

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 Six Months Ended December 31, 2012 and
Fiscal Year Ended June 30, 2012

Prepared by the Administrative Staff of the Retirement Board



Park Employees' Annuity and Benefit Fund
55 E. Monroe Street, Suite 2720
Chicago, Illinois 60603
(312) 553-9265
www.chicagoparkpension.org

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Introductory Section



Government Finance Officers Association

**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, 2012

Executive Director/CEO

INTRODUCTION

Transmittal Letter

TRUSTEES

Pamela A. Munizzi, President
Robert Geraghty, Vice President
Edward L. Affolter, Secretary
Joseph M. Fratto
Mario Gianfortune
Frank C. Hodorowicz
Steven J. Lux

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

Dean J. Niedospial
Executive Director

Jaime L. McCabe
Comptroller

June 30, 2013

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 six months ended December 31, 2012 (short year). On August 16, 2012 Public Act 97-0973 was signed by Governor Quinn, changing the Fund's year end from June 30th to December 31st, resulting in the current presentation of six month financial statements. 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.

INTRODUCTION

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 period are from three primary sources:

<u>Source</u>	<u>December 31, 2012</u>	<u>June 30, 2012</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Employer Contributions	\$ 5,268,363	\$ 10,868,361	\$(5,599,998)	(52.0)%
Employee Contributions	5,371,084	10,404,827	(5,033,743)	(48.4)
Investment Income	<u>24,956,796</u>	<u>3,861,173</u>	<u>21,095,623</u>	<u>546.3</u>
Total	<u>\$ 35,596,243</u>	<u>\$ 25,134,361</u>	<u>\$ 10,461,882</u>	<u>41.6</u>

Employee contributions are based on the statutory contribution rate of 9% of salary for all active members in the Fund. The Chicago Park District continues to hire additional workforce. Tier II employees (hired after January 1, 2011 without previously contributing to the Fund or any reciprocal fund in Illinois) represent approximately 18% of the current contributing participants.

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 six months ended December 31, 2012, there was an increase in investment income of \$21,095,623 from the year ended June 30, 2012.

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

<u>Category</u>	<u>December 31, 2012</u>	<u>June 30, 2012</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Retirement Benefits	\$ 26,428,994	\$ 52,051,852	\$(25,622,858)	(49.2)%
Spousal Benefits	5,529,729	10,801,985	(5,272,256)	(48.8)
Children Benefits	10,859	14,719	(3,860)	(26.2)
Disability Benefits	196,743	274,724	(77,981)	(28.4)
Death Benefits	136,775	371,225	(234,450)	(63.2)
Refund Payments	977,912	1,988,153	(1,010,241)	(50.8)
Administrative Expenses	<u>723,802</u>	<u>1,644,603</u>	<u>(920,801)</u>	<u>(56.0)</u>
Total	<u>\$ 34,004,814</u>	<u>\$ 67,147,261</u>	<u>\$(33,142,447)</u>	<u>(49.4)</u>

INTRODUCTION

Funding Status

For the six months ended, the Fund has complied with Governmental Accounting Standards Board (GASB) Statement No. 25 which requires the actuarial value of assets and annual required contributions to be market related. In computing the actuarial valuation, a five-year smoothed market value was used. The actuarial valuation was based upon the actuarial liabilities being computed using the Entry Age Normal Actuarial Cost Method. Actuarial valuations for fiscal years 2005 through 2012 were based upon 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 at December 31, 2012 was \$550,359,221 which compares to \$425,678,559 for the fiscal year ended June 30, 2012. The funding ratio at December 31, 2012 is 43.4% compared to 50.9% for the fiscal year ended June 30, 2012. For six months ending, 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. The Board of Trustees also approved assumption and method changes, which included the Entry Age Normal Actuarial Cost Method, as recommended by The Segal Company, the Fund's actuary, which will be required under Governmental Accounting Standards in 2014.

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 December 31, 2012, the fair value of investments was \$397,695,597 which compares to \$407,393,670 as of June 30, 2012. As of December 31, 2012, the Fund's annual investment rate of return was 6.2% compared to 1.4% for June 30, 2012. The Fund's 6.2% rate of return outperformed the custom benchmark by 80 basis points and underperformed the more equity-oriented median peer fund by 10 basis points. Over the trailing three-year and five-year periods the Fund outperformed the custom performance benchmark by roughly 130 and 50 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.

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, 2012. 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.

INTRODUCTION

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.

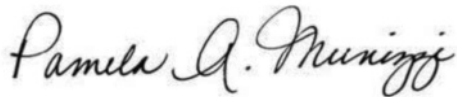
Retirement Board

The annual election for an employee representative to the Retirement Board was held on Friday, June 28, 2013. 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 December 31, 2012**

Elected by the Employees

Edward L. Affolter
Term expires June 30, 2013
Frank C. Hodorowicz
Term expires June 30, 2015

Robert Geraghty
Term expires June 30, 2014
Mario Gianfortune
Term expires June 30, 2016

Appointed by the Commissioners of the Chicago Park District

Joseph M. Fratto

Pamela A. Munizzi

Melinda Molloy

OFFICERS

Pamela A. Munizzi, President
Robert Geraghty, Vice President
Edward L. Affolter, Secretary

ADMINISTRATIVE STAFF

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

CONSULTANTS

Jacobs, Burns, Orlove, & Hernandez, Attorney
The Segal Company, Consulting Actuary
Marquette Associates, Inc., Investment Consultant

CUSTODIAN

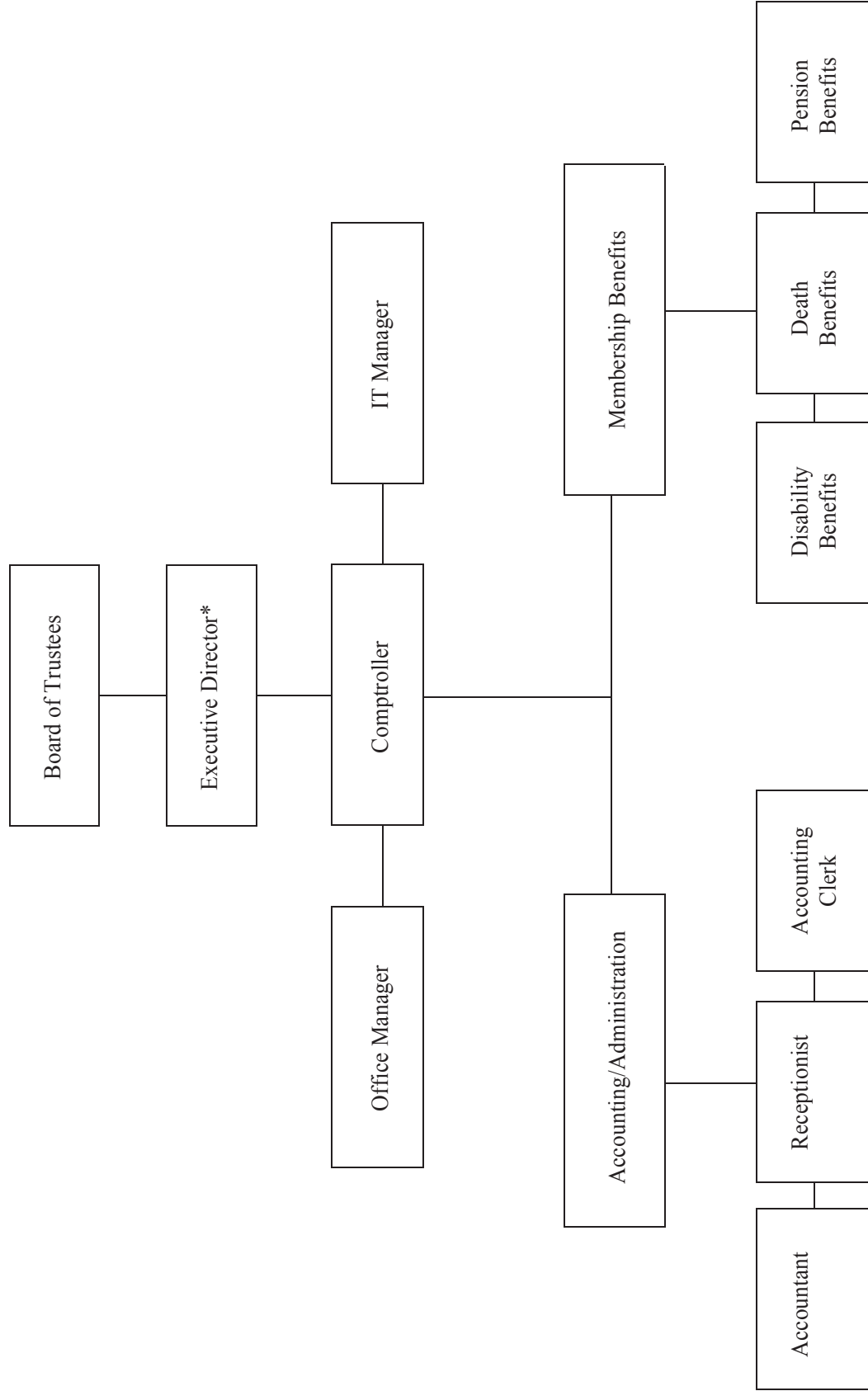
The Northern Trust Company of Chicago

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
Goldpoint Partners, LLC – New York
Northern Trust Quantitative Advisors – Chicago
PineBridge Investments – New York
Principal Global Investors, LLC – Chicago
RBC Global Asset Management, Inc. – Minnesota
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 position 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 December 31, 2012 and June 30, 2012, and the related statements of changes in plan net position for the six months ended December 31, 2012 and year ended June 30, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of December 31, 2012 and June 30, 2012, and the changes in its plan net position for the six months ended December 31, 2012 and year ended June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Report of the Independent Auditor (Continued)

Other Matters

Required Supplementary Information

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.

Other Information

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, professional expenses, and 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, professional expenses, and 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Bansley and Kiener, L.L.P.
Certified Public Accountants
June 19, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis Six Months Ended December 31, 2012

This discussion and analysis of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Fund) financial performance provides an overview of the Fund's financial activities for the six months ended December 31, 2012. On August 16, 2012, Public Act 97-0973 was signed, changing the Fund's year end from June 30th to December 31st, resulting in the current presentation of six month financial statements. 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 position increased during the six months ended December 31, 2012 by \$1.6 million or 0.4% compared to a decrease of \$42.0 million or 9.3% for the fiscal year ended June 30, 2012.
- b) The Fund's annual investment return of 11.1% outperformed the portfolio benchmark return of 10.6%.
- c) The Fund's three-year rate of return of 8.9% outperformed the portfolio benchmark return of 7.6%.
- d) The Fund's five-year rate of return of 2.4% outperformed the portfolio benchmark of 1.9%.
- e) The Fund's ten-year rate of return of 6.6% outperformed the portfolio benchmark of 6.5%.
- f) For the six months ended December 31, 2012, the additions to the Fund's net position of \$35.6 million is \$10.4 million more than the fiscal year ended June 30, 2012 additions.
- g) For the six months ended December 31, 2012, the deductions to the Fund's net position of \$34.0 million is 49.4% less than the deductions at fiscal year ended June 30, 2012.
- h) The Fund's actuarially computed funding ratio is 43.4% at December 31, 2012, which is 7.5% less than at June 30, 2012.

Using this 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 Position. This is a statement indicating financial position information that includes assets and liabilities with the difference reported as net position restricted for pension benefits. Over time increases and decreases in the net position restricted for pension benefits 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 Position. 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 six months ended December 31, 2012.

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, Professional Expenses, and Investment Expenses.

