, the Fund has complied with Governmental Accounting Standards Board (GASB) Statement No. 25 which requires the actuarial value of assets and annual required contributions be market related. In computing the actuarial valuation, a five-year smoothed market value was used. The actuarial valuations were based upon the actuarial liabilities being computed using the Projected Unit Credit Actuarial Cost Method. Actuarial valuations for fiscal years 2004 and prior were based upon the Entry Age Normal Actuarial Cost Method.

Based upon the above, the unfunded liability as of June 30, 2012 was $425,678,559 which compares to $354,572,735 for the previous year. The funding ratio as of June 30, 2012 is 50.9% compared to 58.0% for the previous year. For 2012, the funding ratio declined because of continual recognition of deferred unrealized losses for 2008 and 2009 due to the five-year smoothing of market values used to determine the actuarial value of assets.

Investment Policy and Performance

The Fund's investment policy was developed to insure the long-term financing of its funding requirements. Utilizing the services of Marquette Associates, Inc., the Trustees will review the investment policy on an on-going basis making amendments as needed. The Fund's current investment policy, which details investment authority, asset allocation, diversification, liquidity, performance measurement and objective, is provided in the Investment Section of the CAFR.

As of June 30, 2012, the fair value of investments was $407,393,670 which compares to $452,617,364 as of June 30, 2011. As of June 30, 2012, the Fund's annual investment rate of return was 1.4% compared to 21.0% for the previous year. The Fund's 1.4% rate of return outperformed the custom benchmark by 20 basis points and outperformed the more equity-oriented median peer fund by 40 basis points. Over the trailing three-year and five-year periods the Fund outperformed the custom performance benchmark by roughly 140 and 30 basis points, respectively.

Technology

The Fund continues to review and upgrade its information systems. In 2008, the Fund implemented a document imaging system, and is progressing towards eliminating the use of paper files as a means to store member information. The Fund has also implemented a sophisticated system to provide nightly backups to a series of off-site locations. This backup system will allow the Fund to reduce the maximum duration of processing downtime to 48 hours, given any disaster scenario. The Fund periodically updates its website and now allows visitors to access Board Meeting minutes, Comprehensive Annual Financial Reports, Investment Information, benefit forms as well as keeping visitors apprised of the latest Pension Fund news.

Legislative Matters

On August 16, 2012, Governor Quinn signed Public Act 97-0973 which changed the Fund's fiscal year from July 1st through June 30th to a calendar year from January 1st through December 31st. There is no fiscal impact to the Fund associated with this change. The Fund's calendar year is now consistent with the Chicago Park District. Then Fund will issue a CAFR for the six months ended July 1, 2012 through December 31, 2012.

Pension reform was again at the forefront of this year's legislative session in Springfield, Illinois. A consensus between the Democrats and Republicans never materialized and no significant pension reform was passed.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Park Employees' and Retirement Board Employees' Annuity and Benefit Fund, Illinois for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Governmental Accounting Standards Board

The Fund is currently in full compliance with all pronouncements from the Governmental Accounting Standards Board.

Retirement Board

The annual election for an employee representative to the Retirement Board was held on Friday, June 22, 2012. Mario Gianfortune was elected for a four-year term beginning July 1, 2012.

Acknowledgments

All the statistical and financial information compiled and presented in this CAFR is due to the combined efforts of the administrative staff of the Fund under the direction of the Executive Director, Dean J. Niedospial and the Comptroller, Jaime L. McCabe. Their efforts are hereby acknowledged with thanks and appreciation.

On behalf of the Retirement Board,

Pamela A. Munizzi
President

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND MEMBERS as of June 30, 2012

Elected by the Employees

John J. Shostack	**Edward L. Affolter**
Term expires June 30, 2012	*Term expires June 30, 2013*
Robert Geraghty	**Frank C. Hodorowicz**
Term expires June 30, 2014	*Term expires June 30, 2015*

Appointed by the Commissioners of the Chicago Park District

Joseph M. Fratto **Pamela A. Munizzi** **Melinda Molloy**

OFFICERS

Pamela A. Munizzi, President
John J. Shostack, Vice President
Edward L. Affolter, Secretary

ADMINISTRATIVE STAFF

Dean J. Niedospial, Executive Director
Jaime L. McCabe, Comptroller

CONSULTANTS

Jacobs, Burns, Orlove, & Hernandez, Attorney
Goldstein & Associates, Consulting Actuary (retired June 30, 2012)
The Segal Company, Consulting Actuary (appointed June 21, 2012)
Marquette Associates, Inc., Investment Consultant

CUSTODIAN

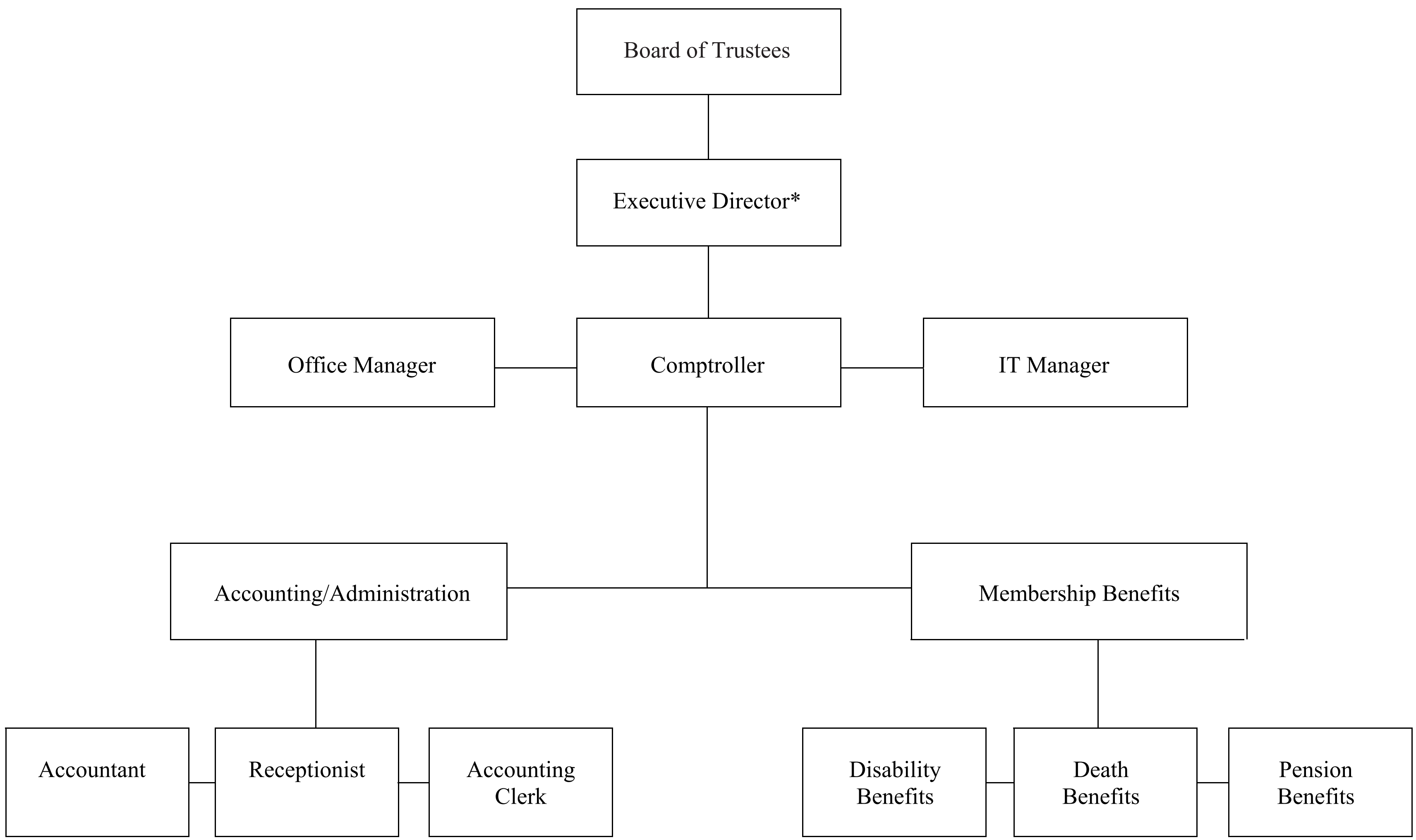
The Northern Trust Company of Chicago

INVESTMENT ADVISORS

Ariel Capital Management, LLC – Chicago
Chicago Equity Partners, LLC – Chicago
Entrust Capital, Inc. – New York
Great Lakes Advisors, Inc. – Chicago
HarbourVest Partners, LLC – Boston
K2 Advisors, LLC – Connecticut
LM Capital Group, LLC – San Diego
MacKay Shields, LLC – New York
Mesirow Financial Capital Partners – Chicago
New York Life Capital Partners, LLC – New York
Northern Trust Quantitative Advisors – Chicago
PineBridge Investments – New York
Principal Global Investors, LLC – Chicago
RBC Global Asset Management, Inc. – Boston
UBS Realty Investors, LLC – Hartford
ULLICO – Washington D.C.
William Blair & Company - Chicago

PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND

ORGANIZATION CHART



*The Executive Director is responsible for the handling of all investment matters. The Fund does not internally manage any investments. (Please see Schedule of Annual Investment Expenses for a listing of managers and other service providers).

Financial Section

Report of the Independent Auditor

BANSLEY AND KIENER, L.L.P.
Certified Public Accountants
O'Hare Plaza
8745 West Higgins Road, Suite 200
Chicago, Illinois 60631
Area Code 312 263.2700

The Retirement Board
Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Chicago, Illinois

We have audited the statements of plan net assets of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Fund), a Component Unit/Fund of the Chicago Park District, as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund'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 plan net assets of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of June 30, 2012 and 2011, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 11 through 14 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report of the Independent Auditor (Continued)

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of tax levies receivable, administrative and general expenses, annual professional expenses, and annual investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of tax levies receivable, administrative and general expenses, annual professional expenses, and annual investment expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bansley and Kiener, L.L.P.
Certified Public Accountants
December 20, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis Year Ended June 30, 2012

This discussion and analysis of the Park Employee's and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Fund) financial performance provides an overview of the Fund's financial activities for the year ended June 30, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

a) The Fund's net assets decreased during the year by $42.0 million or 9.3% compared to an increase of $40.4 million or 9.8% for 2011.
b) The Fund's annual investment return of 1.4% outperformed the portfolio benchmark return of 1.2%.
c) The Fund's three-year rate of return of 11.1% outperformed the portfolio benchmark return of 9.7%.
d) The Fund's five-year rate of return of 1.6% outperformed the portfolio benchmark of 1.3%.
e) The Fund's ten-year rate of return of 5.6% lagged the portfolio benchmark of 5.8%.
f) The 2012 additions to the Fund's net assets of $25.1 million is $80.5 million less than the 2011 additions.
g) Total 2012 deductions of $67.1 million is 2.9% higher than the 2011 deductions.
h) The Fund's actuarially computed funding ratio is 50.9%, which is 7.1% less than 2011.

Using this Annual Report

Management's Discussion and Analysis introduces the Fund's basic financial statements. The basic financial statements include the notes to the financial statements, required supplementary information and other additional information, which will supplement the basic financial statements.

The financial statements provide information about the Fund's overall financial condition. The first of these statements is the Statements of Plan Net Assets. This is a statement indicating financial position information that includes assets and liabilities with the difference reported as net assets. Over time increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating.

The second financial statement is the Statements of Changes in Plan Net Assets during the fiscal year. All additions such as member and employer contributions and investment income are included. All deductions such as benefit payments, refunds of contributions and administrative and general expenses are reflected. An important purpose of the design of this statement is to show the individual components of additions and deductions that occurred during the fiscal year.

The accompanying Notes to Financial Statements will provide information essential to achieve full disclosure and understanding of the Fund's financial statements.

In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information including the Schedules of Funding Progress and Employer Contributions along with the accompanying note to these schedules. Other supplementary information includes schedules of Tax Levies Receivable, Administrative and General Expenses, Annual Professional Expenses, and Annual Investment Expenses.

The Fund as a Whole

Fund Net Assets

The Fund's net assets at fiscal year-end are $410,797,588. This is $42,012,900 less than the 2011 year-end net assets of $452,810,488. This compares to an increase of $40,437,133 for the prior fiscal year. The following tables are comparative summaries of net assets:

Management's Discussion and Analysis (Continued)

Statements of Plan Net Assets – Current Year

	2012	2011	Increase (Decrease)
Total Assets	$ 452,750,121	$ 495,682,062	$ (42,931,941)
Total Liabilities	41,952,533	42,871,574	(919,041)
Net Assets	$ 410,797,588	$ 452,810,488	$ (42,012,900)

Statements of Plan Net Assets – Prior Year

	2011	2010	Increase (Decrease)
Total Assets	$ 495,682,062	$ 451,657,596	$ 44,024,466
Total Liabilities	42,871,574	39,284,241	3,587,333
Net Assets	$ 452,810,488	$ 412,373,355	$ 40,437,133

Changes in Plan Net Assets

The 2012 investment income was $3,861,173 as compared to the investment income of $84,890,838 in 2011. The decrease in the 2012 investment income is primarily a direct result of the decline in market value of the Fund's investments producing unrealized losses. The unrealized gains and losses are directly tied to the economic state of the broader financial markets.

For the fiscal year, expenditures were $67,147,261 which is $1,920,487 higher than 2011. The slight increase in retirement and spousal benefit expenditures is primarily the result of the 3% annual increase. The increase in refunds is 19.6% and is due to a rise in withdrawals. All other benefit increases and decreases were minor in nature.

Statements of Changes in Plan Net Assets – Current Year

	2012	2011	Increase (Decrease)
ADDITIONS			
Employer Contributions	$ 10,868,361	$ 10,981,419	$(113,058)
Employee Contributions	10,404,827	9,791,650	613,177
Investment Income (includes security lending activities)	3,861,173	84,890,838	(81,029,665)
Total Additions	$ 25,134,361	$105,663,907	$(80,529,546)

Management's Discussion and Analysis (Continued)

Statements of Changes in Plan Net Assets – Current Year (Continued)

	2012	2011	Increase (Decrease)
DEDUCTIONS			
Retirement Benefits	$ 52,051,852	$ 50,950,848	$ 1,101,004
Spousal Benefits	10,801,985	10,374,674	427,311
Child Benefits	14,719	18,519	(3,800)
Disability Benefits	274,724	391,491	(116,767)
Death Benefits	371,225	307,000	64,225
Total benefits	63,514,505	62,042,532	1,471,973
Refund of Contributions	1,988,153	1,662,358	325,795
Administrative and General Expenses	1,644,603	1,521,884	122,719
Total Deductions	$ 67,147,261	$ 65,226,774	$ 1,920,487
Increase (Decrease) in Plan Net Assets	(42,012,900)	40,437,133	(82,450,033)
Beginning of Year	452,810,488	412,373,355	(40,437,133)
End of Year	$410,797,588	$452,810,488	$(42,012,900)

Statements of Changes in Plan Net Assets – Prior Year

	2011	2010	Increase (Decrease)
ADDITIONS			
Employer Contributions	$ 10,981,419	$ 10,829,339	$ 152,080
Employee Contributions	9,791,650	9,829,998	(38,348)
Investment Income (includes security lending activities)	84,890,838	41,419,975	43,470,863
Total Additions	$105,663,907	$ 62,079,312	$ 43,584,595
DEDUCTIONS			
Retirement Benefits	$ 50,950,848	$ 50,528,497	$ 422,351
Spousal Benefits	10,374,674	10,083,124	291,550
Child Benefits	18,519	17,400	1,119
Disability Benefits	391,491	312,818	78,673
Death Benefits	307,000	249,500	57,500
Total benefits	62,042,532	61,191,339	851,193
Refund of Contributions	1,662,358	1,368,903	293,455
Administrative and General Expenses	1,521,884	1,465,562	56,322
Total Deductions	$ 65,226,774	$ 64,025,804	$ 1,200,970
Increase (Decrease) in Plan Net Assets	40,437,133	(1,946,492)	42,383,625
Beginning of Year	412,373,355	414,319,847	(1,946,492)
End of Year	$452,810,488	$412,373,355	$ 40,437,133

Management's Discussion and Analysis (Continued)

The actuarial valuation was based upon the actuarial liabilities being computed using the Projected Unit Credit Actuarial Cost Method. Actuarial valuations for fiscal years 2004 and prior were based upon the Entry Age Normal Actuarial Cost Method. The Trustees approved the change in valuation methods because of the resulting positive impact on funding due to the marked decline in the average age of active members.

The Fund's actuarially computed funding ratio is 50.9%, which is 7.1% less than 2011. This drop is the direct result of the continual recognition of deferred unrealized losses for 2008 and 2009 due to the five-year smoothing of market values used to determine the actuarial value of assets. The annual investment return for the fiscal year was 1.4%, which is lower than the 21.0% for 2011 and the 11.3% for 2010.

The Fund's 1.4% return outperformed its performance benchmark by roughly 20 basis points and outperformed the peer median by roughly 40 basis points. Over the trailing three-year and five-year periods, the Fund outperformed the performance benchmark by roughly 140 and 30 basis points, respectively. Over the trailing ten-year period the Fund returned 5.6%, underperforming the 8.0% actuarial rate of return.

The Fund is postured to generate strong investment returns as financial markets improve. The Fund's strong financial condition positions the Fund to continue providing benefits well into the future.