Management’s Discussion and Analysis (Continued)

The Fund as a Whole

Fund Net Position Restricted for Pension Benefits

The Fund’s net position restricted for pension benefits at December 31, 2012 is \$412,389,017. This is \$1,591,429 more than the June 30, 2012 net position restricted for pension benefits of \$410,797,588. This compares to a decrease of \$42,012,900 for the fiscal year ended June 30, 2012. The following tables are comparative summaries of net position restricted for pension benefits:

Statements of Plan Net Position – Current Period

	<u>December 31, 2012</u>	<u>June 30, 2012</u>	Increase (Decrease)
Total Assets	\$ 454,393,150	\$ 452,750,121	\$ 1,643,029
Total Liabilities	<u>42,004,133</u>	<u>41,952,533</u>	<u>51,600</u>
Net Assets	<u>\$ 412,389,017</u>	<u>\$ 410,797,588</u>	<u>\$ 1,591,429</u>

Statements of Plan Net Position – Prior Period

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	Increase (Decrease)
Total Assets	\$ 452,750,121	\$ 495,682,062	\$(42,931,941)
Total Liabilities	<u>41,952,533</u>	<u>42,871,574</u>	<u>(919,041)</u>
Net Assets	<u>\$ 410,797,588</u>	<u>\$ 452,810,488</u>	<u>\$(42,012,900)</u>

Changes in Plan Net Position

For the six months ended December 31, 2012 the investment income was \$24,956,796 as compared to the investment income of \$3,861,173 for the fiscal year ended June 30, 2012. The increase in investment income for the six months ended December 31, 2012 is primarily a direct result of the appreciation in market value of the Fund’s investments producing unrealized gains. The unrealized gains and losses are directly tied to the economic state of the broader financial markets.

Statements of Changes in Plan Net Position – Current Period

	<u>Six months ended December 31, 2012</u>	<u>Year ended June 30, 2012</u>	Increase (Decrease)
ADDITIONS			
Employer Contributions	\$ 5,268,363	\$ 10,868,361	\$(5,599,998)
Employee Contributions	5,371,084	10,404,827	(5,033,743)
Investment Income (includes security lending activities)	<u>24,956,796</u>	<u>3,861,173</u>	<u>21,095,623</u>
Total Additions	<u>\$ 35,596,243</u>	<u>\$ 25,134,361</u>	<u>\$ 10,461,882</u>

Management’s Discussion and Analysis (Continued)

Statements of Changes in Plan Net Position – Current Period (Continued)

	Six months ended December 31, 2012	Year ended June 30, 2012	Increase (Decrease)
DEDUCTIONS			
Retirement Benefits	\$ 26,428,994	\$ 52,051,852	\$(25,622,858)
Spousal Benefits	5,529,729	10,801,985	(5,272,256)
Child Benefits	10,859	14,719	(3,860)
Disability Benefits	196,743	274,724	(77,981)
Death Benefits	<u>136,775</u>	<u>371,225</u>	<u>(234,450)</u>
Total benefits	32,303,100	63,514,505	(31,211,405)
Refund of Contributions	977,912	1,988,153	(1,010,241)
Administrative and General Expenses	<u>723,802</u>	<u>1,644,603</u>	<u>(920,801)</u>
Total Deductions	<u>\$ 34,004,814</u>	<u>\$ 67,147,261</u>	<u>\$(33,142,447)</u>
Increase (Decrease) in Plan Net Position	1,591,429	(42,012,900)	43,604,329
Beginning of Year	<u>410,797,588</u>	<u>452,810,488</u>	<u>42,012,900</u>
End of Year	<u>\$412,389,017</u>	<u>\$410,797,588</u>	<u>\$ 1,591,429</u>

Statements of Changes in Plan Net Position – Prior Period

	Year ended June 30, 2012	Year ended June 30, 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)	<u>3,861,173</u>	<u>84,890,838</u>	<u>(81,029,665)</u>
Total Additions	<u>\$ 25,134,361</u>	<u>\$105,663,907</u>	<u>\$(80,529,546)</u>
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	<u>371,225</u>	<u>307,000</u>	<u>64,225</u>
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	<u>1,644,603</u>	<u>1,521,884</u>	<u>122,719</u>
Total Deductions	<u>\$ 67,147,261</u>	<u>\$ 65,226,774</u>	<u>\$ 1,920,487</u>
Increase (Decrease) in Plan Net Position	(42,012,900)	40,437,133	(82,450,033)
Beginning of Year	<u>452,810,488</u>	<u>412,373,355</u>	<u>40,437,133</u>
End of Year	<u>\$410,797,588</u>	<u>\$452,810,488</u>	<u>\$(42,012,900)</u>

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 43.4% at December 31, 2012, which is 7.5% less than at June 30, 2012. 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 Board of Trustees also approved assumption and method changes as recommended by The Segal Company, which will be required under Governmental Accounting Standards in 2014. The annual investment return for the six months ended December 31, 2012 was 6.2%, which is higher than the 1.4% for the year ended June 30, 2012 and lower than the 21.0% for the year ended June 30, 2011.

The Fund's 6.2% return for the six months ended December 31, 2012 outperformed its performance benchmark by approximately 80 basis points and underperformed the peer median by approximately 10 basis points. Over the trailing three-year and five-year periods, the Fund outperformed the performance benchmark by approximately 130 and 50 basis points, respectively. Over the trailing ten-year period the Fund returned 6.6%, underperforming the 7.5% 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.

Financial Statements

Statements of Plan Net Position

December 31, 2012 and June 30, 2012

ASSETS	December 31, 2012	June 30, 2012
Receivables		
Contributions from employer	\$ 5,217,650	\$ 15,974
Employee contributions	284,381	283,492
Workers' compensation offset of duty disability benefits, net of allowance for loss of \$16,076 at December 31, 2012 and June 30, 2012	148,458	156,050
Due from broker for securities sold	5,300,000	141,975
Accrued investment income	520,799	574,624
Miscellaneous receivables	<u>63,112</u>	<u>60,911</u>
	<u>11,534,400</u>	<u>1,233,026</u>
Investments, at fair value		
Short-term investments	6,500,064	9,311,424
Bonds	64,359,583	65,824,474
Common and preferred stocks	52,517,172	55,138,935
Collective investment funds	99,751,488	95,983,701
Mutual funds	12,453,129	14,575,794
Pooled separate real estate accounts	11,048,645	10,868,246
Private equity partnerships	<u>151,065,516</u>	<u>155,691,096</u>
	<u>397,695,597</u>	<u>407,393,670</u>
Invested securities lending collateral	<u>41,180,970</u>	<u>40,244,278</u>
Furniture and fixtures - net	<u>46,881</u>	<u>50,520</u>
Prepaid annuity benefits	3,903,461	3,785,303
Other prepaid expenses	<u>31,841</u>	<u>43,324</u>
	<u>3,935,302</u>	<u>3,828,627</u>
Total assets	<u>454,393,150</u>	<u>452,750,121</u>
LIABILITIES		
Accounts payable	383,872	398,409
Deferred rent	102,965	106,951
Accrued benefits payable	311,776	267,407
Securities lending collateral	41,180,970	40,244,278
Due to broker for securities purchased	<u>24,550</u>	<u>935,488</u>
	<u>42,004,133</u>	<u>41,952,533</u>
Net position restricted for pension benefits	<u>\$412,389,017</u>	<u>\$410,797,588</u>

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

Financial Statements

Statements of Changes in Plan Net Position

Six months ended December 31, 2012 and year ended June 30, 2012

	Six months ended December 31, 2012	Year ended June 30, 2012
Additions		
Contributions		
Employer contributions	\$ 5,268,363	\$ 10,868,361
Employee contributions	<u>5,371,084</u>	<u>10,404,827</u>
Total contributions	<u>10,639,447</u>	<u>21,273,188</u>
Investment income		
Net appreciation in fair value of investments	23,049,331	78,361
Interest	1,349,801	3,379,116
Dividends	979,980	1,525,051
Partnership income	<u>795,770</u>	<u>1,439,936</u>
	26,174,882	6,422,464
Less investment expenses	<u>1,266,108</u>	<u>2,626,522</u>
	<u>24,908,774</u>	<u>3,795,942</u>
Security lending activities		
Securities lending income	72,585	118,045
Borrower rebates	19,531	2,226
Bank fees	<u>(44,094)</u>	<u>(55,040)</u>
	<u>48,022</u>	<u>65,231</u>
Total additions	<u>35,596,243</u>	<u>25,134,361</u>
Deductions		
Benefits		
Annuity payments	31,969,582	62,868,556
Disability and death benefits	<u>333,518</u>	<u>645,949</u>
Total benefits	<u>32,303,100</u>	<u>63,514,505</u>
Refund of contributions	<u>977,912</u>	<u>1,988,153</u>
Administrative and general expenses	<u>723,802</u>	<u>1,644,603</u>
Total deductions	<u>34,004,814</u>	<u>67,147,261</u>
Net increase (decrease)	1,591,429	(42,012,900)
Net position restricted for pension benefits		
Beginning of year	<u>410,797,588</u>	<u>452,810,488</u>
End of year	<u>\$412,389,017</u>	<u>\$410,797,588</u>

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 December 31, 2012 and June 30, 2012, Fund membership consists of:

	<u>December 31</u>	<u>June 30</u>
Retirees and beneficiaries currently receiving benefits	2,906	2,921
Current employees	3,053	2,977
Vested terminated members entitled to benefits	152	153

On August 16, 2012, Public Act 97-0973 was approved, changing the Fund's year end from June 30th to December 31st.

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.

Date of Management's Review

Management has evaluated subsequent events through June 19, 2013, the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncements

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was established to provide guidance on the reporting of deferred outflows of resources, and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of GASB 63 are effective for financial statement periods beginning after December 15, 2011.

Notes to Financial Statements (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was established to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows and deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB 65 are effective for financial statement periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, was established to improve financial reporting by state and local governmental pension plans through enhanced note disclosures and schedules of required supplementary information. The provisions of GASB 67 are effective for fiscal years beginning after June 15, 2013. GASB No. 68, *Accounting and Financial Reporting for Pensions*, was established to improve the standards for measurement, recognition and display of pension expense, liabilities and assets of employers of the plan. The provisions of GASB 68 are effective for fiscal years beginning after June 15, 2014.

The Fund’s management is currently evaluating the effect of all GASB statements referenced above on the Fund’s financial statements.

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.

	December 31	June 30
Investments At Fair Value As		
Determined by Quoted Price		
Short-term investments	\$ 6,500,064	\$ 9,311,424
Bonds	64,359,583	65,824,474
Common and preferred stock	52,517,172	55,138,935
Mutual funds	<u>12,453,129</u>	<u>14,575,794</u>
	135,829,948	144,850,627
Investments At Fair Value As		
Determined by Bank Administrator		
Collective investment funds		
NTGI QM Collective Daily S&P 500	19,101,861*	21,683,494
NTGI QM Collective Daily US Marketcap Equity	28,463,501	26,691,831
NTGI QM Collective Daily All Country World Index	52,186,126	47,608,376
Pooled separate real estate accounts	11,048,645	10,868,246
Private equity partnerships		
Entrust Diversified Select Equity Fund	22,138,875	23,794,552
K2 Long Short Fund	21,509,708	22,691,831
Other	<u>107,416,933</u>	<u>109,204,713</u>
	<u>\$397,695,597</u>	<u>\$407,393,670</u>

* Does not represent 5 percent or more of the Fund’s Net Assets.

Notes to Financial Statements (Continued)

Note 3 – Investments (Continued)

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.

At December 31, 2012 the following table shows the investments in debt securities by investment type and maturity (expressed in thousands).

December 31, 2012

Security Type	Total Market Value	Less Than 1 Year	1 – 6 Years	6 -10 Years	10+ Years
Asset backed	\$ 213	\$ -	\$ -	\$ -	\$ 213
Commercial mortgage backed	3,578	-	-	-	3,578
Corporate bonds	18,997	629	7,914	7,047	3,407
Government agencies	3,809	204	3,338	267	-
Government bonds	13,164	706	4,205	4,186	4,067
Government mortgage backed	22,366	-	932	2,011	19,423
Index linked government bonds	164	-	-	164	-
Non-government backed CMO’s	169	-	-	-	169
Short-term bills and notes	<u>1,900</u>	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$64,360</u>	<u>\$ 3,439</u>	<u>\$16,389</u>	<u>\$13,675</u>	<u>\$30,857</u>

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.

Financial Statements

Notes to Financial Statements (Continued)

Note 3 – Investments (Continued)

Credit Risk (Continued)

The following table presents the Fund's ratings as of December 31, 2012 (expressed in thousands).