Contacting the Fund's Financial Management

This report is intended to provide a general overview of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago for its employees and other interested parties. If you have questions, requests, or need additional information, please visit the Fund's website at www.chicagoparkpension.org or contact the Fund at 55 East Monroe Street, Suite 2720, Chicago, Illinois 60603.

Statements of Plan Net Assets

June 30, 2012 and 2011

ASSETS	2012	2011
Cash	$ -	$ 64,527
Receivables		
Contributions from employer, net of allowance for loss of $140,355 in 2011	15,974	15,484
Employee contributions	283,492	573,234
Workers' compensation offset of duty disability benefits, net of allowance for loss of $16,076 in 2012	156,050	-
Due from broker for securities sold	141,975	176,760
Accrued investment income	574,624	885,225
Miscellaneous receivables	60,911	2,269
	1,233,026	1,652,972
Investments, at fair value		
Short-term investments	9,311,424	12,474,656
Bonds	65,824,474	81,736,788
Common and preferred stocks	55,138,935	64,193,591
Collective investment funds	95,983,701	133,104,264
Mutual funds	14,575,794	-
Pooled separate real estate accounts	10,868,246	10,485,505
Private equity partnerships	155,691,096	150,622,560
	407,393,670	452,617,364
Invested securities lending collateral	40,244,278	41,247,636
Furniture and fixtures - net	50,520	62,949
Prepaid annuity benefits	3,785,303	-
Other prepaid expenses	43,324	36,614
	3,828,627	36,614
Total assets	452,750,121	495,682,062
LIABILITIES		
Accounts payable	398,409	424,804
Deferred rent	106,951	12,179
Accrued benefits payable	267,407	201,750
Securities lending collateral	40,244,278	41,247,636
Due to broker for securities purchased	935,488	985,205
	41,952,533	42,871,574
Net assets held in trust for pension benefits	$410,797,588	$452,810,488

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

Statements of Changes in Plan Net Assets

June 30, 2012 and 2011

	2012	2011
Additions		
Contributions		
Employer contributions	$ 10,868,361	$ 10,981,419
Employee contributions	10,404,827	9,791,650
Total contributions	21,273,188	20,773,069
Investment income		
Net appreciation in fair value of investments	78,361	79,741,346
Interest	3,379,116	4,015,261
Dividends	1,525,051	2,103,662
Partnership income	1,439,936	1,736,119
	6,422,464	87,596,388
Less investment expenses	2,626,522	2,767,571
	3,795,942	84,828,817
Security lending activities		
Securities lending income	118,045	149,358
Borrower rebates	2,226	(37,111)
Bank fees	(55,040)	(50,226)
	65,231	62,021
Total additions	25,134,361	105,663,907
Deductions		
Benefits		
Annuity payments	62,868,556	61,344,041
Disability and death benefits	645,949	698,491
Total benefits	63,514,505	62,042,532
Refund of contributions	1,988,153	1,662,358
Administrative and general expenses	1,644,603	1,521,884
Total deductions	67,147,261	65,226,774
Net increase (decrease)	(42,012,900)	40,437,133
Net assets held in trust for pension benefits		
Beginning of year	452,810,488	412,373,355
End of year	$410,797,588	$452,810,488

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

Notes to Financial Statements

Note 1 – Fund Description and Contribution Information

The Fund is the administrator of a single employer defined benefit plan (PERS) established by the State of Illinois to provide annuities and benefits for substantially all employees of the Chicago Park District. The Fund is considered a component unit of the Chicago Park District's financial statements as a pension trust fund. The Fund is administered in accordance with the Illinois Compiled Statutes. The defined benefits as well as the employer and employee contribution levels of the Fund are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. The Fund provides retirement, disability and death benefits to fund members and beneficiaries. At June 30, 2012 and 2011, Fund membership consists of:

	2012	2011
Retirees and beneficiaries currently receiving benefits	2,921	2,913
Current employees	2,977	2,795
Vested terminated members entitled to benefits	153	141

Pension legislation (Public Act 96-0889) was approved during 2010 and establishes two distinct classes of membership with different retirement eligibility conditions and benefit provisions. For convenience, the Fund uses a tier concept to distinguish these groups, generally:

Tier 1 – Participants that became members before January 1, 2011.
Tier 2 – Participants that first became members on or after January 1, 2011.

Tier 1 employees attaining the age of 50 with at least ten years of creditable service are entitled to receive a service retirement pension. The retirement pension is based upon the average of the four highest consecutive years of salary within the last ten years of service. If the employee retires prior to the attainment of age 60, the rate associated with the service is reduced by one-quarter percent for each full month the employee is under age 60. There is no reduction if the participant has 30 years of service. Employees with four years of service at age 60 may receive a retirement benefit.

Tier 2 employees attaining the age 62 with at least ten years or more of creditable service are entitled to receive a discounted service retirement pension. Employees attaining the age 67 or more, with at least 10 years of service are entitled to receive a non-discounted annuity benefit. The annuity is discounted one-half percent for each full month the employee is under age 67. The retirement pension is based upon the average of the eight highest consecutive years of salary within the last 10 years of service prior to retirement. Pensionable salary is limited to $108,882 in 2012 and $106,800 in 2011.

Post-Retirement Increase

Tier 1: An employee annuitant under Tier 1 who retires at age 60 or older with at least 30 years of service is eligible to receive an increase of three percent, based on the annuity granted at retirement, payable following the first 12 months of benefits on either the next January or July. If the employee annuitant retires before age 60 with less than 30 years of service, then the increases begin on the January or July following the later of the attainment of age 60 or 12 months of benefits received.

Tier 2: An employee annuitant under Tier 2 that is eligible to receive an increase in the annuity benefit, shall receive an annual increase equal to the lesser of three percent or one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12 month period ending with the September preceding the increase. The increase is based on the amount of the originally granted benefit (simple). This increase begins after age 67 on the first January following one full year of benefits received.

Notes to Financial Statements (Continued)

Note 1 – Fund Description and Contribution Information (Continued)

Surviving Spouse Pension

Tier 1: Upon the death of an employee annuitant under Tier 1, the surviving spouse, meeting certain eligibility requirements, is entitled to a spousal annuity. The surviving spouse is entitled to the lesser of a money purchase calculation, 50% of the highest salary or 75% of the granted annuity. With 20 years of service the entitlement becomes the higher of the eligible money purchase calculation or 50% of retiree's annuity at time of death. The surviving spouse is also eligible to receive an increase of three percent compounded, on the January following one full year after the date of death of the employee or annuitant.

Tier 2: The annuity payable to the surviving spouse of an employee annuitant under Tier 2 is equal to 66 2/3% of the participant's earned retirement annuity at the time of death without reduction due to age. The surviving spouse is also eligible to receive an increase of the lesser of three percent or one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero).

Child Annuity

Under Tier 1 and Tier 2, unmarried children under the age of 18 of a deceased employee or annuitant having at least two years of service are entitled to a benefit. The child's annuity is an amount equal to $100 a month when there is a surviving spouse or $150 when there is no surviving spouse, subject to maximum limitations.

Ordinary Disability Benefit

Under Tier 1 and Tier 2, an employee who becomes disabled as the result of any cause other than an accidental injury incurred while in the performance of an act of duty is entitled to an ordinary disability benefit at the amount equal to 45% of the employee's annual salary at the time of disablement. An employee can receive ordinary disability for a period equal to one fourth of his/her service credits up to a maximum of five years, exclusive of the disability period. Tier 2 participants have salary limitations similar to employee contributions.

Duty Disability Benefit

Under Tier 1 and Tier 2, an employee who becomes disabled as the result of a work related injury incurred while in the performance of an act of duty is entitled to a duty disability benefit in the amount equal to 75% of the employee's annual salary at the time of injury, reduced by any benefits received by the employee under the provisions of the Workers' Compensation Act. Tier 2 participants have salary limitations similar to employee contributions.

Contributions

Covered employees are required by state statutes to contribute 9.0 percent of their salary to the Fund. If a covered employee leaves employment before the age of 55, accumulated employee contributions are refundable without interest. The District is required by state statute to contribute the remaining amounts necessary to finance the requirements of the Fund on an actuarially funded basis. It is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the Fund made in the fiscal year two years prior to the year for which the annual applicable tax is levied, multiplied by a factor of 1.1 annually. The District has no legal obligation to fund pension costs above that allowed by statute.

Notes to Financial Statements (Continued)

Note 2 – Summary of Significant Accounting Policies

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the appointed officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government.

Based upon the required criteria, the Fund has no component units. The Fund is considered a component unit fund of the Chicago Park District and, as such, is included in the Chicago Park District's financial statements as a pension trust fund. Accordingly, these financial statements present only the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund and are not intended to present fairly the financial position of the Chicago Park District and the result of its operations in conformity with generally accepted accounting principles.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund.

Method Used to Value Investments

The Fund is authorized to invest in bonds, notes, and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; real estate; collective investment funds; and private equity partnerships as set forth in the Illinois Compiled Statutes. Income on all investments is recognized on the accrual basis. Gains and losses on sales and exchanges of investments are recognized on the transaction date of such sale or exchange. Dividend income is recognized based on dividends declared.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair values for bonds and stocks are determined by quoted market prices. Investments for which market quotations are not readily available are valued at their fair values as determined by the bank administrator under the direction of the Board of Trustees, with the assistance of a valuation service.

Administrative Expenses

Administrative expenses are budgeted and approved by the Fund’s Board of Trustees. Funding for these expenses is included in the employer contributions as determined by the annual actuarial valuation.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Date of Management’s Review

Management has evaluated subsequent events through December 20, 2012, the date the financial statements were available to be issued.

Notes to Financial Statements (Continued)

Note 3 – Investments

The Fund's investments are held by a bank administered trust fund, except for the collective investment funds, pooled separate real estate accounts and private equity partnerships. Investments that represent 5 percent or more of the Fund's net assets (except those issued or guaranteed by the U.S. Government) are separately identified.

	2012	2011
Investments At Fair Value As		
Determined by Quoted Price		
Short-term investments	$ 9,311,424	$ 12,474,656
Bonds	65,824,474	81,736,788
Common and preferred stock	55,138,935	64,193,591
Mutual funds	14,575,794	-
	144,850,627	158,405,035
Investments At Fair Value As		
Determined by Bank Administrator		
Collective investment funds		
International Research Equity	-	40,037,922
NTGI QM Collective Daily S&P 500	21,683,494	25,995,995
NTGI QM Collective Daily US Marketcap Equity	26,691,831	25,501,633
NTGI QM Collective Daily All Country World Index	47,608,376	41,568,714
Pooled separate real estate accounts	10,868,246	10,485,505
Private equity partnerships		
Entrust Diversified Select Equity Fund	23,794,552	24,781,532
K2 Long Short Fund	22,691,831	23,037,930
Other	109,204,713	102,803,098
	$407,393,670	$452,617,364

The Fund shall apply the prudent investor rule in investing for funds under its supervision. The “prudent investor rule” means that in making investments, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, with regards to preservation of capital and income and not speculation. The funds belonging to the Fund must be invested exclusively for the benefit of their members and in accordance with the respective Fund’s investment goals and objectives.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities that will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates.

The Fund does not maintain a policy relative to interest rate risk. The Board of Trustees recognized that its investments are subject to short-term volatility. However, their goal is to maximize total return within prudent risk parameters.

Notes to Financial Statements (Continued)

Note 3 – Investments (Continued)

At June 30, 2012 the following tables show the investments in debt securities by investment type and maturity (expressed in thousands).

2012 Security Type	Total Market Value	Less Than 1 Year	1 – 6 Years	6 -10 Years	10+ Years	Maturity N/D*
Asset backed	$ 212	$ -	$ -	$ -	$ 212	$-
Commercial mortgage backed	3,497	-	-	-	3,497	-
Corporate bonds	18,558	112	8,411	6,913	3,122	-
Government agencies	4,065	538	2,740	692	95	-
Government bonds	13,310	80	3,993	3,900	5,337	-
Government mortgage backed	26,009	-	279	3,331	22,398	1
Non-government backed CMO's	173	-	-	-	173	-
Short term investment funds	9,311	9,311	-	-	-	-
Total	$75,135	$10,041	$15,423	$14,836	$34,834	$1

* Information not determinable

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMOs), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each fixed income manager is given a specific set of guidelines to invest within, based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories.

The following tables present the Fund's ratings as of June 30, 2012 (expressed in thousands).

2012

S&P Credit Rating	Market Value	Asset Backed Securities	Comm'l Mortgage Backed	Corporate Bonds	Gov't Agencies	Gov't Bonds	Gov't Mortgage Backed	Non Gov't Backed CMO
AAA	$ 1,587	$212	$1,375	$ -	$ -	$ -	$ -	$ -
AA	5,791	-	100	1,548	3,970	-	-	173
A	8,673	-	1,013	7,660	-	-	-	-
BBB	6,691	-	703	5,893	95	-	-	-
BB	2,683	-	-	2,683	-	-	-	-
B	593	-	-	546	-	47	-	-
NR	534	-	306	228	-	-	-	-
US Gov't Agency	39,272	-	-	-	-	13,263	26,009	-
Total	$65,824	$212	$3,497	$18,558	$4,065	$13,310	$26,009	$173

Notes to Financial Statements (Continued)

Note 3 – Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A review of the Fund's exposure to custodial credit risks reflects that there is none.

Note 4 – Deposits

At June 30, 2012 and 2011, the Fund's book balances of cash were $ -0- and $64,527, respectively, at the Northern Trust Company Bank. The actual bank balances were $1,320 and $70,028, respectively, at June 30, 2012 and 2011. The Fund maintains cash balances at the Northern Trust Company Bank. Accounts at this institution may from time to time exceed amounts insured by the Federal Deposit Insurance Company.

Note 5 – Securities Lending

Under the provisions of state statutes, the Fund lends securities (both equity and fixed income) to qualified and Fund approved brokerage firms for collateral that will be returned for the same securities in the future. The Fund's custodian, the Northern Trust Co., manages the securities lending program, which includes the securities of the Fund as well as other lenders, and receives cash, U.S. Treasury securities or letters of credit as collateral. The collateral received cannot be pledged or sold by the Fund unless the borrower defaults. However, the Fund does have the right to close the loan at any time. All security loan agreements are initially collateralized at 102% of the loaned securities. Whenever adjustments are needed to reflect changes in the market value of the securities loaned, the collateral is adjusted accordingly. Cash collateral is invested in the lending agent's short-term investment pool, which at year end has a weighted average maturity of 108 days. As of June 30, 2012 and 2011, the Fund had loaned to borrowers securities with a market value of $39,795,477 and $40,440,675, respectively. As of June 30, 2012, the fair value of the collateral received by the Fund was $40,224,278, and the collateral invested by the Fund was $40,224,278. As of June 30, 2011, the fair value of the collateral received by the Fund was $41,247,636 and the collateral invested by the Fund was $41,247,636.

At year end, the Fund has no credit risk exposure to the borrowers because the amounts the Fund owes the borrowers exceed the amounts the borrowers owe the Fund.

Note 6 – Operating Leases

The Fund has entered into an operating lease for office space through April 30, 2013, which was amended and extended through April 30, 2026. The lease provides that the lessee pay monthly base rent subject to annual increases, plus an escalation rent computed on costs incurred by the lessor. Upon executing the amendment, the Fund received rent abatements in the amount of $115,587 which are being amortized over the life of the lease. The unamortized portion, deferred rent, amounted to $106,951 at June 30, 2012. The total rental expense was $117,317 and $131,275 for the years ended June 30, 2012 and 2011, respectively.

Notes to Financial Statements (Continued)

Note 6 – Operating Leases (Continued)

Following is a schedule of minimum future rental payments for each of the next five years and in the aggregate under the non-cancelable operating lease at June 30, 2012:

Year Ending June 30	Amount
2013	$ 67,276
2014	84,214
2015	86,543
2016	88,871
2017	91,200
2018-2022	490,926
2023-2026	415,637
	$1,324,667

The Fund leases office equipment under non-cancelable operating leases that expire at various dates through May, 2016. Total rent expense incurred under these operating leases was $20,470 and $18,058 for the years ended June 30, 2012 and 2011, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2012 for each of the next four years and in the aggregate are:

Year Ending June 30	Amount
2013	$14,920
2014	10,621
2015	5,688
2016	5,214
	$36,443

Note 7 – Commitments

During the years ended June 30, 2012 and 2011, the Fund committed to purchase $75,000,000 interest in private equity partnerships. At June 30, 2012 and 2011, the Fund had a remaining contractual obligation of $13,913,772 and $21,701,340, respectively, to purchase additional interest in the private equity partnerships.

Note 8 – Deferred Compensation Plan

The Fund is a governmental eligible employer within the meaning of Code Section 457(e)(1)(A) and has established a deferred compensation plan (457(b)) for eligible employees. Individual contributions to the plan are equal to the amount of salary reductions elected by the each participant for the year up to a maximum allowable by IRS regulations. Total employee contributions were $74,700 and $57,845 for the years ended June 30, 2012 and 2011, respectively. Employer contributions are not allowed.

Notes to Financial Statements (Continued)

Note 9 – Funded Status and Funding Progress

The funded status of the Fund as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$440,692	$866,371	$425,679	50.9%	$114,234	372.6%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	6/30/12
Actuarial cost method	Projected unit
Amortization method	Level dollar
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Inflation rate	3.0%

Required Supplementary Information

Schedule of Funding Progress

(Unaudited)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/12	$440,692	$866,371	$425,679	50.9%	$114,234	372.6%
6/30/11	489,371	843,944	354,573	58.0	107,687	329.3
6/30/10	518,583	833,026	314,443	62.3	107,361	292.9
6/30/09	553,755	823,897	270,142	67.2	108,883	248.1
6/30/08	586,676	795,379	208,703	73.8	111,698	186.9
6/30/07	583,296	767,931	184,635	76.0	106,602	173.2

Schedule of Employer Contributions

(Dollar amounts in thousands)

	Employer Contributions	
Year Beginning July 1,	Annual Required Contribution	Percentage Contributed
2011	$28,052	39%
2010	25,319	43
2009	22,400	48
2008	18,285	53
2007	16,073	56
2006	14,572	66

Note to Schedules of Funding Progress and Employer Contributions

Valuation date	6/30/12
Actuarial cost method	Projected unit
	Entry age (2004 and prior)
Amortization method	Level dollar
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Inflation rate	3.0%

Additional Information

Tax Levies Receivable

Levy Year (Calendar)	Tax Levy	Collections	Tax Levies Receivable	Allowance for Uncollectible Taxes	Allowance for Uncollectible Write-offs as a Percentage of Tax Levy	Net Tax Levies Receivable
At June 30, 2012:						
2011	$10,761,575	$10,745,601	$ 15,974	$ -	0.00%	$ 15,974
At June 30, 2011						
2007	$ 9,149,814	$ 9,149,191	$ 623	$ 623	0.01%	$ -
2008	9,857,126	9,737,546	119,580	119,580	1.21%	-
2009	10,331,182	10,311,030	20,152	20,152	0.20%	-
2010	10,868,619	10,853,135	15,484	-	0.00%	15,484
			$155,839	$ 140,355		$ 15,484

Additional Information (Continued)

Administrative and General Expenses

	Year Ended June 30, 2012	Year Ended June 30, 2011
Actuary expense	$ 46,000	$ 42,000
Auditing	26,000	25,000
IT consultant	17,450	-
Conference and convention expense	12,210	21,321
Contributions for annuities of Retirement Board employees	122,270	112,800
Depreciation	23,433	22,682
Equipment rental	20,470	18,058
Equipment maintenance	439	1,668
Filing fee – State of Illinois	8,000	8,000
File storage expense	4,547	3,959
Hospitalization	178,179	161,512
Legal	35,030	41,883
Legislative consultant	21,600	9,000
Medical fees	1,260	1,080
Office supplies and expenses	26,655	17,205
Postage	14,864	6,389
Insurance - surety bond and other	2,491	1,764
Rent expense	117,317	131,275
Salaries	908,606	847,533
Social security - Medicare	9,504	8,568
Bank fees	22,255	22,979
Telephone	9,240	8,471
Transportation	1,973	1,386
Trustees' election expense	14,810	7,351
Total administrative and general expenses	$1,644,603	$1,521,884

Additional Information (Continued)

Annual Professional Expenses

	Year Ended June 30,	
	2012	2011
Legal	$ 35,030	$ 41,883
Medical	1,260	1,080
Actuary	46,000	42,000
Auditing	26,000	25,000
IT consultant	17,450	-
Legislative consultant	21,600	9,000
Total	$147,340	$118,963

Additional Information (Continued)

Annual Investment Expenses

	Year Ended June 30, 2012	Year Ended June 30, 2011
U.S. EQUITY		
Great Lakes Advisors	$ 82,003	$ 89,194
Ariel Capital Management	104,437	140,966
Northern Trust Quantitative Advisors	19,578	20,071
RBC Global Asset Management (formerly Voyageur Asset Management)	133,078	136,979
	339,096	387,210
NON - U.S. EQUITY		
Wellington Trust Company	109,354	279,868
Northern Trust Quantitative Advisors	21,486	24,775
	130,840	304,643
U.S. BONDS		
LM Capital Group	27,780	25,039
MacKay Shields	127,661	147,887
Chicago Equity Partners	67,576	72,266
	223,017	245,192
REAL ESTATE		
Principal Financial Group	199,431	163,351
ULLICO	40,259	-
	239,690	163,351
PARTNERSHIPS		
HarbourVest Partners	334,686	350,000
Entrust Capital	270,266	277,331
Trumbull Property (formerly UBS Realty Investors)	316,805	270,934
Mesirow Financial	228,000	228,000
K2 Advisors	276,513	278,960
New York Life Capital Partners	112,942	119,033
	1,539,212	1,524,258
OTHER		
Custody	56,750	50,000
Investment consultant	97,917	92,917
	154,667	142,917
Total	$2,626,522	$2,767,571

Investment Section

INTRODUCTION

The Fund is authorized to invest in bonds, notes, and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; real estate; collective investment funds; and private equity partnerships as set forth in the Illinois Compiled Statutes. Income on all investments is recognized on the accrual basis. Gains and losses on sales and exchanges of investments are recognized on the transition date of such sale or exchange. Dividend income is recognized based on dividends declared. Investments are reported at market value. Short term investments are reported at cost, which approximates market value. Market value for bonds and stocks are determined by quoted market prices and for investments for which market quotations are not readily available are valued at their fair values as determined by bank administrator under the direction of the Board of Trustees, with the assistance of a valuation service.

The Investment Section was prepared by staff with assistance from Marquette Associates, Inc., the Fund's investment consultant and Northern Trust Company, the Fund's custodian. Return calculations were prepared using a time-weighted rate of return methodology in accordance with the performance presentation standards of the CFA Institute.

Investment Recap

Market Environment

The U.S. stock market rose 4.0% during the year ended June 30, 2012 (fiscal year), as measured by the Dow Jones Wilshire 5000 Index. Within the U.S. stock market, there was some differentiation in returns between large-cap, mid-cap, and small-cap stocks over the year, with returns of 4.4%, -1.7%, and -2.1% for the Russell 1000, Russell Mid-Cap and Russell 2000 respectively. In addition, growth stocks outperformed value stocks, with returns of 5.1% and 2.6% for the Russell 3000 Growth and Russell 3000 Value respectively.

The non-U.S. developed equity markets (as measured by the MSCI ACWI ex US Index) underperformed their U.S. counterparts, posting a return of -14.1% during the fiscal year. Emerging markets (as measured by the MSCI Emerging Markets Index) underperformed non-U.S. developed markets as well as U.S. equity markets, posting a return of -15.7%.

The broad bond market, as measured by the Barclays Aggregate Index, advanced 7.5% during the fiscal year. The credit sector (as measured by the Barclays U.S. Credit Index) outperformed the government sector (as measured by the Barclays U.S. Government Index) over the fiscal year with returns of 9.5% and 8.3% respectively.

In the private equity market, the Venture Economics All Private Equity Index posted a return of 5.3% during the fiscal year. Continuing improvements in the capital markets caused deal flow, asset values, and realizations to increase over the year. Purchase price multiples remain above long term historical averages, while overall leverage multiples have returned to "normal" pre-credit bubble levels.

The Federal Reserve held the Fed Funds rate constant at 0.0% - 0.25% range throughout the course of the fiscal year. Real GDP increased at a 1.3% annualized rate in the second quarter of 2012. This matched the 1.7% annualized rate in the second quarter of 2011 and well below growth rates typical of this stage of an economic recovery. Inflation, as measured by the Consumer Price Index, posted an increase of 1.7% for the year ending June 30, 2012. The unemployment rate was 8.2% on June 30, 2012, an improvement from the 9.2% rate on June 30, 2011.

Performance Commentary

The Pension Fund posted a one-year return of 1.4%, net of fees, outperforming the custom benchmark by 0.2%. The best performing asset class for the one-year period was Fixed Income, which returned 7.5%, net of fees. The worst performing asset class for the fiscal year was International Equity, which returned -13.8%, net of fees.

The Fund posted a three-year annualized return of 11.1%, net of fees, outperforming the custom benchmark by 1.4%. On a five-year basis, the Fund returned 1.6%, net of fees, outperforming the custom benchmark by 0.3%.

Performance Commentary (Continued)

The fixed income market, as measured by the Barclays Capital Aggregate Index, returned 7.5% during the fiscal year. The Fund's fixed income portfolio returned 7.5%, net of fees, over that time period, performing in line with the benchmark. At the end of the fiscal year, the Fund's fixed income assets comprised 20.0% of the total Fund's assets.

The broad U.S. stock market, as measured by the Dow Jones Wilshire 5000 Index, returned 4.0% during the fiscal year. The Fund's U.S. Equity portfolio returned 1.6%, net of fees, over that time period, underperforming the benchmark by 2.4%. The U.S. Equity portfolio was led by the NTGI Large-Cap Growth portfolio, which returned 7.8%, net of fees, for the fiscal year, performing in line with its benchmark. At the end of the fiscal year, the Fund's U.S. stock market assets comprised 25.9% of the total Fund's assets.

The international stock market, as measured by the MSCI ACWI ex US Index, returned -14.1% during the fiscal year. The Fund's International Equity portfolio returned -13.8%, net of fees, over that time period, outperforming the benchmark by 0.3%. The International portfolio is comprised of an index manager, Northern Trust, and an active manager, William Blair. At the end of the fiscal year, the Fund's international stock market assets comprised 15.3% of the total Fund's assets.

The real estate market, as measured by the NCREIF - ODCE Index, returned 11.3% during the fiscal year. The Fund's real estate portfolio returned 12.0%, net of fees, over that time period, outperforming the benchmark by 0.7%. At the end of the fiscal year, the Fund's real estate assets comprised 12.8% of the total Fund's assets.

The private equity market, as measured by the Thomson Financial/Venture Economics All-Private Equity Index, returned 5.3% during the fiscal year. The Fund's private equity portfolio returned 5.2%, net of fees, over that time period. At the end of the fiscal year, the Fund's private equity assets comprised 14.1% of the total Fund's assets.

Summary of Investments

Periods ending June 30, 2012 and June 30, 2011

CATEGORY	JUNE 30, 2012 FAIR VALUE	%	JUNE 30, 2012 BOOK VALUE	%	JUNE 30, 2011 FAIR VALUE	%	JUNE 30, 2011 BOOK VALUE	%
BONDS	$ 76,692,720	19	$ 72,863,332	19	$ 92,222,292	20	$ 89,710,708	22
EQUITIES	165,698,430	41	155,115,033	40	197,297,855	44	159,082,938	39
Domestic Equities	103,514,259	26	89,282,535	23	115,691,219	26	84,748,268	21
International Equities	62,184,171	15	65,832,498	17	81,606,636	18	74,334,670	18
REAL ESTATE	52,249,677	13	57,599,277	15	48,617,738	11	58,505,434	14
SHORT-TERM	9,311,424	2	9,311,424	2	12,474,656	3	12,474,656	3
PRIVATE EQUITY	103,441,419	25	92,557,540	24	102,004,823	22	92,035,187	22
INVESTMENT ASSETS*	$407,393,670	100	$387,446,606	100	$452,617,364	100	$411,808,923	100

***** Investment assets do not reflect the amounts due to or from brokers at year end. Net due to brokers is $793,513 and $808,445, respectively, at June 30, 2012 and 2011.

Statement of Investment Policy for the Park Employees' Annuity and Benefit Fund of Chicago

ADOPTED 10/94
REVISED 8/1/98; 5/19/99; 2/16/00; 5/20/03; 2/29/08; 4/21/11

The purpose of this statement is to establish the investment policy for the management of the assets of the Park Employees' Annuity and Benefit Fund.

Distinction of Responsibilities

The Trustees are responsible for establishing the investment policy that is to guide the investment of Fund assets. The target allocation that the Trustees deem appropriate for the Fund is displayed below. The Fund's investments are distributed to a number of asset classes to minimize investment risk through diversification and simultaneously provide enhanced investment performance. The Trustees are to review the investment policy every three to five years.

Investment managers appointed by the Trustees to execute the policy will invest the Fund assets in accordance with established guidelines, but will apply their own judgments concerning relative investment values. In particular, the investment managers are accorded full discretion, within established guidelines and policy limits, to select individual investments and diversify their portfolios.

Allocation of Assets

It is the Trustees' policy to invest the Fund's assets in the following proportions:

	Board Approved Policy		
Asset Category	Target (%)	Range (%)	
U.S. Equity	27.0%	22.0%	32.0%
Non U.S. Equity	17.0	12.0	22.0
Private Equity	7.0	0.0	14.0
Long-Short Equity	10.0	0.0	15.0
Real Estate	12.0	8.0	16.0
U.S. Bonds	27.0	22.0	32.0
	100.0%		

Normal cash flows (contributions and benefit payments) will be used to maintain the allocation as close as practical to the target allocation. If normal cash flows are insufficient to maintain the allocation within the permissible range as of any calendar quarter-end, the Trustees shall transfer balances as necessary between the asset types to bring the allocation back within the permissible ranges.

Active and Passive Investments

The Board of Trustees has directed that a prescribed percentage of specific asset classes be invested passively through the use of index funds. The Board of Trustees has approved the following passive investment percentages:

Asset Category	% Indexed
U.S. Equity	45.8%
Non U.S. Equity	76.6%
U.S. Bonds	0.0%

Statement of Investment Policy for the Park Employees' Annuity and Benefit Fund of Chicago (Continued)

Diversification

The portfolio is to be diversified within each asset class to reduce the impact of large losses in individual investments in a manner that is consistent with Retirement Board policy, and otherwise at the discretion of each investment manager.

Liquidity

The cash flow needs of the Fund are approximately 15% of the total Fund assets annually.

Individual Investment Management Performance Benchmark

Individual performance benchmarks will be established by the Board of Trustees and used to evaluate individual manager's performance.

Investment Objective

The investment objective of the Fund is to equal or exceed the rate of return of a benchmark comprised of 27.0% Wilshire 5000 Stock Index, 17.0% MSCI All Country World Ex-US Index, 27.0% BarCap Aggregate Index, 7% Venture Economics All Private Equity Index, 10% HFRX Hedged Equity Index, and 12.0% NCREIF ODCE Index on a net-of-fee basis. As a secondary benchmark, the Fund is to achieve an above-median ranking in a universe of other public funds over a reasonable measurement period.

Schedule of Investment Performance

For the Year Ended June 30, 2008-2012
and Three, Five and Ten-Year Periods
Ending June 30, 2012

	One Year Ending 6/30, 2008-2012					Ending 6/30/2012		
	2012	2011	2010	2009	2008	3 Years	5 Years	10 Years
Total Fund	1.4%	21.0%	11.3%	-18.6%	-3.0%	11.1%	1.6%	5.6%
Benchmark Portfolio	1.2	19.3	11.7	-13.9	-2.7	9.7	1.3	5.8
Public Funds Median Return	1.0	20.9	12.0	-15.1	-4.6	10.2	2.2	5.9
Actuarial Assumed Rate of Return	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Consumer Price Index	1.7	3.6	1.1	-1.4	5.0	2.1	2.0	2.4
Fixed Income	7.5%	4.7%	11.4%	7.9%	7.4%	7.7%	7.6%	6.3%
BarCap Aggregate	7.5	3.9	9.5	6.1	6.1	6.9	6.8	5.6
Universe Median	6.2	4.9	11.4	5.6	6.8	5.2	5.8	5.1
U.S. Equities	1.6%	36.4%	21.8%	-26.5%	-14.8%	18.9%	1.0%	6.7%
Wilshire 5000	4.0	32.0	15.7	-26.4	-12.5	16.9	0.6	6.1
Universe Median	1.6	32.9	16.1	-26.2	-12.5	16.6	0.4	6.1
Non U.S. Equities	-13.8%	32.1%	11.1%	-32.5%	-9.6%	8.1%	-5.1%	5.8%
MSCI ACWI Ex US	-14.1	30.3	10.9	-30.5	-6.2	7.4	-1.2	7.2
Universe Median	-14.0	30.7	10.2	-30.5	-8.3	7.3	-4.9	5.7
Long-Short Equities	-3.8%	12.1%	3.6%	-10.1%	n/a	3.7%	n/a	n/a
HFRX Hedged Equity	-10.7	3.4	3.1	-20.0	-4.9	-1.6	-6.2	0.3
Universe Median	-1.7	10.7	9.8	-15.7	n/a	6.0	-0.3	5.6
Real Estate	12.0%	18.5%	-5.2%	-27.8%	6.0%	7.2%	-1.6%	4.7%
NCREIF -ODCE	11.3	20.5	-1.5	-19.6	9.2	7.4	-1.8	5.6
Universe Median	10.8	19.3	-6.9	-30.3	7.2	6.7	-2.0	5.0
Private Equity	5.2%	23.0%	14.4%	-20.5%	2.7%	14.0%	3.9%	n/a
VE All Private Equity	5.3	18.9	15.8	-18.5	3.0	15.2	5.1	10.9

NOTE: The basis for the calculations is a time-weighted rate of return based on the market rate of return.

As of April 1, 2011, the Policy Benchmark consists of 27% BarCap Aggregate, 27% Wilshire 5000, 17% MSCI ACWI ex U.S., 12% NCREIF ODCE, 10% HFRX Hedged Equity, and 7% Venture Economics All Private Equity Index. As of February 29, 2008, the Policy Benchmark consists of 35% BarCap Aggregate, 38% Wilshire 5000, 12% MSCI ACWI ex U.S., 10% NCREIF Property Index, and 5% Venture Economics All Private Equity Index. Prior to February 29, 2008, the Policy Benchmark consisted of 35% BarCap Aggregate, 38% Wilshire 5000, 12% MSCI EAFE, 10% NCREIF Property Index, and 5% Venture Economics All Private Equity Index.