December 31, 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	Index Linked Gov't Bonds	Non Gov't Backed CMO	Short-term Bills and Notes
AAA	\$ 1,697	\$213	\$1,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AA	6,207	-	573	1,657	3,809	-	-	-	168	-
A	7,872	-	472	7,400	-	-	-	-	-	-
BBB	7,014	-	733	6,281	-	-	-	-	-	-
BB	2,875	-	-	2,875	-	-	-	-	-	-
B	596	-	-	538	-	58	-	-	-	-
NR	563	-	316	246	-	-	-	-	1	-
US Gov't Agency	<u>37,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,106</u>	<u>22,366</u>	<u>164</u>	<u>-</u>	<u>1,900</u>
Total	<u>\$64,360</u>	<u>\$213</u>	<u>\$3,578</u>	<u>\$18,997</u>	<u>\$3,809</u>	<u>\$13,164</u>	<u>\$22,366</u>	<u>\$ 164</u>	<u>\$169</u>	<u>\$1,900</u>

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 December 31, 2012 and June 30, 2012, the Fund's book balances of cash were \$-0- and \$-0-, respectively. The actual bank balances were \$-0- and \$1,320, respectively, at December 31, 2012 and June 30, 2012. 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 104 days. As of December 31, 2012 and June 30, 2012, the Fund had loaned to borrowers securities with a market value of \$40,563,334 and \$39,795,477, respectively. As of December 31, 2012, the fair value of the collateral received by the Fund was \$41,180,970, and the collateral invested by the Fund was \$41,180,970. 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.

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.

Notes to Financial Statements (Continued)

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 \$102,965 at December 31, 2012. The total rental expense was \$66,112 for the six months ended December 31, 2012 and \$117,317 for the year ended June 30, 2012.

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 December 31, 2012:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 77,349
2014	85,378
2015	87,707
2016	90,035
2017	92,364
2018-2022	496,747
2023-2026	<u>363,246</u>
	<u>\$1,292,826</u>

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 \$9,226 for the six months ended December 31, 2012 and \$20,470 for the year ended June 30, 2012.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2012 for each of the next four years and in the aggregate are:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$13,492
2014	7,179
2015	5,688
2016	<u>2,370</u>
	<u>\$28,729</u>

Note 7 – Commitments

During the six months ended December 31, 2012 and year ended June 30, 2012, the Fund committed to purchase \$75,000,000 interest in private equity partnerships. At December 31, 2012 and June 30, 2012, the Fund had a remaining contractual obligation of \$12,881,772 and \$13,913,772, 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 each participant for the year up to a maximum allowable by IRS regulations. Total employee contributions were \$32,183 for the six months ended December 31, 2012 and \$74,700 for the year ended June 30, 2012. 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 December 31, 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)
\$421,448	\$971,807	\$550,359	43.4%	\$58,232	472.6%**

** Adjusted for annualized covered payroll

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	12/31/12
Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years (closed period)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	15% to 2.75% based on service
Inflation rate	2.75%

Required Supplementary Information (Unaudited)

Schedule of Funding Progress

(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)
12/31/12	\$421,448	\$971,807	\$550,359	43.4%	\$ 58,232	472.6%
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%

Schedule of Employer Contributions

(Dollar amounts in thousands)

Period Ended	Employer Contributions	
	Annual Required Contribution	Percentage Contributed
December 31, 2012	\$16,787*	31%
June 30, 2012	28,052	39
June 30, 2011	25,319	43
June 30, 2010	22,400	48
June 30, 2009	18,285	53
June 30, 2008	16,073	56

*For the six months ended December 31, 2012.

Note to Schedules of Funding Progress and Employer Contributions

Valuation date	12/31/12
Actuarial cost method	Entry age (Projected Unit 2005-June 30, 2012)
Amortization method	Level dollar
Amortization period	30 years (closed period) (open period until June 30, 2012)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	15% to 2.75% based on service
Inflation rate	2.75%

Financial Statements

Additional Information

Tax Levies Receivable

<u>Levy Year (Calendar)</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Tax Levies Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Allowance for Uncollectible Write-offs as a Percentage of Tax Levy</u>	<u>Net Tax Levies Receivable</u>
At December 31, 2012: (six months)						
2012	\$ 5,217,650	\$ -	<u>\$5,217,650</u>	<u>\$ -</u>	0.00%	<u>\$5,217,650</u> *
At June 30, 2012:						
2011	\$10,761,575	\$10,745,601	<u>\$ 15,974</u>	<u>\$ -</u>	0.00%	<u>\$ 15,974</u>

* Fully collected in March 2013

Additional Information (Continued)

Administrative and General Expenses

	<u>Six months ended December 31, 2012</u>	<u>Year ended June 30, 2012</u>
Actuary expense	\$ 27,770	\$ 46,000
Auditing	26,000	26,000
IT consultant	26,564	17,450
Conference and convention expense	8,722	12,210
Contributions for annuities of Retirement Board employees	50,842	122,270
Depreciation	13,030	23,433
Equipment rental	9,226	20,470
Equipment maintenance	-	439
Filing fee – State of Illinois	4,000	8,000
File storage expense	2,228	4,547
Hospitalization	77,222	178,179
Legal	8,110	35,030
Legislative consultant	14,400	21,600
Medical fees	180	1,260
Office supplies and expenses	8,674	26,655
Postage	-	14,864
Insurance - surety bond and other	1,471	2,491
Rent expense	66,112	117,317
Salaries	341,636	908,606
Social security - Medicare	3,555	9,504
Unemployment taxes	9,333	-
Bank fees	9,700	22,255
Telephone	2,651	9,240
Transportation	1,071	1,973
Trustees' election expense	<u>11,305</u>	<u>14,810</u>
Total administrative and general expenses	<u>\$ 723,802</u>	<u>\$1,644,603</u>

Additional Information (Continued)

Professional Expenses

	<u>Six months ended December 31, 2012</u>	<u>Year ended June 30, 2012</u>
Legal	\$ 8,110	\$ 35,030
Medical	180	1,260
Actuary	27,770	46,000
Auditing	26,000	26,000
IT consultant	26,564	17,450
Legislative consultant	<u>14,400</u>	<u>21,600</u>
Total	<u>\$103,024</u>	<u>\$147,340</u>

Additional Information (Continued)

Investment Expenses

	Six months ended December 31, 2012	Year ended June 30, 2012
<u>U.S. EQUITY</u>		
Great Lakes Advisors	\$ 41,421	\$ 82,003
Ariel Capital Management	56,149	104,437
Northern Trust Quantitative Advisors	9,730	19,578
RBC Global Asset Management	<u>57,916</u>	<u>133,078</u>
	<u>165,216</u>	<u>339,096</u>
<u>NON - U.S. EQUITY</u>		
Wellington Trust Company	-	109,354
Northern Trust Quantitative Advisors	<u>14,814</u>	<u>21,486</u>
	<u>14,814</u>	<u>130,840</u>
<u>U.S. BONDS</u>		
LM Capital Group	17,691	27,780
MacKay Shields	54,896	127,661
Chicago Equity Partners	<u>24,824</u>	<u>67,576</u>
	<u>97,411</u>	<u>223,017</u>
<u>REAL ESTATE</u>		
Principal Global Investors	106,004	199,431
ULLICO	<u>30,094</u>	<u>40,259</u>
	<u>136,098</u>	<u>239,690</u>
<u>PARTNERSHIPS</u>		
HarbourVest Partners	158,360	334,686
Entrust Capital	145,131	270,266
UBS Realty Investors	169,062	316,805
Mesirow Financial	114,000	228,000
K2 Advisors	129,865	276,513
New York Life Capital Partners	<u>56,651</u>	<u>112,942</u>
	<u>773,069</u>	<u>1,539,212</u>
<u>OTHER</u>		
Custody	29,500	56,750
Investment consultant	<u>50,000</u>	<u>97,917</u>
	<u>79,500</u>	<u>154,667</u>
Total	<u>\$1,266,108</u>	<u>\$2,626,522</u>

Investment Section

INVESTMENT

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 6.4% during the six months ended December 31, 2012 (short 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 6.4%, 8.6%, and 7.6% for the Russell 1000, Russell Mid-Cap and Russell 2000, respectively. In addition, value stocks outperformed growth stocks, with returns of 8.2% and 4.8% for the Russell 3000 Value and Russell 3000 Growth, respectively.

The non-U.S. equity markets (as measured by the MSCI ACWI ex US Index) significantly outperformed their U.S. counterparts, posting a return of 13.8% during the short year. Emerging markets (as measured by the MSCI Emerging Markets Index) performed in line with non-U.S. developed markets and significantly outperformed U.S. equity markets, posting a return of 13.9%.

The broad bond market, as measured by the Barclays Aggregate Index, advanced 1.8% during the short 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 short year with returns of 4.6% and 0.5%, respectively.

In the private equity market, the Venture Economics All Private Equity Index posted a return of 7.6% during the short 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, and ticked up slightly over the short year.

The Federal Reserve held the Fed Funds rate constant at 0.0% - 0.25% range throughout the course of the short year. Real GDP increased at a 0.4% annualized rate in the fourth quarter of 2012. This was significantly lower than the 4.1% annualized rate in the fourth 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 1.8% for the six months ended December 31, 2012. The unemployment rate was 7.8% on December 31, 2012, an improvement from the 8.5% rate on December 31, 2011.

Performance Commentary

The Pension Fund posted a six month return of 6.2%, net of fees, outperforming the custom benchmark by 0.8%. The best performing asset class for the short year was Non-U.S. Equity, which returned 13.9%, net of fees. The worst performing asset class for the short year was Fixed Income, which returned 2.2%, net of fees.

The Fund posted a three-year annualized return of 8.9%, net of fees, outperforming the custom benchmark by 1.3%. On a five-year basis, the Fund returned 2.4%, net of fees, outperforming the custom benchmark by 0.5%.

INVESTMENT

Performance Commentary (Continued)

The fixed income market, as measured by the Barclays Capital Aggregate Index, returned 1.8% during the six months ended December 31, 2012. The Fund's fixed income portfolio returned 2.2%, net of fees, over that time period, outperforming the benchmark. At the end of the short year, the Fund's fixed income assets comprised 19.2% of the total Fund's assets.

The broad U.S. stock market, as measured by the Dow Jones Wilshire 5000 Index, returned 6.4% during the six months ended December 31, 2012. The Fund's U.S. Equity portfolio returned 7.1%, net of fees, over that time period, outperforming the benchmark by 0.7%. The U.S. Equity portfolio was led by the Ariel Smid-Cap Value portfolio, which returned 10.1%, net of fees, for the fiscal year, performing in line with its benchmark. At the end of the short year, the Fund's U.S. stock market assets comprised 25.3% of the total Fund's assets.

The international stock market, as measured by the MSCI ACWI ex US Index, returned 13.8% during the six months ended December 31, 2012. The Fund's International Equity portfolio returned 13.9%, net of fees, over that time period, outperforming the benchmark by 0.1%. The International portfolio is comprised of an index manager, Northern Trust, and an active manager, William Blair. At the end of the short year, the Fund's international stock market assets comprised 16.1% of the total Fund's assets.

The real estate market, as measured by the NCREIF - ODCE Index, returned 4.7% during the six months ended December 31, 2012. The Fund's real estate portfolio returned 4.9%, net of fees, over that time period, outperforming the benchmark by 0.2%. At the end of the short 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 7.6% during the six months ended December 31, 2012. The Fund's private equity portfolio returned 2.8%, net of fees, over that time period. At the end of the short year, the Fund's private equity assets comprised 13.5% of the total Fund's assets.

INVESTMENT

Summary of Investments

Periods ended December 31, 2012 and June 30, 2012

CATEGORY	DECEMBER 31, 2012				JUNE 30, 2012			
	<u>FAIR VALUE</u>	<u>%</u>	<u>BOOK VALUE</u>	<u>%</u>	<u>FAIR VALUE</u>	<u>%</u>	<u>BOOK VALUE</u>	<u>%</u>
BONDS	\$ 75,408,228	19	\$ 71,229,558	20	\$ 76,692,720	19	\$ 72,863,332	19
EQUITIES	164,721,789	41	143,259,313	39	165,698,430	41	155,115,033	40
Domestic Equities	100,082,535	25	82,389,739	22	103,514,259	26	89,282,535	23
International Equities	64,639,254	16	60,869,574	17	62,184,171	15	65,832,498	17
REAL ESTATE	51,547,498	13	54,905,117	15	52,249,677	13	57,599,277	15
SHORT-TERM	6,500,064	2	6,500,064	2	9,311,424	2	9,311,424	2
PRIVATE EQUITY	<u>99,518,018</u>	<u>25</u>	<u>87,018,578</u>	<u>24</u>	<u>103,441,419</u>	<u>25</u>	<u>92,557,540</u>	<u>24</u>
INVESTMENT ASSETS*	<u>\$397,695,597</u>	<u>100</u>	<u>\$362,912,630</u>	<u>100</u>	<u>\$407,393,670</u>	<u>100</u>	<u>\$387,446,606</u>	<u>100</u>

* Investment assets do not reflect the amounts due to or from brokers at year end. Net due from broker is \$5,275,450 at December 31, 2012. Net due to brokers is \$793,513 at June 30, 2012.

INVESTMENT

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:

<u>Asset Category</u>	Board Approved Policy		
	<u>Target (%)</u>	<u>Range (%)</u>	
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	<u>27.0</u>	22.0	32.0
	<u>100.0%</u>		

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:

<u>Asset Category</u>	<u>% Indexed</u>
U.S. Equity	45.8%
Non U.S. Equity	76.6%
U.S. Bonds	0.0%

INVESTMENT

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.

INVESTMENT

Schedule of Investment Performance

For the Years Ended December 31, 2012 and June 30, 2012-2008
and Three, Five and Ten-Year Periods
Ended December 31, 2012

	Six Months Ended December 30, 2012; One Year Ended June 30, 2012-2008						Ended December 31, 2012		
	12/31/12	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	3 Years	5 Years	10 Years
Total Fund	6.2%	1.4%	21.0%	11.3%	-18.6%	-3.0%	8.9%	2.4%	6.6%
Benchmark Portfolio	5.4	1.2	19.3	11.7	-13.9	-2.7	7.6	1.9	6.5
Public Funds Median Return	6.3	1.0	20.9	12.0	-15.1	-4.6	8.0	3.2	7.2
Actuarial Assumed Rate of Return	7.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Consumer Price Index	1.8	1.7	3.6	1.1	-1.4	5.0	2.1	1.8	2.4
Fixed Income	2.2%	7.5%	4.7%	11.4%	7.9%	7.4%	6.4%	6.7%	6.1%
BarCap Aggregate	1.8	7.5	3.9	9.5	6.1	6.1	6.2	5.9	5.2
Universe Median	3.4	6.2	4.9	11.4	5.6	6.8	7.8	7.4	6.0
U.S. Equities	7.1%	1.6%	36.4%	21.8%	-26.5%	-14.8%	12.0%	3.1%	8.9%
Wilshire 5000	6.4	4.0	32.0	15.7	-26.4	-12.5	11.4	2.2	7.9
Universe Median	6.6	1.6	32.9	16.1	-26.2	-12.5	11.0	2.0	7.7
Non U.S. Equities	13.9%	-13.8%	32.1%	11.1%	-32.5%	-9.6%	4.4%	-3.0%	8.6%
MSCI ACWI Ex US	13.8	-14.1	30.3	10.9	-30.5	-6.2	4.3	-2.4	10.2
Universe Median	13.9	-14.0	30.7	10.2	-30.5	-8.3	4.3	-2.8	9.0
Long-Short Equities	6.4%	-3.8%	12.1%	3.6%	-10.1%	n/a	3.6%	n/a	n/a
HFRX Hedged Equity	3.6	-10.7	3.4	3.1	-20.0	-4.9	-2.6	n/a	n/a
Universe Median	4.8	-1.7	10.7	9.8	-15.7	n/a	3.4	n/a	n/a
Real Estate	4.9%	12.0%	18.5%	-5.2%	-27.8%	6.0%	13.5%	-1.6%	4.8%
NCREIF-ODCE	4.7	11.3	20.5	-1.5	-19.6	9.2	13.3	-2.0	5.7
Universe Median	4.6	10.8	19.3	-6.9	-30.3	7.2	12.8	-2.3	5.5
Private Equity	2.8%	5.2%	23.0%	14.4%	-20.5%	2.7%	11.5%	3.4%	n/a
VE All Private Equity	7.6	5.3	18.9	15.8	-18.5	3.0	13.6	5.8	n/a

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.

INVESTMENT

Schedule of Ten Largest Stock and Bond Holdings

For the Six Months Ended

December 31, 2012

U.S. Stocks*

<u>Shares</u>	<u>Holdings</u>	<u>Fair Value</u>
7	Berkshire Hathaway, Inc.	\$ 938,420
9,800	3M Co.	909,930
15,800	American Express Co.	908,184
10,000	Exxon Mobil Corp.	865,500
8,000	Chevron Corp.	865,120
101,200	Janus Cap Group Inc.	862,224
13,100	Honeywell Intl Inc.	831,457
14,050	Target Corp.	831,339
34,200	First American Finl Corp.	823,878
38,600	General Electric Co.	810,214

International Stocks*

<u>Shares</u>	<u>Holdings</u>	<u>Fair Value</u>
10,301	Nestle	\$ 670,731
58,491	HSBC Holdings	615,050
353	Samsung Electronics	501,625
7,344	Novartis	460,930
2,244	Roche Holding	450,996
60,803	BP	419,851
11,863	Royal Dutch Shell	409,203
8,824	Toyota Motor Corp	408,742
10,306	BHP Billiton	396,970
157,057	Vodafone Group	394,305

Bonds*

<u>Holdings</u>	<u>Fair Value</u>
United States Treasury Bond 1.25% due 10/31/2019	\$1,109,109
United States Treasury Bond 3.0% due 5/15/2042	1,079,875
United States Treasury Bond 3.5% due 2/15/2039	898,723
United States Treasury Note 3.5% due 2/15/2018	836,924
United States Treasury Note 2.375% due 7/31/2017	733,284
United States Treasury Bond 2.75% due 8/15/2042	709,734
United States Treasury Note 3.625% due 2/15/2021	674,951
FNMA Pool 4.5% due 10/1/2040	660,453
FNMA Pool 4.0% due 10/1/2040	633,321
FHLMC Preassign 3.75% due 3/27/2019	609,169

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

INVESTMENT

Schedule of Investment Brokerage Commissions

<u>Broker Name</u>	<u>Shares*</u>	<u>Commission</u>
Cheevers and Company, Inc.	238,684	\$ 10,809
Cantor Fitzgerald & Co.	95,200	2,387
UBS Warburg, LLC	50,600	2,277
Raymond James	45,300	2,039
Loop Capital Markets	30,000	1,174
Topeka Capital Markets, Inc.	18,500	740
Weeden & Co.	16,300	713
Broker commissions under \$500	<u>106,375</u>	<u>3,339</u>
Total Broker Commissions	<u>600,959</u>	<u>\$ 23,477</u>

* Total shares traded 600,959 at an average cost of \$0.03907 per share.

Actuarial Section



101 North Wacker Drive, Suite 500 Chicago, IL 60606
T 312.984.8500 F 312.984.8590 www.segalco.com

June 7, 2013

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 December 31, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the fiscal year ending December 31, 2013, 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 December 31, 2012 actuarial valuation were based on an experience analysis covering the five-year period ending June 30, 2012 and were adopted by the Board, effective for the December 31, 2012 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 the 30-year period ending December 31, 2042. 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. Since Fiscal 2005, 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.


ACTUARIAL

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,

SEGAL CONSULTING

By: 

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



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

ACTUARIAL

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

Purpose

This report has been prepared by Segal Consulting to present a valuation of the Park Employees' Annuity and Benefit Fund of Chicago (PEABF) as of December 31, 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 December 31, 2012, provided by PEABF staff;
- The assets of the Plan as of December 31, 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. A five-year experience study was performed for the period July 1, 2007 through June 30, 2012. All recommended assumption and method changes were approved by the Board of Trustees, are effective December 31, 2012, and are incorporated in this valuation. The changes include:
 - a. Lowering the investment return from 8.00% to 7.50%,
 - b. Lowering the inflation rate from 3.00% to 2.75%,
 - c. Lowering the payroll growth rate from 3.50% to 2.75%,
 - d. Revising the salary scale from 4.50% to rates ranging from 15% to 2.75% based on service,
 - e. Moving to the RP-2000 mortality table, set forward one year for females, with generational improvement from 2003,
 - f. Revising turnover rates to use an 8-year select table based on service and ultimate rates based on age,
 - g. Revisions to retirement rates for Tier 1 members,
 - h. Changing the actuarial cost method from Projected Unit Credit to Entry Age Normal, and
 - i. Changing the amortization method from a 30-year open period, level percentage of pay, to a 30-year closed period, level percentage of pay.
2. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2012 is 43.4%, compared to 50.9% as of June 30, 2012. This ratio is a measure of funding status, its history is a measure of funding progress, and it is the ratio required to be reported under GASB 25. Prior to reflecting the assumption and method changes described above, the funded ratio as of December 31, 2012 is 47.9%.

ACTUARIAL

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

Significant Issues in Valuation Year (Continued)

3. 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 fiscal year beginning January 1, 2013, the actuarially determined contribution amount (the Annual Required Contribution, or ARC) is \$41,834,857. 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 fiscal year beginning January 1, 2013 to be \$10,181,490. Compared to the Annual Required Contribution of \$41,834,857, the contribution deficiency is \$31,653,367 as of January 1, 2013. Each year of a contribution deficiency leads to an increased deficiency in all future years.
4. For the six-month period ended December 31, 2012, Segal has determined that the asset return on a market value basis was 6.3%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 1.0%. This represents an experience loss when compared to the assumed rate of 4% (for the 6-month period). As of December 31, 2012, the actuarial value of assets (\$421.4 million) represented 102.2% of the market value (\$412.4 million).
5. The portion of deferred investment gains and losses recognized in the calculation of the December 31, 2012 actuarial value of assets resulted in a loss of \$13,039,011. Additionally, the demographic and liability experience resulted in a \$4,357,398 loss.
6. The total unrecognized investment loss as of December 31, 2012 is \$9,058,984. 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 7.50% 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 7.50% 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 102.2% of the market value of assets as of December 31, 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. We believe the actuarial asset method currently complies with these guidelines.
8. This actuarial valuation report as of December 31, 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.

ACTUARIAL

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

Summary of Key Valuation Results

	January 1, 2013		July 1, 2012*
	After Assumption/Method Changes	Before Assumption/Method Changes	
Contributions for fiscal year beginning:			
Actuarially determined contribution requirement	\$ 41,834,857	\$ 35,165,336	\$ 16,786,671
Estimated employer contributions (provided by the Fund, reflecting 3% loss on collections)	10,181,490	10,181,490	5,061,120
Actual employer contribution	--	--	5,268,363
Funding elements for fiscal year beginning:			
Normal cost, including administrative expenses	\$ 6,080,392	\$ 6,235,256	\$ 3,323,370
Market value of assets	412,389,017	412,389,017	410,797,588
Actuarial value of assets	421,448,001	421,448,001	440,692,006
Actuarial accrued liability	971,807,222	879,362,910	866,370,565
Unfunded/(overfunded) actuarial accrued liability	550,359,221	457,914,909	425,678,559
GASB 25 information for fiscal year beginning:			
Annual Required Contributions (ARC)	\$ 41,834,857	\$ 35,165,336	\$ 16,786,671
Actual employer contributions	--	--	5,268,363
Percentage of ARC contributed	--	--	31.38%
Funded ratio	43.37%	47.93%	50.87%
Covered payroll	--	--	\$ 58,231,511
Demographic data for plan year beginning:			
Number of retirees and beneficiaries	2,906	2,906	2,921
Number of vested former participants	152	152	153
Number of active members	3,053	3,053	2,977
Total salary supplied by the Fund	\$113,934,756	\$ 113,934,756	\$ 109,798,508
Average salary	37,319	37,319	36,882

* Short fiscal year began July 1, 2012 and ended December 31, 2012.