Schedule of Ten Largest Stock and Bond Holdings

For the Fiscal Year Ended
June 30, 2012

U.S. Stocks*

Shares	Holdings	Fair Value
15,800	American Express Co.	$ 919,718
60,700	Gannett, Inc.	894,111
9,800	3M Co.	878,080
7	Berkshire Hathaway, Inc.	874,615
9,800	Philip Morris Intl	855,148
14,800	Target Corp.	861,212
8,000	Chevron Corp.	844,000
38,600	General Electric Co.	804,424
9,200	Exxon Mobil Corp.	787,244
13,900	Honeywell Intl Inc.	776,176

International Stocks*

Shares	Holdings	Fair Value
11,306	Nestle	$ 675,509
61,682	HSBC Holdings	542,839
170,732	Vodafone Group	480,004
7,882	Novartis	440,510
65,026	BP	430,350
12,569	Royal Dutch Shell	423,346
2,407	Roche Holding	416,112
379	Samsung Electronics	396,933
17,299	GlaxoSmithKline	392,600
9,452	Toyota Motor Corp	377,875

Bonds*

Holdings	Fair Value
United States Treasury Bond 3.0% due 5/15/2042	$ 2,267,500
United States Treasury Bond 3.5% due 2/15/2039	1,527,488
United States Treasury Note 3.5% due 2/15/2018	1,195,627
United States Treasury Note 3.625% due 2/15/2021	968,113
United States Treasury Note 2.625% due 8/15/2020	792,394
FNMA Pool 4.0% due 10/1/2040	784,617
FNMA Pool 4.5% due 10/1/2040	783,260
FHLMC Pool 5.5% due 4/1/2038	759,322
FNMA Pool 4.5% due 8/1/2040	751,689
FNMA Pool 4.5% due 9/1/2040	712,810

* A complete listing of all individual securities held is available for review upon request.

Schedule of Investment Brokerage Commissions

Broker Name	Shares*	Commission
Cheevers and Company, Inc.	169,174	$ 7,520
UBS Warburg, LLC	104,100	4,672
Loop Capital Markets	99,800	3,917
Cabrera Capital Markets, Inc.	79,300	3,068
Gardner Rich & Co.	60,901	2,840
Weeden & Co.	52,992	2,307
Donaldson Lufkin & Jenrette	36,450	2,235
Williams Capital Group, LP	57,600	2,156
Mr. Beal and Company	54,100	2,125
Melvin Securities	54,500	1,959
William Blair & Co.	34,800	1,243
Credit Suisse First Boston Corporation	24,600	1,103
M Ramsey King Securities	21,500	968
Bear Stearns	83,883	956
Goldman Sachs & Company	18,300	683
Baypoint Trading, LLC	25,400	635
Castleoak Securities, Inc.	15,100	568
Autranet, Inc.	15,000	526
Merrill Lynch, Pierce, Fenner & Smith	19,000	526
Blaylock and Company, Inc.	15,000	516
Broker commissions under $500	199,025	7,270
Total Broker Commissions	1,240,525	$ 47,793

** Total shares traded 1,240,525 at an average cost of $0.03853 per share.*

Actuarial Section

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SEGAL

December 20, 2012

Board of Trustees
Park Employees' Annuity and Benefit Fund of Chicago
55 East Monroe Street, Suite 2720
Chicago, Illinois 60603

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the short fiscal year ending December 31, 2012, and analyzes the preceding years' experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Park Employees' Annuity and Benefit Fund of Chicago. The census and financial information on which our calculations were based was prepared by the Fund staff. That assistance is gratefully acknowledged. We have not subjected the census data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data.

Since the effective date of the last actuarial valuation, there have not been any changes in benefit provisions that have had an impact on the actuarial liabilities of the Fund.

The actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Fund's actuary. The assumptions and methods used for the June 30, 2012 actuarial valuation were based on an experience analysis covering the five-year period ending June 30, 2007 and were adopted by the Board, effective for the June 30, 2008 valuation. These actuarial assumptions and methods comply with the parameters for disclosure in Governmental Accounting Standards Board (GASB) Statement No. 25. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of the Fund.

The funding policy of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period. Employer contributions come from a property tax levied by the District equal to the total amount of contributions made by employees in the calendar year two years prior to the year of the levy, multiplied by 1.10. The 1.10 factor is known as the tax multiple. In years prior to Fiscal 2005, employer contributions to the Fund had been sufficient to meet the actuarially determined contribution requirement. In recent years, the employer contribution has not been sufficient to meet the actuarially determined contribution requirement.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Fund.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: ______________________________

Kim Nicholl, FSA, MAAA, EA, FCA
Senior Vice President and Actuary

____

Matthew A. Strom, FSA, MAAA, EA
Consulting Actuary

SECTION 1: Valuation Summary for the Park Employees' Annuity and Benefit Fund of Chicago

Purpose

This report has been prepared by The Segal Company to present a valuation of the Park Employees' Annuity and Benefit Fund of Chicago (PEABF) as of June 30, 2012. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Fund, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of June 30, 2012, provided by PEABF staff;
- The assets of the Plan as of June 30, 2012, provided by PEABF staff;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. PEABF has changed its fiscal year end from June 30th to December 31st effective this year. Therefore, this valuation covers the six-month time period from July 1, 2012 to December 31, 2012.
2. Employer contributions to the Fund come from a tax levied upon all taxable property in the City of Chicago. The amount of tax that is levied is 1.10 times the amount of employee contributions made two years prior. The 1.10 factor is known as the tax multiple. As shown in Chart 13, for the short fiscal year beginning July 1, 2012 and ending December 31, 2012, the actuarially determined contribution amount (the Annual Required Contribution, or ARC) is $16,786,671. Based on the 1.10 tax multiple, and using the Fund's assumption of 3% loss on collections, we have estimated the employer contribution for the six-month period beginning July 1, 2012 to be $5,061,120. Compared to the Annual Required Contribution of $16,786,671, the contribution deficiency is $11,725,551 as of July 1, 2012. Each year there is a contribution deficiency leads to an increased deficiency in all future years.
3. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of June 30, 2012 is 50.9%, compared to 58.0% as of June 30, 2011. This ratio is a measure of funding status, its history is a measure of funding progress, and is the ratio required to be reported under GASB 25.
4. For the year ended June 30, 2012, Segal has determined that the asset return on a market value basis was 0.9%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was -0.6%. This represents an experience loss when compared to the assumed rate of 8%. As of June 30, 2012, the actuarial value of assets ($440.7 million) represented 107.3% of the market value ($410.8 million).
5. The portion of deferred investment gains and losses recognized in the calculation of the June 30, 2012 actuarial value of assets resulted in a loss of $40,119,103. Additionally, the demographic and liability experience resulted in a $6,807,909 loss.

SECTION 1: Valuation Summary for the Park Employees' Annuity and Benefit Fund of Chicago

6. The total unrecognized investment loss as of June 30, 2012 is $29,894,418. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would still increase in each of the next few years.
7. As mentioned above, the current method used to determine the actuarial value of assets yields an amount that is 107.3% of the market value of assets as of June 30, 2012. Guidelines in Actuarial Standard of Practice No. 44 (Selection and Use of Asset Valuation Methods for Pension Valuations) recommend that asset values fall within a reasonable range around the corresponding market value. The actuarial asset method complies with these guidelines.
8. Given the Fund's current (and projected) financial situation, the current 8% investment return assumption appears to be at the high end of the reasonable range. We were unable to definitively judge the reasonableness of this assumption without performing a substantial amount of additional work that is beyond the scope of this report. Therefore, for purposes of this actuarial valuation, the 8% assumed rate was used to discount actuarial liabilities. We plan to work with the Board to study the investment return assumption further at a later date and modify the assumption, if necessary.
9. This actuarial valuation report as of June 30, 2012 is based on financial data as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the cost of the plan, while increases in asset values (in excess of expected) will decrease the cost of the plan.

SECTION 1: Valuation Summary for the Park Employees' Annuity and Benefit Fund of Chicago

Summary of Key Valuation Results

	2012*	2011**
Contributions for fiscal year beginning July 1:		
Actuarially determined contribution requirement	$16,786,671	$28,051,528
Estimated employer contributions provided by the Fund, reflecting 3% loss on collections	$5,061,120	10,307,983
Actual employer contribution	--	10,868,361
Funding elements for fiscal year beginning July 1:		
Normal cost, including administrative expenses	$3,323,370	$6,832,257
Market value of assets	410,797,588	452,810,488
Actuarial value of assets	440,692,006	489,370,505
Actuarial accrued liability	866,370,565	843,943,240
Unfunded/(overfunded) actuarial accrued liability	425,678,559	354,572,735
GASB 25 information for fiscal year beginning July 1:		
Annual Required Contributions (ARC)	$16,786,671	$28,051,528
Actual employer contributions	--	10,868,361
Percentage of ARC contributed	--	38.74%
Funded ratio	50.87%	57.99%
Covered payroll	--	$114,223,909
Demographic data for plan year beginning July 1:		
Number of retirees and beneficiaries	2,921	2,913
Number of vested former participants	153	141
Number of active members	2,977	2,795
Total salary supplied by the Fund	$109,798,508	$107,686,693
Average salary	36,882	38,528

** Short fiscal year beginning July 1, 2012 and ending December 31, 2012.*

*** 2011 results shown here and throughout this report are based on the valuation performed by Goldstein & Associates.*

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retirees, and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2003 – 2012

Year Ended June 30	Active Members	Vested Terminated Members*	Retirees and Beneficiaries	Ratio Actives to Retirees and Beneficiaries
2003	3,179	N/A	3,074	1.03
2004	2,820	N/A	3,240	0.87
2005	2,881	186	3,184	0.90
2006	3,035	167	3,115	0.97
2007	3,040	162	3,056	0.99
2008	3,031	161	3,013	1.01
2009	2,865	159	3,013	0.95
2010	2,816	160	2,956	0.95
2011	2,795	141	2,913	0.96
2012	2,977	153	2,921	1.02

**Excludes terminated members due a refund of employee contributions*

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Active Members

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 2,977 active participants with an average age of 42.1, average years of service of 10.1 years and average salary of $36,882. The 2,795 active participants in the prior valuation had an average age of 42.6, average service of 10.6 years and average salary of $38,528.

Inactive Participants

In this year's valuation, there were 153 members with a vested right to a deferred or immediate vested benefit.

In addition, there were 3,740 members entitled to a return of their employee contributions.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of June 30, 2012

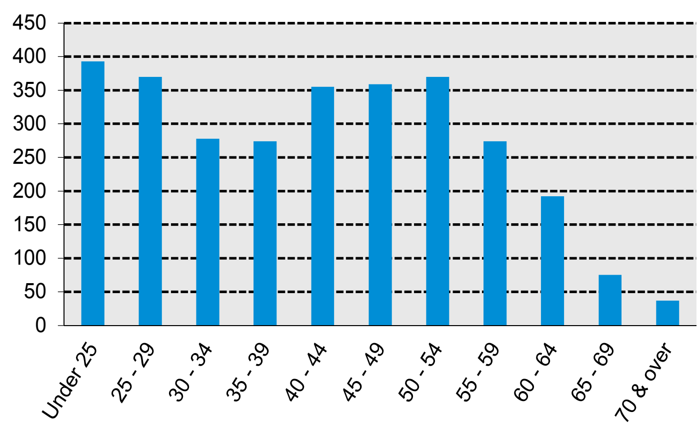
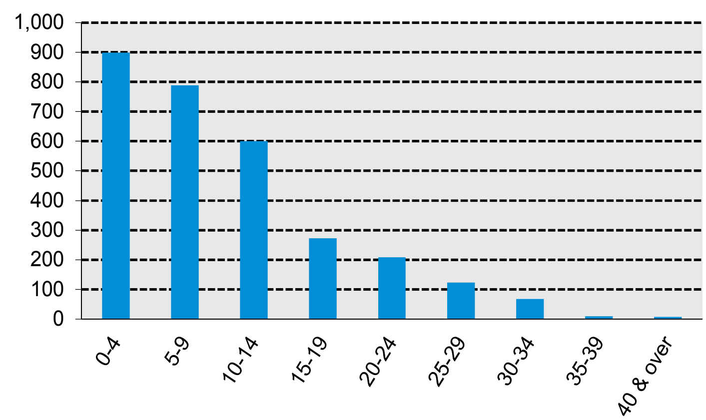


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2012



SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Retirees and Beneficiaries

As of June 30, 2012, 2,104 retirees, 804 beneficiaries, and 13 dependent children were receiving total monthly benefits of $5,332,972. For comparison, in the previous valuation there were 2,096 retirees, 803 beneficiaries, and 14 dependent children receiving total monthly benefits of $5,175,983.

These graphs show a distribution of the current retirees and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retirees by Monthly Amount as of June 30, 2012

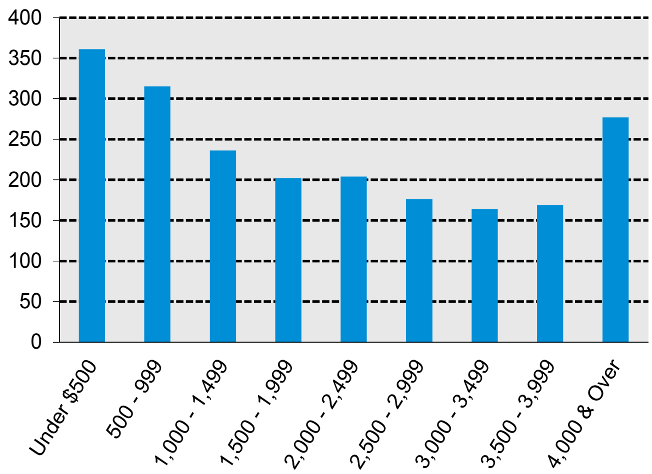
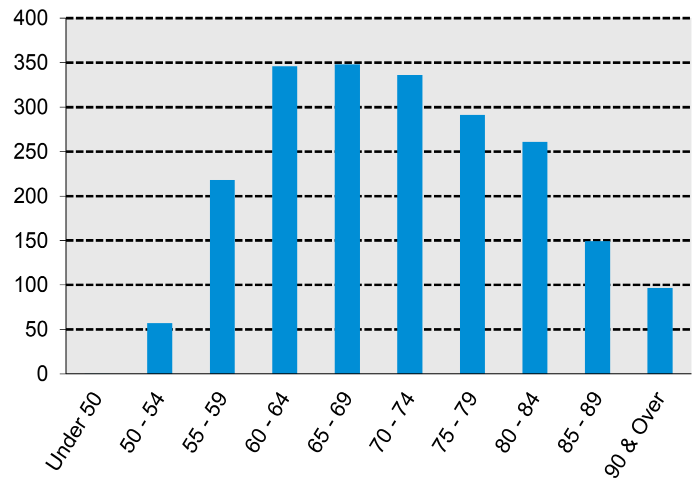


CHART 5

Distribution of Retirees by Age as of June 30, 2012



SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

B. FINANCIAL INFORMATION

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 6

Determination of Actuarial Value of Assets for Years Ended June 30, 2012 and June 30, 2011

	Original Amount*	% Recognized	2012	% Recognized	2011
1. Actuarial value of assets as of prior June 30			$489,370,505		$518,582,601
2. Employer and employee contributions			21,273,188		20,773,069
3. Benefits and expenses			67,147,261		65,203,795
4. Expected investment income			37,314,677		39,743,569
5. Total investment income, including income for securities lending			3,861,173		84,867,859
6. Investment gain/(loss) for the year ended June 30: (5) – (4)			-33,453,504		45,124,290
7. Expected actuarial value of assets: (1) + (2) - (3) + (4)			480,811,109		$513,895,444
8. Calculation of unrecognized return					
(a) Year ended June 30, 2012	-$33,453,504	20%	-$6,690,701		--
(b) Year ended June 30, 2011	45,124,290	20%	9,024,858	20%	$9,024,858
(c) Year ended June 30, 2010	-1,179,100	20%	-235,820	20%	-235,820
(d) Year ended June 30, 2009	-148,678,220	20%	-29,735,644	20%	-29,735,644
(e) Year ended June 30, 2008	-62,408,980	20%	-12,481,796	20%	-12,481,796
(f) Year ended June 30, 2007	44,517,315			20%	8,903,463
(g) Total recognized return			-40,119,103		-24,524,939
9. Actuarial value of assets as of June 30: (7) + (8g)			$440,692,006		$489,370,505

** Total return minus expected return on actuarial value*

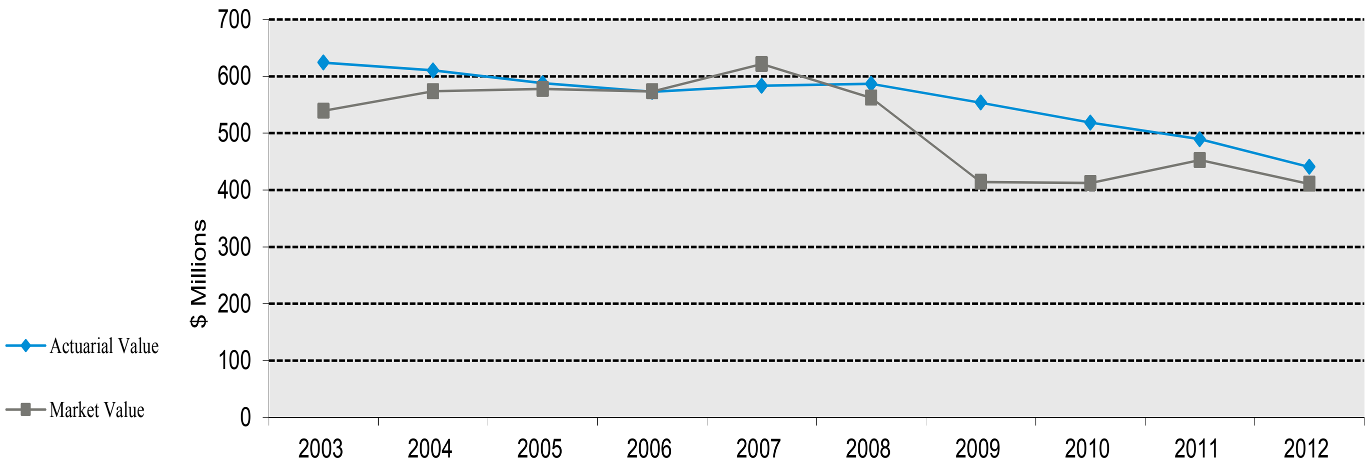
SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2003 – 2012



SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

C. ACTUARIAL EXPERIENCE

To calculate the actuarially required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $46,936,388, $40,119,103 from investment losses and $6,817,285 in losses from all other sources. The net experience variation from individual sources other than investments was less than 1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 8

Actuarial Experience for Year Ended June 30, 2012

1. Net gain/(loss) from investments*	-$40,119,103
2. Net gain/(loss) from administrative expenses	-9,376
3. Net gain/(loss) from other experience**	-6,807,909
4. Net experience gain/(loss): (1) + (2) + (3)	-$46,936,388

** Details in Chart 9*

*** Details in Chart 12*

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the PEABF's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00%. The actual rate of return on an actuarial basis for the 2012 plan year was -0.60%.