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit 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: 2004 – 2012

Census Date	Active Members	Vested Terminated Members*	Retirees and Beneficiaries	Ratio Actives to Retirees and Beneficiaries
June 30, 2004	2,820	N/A	3,240	0.87
June 30, 2005	2,881	186	3,184	0.90
June 30, 2006	3,035	167	3,115	0.97
June 30, 2007	3,040	162	3,056	0.99
June 30, 2008	3,031	161	3,013	1.01
June 30, 2009	2,865	159	3,013	0.95
June 30, 2010	2,816	160	2,956	0.95
June 30, 2011	2,795	141	2,913	0.96
June 30, 2012	2,977	153	2,921	1.02
December 31, 2012	3,053	152	2,906	1.05

* Excludes terminated members due a refund of employee contributions

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

Active Members

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 3,053 active participants with an average age of 41.9, average years of service of 10.1 years and average salary of \$37,319. The 2,977 active participants in the prior valuation had an average age of 42.1, average service of 10.1 years and average salary of \$36,882.

Inactive Participants

In this year's valuation, there were 152 members with a vested right to a deferred or immediate vested benefit.

In addition, there were 3,705 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 December 31, 2012

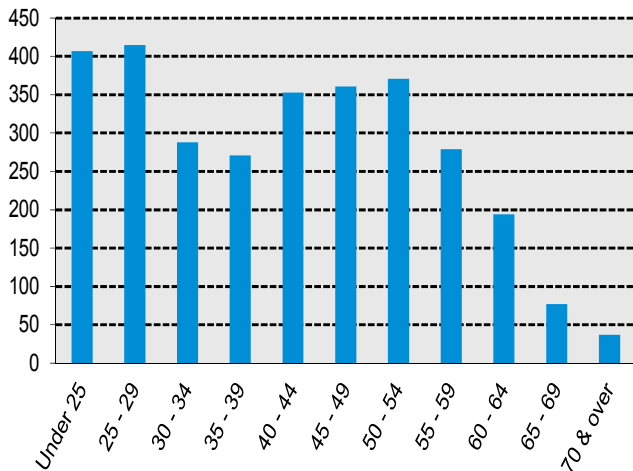
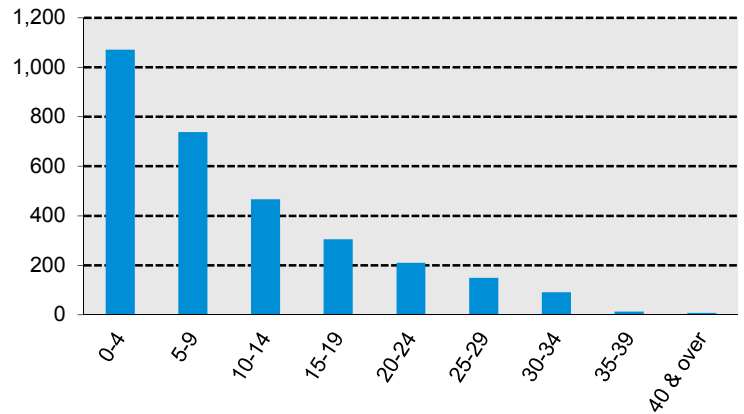


CHART 3

Distribution of Active Members by Years of Service as of December 31, 2012



ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

Retirees and Beneficiaries

As of December 31, 2012, 2,090 retirees, 798 beneficiaries, and 18 dependent children were receiving total monthly benefits of \$5,431,880. For comparison, in the previous valuation there were 2,104 retirees, 804 beneficiaries, and 13 dependent children receiving total monthly benefits of \$5,332,972.

These graphs show a distribution of the current retirees based on their monthly amount and age.

CHART 4

Distribution of Retirees by Monthly Amount as of December 31, 2012

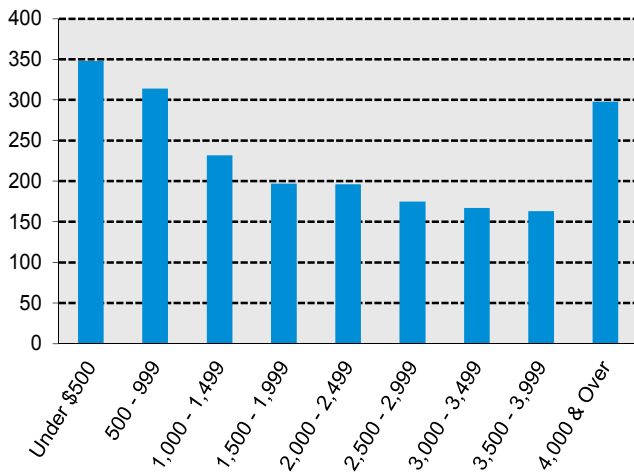
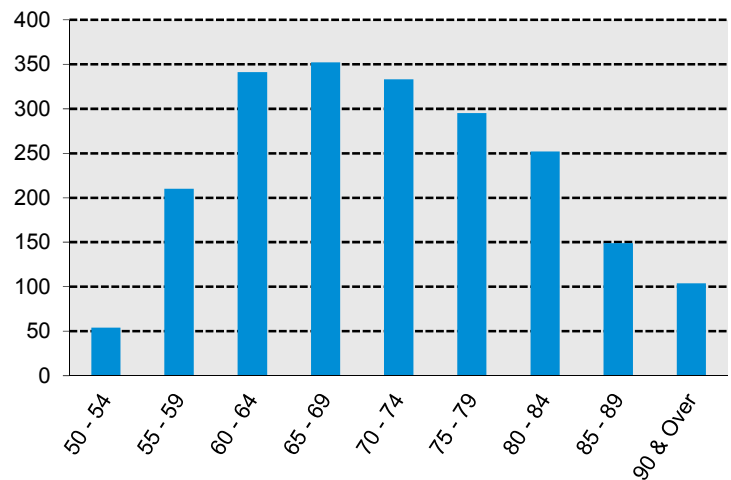


CHART 5

Distribution of Retirees by Age as of December 31, 2012



ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 Fiscal Years Ended December 31, 2012 and June 30, 2012

		<u>December 31, 2012</u>		<u>June 30, 2012</u>	
1. Actuarial value of assets as of prior valuation date			\$440,692,006		\$489,370,505
2. Employer and employee contributions			10,639,447		21,273,188
3. Benefits and expenses			34,004,814		67,147,261
4. Expected investment income			17,160,373		37,314,677
5. Total investment income, including income for securities lending			24,956,796		3,861,173
6. Investment gain/(loss): (5) – (4)			7,796,423		-33,453,504
7. Expected actuarial value of assets: (1) + (2) - (3) + (4)			434,487,012		480,811,109
			%		%
8. Calculation of unrecognized return	<u>Original amount*</u>	<u>Recognized**</u>		<u>Recognized**</u>	
(a) 6-month period ended December 31, 2012	\$7,796,423	10%	\$ 779,642		--
(b) Year ended June 30, 2012	-33,453,504	10%	-3,345,350	20%	-\$ 6,690,701
(c) Year ended June 30, 2011	45,124,290	10%	4,512,429	20%	9,024,858
(d) Year ended June 30, 2010	-1,179,100	10%	-117,910	20%	-235,820
(e) Year ended June 30, 2009	-148,678,220	10%	<u>-14,867,822</u>	20%	-29,735,644
(f) Year ended June 30, 2008	-62,408,980			20%	<u>-12,481,796</u>
(g) Total recognized return			<u>-13,039,011</u>		<u>-40,119,103</u>
9. Actuarial value of assets as of current valuation date: (7) + (8g)			<u>\$421,448,001</u>		<u>\$440,692,006</u>

* Total return minus expected return on actuarial value

** 10% was recognized, instead of 20%, due to the short fiscal year in order to maintain a 5-year smoothing period.

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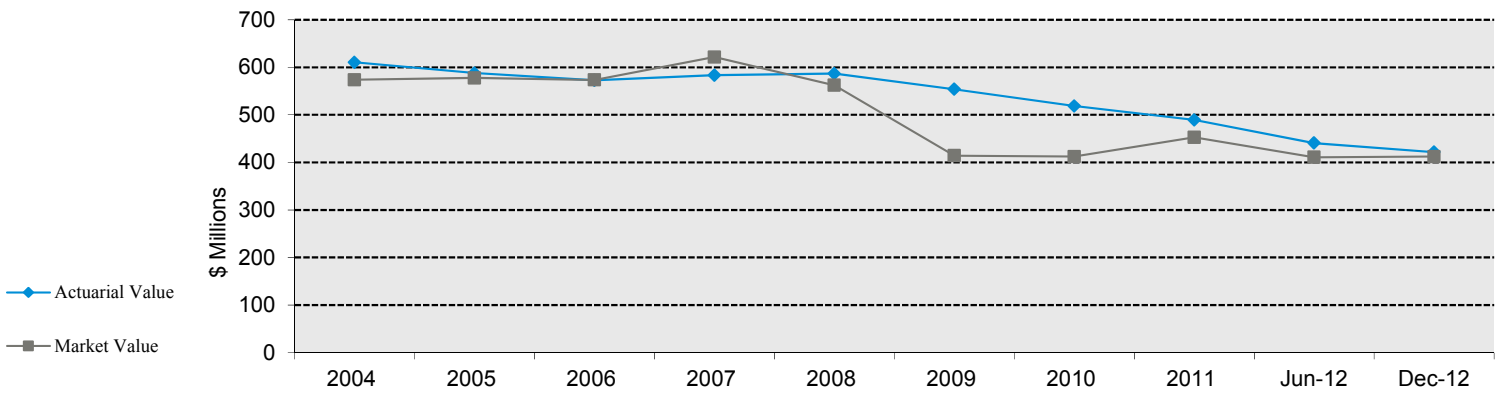
SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 valuation dates.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2004 – December 31, 2012



ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 \$17,216,301, \$13,039,011 from investment losses and \$4,177,290 in losses from all other sources. The net experience variation from individual sources other than investments was less than 0.5% 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 six-month period ended December 31, 2012.

CHART 8

Actuarial Experience for 6-Month Period Ended December 31, 2012

1. Net gain/(loss) from investments*	-\$13,039,011
2. Net gain/(loss) from administrative expenses	180,108
3. Net gain/(loss) from other experience**	<u>-4,357,398</u>
4. Net experience gain/(loss): (1) + (2) + (3)	-\$17,216,301

* Details in Chart 9

** Details in Chart 12

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 for the six-month period ended December 31, 2012 is 4.00%. The actual rate of return on an actuarial basis for the six-month period ended December 31, 2012 was 0.96%.

Since the actual return for the year was less than the assumed return, the PEABF experienced an actuarial loss during the fiscal year ended December 31, 2012 with regard to its investments.

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

CHART 9

Actuarial Value Investment Experience for Fiscal Year Ended December 31, 2012

1. Actual return	\$ 4,121,362
2. Average value of actuarial assets	429,009,323
3. Actual rate of return: (1) ÷ (2)	0.96%
4. Assumed rate of return	4.00%
5. Expected return: (2) x (4)	\$17,160,373
6. Actuarial gain/(loss): (1) – (5)	<u>-\$13,039,011</u>

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 valuation years, including five-year and ten-year averages.

Chart 10
Investment Return

Fiscal Year Ended	Market Value	Actuarial Value
June 30, 2004	13.4%	3.6%
June 30, 2005	8.9%	4.0%
June 30, 2006	7.4%	5.3%
June 30, 2007	16.2%	9.3%
June 30, 2008	-3.0%	8.1%
June 30, 2009	-18.6%	2.0%
June 30, 2010	11.3%	1.5%
June 30, 2011	21.0%	3.1%
June 30, 2012	0.9%*	-0.6%*
December 31, 2012	6.3%*	1.0%*
Average Returns		
Last 5 valuation years:	3.7%	1.5%
Last 10 valuation years:	6.1%	3.9%

* As determined by Segal

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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.

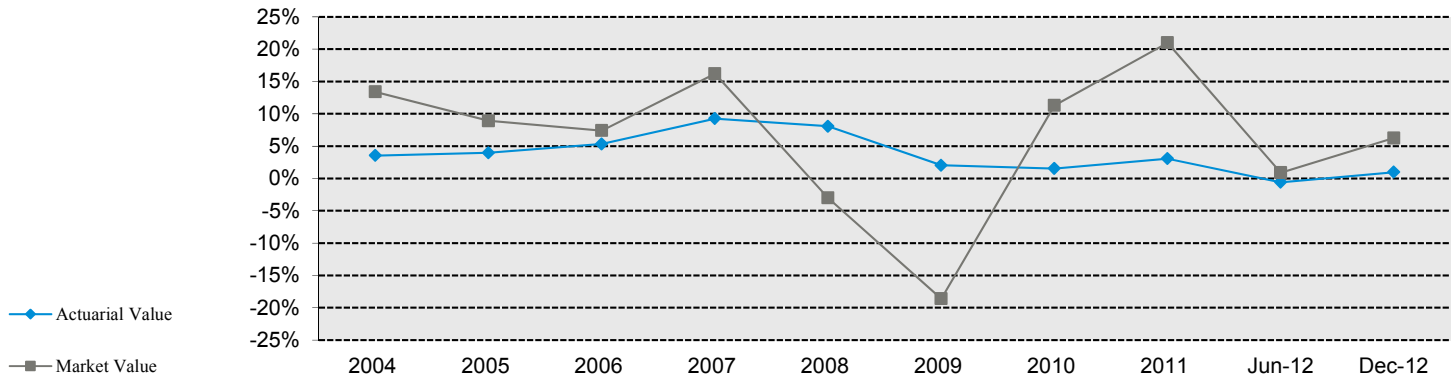
Administrative Expenses

Administrative expenses for the fiscal year ended December 31, 2012 totaled \$723,802 compared to the assumption of \$863,417. This resulted in a gain of \$180,108.

This chart illustrates how this leveling effect has actually worked over the years 2004 - 2012.

CHART 11

Market and Actuarial Rates of Return for Fiscal Years Ended June 30, 2004 - December 31, 2012



ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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 six-month period ended December 31, 2012 amounted to \$4,357,398, which is approximately 0.5% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the PEABF for the six-month period ended December 31, 2012 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the six-month period ended December 31, 2012.

CHART 12

Experience Due to Changes in Demographics for the 6-Month Period Ended December 31, 2012

1. Turnover	-\$ 346,801
2. Retirement	-3,120,737
3. Deaths among retired members and beneficiaries	-545,816
4. Salary/service increase for continuing actives	224,615
5. Other decrements	<u>-568,659</u>
6. Total	-\$4,357,398

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

D. DEVELOPMENT OF EMPLOYER COSTS

The 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 35.21% of payroll.

GASB allows that the unfunded actuarial accrued liability be amortized over 30 years. In April 2013, the Board of Trustees elected to close the 30-year amortization period, which ends on December 31, 2042.

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

CHART 13

Annual Required Contribution

	Year Beginning			
	<u>January 1, 2013</u>		<u>July 1, 2012*</u>	
	<u>Amount</u>	<u>% of Payroll</u>	<u>Amount</u>	<u>% of Payroll</u>
1. Total normal cost	\$ 15,385,632	12.95%	\$ 7,623,150	13.29%
2. Administrative expenses	1,519,984	1.28%	863,417	1.50%
3. Expected employee contributions	<u>-10,825,224</u>	<u>-9.11%</u>	<u>-5,163,197</u>	<u>-9.00%</u>
4. Employer normal cost: (1) + (2) + (3)	\$ 6,080,392	5.12%	\$ 3,323,370	5.79%
5. Employer normal cost, adjusted for timing**	6,302,921	5.30%	3,452,901	6.02%
6. Actuarial accrued liability	971,807,222		866,370,565	
7. Actuarial value of assets	<u>421,448,001</u>		<u>440,692,006</u>	
8. Unfunded actuarial accrued liability: (6) – (7)	\$550,359,221		\$425,678,559	
9. Payment on unfunded actuarial accrued liability	35,531,936	<u>29.91%</u>	13,333,770	<u>23.24%</u>
10. Annual Required Contribution, adjusted for timing**: (5) + (9)	<u>\$ 41,834,857</u>	<u>35.21%</u>	<u>\$ 16,786,671</u>	<u>29.26%</u>
11. Projected payroll	\$118,814,828		\$ 57,368,854	

* Short fiscal year began July 1, 2012 and ended December 31, 2012.

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

ACTUARIAL

SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

The Annual Required Contribution as of January 1, 2013 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, 2012 to January 1, 2013

Annual Required Contribution as of July 1, 2012	\$16,786,671
Effect of short fiscal year	16,786,671
Effect of plan amendment(s)	0
Effect of expected change in amortization payment due to payroll growth	462,668
Effect of rolling amortization period	-230,120
Effect of change in administrative expense assumption	-214,419
Effect of change in other actuarial assumptions	6,357,233
Effect of contributions (more)/less than recommended contribution	686,519
Effect of investment (gain)/loss	789,389
Effect of other gains and losses on accrued liability	252,895
Effect of net other changes	157,350
Total change	<u>\$25,048,186</u>
Annual Required Contribution as of January 1, 2013	\$41,834,857

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SECTION 2: Valuation Results for the Park Employees' Annuity and Benefit of Chicago (Continued)

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, Fiscal Years Ended June 30

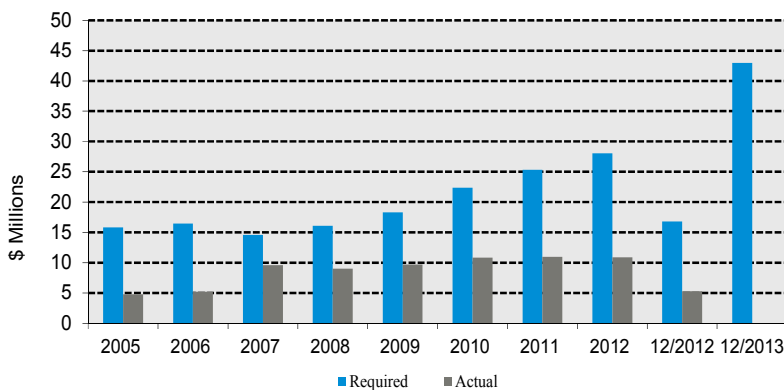
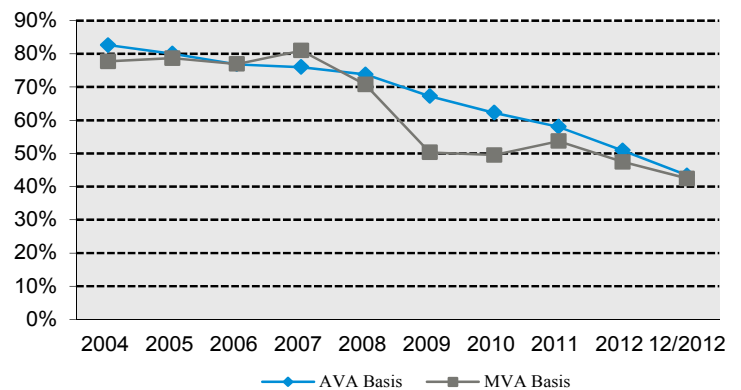


CHART 16

Funded Ratio, Fiscal Years Ended June 30



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

EXHIBIT A

Table of Plan Coverage

<u>Category</u>	<u>Census Date</u>		<u>Change From Prior Year</u>
	<u>December 31, 2012</u>	<u>June 30, 2012</u>	
Active members in valuation:			
Number	3,053	2,977	2.6%
Average age	41.9	42.1	-0.5%
Average years of service	10.1	10.1	0.0%
Total salary supplied by the Fund	\$113,934,756	\$109,798,508	3.8%
Average salary	\$ 37,319	\$ 36,882	1.2%
Total active vested participants with at least 10 years of service	1,314	1,260	4.3%
Vested terminated members	152	153	-0.7%
Non-vested terminated members eligible for a return of contributions	3,705	3,740	-0.9%
Service retirees:			
Number in pay status	2,090	2,104	-0.7%
Average age	71.4	71.4	0.0%
Average monthly benefit	\$ 2,152	\$ 2,103	2.3%
Beneficiaries (including children) in pay status:			
Number in pay status	816	817	-0.1%
Average age	76.7	77.0	-0.4%
Average monthly benefit	\$ 1,145	\$ 1,113	2.9%
Total number of members	9,816	9,791	0.3%

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

EXHIBIT B

Participants in Active Service as of December 31, 2012

By Age, Years of Service, and Average Salary

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	Over 40
Under 25	407	364	43	--	--	--	--	--	--	--
	\$20,412	\$20,183	\$22,352	--	--	--	--	--	--	--
25-29	415	206	188	21	--	--	--	--	--	--
	25,627	23,335	26,594	\$39,447	--	--	--	--	--	--
30-34	288	114	96	67	11	--	--	--	--	--
	34,263	30,221	36,278	36,256	\$46,427	--	--	--	--	--
35-39	271	102	75	48	42	4	--	--	--	--
	39,433	27,860	45,103	51,085	42,899	\$51,982	--	--	--	--
40-44	353	83	107	74	57	31	1	--	--	--
	42,505	34,034	39,429	43,878	51,378	55,726	\$57,612	--	--	--
45-49	361	73	66	75	55	46	40	6	--	--
	43,667	24,142	37,284	46,937	52,884	52,017	59,995	\$53,225	--	--
50-54	371	53	69	76	58	47	42	25	1	--
	45,828	21,944	35,964	46,376	47,424	62,197	58,440	65,587	\$65,241	--
55-59	279	44	39	58	40	29	26	36	6	1
	47,002	26,199	40,576	47,091	41,808	58,848	57,442	65,368	58,770	\$68,833
60-64	194	22	37	28	27	36	23	14	4	3
	45,722	22,351	33,557	46,563	36,561	61,532	60,779	63,485	59,112	35,811
65-69	77	8	13	15	8	10	14	7	1	1
	41,505	17,669	31,374	40,792	39,504	49,602	53,433	52,536	68,698	38,232
Over 70	37	2	6	4	8	7	3	3	1	3
	40,207	9,601	35,872	39,073	42,631	39,178	55,450	53,379	39,757	38,469
Total	3,053	1,071	739	466	306	210	149	91	13	8
	\$37,319	\$24,273	\$34,418	\$44,645	\$46,460	\$56,874	\$58,508	\$62,956	\$58,674	\$41,238

ACTUARIAL

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

EXHIBIT C

Reconciliation of Participant Data

	Active Members	Inactive Members	Retirees	Beneficiaries	Total
Number as of June 30, 2012	2,977	3,893	2,104	817	9,791
New participants	157	N/A	N/A	N/A	157
Terminations	0	0	0	0	0
Retirements	(34)	(15)	49	N/A	0
New disabilities	0	0	N/A	N/A	0
Died with beneficiary	0	0	(27)	27	0
Died without beneficiary	(1)	0	(20)	(26)	(47)
Refunds	(51)	(23)	0	0	(74)
Rehire	5	(5)	0	N/A	0
Certain period expired	N/A	N/A	0	(2)	(2)
Data adjustments	<u>0</u>	<u>7</u>	<u>(16)</u> *	<u>0</u>	<u>(9)</u>
Number as of December 31, 2012	3,053	3,857	2,090	816	9,816

* Includes removal of 17 QDROs for participant count purposes.

ACTUARIAL

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

EXHIBIT D

Schedule of Pensioners and Beneficiaries Added to and Removed from Rolls

Fiscal Year	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls – End of Year</u>		% Increase in Avg. Annual Allowances	Average Annual Allowances
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number*</u>	<u>Annual Allowances</u>		
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
6/2012	167	4,681,195	158	2,797,326	2,908	63,980,341	2.7	22,001
12/2012	71	2,470,960	91**	1,290,060	2,888	65,161,241	2.6	22,563

* Does not include child beneficiaries receiving a pension.