Since the actual return for the year was less than the assumed return, the PEABF experienced an actuarial loss during the year ended June 30, 2012 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 9

Actuarial Value Investment Experience for Year Ended June 30, 2012

1. Actual return	-$2,804,426
2. Average value of actuarial assets	466,433,469
3. Actual rate of return: (1) ÷ (2)	-0.60%
4. Assumed rate of return	8.00%
5. Expected return: (2) x (4)	$37,314,677
6. Actuarial gain/(loss): (1) – (5)	-$40,119,103

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Chart 10
Investment Return

Year Ended June 30	Market Value	Actuarial Value
2003	4.3%	3.0%
2004	13.4%	3.6%
2005	8.9%	4.0%
2006	7.4%	5.3%
2007	16.2%	9.3%
2008	-3.0%	8.1%
2009	-18.6%	2.0%
2010	11.3%	1.5%
2011	21.0%	3.1%
2012	0.9%*	-0.6%
Average Returns		
Last 5 years:	1.4%	2.8%
Last 10 years:	5.6%	3.9%

** As determined by Segal*

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

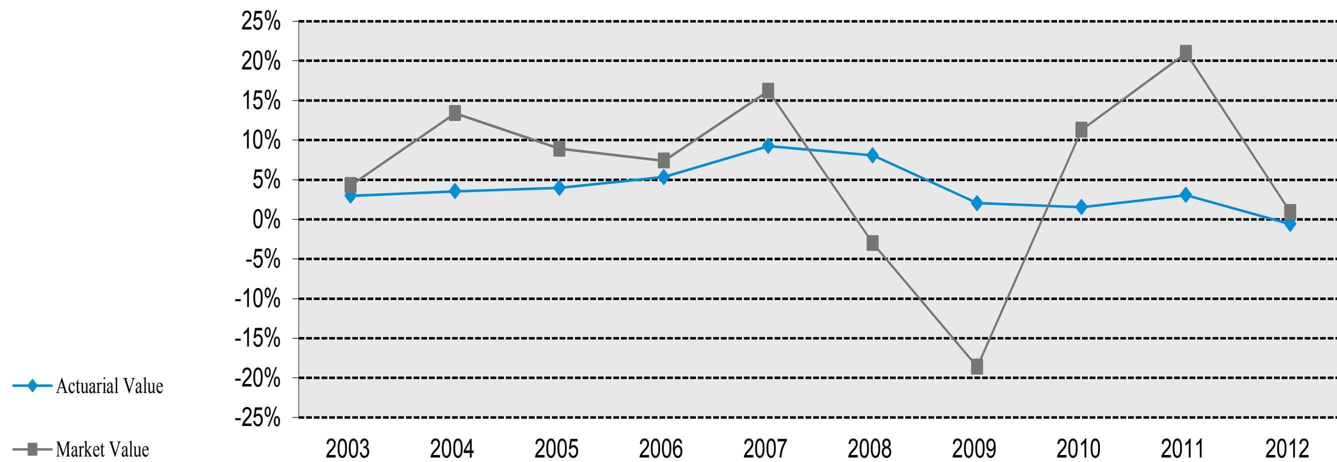
Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling the actuarially required contribution.

Administrative Expenses
Administrative expenses for the year ended June 30, 2012 totaled $1,644,603 compared to the assumption of $1,573,850. This resulted in a loss of $9,376 for the year.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2012.

CHART 11

Market and Actuarial Rates of Return for Years Ended June 30, 2003 - 2012



SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2012 amounted to $6,807,909, which is approximately 0.8% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the PEABF for the year ended June 30, 2012 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 12

Experience Due to Changes in Demographics for Year Ended June 30, 2012

1.	Turnover	-$2,388,968
2.	Retirement	-3,644,905
3.	Deaths among retired members and beneficiaries	1,425,361
4.	Salary/service increase for continuing actives	1,665,539
5.	Other decrements	-2,262,791
6.	Miscellaneous	-1,602,145
7.	Total	-$6,807,909

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

D. DEVELOPMENT OF EMPLOYER COSTS

The amount of Annual Required Contribution as defined by the Governmental Accounting Standards Board (GASB) is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the Annual Required Contribution of 29.14% of payroll.

GASB allows that the unfunded actuarial accrued liability be amortized over 30 years. This period is reset to 30 each year.

The chart compares this valuation's actuarially determined contribution with the prior valuation.

CHART 13

Annual Required Contribution

	Year Beginning June 30			
	2012*		2011**	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost	$7,623,150	13.29%	$14,950,209	13.88%
2. Administrative expenses	863,417	1.50%	1,573,850	1.46%
3. Expected employee contributions	-5,163,197	-9.00%	-9,691,802	-9.00%
4. Employer normal cost: (1) + (2) + (3)	$3,323,370	5.79%	$6,832,257	6.34%
5. Employer normal cost, adjusted for timing***	3,452,901	6.02%	6,832,257	6.34%
6. Actuarial accrued liability	866,370,565		843,943,240	
7. Actuarial value of assets	440,692,006		489,370,505	
8. Unfunded actuarial accrued liability: (6) – (7)	$425,678,559		$354,572,735	
9. Payment on unfunded actuarial accrued liability	13,333,770	23.24%	21,219,271	19.71%
10. Annual Required Contribution, adjusted for timing***: (5) + (9)	$16,786,671	29.26%	$28,051,528	26.05%
11. Projected payroll	$57,368,854		$107,686,693	

* *Short fiscal year beginning July 1, 2012 and ending December 31, 2012.*

** *Calculated by Goldstein & Associates in the June 30, 2011 actuarial valuation.*

*** *Recommended contributions are assumed to be paid at the middle of every month.*

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

The Annual Required Contribution as of July 1, 2012 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Annual Required Contribution

The chart below details the changes in the Annual Required Contribution from the prior valuation to the current year's valuation.

The chart reconciles the Annual Required Contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of GASB Annual Required Contribution from July 1, 2011 to July 1, 2012

Annual Required Contribution as of July 1, 2011	$28,051,528
Effect of plan amendment(s)	0
Effect of expected change in amortization payment due to payroll growth	771,620
Effect of rolling amortization period	-437,179
Effect of change in administrative expense assumption	158,946
Effect of change in other actuarial assumptions	0
Effect of contributions (more)/less than recommended contribution	1,150,878
Effect of investment (gain)/loss	2,449,827
Effect of other gains and losses on accrued liability	408,553
Effect of net other changes	1,019,169
Effect of short fiscal year	-16,786,671
Total change	-$11,264,857
Annual Required Contribution as of July 1, 2012	$16,786,671

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit Fund of Chicago

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Fund.

The other critical piece of information regarding the PEABF's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Fund as calculated under the GASB standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Employer Contributions, Years Ended June 30

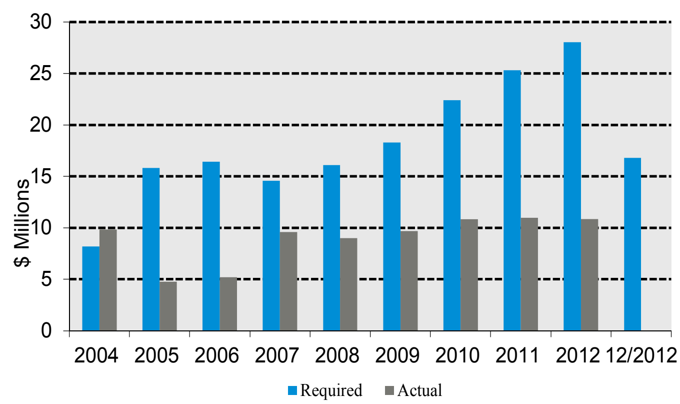
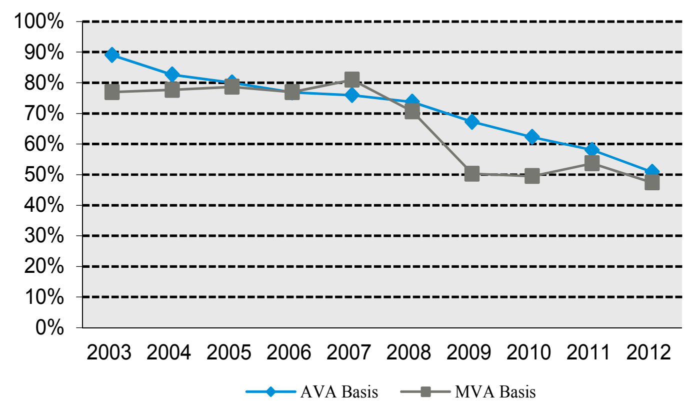


CHART 16

Funded Ratio, Years Ended June 30



SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT A

Table of Plan Coverage

	Year Ended June 30		
Category	**2012**	**2011**	**Change From Prior Year**
Active members in valuation:			
Number	2,977	2,795	6.5%
Average age	42.1	42.6	-1.2%
Average years of service	10.1	10.6	-4.7%
Total salary supplied by the Fund	$109,798,508	$107,686,693	2.0%
Average salary	36,882	38,528	-4.3%
Total active vested participants with at least 10 years of service	1,260	1,323	-4.8%
Vested terminated members	153	141	8.5%
Non-vested terminated members eligible for a return of contributions	3,740	3,735	0.1%
Service retirees:			
Number in pay status	2,104	2,096	0.4%
Average age	71.4	71.5	-0.1%
Average monthly benefit	$2,103	$2,056	2.3%
Beneficiaries (including children) in pay status:			
Number in pay status	817	817	0.0%
Average age	77.0	77.4	-0.5%
Average monthly benefit	$1,113	$1,061	4.9%
Total number of members	9,791	9,584	2.1%

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT B

Participants in Active Service as of June 30, 2012
By Age, Years of Service, and Average Salary

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**Over 40**
Under 25	393	329	64	- -	- -	- -	- -	- -	- -	- -
	$18,741	$18,172	$21,667	- -	- -	- -	- -	- -	- -	- -
25-29	370	171	174	25	- -	- -	- -	- -	- -	- -
	25,741	24,289	25,765	$35,497	- -	- -	- -	- -	- -	- -
30-34	278	113	87	72	6	- -	- -	- -	- -	- -
	33,867	28,886	36,530	37,672	$43,382	- -	- -	- -	- -	- -
35-39	274	86	83	72	29	4	- -	- -	- -	- -
	38,193	26,393	42,531	45,673	40,071	$53,592	- -	- -	- -	- -
40-44	355	64	117	99	52	22	1	- -	- -	- -
	41,318	38,646	37,986	41,765	45,860	52,623	$73,158	- -	- -	- -
45-49	359	46	90	96	60	39	27	1	- -	- -
	42,444	30,333	29,747	44,852	53,708	51,984	58,233	$36,948	- -	- -
50-54	370	38	69	102	48	50	38	25	- -	- -
	46,125	25,230	35,818	46,967	48,836	55,465	56,290	63,560	- -	- -
55-59	274	30	48	68	36	35	28	23	5	1
	46,474	33,814	38,145	46,804	41,066	54,365	57,402	58,411	$61,156	$68,140
60-64	192	14	35	42	32	33	18	13	2	3
	45,061	21,245	34,546	47,723	38,878	58,541	54,033	60,044	52,976	35,283
65-69	75	5	17	14	6	18	9	3	2	1
	42,908	18,357	45,239	28,421	57,122	47,269	51,794	48,041	58,902	37,708
Over 70	37	3	4	10	4	7	2	3	1	3
	39,298	46,882	27,563	36,625	41,590	32,256	67,055	52,554	39,215	37,907
Total	2,977	899	788	600	273	208	123	68	10	8
	$36,882	$24,514	$33,110	$43,451	$46,173	$53,288	$56,622	$59,585	$56,875	$40,677

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT C

Reconciliation of Participant Data

	Active Members	Inactive Members	Retirees	Beneficiaries	Total
Number as of June 30, 2011	2,795	3,876	2,096	817	9,584
New participants	417	N/A	N/A	N/A	417
Terminations	(83)	83	0	0	0
Retirements	(55)	(35)	90	N/A	0
New disabilities	0	0	N/A	N/A	0
Died with beneficiary	(2)	0	(47)	63	14
Died without beneficiary	0	(1)	(61)	(48)	(110)
Refunds	(101)	(36)	0	0	(137)
Rehire	6	(6)	0	N/A	0
Certain period expired	N/A	N/A	(1)	(1)	(2)
Data adjustments	0	12	27	(14)	25
Number as of June 30, 2012	2,977	3,893	2,104	817	9,791

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT D

Schedule of Pensioners and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Fiscal Year	Number	Annual Allowances	Number	Annual Allowances	Number*	Annual Allowances	% Increase in Avg. Annual Allowances	Average Annual Allowances
2002	132	2,907,468	193	1,771,252	3,095	46,549,896	4.5	15,040
2003	131	2,946,242	186	2,418,091	3,040	47,078,047	3.0	15,486
2004	351	9,796,355	176	2,020,035	3,215	54,854,367	10.2	17,062
2005	118	2,771,265	174	2,211,151	3,159	55,414,481	2.8	17,542
2006	117	3,304,140	184	2,631,780	3,092	56,086,841	3.4	18,139
2007	112	3,487,985	159	1,927,814	3,045	56,974,652	3.2	18,711
2008	127	3,714,283	177	2,321,096	2,995	58,367,839	4.2	19,488
2009	137	4,920,931	136	2,637,590	2,996	60,651,180	3.9	20,244
2010	113	3,442,389	167	2,903,979	2,942	61,189,590	2.7	20,799
2011	124	3,735,377	167	2,828,495	2,899	62,096,472	3.0	21,420
2012	167	4,681,195	158	2,797,326	2,908	63,980,341	2.7	22,001

** Does not include child beneficiaries receiving a pension.*

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Net assets at market value at the beginning of the year		$452,810,488		$412,373,355
Contribution income:				
Employer contributions	$10,868,361		$10,981,419	
Employee contributions	10,404,827		9,791,650	
Administrative expenses	-1,644,603		-1,498,905	
Net contribution income		19,628,585		$19,274,164
Securities lending income		65,231		62,021
Investment income:				
Interest, dividends and other income	$6,344,103		$7,855,042	
Asset appreciation	78,361		79,741,346	
Less investment and administrative fees	-2,626,522		-2,790,550	
Net investment income		3,795,942		84,805,838
Total income available for benefits		$23,489,758		$104,142,023
Less benefit payments:				
Annuity Payments	-$62,868,556		-$61,344,041	
Disability & Death	-645,949		-698,491	
Refund of Contributions	-1,988,153		-1,662,358	
Net benefit payments		-$65,502,658		-$63,704,890
Change in reserve for future benefits		-$42,012,900		$40,437,133
Net assets at market value at the end of the year		$410,797,588		$452,810,488

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Cash		$0		$64,527
Accounts receivable		1,233,026		1,652,972
Investments, at fair value:				
Short-term investments	$9,311,424		$12,474,656	
Bonds	65,824,474		81,736,788	
Common and preferred stocks	55,138,935		64,193,591	
Collective investment funds	95,983,701		133,104,264	
Mutual funds	14,575,794		0	
Pooled separate real estate accounts	10,868,246		10,485,505	
Private equity partnerships	155,691,096		150,622,560	
Total investments at market value		407,393,670		452,617,364
Invested securities lending collateral		40,244,278		41,247,636
Prepaid annuity benefits		3,785,303		
Furniture and fixtures, net		50,520		62,949
Prepaid expenses		43,324		36,614
Total assets		$452,750,121		$495,682,062
Less accounts payable:				
Accounts payable	-$398,409		-$424,804	
Deferred rent	-106,951		-12,179	
Accrued benefits payable	-267,407		-201,750	
Securities lending collateral	-40,244,278		-41,247,636	
Due to broker for securities purchased	-935,488		-985,205	
Total accounts payable		-$41,952,533		-$42,871,574
Net assets at market value		$410,797,588		$452,810,488
Net assets at actuarial value		$440,692,006		$489,370,505