** Includes removal of 17 QDROs for participant count purposes.

ACTUARIAL

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

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	<u>Fiscal Year Ended December 31, 2012</u>	<u>Fiscal Year Ended June 30, 2012</u>
Net assets at market value at the beginning of the year	\$410,797,588	\$452,810,488
Contribution income:		
Employer contributions	\$ 5,268,363	\$10,868,361
Employee contributions	5,371,084	10,404,827
Administrative expenses	<u>-723,802</u>	<u>-1,644,603</u>
Net contribution income	9,915,645	19,628,585
Securities lending income	48,022	65,231
Investment income:		
Interest, dividends and other income	\$ 3,125,551	\$ 6,344,103
Asset appreciation	23,049,331	78,361
Less investment and administrative fees	<u>-1,266,108</u>	<u>-2,626,522</u>
Net investment income	<u>24,908,774</u>	<u>3,795,942</u>
Total income available for benefits	\$ 34,872,441	\$ 23,489,758
Less benefit payments:		
Annuity payments	-\$31,969,582	-\$62,868,556
Disability & death	-333,518	-645,949
Refund of contributions	<u>-977,912</u>	<u>-1,988,153</u>
Net benefit payments	-\$ 33,281,012	-\$ 65,502,658
Change in reserve for future benefits	\$ 1,591,429	-\$ 42,012,900
Net assets at market value at the end of the year	\$412,389,017	\$410,797,588

ACTUARIAL

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

EXHIBIT F

Summary Statement of Plan Assets

	<u>Fiscal Year Ended December 31, 2012</u>	<u>Fiscal Year Ended June 30, 2012</u>
Accounts receivable	\$ 11,534,400	\$ 1,233,026
Investments, at fair value:		
Short-term investments	\$ 6,500,064	\$ 9,311,424
Bonds	64,359,583	65,824,474
Common and preferred stocks	52,517,172	55,138,935
Collective investment funds	99,811,579	95,983,701
Mutual funds	12,453,129	14,575,794
Pooled separate real estate accounts	10,988,554	10,868,246
Private equity partnerships	<u>151,065,516</u>	<u>155,691,096</u>
Total investments at market value	397,695,597	407,393,670
Invested securities lending collateral	41,180,970	40,244,278
Prepaid annuity benefits	3,903,461	3,785,303
Furniture and fixtures, net	46,881	50,520
Prepaid expenses	<u>31,841</u>	<u>43,324</u>
Total assets	\$ 454,393,150	\$ 452,750,121
Less accounts payable:		
Accounts payable	-\$ 383,872	-\$ 398,409
Deferred rent	-102,965	-106,951
Accrued benefits payable	-311,776	-267,407
Securities lending collateral	-41,180,970	-40,244,278
Due to broker for securities purchased	<u>-24,550</u>	<u>-935,488</u>
Total accounts payable	-\$ 42,004,133	-\$ 41,952,533
Net assets at market value	<u>\$412,389,017</u>	<u>\$410,797,588</u>
Net assets at actuarial value	<u>\$421,448,001</u>	<u>\$440,692,006</u>

ACTUARIAL

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

EXHIBIT G

Development of the Fund Through December 31, 2012

Fiscal Year Ended	Employer Contributions	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
June 30, 2004	\$9,840,681	\$10,593,581	\$21,513,929	\$1,199,194	\$54,664,806	\$610,293,849
June 30, 2005	4,768,605	8,515,799	23,243,252	1,185,866	57,861,496	587,774,143
June 30, 2006	5,173,860	9,117,032	30,196,992	1,231,485	58,371,413	572,659,129
June 30, 2007	9,594,593	9,719,082	51,140,015	1,237,899	58,578,971	583,295,949
June 30, 2008	8,998,687	10,264,805	45,344,625	1,289,579	59,938,455	586,676,032
June 30, 2009	9,677,765	10,141,146	11,539,827	1,335,180	62,945,073	553,754,517
June 30, 2010	10,829,339	9,829,998	8,194,551	1,465,562	62,560,242	518,582,601
June 30, 2011	10,981,419	9,791,650	15,218,630	1,498,905	63,704,890	489,370,505
June 30, 2012	10,868,361	10,404,827	-2,804,426	1,644,603	65,502,658	440,692,006
December 31, 2012	5,268,363	5,371,084	4,121,362	723,802	33,281,012	421,448,001

* Net of investment fees

ACTUARIAL

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

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability

	<u>Plan Year Ended</u>	
	<u>December 31, 2012</u>	<u>June 30, 2012</u>
1. Unfunded actuarial accrued liability at beginning of year	\$425,678,559	\$354,572,735
2. Normal cost at beginning of year	8,486,567	16,524,059
3. Total contributions	10,639,447	21,273,188
4. Interest		
(a) Unfunded actuarial accrued liability and normal cost	\$17,366,605	\$29,687,744
(b) Total contributions	<u>193,676</u>	<u>769,179</u>
(c) Total interest: (4a) – (4b)	<u>17,172,929</u>	<u>28,918,565</u>
5. Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4c)	\$440,698,608	\$378,742,171
6. Changes due to (gain)/loss from:		
(a) Investments	\$13,039,011	\$40,119,103
(b) Demographics and other	<u>4,177,290</u>	<u>6,817,285</u>
(c) Total changes due to (gain)/loss: (6a) + (6b)	\$ 17,216,301	\$ 46,936,388
7. Change to due plan amendments	0	0
8. Change in actuarial assumptions and methods	<u>92,444,312</u>	<u>0</u>
9. Unfunded accrued liability at end of year: (5) + (6c) + (7) + (8)	<u>\$550,359,221</u>	<u>\$425,678,559</u>

ACTUARIAL

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

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

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

EXHIBIT I

Definitions of Pension Terms (Continued)

- 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:
- 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.

ACTUARIAL

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

EXHIBIT I

Definitions of Pension Terms (Continued)

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 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:	<p>The estimates on which the cost of the Fund is calculated including:</p> <ul style="list-style-type: none">(a) <u>Investment return</u> - the rate of investment yield that the Fund will earn over the long-term future;(b) <u>Mortality rates</u> - the death rates of employees and pensioners; life expectancy is based on these rates;(c) <u>Retirement rates</u> - the rate or probability of retirement at a given age;(d) <u>Turnover rates</u> - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement;(e) <u>Salary increase rates</u> - 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.

ACTUARIAL

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

EXHIBIT I

Definitions of Pension Terms (Continued)

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.
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.

ACTUARIAL

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

EXHIBIT I

Definitions of Pension Terms (Continued)

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 with level percentage of payroll is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never decrease, but will become smaller each year, 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.

ACTUARIAL

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 798 beneficiaries and 18 dependent children)		2,906
2. Members inactive as of the valuation date with vested rights		152
3. Members active as of the valuation date		3,053
Fully vested	1,314	
Not vested	1,739	
4. Other non-vested inactive members as of the valuation date		3,705

The actuarial factors as of the valuation date are as follows:

1. Employer normal cost, including administrative expenses		\$ 6,080,392
2. Actuarial accrued liability		971,807,222
Retires and beneficiaries	\$662,153,615	
Inactive participants with vested rights	21,788,689	
Active participants	287,864,918	
3. Actuarial value of assets (\$412,389,017 at market value)		421,448,001
4. Unfunded actuarial accrued liability		<u>\$550,359,221</u>
5. Funded ratio: (3) ÷ (2)		43.4%

ACTUARIAL

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

EXHIBIT I

Summary of Actuarial Valuation Results (Continued)

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

1. Total normal cost	\$ 15,385,632
2. Administrative expenses	1,519,984
3. Expected employee contributions	<u>-10,825,224</u>
4. Employer normal cost: (1) + (2) + (3)	\$ 6,080,392
5. Employer normal cost projected, adjusted for timing	6,302,921
6. Payment on projected unfunded/(overfunded) actuarial accrued liability	35,531,936
7. Total Annual Required Contribution: (5) + (6), adjusted for timing	<u>\$ 41,834,857</u>
8. Estimated employer contributions provided by the Fund, reflecting 3% loss on collections	\$ 10,181,490
9. Projected payroll	\$118,814,828
10. Total Annual Required Contribution as a percentage of projected payroll: (7) ÷ (9)	35.21%

ACTUARIAL

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

EXHIBIT II

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2004	\$8,203,656	\$9,840,681	120.0%
June 30, 2005	15,812,224	4,768,605	30.2%
June 30, 2006	16,436,993	5,173,860	31.5%
June 30, 2007	14,571,540	9,594,593	65.8%
June 30, 2008	16,073,257	8,998,687	56.0%
June 30, 2009	18,285,474	9,667,765	52.9%
June 30, 2010	22,399,740	10,829,339	48.3%
June 30, 2011	25,319,145	10,981,419	43.4%
June 30, 2012	28,051,528	10,868,361	38.7%
December 31, 2012	16,786,671	5,268,636	31.4%

ACTUARIAL

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

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)
06/30/2004	\$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%
12/31/2012	421,448,001	971,807,222	550,359,221	43.37%	58,231,511	472.56%**

* Not less than zero

** Adjusted for annualized covered payroll

ACTUARIAL

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

EXHIBIT IV

Solvency Test

	<u>December 31, 2012</u>	<u>June 30, 2012</u>
1. Actuarial accrued liability (AAL)		
a. Active member contributions	\$166,554,660	\$158,144,793
b. Retirees and beneficiaries	662,153,615	599,353,146
c. Active and inactive members (employer financed)	<u>143,098,947</u>	<u>108,872,626</u>
d. Total	\$971,807,222	\$866,370,565
2. Actuarial value of assets	421,448,001	440,692,006
3. Cumulative portion of AAL covered		
a. Active member contribution	100.0%	100.0%
b. Retirees and beneficiaries	38.5%	47.1%
c. Active and inactive members (employer financed)	0.0%	0.0%

ACTUARIAL

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

EXHIBIT V

Supplementary Information Required by the GASB

Valuation date	December 31, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Amortization period	30 years (closed period)
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation rate	2.75%
Payroll growth	2.75%
Projected salary increases	Service-based ranging from 15% to 2.75%
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	2,906
Terminated members entitled to, but not yet receiving benefits	3,857
Active members	<u>3,053</u>
Total	9,816

ACTUARIAL

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

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates: The RP-2000 Combined Healthy Mortality Table, set forward 1 year for female participants with generational projection from 2003 using Scale AA (adopted December 31, 2012).

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: Select and ultimate termination rates are based on recent experience of the Fund (adopted December 31, 2012). Ultimate rates applicable for members with eight or more years of service are shown for sample ages in the table on the next page. Select rates are as follows:

Years of Service	Rate (%)
0 - 0.99	15.0
1 - 1.99	13.5
2 - 2.99	12.0
3 - 3.99	11.0
4 - 4.99	10.0
5 - 5.99	9.0
6 - 6.99	8.5
7 - 7.99	8.0

Ultimate rates:

Age	Rate (%)
20	7.0
25	7.0
30	6.0
35	5.0
40	3.5
45	3.3
50	3.0
55	3.0

ACTUARIAL

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

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method (Continued)

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 December 31, 2012). Sample rates are shown below.

Age	Rate (%)	
	<30 Years of Service	30+ Years of Service
50	5.0	40.0
55	5.0	20.0
60	6.0	6.0
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	50.0
65	20.0
67	50.0
70	20.0
75	100.0

Salary Increases:

Assumed salary increases are based on the recent experience of the Fund were used (adopted December 31, 2012). Rates are shown below.

Years of Service	Rate (%)
0 - 0.99	15.00
1 - 1.99	7.50
2 - 2.99	3.75
3 - 3.99	3.25
4+	2.75

ACTUARIAL

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

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method (Continued)

Valuation of Inactive

Vested Participants:

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

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:

7.50% per year (adopted December 31, 2012)

Inflation:

2.75% per year (adopted December 31, 2012)

Payroll Growth:

2.75% per year (adopted December 31, 2012)

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:

Entry Age Normal (adopted December 31, 2012). Under this method, a normal cost is calculated for each employee that is the level annual contribution as a percent of pay required to be made from the employee's date of hire for as long as he/she remains active so that sufficient assets will be accumulated to provide his/her benefit. The accrued liability is the difference between the present value of all future benefits and the present value of all future normal costs.

ACTUARIAL

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

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method (Continued)

Changes in Assumptions:

Net investment return: 7.50% (previously, 8.00%)

Payroll growth: 2.75% (previously, 3.50%)

Inflation: 2.75% (previously, 3.00%)

Salary scale: Service-based rates from 15% to 2.75% (previously, 4.50%)

Mortality: RP-2000 Combined Healthy Mortality Table set forward 1 year for females with generational projection from 2003 using Scale AA (previously, UP-1994 Mortality Table set forward 1 year)

Turnover: 8 year select rates based on service and ultimate rates based on age (previously, three tables of age based rates split by years of service)

Retirement: Revisions to Tier 1 rates

Changes in Methods:

Cost method: Entry Age Normal (previously, Projected Unit Credit)

Amortization method: 30-year closed period, level percentage of payroll (previously, 30-year open period, level percentage of payroll)

ACTUARIAL

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

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 $\frac{1}{4}$ 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 2013, the annual salary is limited to \$109,971.43. 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 $\frac{1}{2}$ of 1% for each month that the age of the member is below 67.