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT G

Development of the Fund Through June 30, 2012

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2003	$9,842,559	$9,533,018	$18,488,940	$1,169,531	$50,235,186	$624,209,658
2004	9,840,681	10,593,581	21,513,929	1,199,194	54,664,806	610,293,849
2005	4,768,605	8,515,799	23,243,252	1,185,866	57,861,496	587,774,143
2006	5,173,860	9,117,032	30,196,992	1,231,485	58,371,413	572,659,129
2007	9,594,593	9,719,082	51,140,015	1,237,899	58,578,971	583,295,949
2008	8,998,687	10,264,805	45,344,625	1,289,579	59,938,455	586,676,032
2009	9,677,765	10,141,146	11,539,827	1,335,180	62,945,073	553,754,517
2010	10,829,339	9,829,998	8,194,551	1,465,562	62,560,242	518,582,601
2011	10,981,419	9,791,650	15,218,630	1,498,905	63,704,890	489,370,505
2012	10,868,361	10,404,827	-2,804,426	1,644,603	65,502,658	440,692,006

** Net of investment fees*

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability

	Year Ending June 30			
	2012		2011	
1. Unfunded actuarial accrued liability at beginning of year		$354,572,735		$314,443,347
2. Normal cost at beginning of year		16,524,059		16,163,894
3. Total contributions		-21,273,188		-20,773,069
4. Interest				
(a) Unfunded actuarial accrued liability and normal cost	$29,687,744		$26,448,579	
(b) Total contributions	-769,179		-751,096	
(c) Total interest: (4a) – (4b)		28,918,565		25,697,483
5. Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4c)		$378,742,171		$335,531,655
6. Changes due to (gain)/loss from:				
(a) Investments	$40,119,103		$24,490,749	
(b) Demographics and other	6,817,285		-5,449,669	
(c) Total changes due to (gain)/loss: (6a) + (6b)		$46,936,388		$19,041,080
7. Change to due plan amendments		0		0
8. Change in actuarial assumptions		0		0
9. Unfunded accrued liability at end of year: (5) + (6c) + (7) + (8)		$425,678,559		$354,572,735

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT I

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Actuarial Cost Method: A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the Annual Required Contribution.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., PEABF's assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is:

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

a. Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)
b. Multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
c. Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB Statement No. 25, such as the funded ratio and the ARC.

Actuarial Value of Assets: The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ARC.

Actuarially Determined: Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: The portion of the pension plan contribution, or ARC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB Statement No. 25. The ARC consists of the Employer Normal Cost and the Amortization Payment.

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Fund is calculated including:

(a) Investment return - the rate of investment yield that the Fund will earn over the long-term future;

(b) Mortality rates - the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates - the rate or probability of retirement at a given age;

(d) Turnover rates - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement;

(e) Salary increase rates - the rates of salary increase due to inflation and productivity growth.

Closed Amortization Period: A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA, although GASB 25 reporting requires the use of the AVA.

GASB: Governmental Accounting Standards Board.

GASB 25 and GASB 27: Governmental Accounting Standards Board Statements No. 25 and No. 27. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.

Investment Return: The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Margin: The difference, whether positive or negative, between the statutory employer contribution rate and the Annual Required Contribution (ARC) as defined by GASB 25.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial

SECTION 3: Supplemental Information for the Park Employees' Annuity and Benefit Fund of Chicago

Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount, or in relation to covered payroll, if the actuarial assumptions are realized.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:		
1. Pensioners as of the valuation date (including 804 beneficiaries and 13 dependent children)		2,921
2. Members inactive during year ended June 30, 2012 with vested rights		153
3. Members active during the year ended June 30, 2012		2,977
Fully vested	1,260	
Not vested	1,717	
4. Other non-vested inactive members as of June 30, 2012		3,740
The actuarial factors as of the valuation date are as follows:		
1. Employer normal cost, including administrative expenses		$3,323,370
2. Actuarial accrued liability		866,370,565
Retires and beneficiaries	$599,353,146	
Inactive participants with vested rights	22,357,950	
Active participants	244,659,469	
3. Actuarial value of assets ($410,797,588 at market value)		440,692,006
4. Unfunded actuarial accrued liability		$425,678,559
5. Funded ratio: (3) ÷ (2)		50.9%

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the Annual Required Contribution (GASB 25)* is as follows:

1.	Total normal cost	$7,623,150
2.	Administrative expenses	863,417
3.	Expected employee contributions	-5,163,197
4.	Employer normal cost: (1) + (2) + (3)	$3,323,370
5.	Employer normal cost projected, adjusted for timing	3,452,901
6.	Payment on projected unfunded/(overfunded) actuarial accrued liability	13,333,770
7.	Total Annual Required Contribution: (5) + (6), adjusted for timing	$16,786,671
8.	Estimated employer contributions provided by the Fund, reflecting 3% loss on collections	$5,061,120
9.	Projected payroll	$57,368,854
10.	Total Annual Required Contribution as a percentage of projected payroll: (7) ÷ (9)	29.26%

** Short fiscal year beginning July 1, 2012 and ending December 31, 2012.*

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT II

Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2003	$7,546,740	$9,842,559	130.4%
2004	8,203,656	9,840,681	120.0%
2005	15,812,224	4,768,605	30.2%
2006	16,436,993	5,173,860	31.5%
2007	14,571,540	9,594,593	65.8%
2008	16,073,257	8,998,687	56.0%
2009	18,285,474	9,667,765	52.9%
2010	22,399,740	10,829,339	48.3%
2011	25,319,145	10,981,419	43.4%
2012	28,051,528	10,868,361	38.7%

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
06/30/2003	$624,209,658	$701,208,927	$76,999,269	89.02%	$102,329,721	75.25%
06/30/2004	610,293,849	738,578,830	128,284,981	82.63%	87,840,802	146.04%
06/30/2005	587,774,143	734,360,705	146,586,562	80.04%	95,707,132	153.16%
06/30/2006	572,659,129	745,244,239	172,585,110	76.84%	101,058,024	170.78%
06/30/2007	583,295,949	767,930,632	184,634,683	75.96%	106,601,982	173.20%
06/30/2008	586,676,032	795,379,129	208,703,097	73.76%	111,698,366	186.85%
06/30/2009	553,754,517	823,896,936	270,142,419	67.21%	108,882,742	248.10%
06/30/2010	518,582,601	833,025,948	314,443,347	62.25%	107,361,021	292.88%
06/30/2011	489,370,505	843,943,240	354,572,735	57.99%	107,686,693	329.26%
06/30/2012	440,692,006	866,370,565	425,678,559	50.87%	114,223,909	372.67%

** Not less than zero*

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT IV

Solvency Test

	June 30, 2012	June 30, 2011
1. Actuarial accrued liability (AAL)		
a. Active member contributions	$158,144,7933	$151,828,106
b. Retirees and beneficiaries	599,353,1466	583,999,785
c. Active and inactive members (employer financed)	108,872,6266	108,115,349
d. Total	$866,370,565	$843,943,240
2. Actuarial value of assets	440,692,006	489,370,505
3. Cumulative portion of AAL covered		
a. Active member contribution	100.0%	100.0%
b. Retirees and beneficiaries	47.1%	57.8%
c. Active and inactive members (employer financed)	0.0%	0.0%

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT V

Supplementary Information Required by the GASB

Valuation date	June 30, 2012
Actuarial cost method	Projected unit credit cost method
Amortization method	Level percent of payroll
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.00%
Inflation rate	3.00%
Payroll growth	3.50%
Projected salary increases	4.50%
Cost of living adjustments	3% simple for Tier 1 retirees; the lesser of 3% or one-half CPI, compounded, for Tier 2 retirees
Plan membership:	
Retirees and beneficiaries receiving benefits	2,921
Terminated members entitled to, but not yet receiving benefits	3,893
Active members	2,977
Total	9,791

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

The UP-1994 Mortality Table for Males, set forward 1 year for male participants, and the UP-1994 Mortality Table for Females, set forward 1 year for female participants (adopted June 30, 2005).

The mortality table specified above was determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience as of the measurement date.

Termination Rates:

Termination rates are based on recent experience of the Fund were used (adopted June 30, 2008). Sample rates are shown below.

	Rate (%)		
Age	**0-4 Years of Service**	**4-10 Years of Service**	**10+ Years of Service**
20	28.1		
25	26.0	16.2	
30	17.9	9.2	6.6
35	16.7	9.0	5.7
40	15.6	6.8	4.9
45	11.3	6.5	4.0
50	11.0	6.3	
55	10.7	6.0	

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

Retirement Rates:

For employees first hired prior to January 1, 2011, rates of retirement for each age from 50 to 75 based on the recent experience of the Fund were used (adopted June 30, 2008). Sample rates are shown below.

	Rate (%)	
Age	<30 Years of Service	30+ Years of Service
50	5.0	40.0
55	5.5	20.0
60	8.0	8.0
65	12.0	12.0
70	14.0	14.0
75	100.0	100.0

For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 75 were used (adopted June 30, 2011). Sample rates are shown below.

Age	Rate (%)
62	5.0
65	2.0
67	5.0
70	2.0
75	100.0

Valuation of Inactive Vested Participants: The liability for an inactive member is equal to his or her existing account balance, or twice the existing account balance, if the participant has at least 10 years of service.

Unknown Data for Participants: Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.

Spouses: 75% of participants were assumed to be married and females are assumed to be 2 years younger than males.

Disability Benefit Valuation: Disability benefits are valued in normal cost by annualizing the actual monthly disability payment amounts for the month prior to the valuation date.

Net Investment Return: 8.00% per year

Salary Increases: 4.50% per year

Payroll Growth: 3.50% per year

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

Administrative Expenses:	Equal to actual expenses for the prior year, increased by 5%.
Actuarial Value of Assets:	The actuarial value of assets was determined by smoothing unexpected gains and losses over a period of 5 years. The gain or loss for a year is calculated as the total investment income on the market value of assets, minus expected investment return on the prior actuarial value of assets. The final actuarial value is equal to the expected actuarial value plus (or minus) 20% of the calculated gain (or loss) in the prior 5 years.
Actuarial Cost Method:	Projected Unit Credit (adopted June 30, 2005). Under this method, the projected benefits of each individual included in the valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the accrued liability.
Changes in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

SECTION 4: Reporting Information for the Park Employees' Annuity and Benefit Fund of Chicago

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the PEABF included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership:	Any person employed by the Chicago Park District in a position requiring service for 6 months or more in a calendar year is required to become a member of the Fund as a condition of employment.
Employee Contributions:	All members of the Fund are required to contribute 9% of salary to the Fund as follows: 7% for the retirement pension, 1% for the spouse's pension, and 1% for the automatic increases in the retirement pension. In addition, employees are required to contribute $3.60 per month toward the cost of the single sum death benefit.
Retirement Pension:	a. Eligibility – An employee may retire at age 50 with at least 10 years of service or at age 60 with 4 years of service. If retirement occurs before age 60, the retirement pension is reduced ¼ of 1% of each month that the age of the member is below 60. However, there is no reduction if the employee has at least 30 years of service. b. Amount – The retirement pension is based on the average of the 4 highest consecutive years of salary within the last 10 years. For an employee who withdraws from service on or after December 31, 2003, the amount of the retirement pension is 2.4% of highest average salary for each year of service. The maximum pension payable is 80% of the highest annual salary. An employee who was a participant before July 1, 1971 is entitled to the pension provided under the money purchase formula if it provides a greater pension than that provided under the above fixed benefit formula. An employee who first becomes a participant on or after January 1, 2011 is subject to the following provisions: 1. The highest salary for annuity purposes is equal to the average monthly salary obtained by dividing the participant's total salary during the 96 consecutive months of service within the last 120 months of service in which the total compensation was the highest by the number of months in that period. 2. For 2011, the final average salary is limited to the Social Security wage base of $106,800. Limitations for future years shall automatically

be increased by the lesser of 3% or one-half the percentage change in the Consumer Price Index-U during the preceding calendar year.

3. A participant is eligible to retire with unreduced benefits after attainment of age 67 with at least 10 years of service credit. However, a participant may elect to retire at age 62 with at least 10 years of service credit and receive a retirement annuity reduced by ½ of 1% for each month that the age of the member is below 67.

Post-Retirement Increase:

An employee retiring at age 60 or over, or an employee with 30 or more years of service, is entitled to automatic annual increases of 3% of the originally granted pension following one year's receipt of pension payments. In the case of an employee with less than 30 years of service who retires before age 60, the increases begin following the later of attainment of age 60 and receipt of one year's pension payments.

Automatic annual increases in the retirement annuity for employees who first become a participant on or after January 1, 2011 is equal to the lesser of 3% or one-half the annual change in the Consumer Price Index-U, whichever is less, based on the originally granted retirement annuity.

Surviving Spouse's Pension:

A surviving spouse is entitled to a pension upon the death of an employee while in service or on retirement. If the surviving spouse is age 60 or over and the employee or retiree had at least 20 years of service, the minimum surviving spouse's pension is 50% of the deceased employee's or retired employee's pension at the date of death. If the age of the surviving spouse is less than 60, the pension is reduced ½ of 1% for each month the surviving spouse is under age 60. If the employee had less than 20 years or service, the surviving spouse is entitled to a pension under the money purchase formula, taking into account employee and employer contribution toward the surviving spouse's pension.

Surviving spouse's pensions are subject to annual increases of 3% per year based on the current amount of pension.

For employees who first become a participant on or after January 1, 2011, the initial survivor's annuity is equal to 66 2/3% of the participant's earned retirement annuity at the date of death, subject to automatic annual increases of the lesser of 3% or one-half of the increase in the Consumer Price Index-U during the preceding calendar year, based on the originally granted survivor's annuity.

Children's Pension:

Unmarried children of a deceased employee under the age of 18 are entitled to a children's pension. If either parent is living, the pension is $100.00 per month. If no parent survives, the pension for each child is

	\$150.00 per month. The total amount payable to a spouse or children may not exceed 60% of the employee's final salary.
Single Sum Death Benefit:	A death benefit is payable upon the death of an employee in service in addition to any other benefits payable to the surviving spouse or minor children. The death benefit payable is as follows: \$3,000 benefit during the first year of service, \$4,000 benefit during the second year of service, \$5,000 benefit during the third year of service, \$6,000 benefit during the fourth through tenth year of service, \$10,000 benefit If death occurs after ten or more years of service. Upon the death of a retired member with ten or more years of service, the \$10,000 maximum benefit is reduced to \$6,000 if death occurs during the first year of retirement. Thereafter, it is reduced by \$1,500 for each year or fraction of a year while on retirement, but shall not be less than \$3,000.
Ordinary Disability Benefit:	An ordinary disability benefit is payable after eight consecutive days of absence for illness without pay. The amount of the benefit is 45% of salary. The benefit is payable for a period not to exceed ¼ of the length of service or five years, whichever is less.
Occupational Disability Benefit:	Upon disability resulting from an injury incurred while on duty, an employee is entitled to a disability benefit of 75% of salary from the first day of absence without pay. The benefit is payable during the period of disability until the employee attains age 65, if disability is incurred before age 60, or for a period of five years if disability is incurred after age 60.
Occupational Death Benefit:	Upon the death of an employee resulting from an accident incurred in the performance of duty, the surviving spouse is entitled to an occupational death benefit of 50% of salary. Each unmarried child under the age of 18 is entitled to a benefit of \$100 per month. The combined payments to a family may not exceed 75% of the employee's final salary. The total payments are reduced by Workmen's Compensation benefits.
Refunds:	An employee who terminates employment before qualifying for a pension is entitled to a refund of employee contributions. The refund is payable to any employee who withdraws before age 55, regardless of the length of service. It is also payable to an employee who withdraws between age 55 and 60 with less than 10 years of service, and to an employee who withdraws after age 60 with less than 5 years of service.

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	An employee who is unmarried at date of retirement is entitled to a refund of the full amount contributed for the spouse's pension, without interest.
Plan Year:	July 1 through June 30
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

Statistical Section

Statistical Section Overview

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of the statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the financial statements, notes to financial statements, and required supplementary information, to better understand and assess the Fund's overall financial health.

Contents

MEMBERSHIP STATISTICS

	FY 2012	FY 2011
Active participants	2,977	2,795
Retired employees' - annuities	2,104	2,096
Surviving spouses – annuities	804	803
Children - annuities	13	14
Retirements granted during the year	100	78
Retirement deductions due to deaths and pension terminations	111	109
New members	434	188
Withdrawals with refund	141	115

The above schedule provides details about the changes in the number of active participants, as well as the changes in the number and type of annuitants for the year.

Active Members and Total Annual Salaries by Age at June 30, 2012

Table I

Age at 06/30/12	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
18	3	$ 21,106	2	$ 7,461	5	$ 28,567
19	4	21,621	13	113,036	17	134,657
20	25	275,455	21	187,068	46	462,523
21	33	474,845	27	313,442	60	788,287
22	39	505,332	38	621,858	77	1,127,190
23	45	747,889	42	615,696	87	1,363,585
24	56	978,602	46	804,540	102	1,783,142
25	50	960,518	32	574,614	82	1,535,132
26	47	1,051,938	32	661,296	79	1,713,234
27	39	997,790	22	509,079	61	1,506,869
28	35	880,973	39	1,113,314	74	1,994,287
29	48	1,396,974	25	684,087	73	2,081,061
30	36	1,096,880	27	710,350	63	1,807,230
31	31	982,086	18	649,232	49	1,631,318
32	40	1,024,153	21	512,176	61	1,536,329
33	35	1,170,729	24	724,741	59	1,895,470
34	20	771,633	27	1,060,658	47	1,832,291
35	26	1,004,039	23	787,173	49	1,791,212
36	31	933,097	22	787,647	53	1,720,744
37	29	921,042	24	1,076,522	53	1,997,564
38	32	1,165,655	24	944,013	56	2,109,668
39	41	1,546,129	21	523,620	62	2,069,749
40	28	1,171,261	28	1,073,448	56	2,244,709
41	36	1,208,685	33	1,292,600	69	2,501,285
42	54	2,109,054	25	1,143,081	79	3,252,135
43	45	1,689,262	29	1,153,643	74	2,842,905
44	48	1,993,764	30	1,106,215	78	3,099,979
45	39	1,632,831	31	1,176,478	70	2,809,309
46	34	1,493,552	28	1,100,481	62	2,594,033
47	47	1,915,612	45	1,754,303	92	3,669,915
48	39	1,808,110	26	1,009,068	65	2,817,178
49	44	1,776,805	25	1,080,299	69	2,857,104
50	54	2,886,294	33	1,234,782	87	4,121,076
51	39	1,787,552	37	1,640,439	76	3,427,991
52	46	2,255,428	26	1,074,229	72	3,329,657

Active Members and Total Annual Salaries by Age at June 30, 2012

Table I
(continued)

	Male		Female		Total	
Age at 06/30/12	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**
53	49	$ 2,211,816	22	$ 1,034,702	71	$ 3,246,518
54	42	1,837,632	22	881,558	64	2,719,190
55	39	1,987,142	19	680,247	58	2,667,389
56	36	1,890,605	17	745,036	53	2,635,641
57	40	1,818,329	17	754,584	57	2,572,913
58	38	1,934,470	21	732,873	59	2,667,343
59	28	1,448,434	19	651,421	47	2,099,855
60	33	1,535,050	15	571,711	48	2,106,761
61	40	2,131,041	14	640,805	54	2,771,846
62	34	1,503,691	9	404,827	43	1,908,518
63	15	736,684	4	190,602	19	927,286
64	22	658,147	6	196,814	28	854,961
65	15	637,814	3	144,409	18	782,223
66	12	482,764	1	37,321	13	520,085
67	13	531,828	6	200,614	19	732,442
68	11	355,969	2	107,877	13	463,846
69	8	444,986	4	238,145	12	683,131
70	3	104,675	1	37,683	4	142,358
71	5	133,156	2	58,176	7	191,332
72	4	241,663	-	-	4	241,663
73	5	251,143	2	83,932	7	335,075
74	5	218,456	-	-	5	218,456
75	4	176,263	-	-	4	176,263
76	1	12,660	-	-	1	12,660
77	1	20,565	-	-	1	20,565
78	-	-	1	8,528	1	8,528
80	3	105,956	-	-	3	105,956
	1,804	$ 66,067,635	1,173	$ 38,222,554	2,977	$104,290,189

	Male	Female	Both
Average Age:	42.9	39.7	41.6
Average Salary:	$36,623	$32,585	$35,032

Note: The criteria used for the calculation of average age and salary for the active members are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Active Members and Total Annual Salaries by Length of Service at June 30, 2012

Table II

Years of Service	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
< 1	248	$ 1,883,027	149	$ 1,141,852	397	$ 3,024,879
1	95	2,049,363	82	1,651,317	177	3,700,680
2	86	2,262,247	88	2,012,593	174	4,274,840
3	47	1,032,435	27	728,505	74	1,760,940
4	111	3,346,870	73	1,705,248	184	5,052,118
5	126	3,479,929	104	2,895,187	230	6,375,116
6	104	3,269,682	61	1,767,037	165	5,036,719
7	97	4,431,649	61	1,769,816	158	6,201,465
8	65	2,841,576	30	1,339,677	95	4,181,253
9	43	1,465,654	20	754,025	63	2,219,679
10	41	1,667,656	22	719,591	63	2,387,247
11	51	1,916,350	40	1,539,279	91	3,455,629
12	72	3,389,378	49	2,373,875	121	5,763,253
13	84	3,958,745	52	2,273,517	136	6,232,262
14	52	2,371,595	40	1,722,782	92	4,094,377
15	49	2,028,429	39	1,589,047	88	3,617,476
16	56	2,591,797	45	2,099,789	101	4,691,586
17	20	784,981	19	981,030	39	1,766,011
18	15	695,121	10	640,747	25	1,335,868
19	16	917,325	11	611,183	27	1,528,508
20	44	2,191,031	25	1,299,062	69	3,490,093
21	25	1,566,717	10	423,289	35	1,990,006
22	29	1,931,971	15	809,074	44	2,741,045
23	17	1,144,875	25	1,271,988	42	2,416,863
24	15	913,640	6	309,705	21	1,223,345
25	22	1,280,006	7	406,093	29	1,686,099
26	33	1,897,714	14	774,518	47	2,672,232
27	25	1,583,035	11	541,932	36	2,124,967
28	16	839,750	7	418,269	23	1,258,019
29	14	846,904	8	447,466	22	1,294,370
30	8	563,557	3	153,393	11	716,950
31	29	2,102,909	7	409,473	36	2,512,382
32	23	1,366,327	3	158,717	26	1,525,044
33	6	332,095	5	287,580	11	619,675
34	4	240,600	-	-	4	240,600

Active Members and Total Annual Salaries by Length of Service at June 30, 2012

Table II
(continued)

	Male		Female		Total	
Years of Service	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**
35	2	$ 122,637	1	$ 48,277	3	$ 170,914
36	1	67,285	-	-	1	67,285
37	4	217,673	-	-	4	217,673
38	3	194,504	-	-	3	194,504
39	1	39,215	1	63,585	2	102,800
40	1	68,140	1	8,501	2	76,641
41	1	47,025	-	-	1	47,025
43	1	38,213	2	75,535	3	113,748
45	1	50,323	-	-	1	50,323
52	1	37,680	-	-	1	37,680
	1,804	$66,067,635	1,173	$38,222,554	2,977	$104,290,189

	Male	Female	Both
Average Service:	10.2 years	9.1 years	9.8 years
Average Salary:	$36,623	$32,585	$35,032

Note: The criteria used for the calculation of average service and salary for the active members are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Retirement Pensions by Age and Annual Payments at June 30, 2012

Table III

Age at 06/30/12	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
47	-	$ -	1	$ 15,106	1	$ 15,106
50	9	183,974	1	14,904	10	198,878
51	3	142,198	1	9,655	4	151,853
52	9	193,618	3	37,429	12	231,047
53	14	507,610	6	120,906	20	628,516
54	17	608,903	2	96,203	19	705,106
55	16	407,700	4	134,363	20	542,063
56	34	1,183,906	16	451,993	50	1,635,899
57	46	1,400,002	13	419,155	59	1,819,157
58	41	1,228,455	13	288,543	54	1,516,998
59	40	1,062,577	24	626,661	64	1,689,238
60	40	1,224,689	16	309,364	56	1,534,053
61	60	1,541,058	23	585,662	83	2,126,720
62	52	1,531,858	13	326,560	65	1,858,418
63	55	1,504,473	17	393,322	72	1,897,795
64	56	1,575,072	21	511,273	77	2,086,345
65	61	1,589,527	12	181,773	73	1,771,300
66	56	1,184,821	19	407,569	75	1,592,390
67	37	1,057,807	14	252,772	51	1,310,579
68	48	1,520,942	20	397,212	68	1,918,154
69	69	1,880,931	23	442,231	92	2,323,162
70	43	1,156,790	21	299,269	64	1,456,059
71	49	1,466,295	15	245,702	64	1,711,997
72	35	890,945	14	106,655	49	997,600
73	51	1,455,308	17	300,587	68	1,755,895
74	47	1,243,857	9	122,531	56	1,366,388
75	54	1,293,276	12	241,309	66	1,534,585
76	42	1,112,580	16	317,727	58	1,430,307
77	48	1,352,773	11	174,063	59	1,526,836
78	51	1,417,612	14	149,791	65	1,567,403
79	43	1,013,009	17	291,069	60	1,304,078
80	36	749,211	11	175,798	47	925,009
81	48	1,121,825	9	133,815	57	1,255,640
82	38	1,105,180	10	212,924	48	1,318,104
83	35	978,960	9	129,082	44	1,108,042
84	36	897,291	9	111,514	45	1,008,805

Retirement Pensions by Age and Annual Payments at June 30, 2012

Table III
(continued)

	Male		Female		Total	
Age at 06/30/12	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**
85	32	$ 824,744	8	$ 137,632	40	$ 962,376
86	16	450,599	6	90,505	22	541,104
87	24	783,917	9	134,643	33	918,560
88	12	272,083	7	121,329	19	393,412
89	22	536,101	6	54,299	28	590,400
90	13	273,948	5	44,126	18	318,074
91	12	297,922	9	214,141	21	512,063
92	6	133,130	3	53,810	9	186,940
93	7	225,984	4	91,309	11	317,293
94	5	187,458	2	47,994	7	235,452
95	5	102,052	3	13,997	8	116,049
96	2	53,203	2	19,413	4	72,616
97	1	1,883	4	32,979	5	34,862
98	1	70,064	1	6,137	2	76,201
100	1	1,448	-	-	1	1,448
102	-	-	1	3,113	1	3,113
	1,578	$42,999,569	526	$ 10,099,919	2,104	$ 53,099,488

	Male	Female	Both
Average Age:	70.9	71.0	70.9
Average Annual Payments:	$27,249	$19,201	$25,237

Note: The criteria used for the calculation of average age and annual payments for retirees are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Retirement Pensions by Age at Time of Retirement at June 30, 2012 **Table IV**

	Male		Female		Total	
Age at 06/30/12	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
36	-	$ -	1	$ 15,106	1	$ 15,106
44	-	-	1	12,664	1	12,664
49	-		1	6,780	1	6,780
50	145	3,882,422	33	814,253	178	4,696,675
51	102	3,571,089	22	740,290	124	4,311,379
52	90	2,983,009	30	750,118	120	3,733,127
53	76	2,520,689	19	535,109	95	3,055,798
54	72	2,449,878	29	896,081	101	3,345,959
55	104	2,668,642	46	781,782	150	3,450,424
56	99	2,504,448	29	467,580	128	2,972,028
57	75	2,106,016	22	491,174	97	2,597,190
58	78	1,909,516	23	377,790	101	2,287,306
59	58	1,660,557	31	551,387	89	2,211,944
60	95	2,387,120	37	524,088	132	2,911,208
61	79	2,075,513	22	345,356	101	2,420,869
62	104	2,410,861	31	519,466	135	2,930,327
63	53	1,142,453	14	272,835	67	1,415,288
64	49	1,242,169	18	219,946	67	1,462,115
65	88	1,915,123	29	316,852	117	2,231,975
66	55	1,240,208	16	306,305	71	1,546,513
67	47	1,316,946	21	320,101	68	1,637,047
68	30	874,454	12	174,840	42	1,049,294
69	22	606,371	5	82,953	27	689,324
70	14	287,808	14	245,968	28	533,776
71	13	481,977	3	28,623	16	510,600
72	5	172,300	2	64,138	7	236,438
73	4	90,959	2	46,053	6	137,012
74	6	133,762	1	3,113	7	136,875
75	7	204,120	2	42,985	9	247,105
76	2	13,238	2	7,578	4	20,816
77	1	27,262	3	73,179	4	100,441
78	3	96,014	-	-	3	96,014

Retirement Pensions by Age at Time of Retirement at June 30, 2012

Table IV
(continued)

	Male		Female		Total	
Age at 06/30/12	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**	**Number**	**Annual Salaries**
79	-	$ -	2	$ 11,559	2	$ 11,559
80	-	-	1	17,718	1	17,718
81	2	24,645	-	-	2	24,645
83	-	-	1	12,969	1	12,969
93	-	-	1	23,180	1	23,180
	1,578	$ 42,999,569	526	$ 10,099,919	2,104	$ 53,099,488

	Male	Female	Both
Average Age:	58.4	59.2	58.6
Average Annual Payments:	$27,249	$19,201	$25,237

Note: The criteria used for the calculation of average age and annual payments for retirees are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Surviving Spouse's Pension by Age and Annual Payments at June 30, 2012

Table V

Age at 06/30/12	Number	Annual Payments	Age at 06/30/12	Number	Annual Payments
33	1	$ 3,033	74	17	$ 243,172
40	1	1,200	75	25	374,729
41	1	4,040	76	29	388,681
46	1	26,460	77	24	419,151
48	3	34,218	78	29	368,049
49	2	10,361	79	23	345,753
51	3	40,280	80	38	515,620
52	3	51,680	81	29	450,337
53	4	65,040	82	21	315,862
54	6	98,870	83	38	553,269
55	2	62,859	84	36	407,446
56	6	127,859	85	32	331,972
57	9	174,260	86	25	332,414
58	11	216,724	87	27	325,554
59	6	135,976	88	28	310,208
60	7	129,932	89	24	267,096
61	13	182,977	90	19	228,242
62	11	142,617	91	18	204,638
63	6	104,749	92	17	187,402
64	12	163,803	93	6	48,833
65	20	250,087	94	9	66,953
66	8	96,498	95	10	82,705
67	10	195,966	96	6	33,531
68	18	242,292	97	5	37,589
69	19	335,223	98	2	17,338
70	15	222,640	99	2	5,769
71	18	323,020	102	1	13,385
72	22	260,360			
73	26	310,765		804	$10,889,487

Average Age: 77.5
Average Annual Payments: $13,544

Note: The criteria used for the calculation of average age and annual payments for beneficiaries are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Surviving Spouse's Pension by Age at Commencement at June 30, 2012

Table VI

Age at Commencement	Number	Annual Payments	Age at Commencement	Number	Annual Payments
21	1	$ 983	60	19	$ 298,741
27	1	3,410	61	20	281,262
28	2	10,067	62	24	341,628
29	2	4,736	63	14	251,402
30	1	12,716	64	19	208,778
31	2	9,826	65	19	252,164
32	1	792	66	24	351,252
33	2	20,212	67	31	403,726
34	1	6,556	68	31	479,248
35	2	4,084	69	31	401,101
36	7	38,633	70	30	379,088
37	3	21,601	71	23	313,636
38	4	17,907	72	25	343,146
39	5	67,063	73	20	235,610
40	2	36,484	74	19	246,689
41	6	69,727	75	16	205,642
42	9	118,679	76	26	372,691
43	6	80,774	77	16	257,155
44	8	57,789	78	19	230,325
45	8	101,964	79	14	129,075
46	7	85,456	80	20	241,607
47	3	48,764	81	11	132,042
48	12	182,854	82	13	165,251
49	13	230,590	83	14	148,903
50	16	214,359	84	6	43,087
51	12	184,680	85	4	37,930
52	8	107,525	86	1	17,142
53	17	279,540	87	5	45,088
54	14	277,249	88	8	91,055
55	21	316,677	89	4	34,229
56	18	250,080	90	1	20,193
57	20	383,790	91	2	1,068
58	19	329,201	92	2	7,327
59	18	332,346	94	1	11,781
			96	1	3,311
Average Age:		64.4		804	$10,889,487
Average Annual Payments:		$13,544			

Note: The criteria used for the calculation of average age and annual payments for beneficiaries are slightly different than that reported by The Segal Company at June 30, 2012. The variances are immaterial in nature.

Retiree's Automatic Increases by Age and Annual Payments at June 30, 2012 **Table VII**

	Male		Female		Total	
Age at 06/30/12	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
51	3	$ 3,621	1	$ -	4	$ 3,621
52	9	6,313	2	-	11	6,313
53	14	21,118	5	2,994	19	24,112
54	17	34,364	2	-	19	34,364
55	16	21,025	4	6,939	20	27,964
56	34	116,932	14	36,308	48	153,240
57	46	109,227	12	22,623	58	131,850
58	41	161,903	10	13,310	51	175,213
59	40	160,226	21	87,190	61	247,416
60	40	181,866	16	33,439	56	215,305
61	60	206,908	21	84,543	81	291,451
62	52	217,905	13	44,651	65	262,556
63	55	243,194	16	50,550	71	293,744
64	56	297,243	21	102,763	77	400,006
65	61	302,749	12	35,735	73	338,484
66	56	242,194	19	88,410	75	330,604
67	37	230,160	14	43,196	51	273,356
68	48	345,542	20	85,540	68	431,082
69	69	442,251	22	102,236	91	544,487
70	43	279,808	20	72,911	63	352,719
71	49	351,638	15	47,964	64	399,602
72	35	238,291	14	21,961	49	260,252
73	51	406,548	17	81,816	68	488,364
74	47	339,497	9	34,775	56	374,272
75	54	356,183	12	64,375	66	420,558
76	42	305,419	16	84,347	58	389,766
77	48	409,309	11	47,057	59	456,366
78	51	453,848	14	43,845	65	497,693
79	43	304,039	17	83,192	60	387,231
80	36	246,121	11	59,380	47	305,501
81	48	358,720	9	41,963	57	400,683
82	38	381,360	10	76,462	48	457,822
83	35	342,875	9	39,392	44	382,267

Retiree's Automatic Increases by Age and Annual Payments at June 30, 2012

Table VII
(continued)

Age at 06/30/12	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
84	36	$ 314,982	9	$ 40,540	45	$ 355,522
85	32	317,357	7	42,172	39	359,529
86	16	179,491	6	34,700	22	214,191
87	24	310,300	9	50,305	33	360,605
88	12	106,149	7	46,138	19	152,287
89	21	197,877	6	21,657	27	219,534
90	13	109,176	5	20,656	18	129,832
91	12	124,859	9	81,981	21	206,840
92	6	51,389	3	23,626	9	75,015
93	7	98,338	4	34,044	11	132,382
94	5	78,787	2	9,866	7	88,653
95	5	43,652	3	6,092	8	49,744
96	2	25,194	2	8,601	4	33,795
97	1	-	4	14,718	5	14,718
98	1	29,330	1	2,802	2	32,132
102	-	-	1	609	1	609
	1,567	$ 10,105,278	507	$ 2,078,374	2,074	$ 12,183,652

	Male	Female	Both
Average Age:	70.9	71.4	71.1
Average Monthly Increase:	$537	$342	$490
Average Annual Increase:	$6,449	$4,099	$5,874

Annunities and Refunds by Type **Table VIII**

Last Ten Years

Fiscal Year Ended June 30	Retirement	Surviving Spouse	Children	Refunds Employees'	Refunds Pensioners'
2003	$ 38,708,659	$ 7,971,585	$ 42,050	$ 2,570,017	$ 204,820
2004	42,831,611	8,196,180	38,600	2,785,487	138,126
2005	46,472,103	8,614,689	32,400	1,792,192	168,297
2006	46,668,385	9,073,756	31,100	1,827,216	240,731
2007	47,002,222	9,265,244	24,900	1,619,162	149,752
2008	47,935,949	9,440,330	22,299	1,743,368	221,470
2009	49,910,083	9,819,764	24,250	2,200,749	479,610
2010	50,528,497	10,083,124	17,400	1,368,903	-
2011	50,950,848	10,374,674	18,519	1,524,460	137,898
2012	52,051,852	10,801,985	14,719	1,786,275	201,878

Death and Disability Benefits **Table IX**

Last Ten Years

Fiscal Year Ended June 30	Death Benefit	Ordinary Disability	Duty Disability		Total
2003	$ 325,500	$ 346,634	$ 65,921		$ 738,055
2004	292,539	314,265	67,998		674,802
2005	392,200	357,986	31,629		781,815
2006	308,000	203,233	18,992		530,225
2007	271,000	227,448	19,243		517,691
2008	295,900	286,764	(7,626)	(a)	575,038
2009	252,500	245,383	12,733		510,616
2010	249,500	290,747	22,071		562,318
2011	307,000	339,197	52,294		698,491
2012	371,225	366,541	(91,817)	(a)	645,949

(a) Reflects net of recoveries of prior duty disability payments in accordance with state statue.

Number of Active Participants **Table X**

Last Ten Years

Fiscal Year Ended June 30	Male Participants	Female Participants	Total
2003	1,991	1,188	3,179
2004	1,740	1,080	2,820
2005	1,771	1,110	2,881
2006	1,868	1,167	3,035
2007	1,855	1,185	3,040
2008	1,846	1,185	3,031
2009	1,750	1,115	2,865
2010	1,714	1,102	2,816
2011	1,674	1,121	2,795
2012	1,804	1,173	2,977

Active Participants Statistical Averages **Table XI**

Last Ten Years

Fiscal Year Ended	Male			Female			Combined		
June 30	Annual Salary	Age	Service	Annual Salary	Age	Service	Annual Salary	Age	Service
2003	$32,040	42.0	10.2	$ 26,289	37.2	7.2	$ 29,891	40.2	9.1
2004	31,553	41.2	9.4	26,964	37.5	7.4	29,795	39.8	8.6
2005	32,702	41.4	9.6	27,034	37.6	7.5	30,519	40.0	8.8
2006	33,216	41.3	9.2	27,430	37.8	7.5	30,991	40.0	8.5
2007	33,054	41.6	9.4	29,108	37.9	7.6	32,736	40.2	8.7
2008	36,721	41.9	9.5	31,108	38.4	7.9	34,526	40.5	8.9
2009	38,208	42.5	10.0	32,598	38.9	8.4	36,024	41.1	9.4
2010	38,131	43.2	10.5	32,393	39.5	9.0	35,886	41.8	9.9
2011	38,680	43.5	10.9	32,873	39.9	9.3	36,351	42.1	10.3
2012	36,623	42.9	10.2	32,585	39.7	9.1	35,032	41.6	9.8

Retirees and Beneficiaries Receiving Benefits **Table XII**

Last Ten Years

Fiscal Year Ended June 30	Retirees	Surviving Spouses	Children	Total
2003	2,104	936	34	3,074
2004	2,294	921	25	3,240
2005	2,231	928	25	3,184
2006	2,199	893	23	3,115
2007	2,169	869	18	3,056
2008	2,152	843	18	3,013
2009	2,167	829	17	3,013
2010	2,125	817	14	2,956
2011	2,096	803	14	2,913
2012	2,104	804	13	2,921

Retirees Receiving Annual 3% Increases **Table XIII**

Last Ten Years

Fiscal Year Ended	Number		Annual Increase		Total Annual	
June 30	Male	Female	Male	Female	Number	Increase
2003	1,456	424	$ 6,397,934	$ 1,132,989	1,880	$ 7,530,923
2004	1,419	422	6,799,604	1,191,265	1,841	7,990,869
2005	1,545	456	7,198,720	1,312,555	2,001	8,511,275
2006	1,520	449	7,634,454	1,404,744	1,969	9,039,198
2007	1,508	440	8,060,817	1,521,955	1,948	9,582,772
2008	1,481	446	8,507,698	1,639,525	1,927	10,147,223
2009	1,654	506	9,062,514	1,751,555	2,160	10,814,069
2010	1,617	503	9,356,165	1,878,367	2,120	11,234,532
2011	1,587	504	9,713,216	2,016,042	2,091	11,729,258
2012	1,567	507	10,105,278	2,078,374	2,074	12,183,652

Average Annual Retirees/Surviving Spouse's Benefit Payments **Table XIV**

Last Ten Years

Fiscal Year Ended June 30	Average Annual Payments	
	Retiree	Spouse
2003	$ 18,560	$ 8,576
2004	20,289	9,023
2005	20,843	9,605
2006	21,394	10,126
2007	21,999	10,654
2008	22,688	11,321
2009	23,440	11,835
2010	23,997	12,481
2011	24,668	12,941
2012	25,367	13,544

Funded Ratio **Table I**

Last Ten Years

Fiscal Year Ended June 30	(1) Actuarial Value of Assets	(2) Unfunded Accrued Liabilities	(3) Statutory Reserve Requirements (1) + (2)	(4) % Percent Funded (1) / (3)
2003	$ 624,209,658	$ 76,999,269	$ 701,208,927	89.0
2004	610,293,849	128,284,981	738,578,830	82.6
2005	587,774,143	146,586,562	734,360,705	80.0
2006	572,659,129	172,585,110	745,244,239	76.8
2007	583,295,949	184,634,683	767,930,632	76.0
2008	586,676,032	208,703,097	795,379,129	73.8
2009	553,754,517	270,142,419	823,896,936	67.2
2010	518,582,601	314,443,347	833,025,948	62.3
2011	489,370,505	354,572,735	843,943,240	58.0
2012	440,692,006	425,678,559	866,370,565	50.9

Ratio of Unfunded Liability to Payroll **Table II**

Last Ten Years

Fiscal Year Ended June 30	Member Payroll	Unfunded Liability (a)	Liability % of Payroll
2003	$ 102,329,721	$ 76,999,269	75.2
2004	87,840,802	128,284,981	146.0
2005	95,707,132	146,586,562	153.2
2006	101,058,024	172,585,110	170.8
2007	106,601,982	184,634,683	173.2
2008	111,698,366	208,703,097	186.8
2009	108,882,742	270,142,419	248.1
2010	107,361,021	314,443,347	292.9
2011	107,686,693	354,572,735	329.3
2012	114,223,909	425,678,559	372.6

(a) reflects application of GASB No. 25

Revenue by Sources **Table III**

Last Ten Years

Fiscal Year Ended June 30 (a)	Taxpayer Contributions	Percent %	Employee Contributions	Percent %	Investment Income (b)	Percent %	Total	Percent %
2003	$ 9,842,559	25	$ 9,533,018	24	$ 20,297,955	51	$39,673,532	100
2004	9,840,681	11	10,593,581	12	69,754,905	77	90,189,167	100
(c) 2005	4,768,605	8	8,515,799	14	49,621,638	78	62,906,042	100
(c) 2006	5,173,860	9	9,117,032	17	40,970,668	74	55,261,560	100
2007	9,594,593	9	9,719,082	9	88,741,395	82	108,055,070	100
2008	8,998,687	481	10,264,805	548	(17,391,594)	(929)	1,871,898	100
2009	9,667,765	n/a	10,141,146	n/a	(103,488,375)	n/a	(83,669,464)	100
2010	10,829,339	n/a	9,829,998	n/a	41,419,975	n/a	62,079,312	100
2011	10,981,419	n/a	9,791,650	n/a	84,890,838	n/a	105,663,907	100
2012	10,868,361	n/a	10,404,827	n/a	3,861,173	n/a	25,134,361	100

(a) reflects application of GASB No. 25
(b) includes income from securities lending
(c) taxpayer contributions includes statutory reduction of $5 million

Average Benefit Payments

Table I

Last Ten Years

(Dollars in Thousands)

	Years of Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30+
Period 7/1/11 to 6/30/12							
Average monthly benefit	$ 572	$ 871	$ 995	$ 1,419	$ 1,999	$ 3,222	$ 3,909
Average final average salary	$ 7,210	$ 4,957	$ 3,198	$ 4,088	$ 4,339	$ 5,175	$ 4,633
Number of retired members	21	14	7	9	14	13	22
Period 7/1/10 to 6/30/11							
Average monthly benefit	$ 475	$ 1,001	$ 665	$ 1,244	$ 1,893	$ 2,800	$ 4,406
Average final average salary	$ 7,516	$ 5,633	$ 2,288	$ 3,216	$ 3,728	$ 4,484	$ 5,911
Number of retired members	19	7	12	5	11	8	16
Period 7/1/09 to 6/30/10							
Average monthly benefit	$ 389	$ 970	$ 1,287	$ 1,046	$ 3,302	$ 3,552	$ 4,039
Average final average salary	$ 5,923	$ 6,512	$ 4,078	$ 2,892	$ 6,083	$ 5,668	$ 5,222
Number of retired members	13	6	8	12	5	9	8
Period 7/1/08 to 6/30/09							
Average monthly benefit	$ 440	$ 821	$ 1,374	$ 1,189	$ 1,939	$ 2,089	$ 3,785
Average final average salary	$ 5,734	$ 5,152	$ 4,714	$ 3,449	$ 3,882	$ 3,516	$ 4,858
Number of retired members	15	13	15	6	12	11	30
Period 7/1/07 to 6/30/08							
Average monthly benefit	$ 363	$ 678	$ 698	$ 1,535	$ 2,145	$ 2,428	$ 3,269
Average final average salary	$ 5,962	$ 4,837	$ 2,806	$ 4,166	$ 4,280	$ 3,763	$ 4,684
Number of retired members	15	4	11	6	8	9	27
Period 7/1/06 to 6/30/07							
Average monthly benefit	$ 408	$ 441	$ 864	$ 952	$ 1,713	$ 2,463	$ 3,461
Average final average salary	$ 6,201	$ 2,851	$ 3,115	$ 3,117	$ 3,725	$ 4,234	$ 4,472
Number of retired members	16	9	6	13	5	10	16
Period 7/1/05 to 6/30/06							
Average monthly benefit	$ 276	$ 550	$ 958	$ 685	$ 1,342	$ 1,895	$ 2,991
Average final average salary	$ 4,829	$ 3,160	$ 3,086	$ 2,702	$ 3,305	$ 3,213	$ 4,756
Number of retired members	5	5	8	8	12	7	25
Period 7/1/04 to 6/30/05							
Average monthly benefit	$ 274	$ 862	$ 982	$ 972	$ 1,379	$ 1,828	$ 2,933
Average final average salary	$ 4,780	$ 5,357	$ 3,146	$ 2,734	$ 3,035	$ 3,358	$ 4,128
Number of retired members	9	7	6	8	7	7	11
Period 7/1/03 to 6/30/04							
Average monthly benefit	$ 331	$ 1,246	$ 945	$ 1,632	$ 2,034	$ 2,897	$ 2,761
Average final average salary	$ 5,264	$ 5,393	$ 3,236	$ 3,791	$ 3,838	$ 3,902	$ 3,786
Number of retired members	33	13	13	23	36	127	62
Period 7/1/02 to 6/30/03							
Average monthly benefit	$ 248	$ 704	$ 690	$ 902	$ 1,471	$ 1,899	$ 2,761
Average final average salary	$ 5,371	$ 5,612	$ 3,004	$ 2,744	$ 3,004	$ 3,472	$ 3,698
Number of retired members	18	9	12	10	8	3	15

Principal Participating Employers — Table II
Current Year and Nine Years Ago

	2012			2003		
Participating Government	Covered Employees'	Rank	Percentage of Total System	Covered Employees'	Rank	Percentage of Total System
Chicago Park District	2,966	1	99.63	3,165	1	99.56
Retirement Board of the Park Employees' Annuity and Benefit Fund	11	2	0.37	13	2	0.41
City of Chicago	0	3	0 .00	1	3	0.03
Total (3 Governments)	2,977		100.00	3,179		100.00

Changes in Plan Net Assets — Table III
Last Ten Years

(Dollars in Thousands)

Fiscal Years Ending June 30

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ADDITIONS										
Employer Contributions	$ 10,868	$ 10,981	$ 10,829	$ 9,678	$ 8,999	$ 9,595	$ 5,174	$ 4,768	$ 9,841	$ 9,843
Employee Contributions	10,405	9,792	9,830	10,141	10,265	9,719	9,117	8,516	10,593	9,533
Investment Income	3,861	84,891	41,420	(103,488)	(17,392)	88,741	40,971	49,622	69,755	20,298
Total Additions	25,134	105,664	62,079	(83,669)	1,872	108,055	55,262	62,906	90,189	39,674
DEDUCTIONS (see Table IV)										
Benefit Payments	63,514	62,043	61,191	60,265	57,974	56,810	56,303	55,901	51,741	47,460
Refunds	1,988	1,662	1,369	2,680	1,965	1,769	2,068	1,960	2,924	2,775
Administrative Expenses	1,645	1,522	1,466	1,335	1,289	1,238	1,232	1,186	1,199	1,170
Total Deductions	67,147	65,227	64,026	64,280	61,228	59,817	59,603	59,047	55,864	51,405
Change in Plan Net Assets	$(42,013)	$ 40,437	$ (1,947)	$ (147,949)	$(59,356)	$48,238	$ (4,341)	$ 3,859	$ 34,325	$(11,731)

Benefit and Refund Deductions from Plan Net Assets by Type **Table IV**

Last Ten Years

(Dollars in Thousands)

	Fiscal Years Ending June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
TYPE OF BENEFIT										
Age and Service Benefits										
Retirees	$ 52,052	$ 50,951	$ 50,528	$ 49,910	$ 47,936	$ 47,002	$ 46,668	$ 46,472	$ 42,832	$ 38,709
Spousal	10,802	10,375	10,083	9,820	9,440	9,265	9,074	8,615	8,196	7,971
Children	15	19	17	24	22	25	31	32	39	42
Death Benefits	371	307	250	253	296	271	308	392	292	325
Disability Benefits										
Members-Duty	(92)	52	22	13	(8)	19	19	32	68	66
Members-Non-Duty	366	339	291	245	288	228	203	358	314	347
Total Benefits	$ 63,514	$ 62,043	$ 61,191	$ 60,265	$ 57,974	$ 56,810	$ 56,303	$ 55,901	$ 51,741	$ 47,460
TYPE OF REFUND										
Separation	$ 1,786	$ 1,524	$ 1,369	$ 2,200	$ 1,743	$ 1,619	$ 1,827	$ 1,792	$ 2,786	$ 2,570
Death	202	138	-	480	222	150	241	168	138	205
Total Refunds	$ 1,988	$ 1,662	$ 1,369	$ 2,680	$ 1,965	$ 1,769	$ 2,068	$ 1,960	$ 2,924	$ 2,775

Retired Members by Type of Benefit **Table V**

Amount of Monthly Benefit	Number of Retired Members	1	2	3
$ 1 - $ 250	238	144	94	3
251 - 500	326	211	115	16
501 - 750	261	160	101	9
751 - 1,000	225	148	77	12
1,001 - 1,250	211	128	83	12
1,251 - 1,500	200	105	95	7
1,501 - 1,750	173	90	83	4
1,751 - 2,000	162	109	53	8
Over 2,000	1,093	990	103	40
Total	2,889	2,085	804	111

Type of Retirement

1 Normal Retirement for age and service, including incentive retirements
2 Beneficiary payment, normal surviving spouse
3 Beneficiary payments, death in service