ACTUARIAL

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

EXHIBIT VII

Summary of Plan Provisions (Continued)

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 $\frac{1}{2}$ of 1% for each month the surviving spouse is under age 60. If the employee had less than 20 years of service, the surviving spouse is entitled to a pension under the money purchase formula, taking into account employee and employer contributions 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 $66 \frac{2}{3}\%$ 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.

ACTUARIAL

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

EXHIBIT VII

Summary of Plan Provisions (Continued)

Single Sum Death Benefit:	<p>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:</p> <p>\$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, and \$10,000 benefit if death occurs after ten or more years of service.</p> <p>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.</p>
Ordinary Disability Benefit:	<p>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 $\frac{1}{4}$ of the length of service or five years, whichever is less.</p>
Occupational Disability Benefit:	<p>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.</p>
Occupational Death Benefit:	<p>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.</p>
Refunds:	<p>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.</p> <p>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.</p>
Plan Year:	<p>January 1 through December 31. Prior to December 31, 2012, the plan year was July 1 through June 30.</p>
Changes in Plan Provisions:	<p>There have been no changes in plan provisions since the last valuation.</p>

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

These schedules provide financial data regarding the Fund’s members. 84-100

Other Financial Data

These schedules provide additional information regarding members as well as data regarding refunds and disability. 101-102

GASB No. 44

Additional schedules to address the requirements defined by GASB No. 44. 103-105

STATISTICAL

MEMBERSHIP STATISTICS

	For the six months ended <u>December 31, 2012</u>	For the year ended <u>June 30, 2012</u>
Active participants	3,053	2,977
Retired employees' - annuities	2,090	2,104
Surviving spouses – annuities	798	804
Children - annuities	18	13
Retirements granted during the year	51	100
Retirement deductions due to deaths and pension terminations	46	111
New members	160	434
Withdrawals with refund	70	141

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.

STATISTICAL

**Active Members and Total Annual Salaries by Age
for the six months ended December 31, 2012**

Table I

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
19	5	\$ 53,810	4	\$ 58,388	9	\$ 112,198
20	5	73,498	18	243,498	23	316,996
21	29	496,832	30	443,364	59	940,196
22	37	692,366	40	623,008	77	1,315,374
23	43	774,616	44	821,616	87	1,596,232
24	49	981,268	49	802,980	98	1,784,248
25	58	1,207,770	51	883,042	109	2,090,812
26	51	1,122,114	32	714,576	83	1,836,690
27	51	1,364,614	35	815,296	86	2,179,910
28	44	1,253,598	26	605,176	70	1,858,774
29	36	1,081,728	40	1,143,498	76	2,225,226
30	49	1,502,042	24	727,192	73	2,229,234
31	38	1,393,854	28	770,390	66	2,164,244
32	31	1,077,310	17	696,546	48	1,773,856
33	41	1,292,470	20	547,966	61	1,840,436
34	35	1,302,896	24	723,218	59	2,026,114
35	20	883,046	28	1,151,272	48	2,034,318
36	26	1,149,882	23	824,778	49	1,974,660
37	32	1,024,830	25	881,942	57	1,906,772
38	29	1,033,616	25	1,211,412	54	2,245,028
39	31	1,160,770	24	1,067,658	55	2,228,428
40	41	1,620,436	23	672,886	64	2,293,322
41	28	1,364,516	28	1,108,448	56	2,472,964
42	38	1,284,960	33	1,384,200	71	2,669,160
43	55	2,232,120	25	1,251,588	80	3,483,708
44	44	1,682,582	29	1,229,854	73	2,912,436
45	48	2,149,842	30	1,148,608	78	3,298,450
46	40	1,754,872	31	1,229,792	71	2,984,664
47	35	1,629,838	27	1,157,122	62	2,786,960
48	47	2,024,212	44	1,817,526	91	3,841,738
49	41	1,890,042	28	1,093,286	69	2,983,328
50	44	1,854,312	23	1,085,268	67	2,939,580
51	53	2,901,158	33	1,287,760	86	4,188,918
52	38	1,865,744	36	1,606,754	74	3,472,498
53	42	1,882,786	26	1,118,792	68	3,001,578

STATISTICAL

**Active Members and Total Annual Salaries by Age
for the six months ended December 31, 2012**

Table I
(continued)

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
54	50	\$ 2,333,024	23	\$ 1,029,654	73	\$ 3,362,678
55	42	1,730,402	22	875,110	64	2,605,512
56	41	2,061,834	19	697,148	60	2,758,982
57	34	1,892,712	17	764,524	51	2,657,236
58	37	1,693,858	17	771,770	54	2,465,628
59	37	1,931,358	21	742,396	58	2,673,754
60	27	1,454,270	19	658,492	46	2,112,762
61	34	1,594,806	15	583,876	49	2,178,682
62	38	1,994,982	14	661,452	52	2,656,434
63	32	1,408,838	8	344,804	40	1,753,642
64	16	797,642	4	199,202	20	996,844
65	21	701,738	4	175,704	25	877,442
66	13	590,310	1	38,134	14	628,444
67	14	530,562	1	38,358	15	568,920
68	13	545,996	4	116,882	17	662,878
69	11	371,692	2	111,410	13	483,102
70	7	366,232	4	248,972	11	615,204
71	3	113,138	1	38,872	4	152,010
72	5	141,372	2	56,740	7	198,112
73	3	235,410	-	-	3	235,410
74	5	248,914	2	86,436	7	335,350
75	5	223,106	-	-	5	223,106
76	4	183,978	-	-	4	183,978
77	1	12,678	-	-	1	12,678
79	-	-	1	8,580	1	8,580
81	<u>2</u>	<u>19,508</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>19,508</u>
	<u>1,829</u>	<u>\$ 70,238,710</u>	<u>1,224</u>	<u>\$ 41,197,216</u>	<u>3,053</u>	<u>\$111,435,926</u>

	<u>Male</u>	<u>Female</u>	<u>Both</u>
Average Age:	43.3	39.7	41.9
Average Salary:	\$ 38,403	\$ 33,658	\$ 36,500

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

**Active Members and Total Annual Salaries by Length of Service
for the six months ended December 31, 2012**

Table II

Years of Service	Male		Female		Total	
	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
< 1	198	\$ 2,208,942	139	\$ 1,544,394	337	\$ 3,753,336
1	182	5,303,652	145	3,290,976	327	8,594,628
2	84	2,180,090	76	1,593,530	160	3,773,620
3	58	1,537,648	48	1,256,620	106	2,794,268
4	88	2,991,918	53	1,343,906	141	4,335,824
5	115	3,135,242	80	2,109,892	195	5,245,134
6	95	3,152,894	80	2,502,162	175	5,655,056
7	115	4,382,494	73	2,290,498	188	6,672,992
8	75	3,779,116	35	1,546,558	110	5,325,674
9	47	1,536,912	24	845,884	71	2,382,796
10	36	1,675,426	15	630,602	51	2,306,028
11	52	2,021,218	42	1,597,524	94	3,618,742
12	60	2,622,710	42	1,761,378	102	4,384,088
13	74	3,491,276	49	2,445,824	123	5,937,100
14	66	3,065,418	31	1,418,614	97	4,484,032
15	51	2,430,936	43	1,875,988	94	4,306,924
16	49	2,327,858	42	1,992,514	91	4,320,372
17	34	1,347,346	30	1,515,804	64	2,863,150
18	20	967,804	17	946,182	37	1,913,986
19	11	447,338	8	467,376	19	914,714
20	21	1,240,168	12	718,878	33	1,959,046
21	42	2,221,112	24	1,200,460	66	3,421,572
22	27	1,743,644	13	635,456	40	2,379,100
23	23	1,613,762	24	1,355,644	47	2,969,406
24	13	804,628	11	537,912	24	1,342,540
25	18	1,138,168	7	409,170	25	1,547,338
26	30	1,787,050	8	459,074	38	2,246,124
27	31	1,913,484	15	810,266	46	2,723,750
28	16	938,722	7	414,278	23	1,353,000
29	11	621,112	6	336,248	17	957,360
30	15	935,228	7	399,858	22	1,335,086
31	18	1,298,410	4	234,068	22	1,532,478
32	23	1,522,924	4	227,532	27	1,750,456
33	9	570,534	3	162,562	12	733,096
34	6	361,218	2	118,206	8	479,424

STATISTICAL

**Active Members and Total Annual Salaries by Length of Service
for the six months ended December 31, 2012**

Table II
(continued)

Years of Service	Male		Female		Total	
	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
35	3	\$ 225,582	-	\$ -	3	\$ 225,582
36	2	107,520	1	49,600	3	157,120
38	3	140,456	-	-	3	140,456
39	3	200,522	1	65,616	4	266,138
40	1	69,526	-	-	1	69,526
41	1	48,332	1	8,590	2	56,922
43	1	39,272	1	38,818	2	78,090
44	-	-	1	38,754	1	38,754
46	1	52,096	-	-	1	52,096
52	<u>1</u>	<u>39,002</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>39,002</u>
	<u>1,829</u>	<u>\$ 70,238,710</u>	<u>1,224</u>	<u>\$ 41,197,216</u>	<u>3,053</u>	<u>\$111,435,926</u>

	Male	Female	Both
Average Service:	10.1 years	8.9 years	9.6 years
Average Salary:	\$ 38,403	\$ 33,658	\$ 36,500

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

STATISTICAL

**Retirement Pensions by Age and Annual Payments
for the six months ended December 31, 2012**

Table III

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
50	4	\$ 43,347	-	\$ -	4	\$ 43,347
51	9	249,555	3	69,030	12	318,585
52	10	314,844	2	21,654	12	336,498
53	9	413,978	6	19,371	15	533,349
54	20	755,022	3	33,461	23	888,483
55	16	459,576	3	66,307	19	525,883
56	32	778,198	9	355,850	41	1,134,048
57	40	1,437,254	14	414,663	54	1,851,917
58	48	1,531,259	10	332,386	58	1,863,645
59	38	1,104,378	16	457,080	54	1,561,458
60	46	1,219,920	18	390,107	64	1,610,027
61	46	1,475,406	18	411,198	64	1,886,604
62	58	1,507,462	22	554,741	80	2,062,203
63	53	1,742,703	16	383,992	69	2,126,695
64	51	1,335,750	16	389,681	67	1,725,431
65	73	1,955,368	20	462,914	93	2,418,282
66	53	1,252,611	19	349,556	72	1,602,167
67	48	1,036,445	12	259,572	60	1,296,017
68	32	1,114,082	22	428,446	54	1,542,528
69	62	1,869,586	17	360,038	79	2,229,624
70	65	1,646,562	26	367,616	91	2,014,178
71	40	1,143,769	13	278,653	53	1,422,422
72	44	1,328,913	20	242,396	64	1,571,309
73	37	1,028,862	15	237,952	52	1,266,814
74	60	1,548,492	10	156,590	70	1,705,082
75	46	1,166,036	11	141,446	57	1,307,482
76	40	972,587	16	380,977	56	1,353,564
77	48	1,338,658	8	149,209	56	1,487,867
78	47	1,409,835	18	179,848	65	1,589,683
79	41	1,097,532	9	239,136	50	1,336,668
80	43	921,515	19	212,792	62	1,134,307
81	43	1,004,742	6	128,801	49	1,133,543
82	37	1,007,334	12	221,222	49	1,228,556
83	37	1,082,097	9	171,580	46	1,253,677
84	41	1,095,386	8	85,116	49	1,180,502
85	27	706,215	10	142,643	37	848,858

STATISTICAL

**Retirement Pensions by Age and Annual Payments
for the six months ended December 31, 2012**

Table III
(continued)

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
86	19	\$ 505,695	6	\$ 100,001	25	\$ 605,696
87	24	692,769	5	63,972	29	756,741
88	14	458,947	9	162,072	23	621,019
89	20	498,174	6	69,408	26	567,582
90	13	244,996	3	22,394	16	267,390
91	14	334,688	12	192,453	26	527,141
92	3	85,682	5	122,060	8	207,742
93	6	123,437	2	19,932	8	143,369
94	6	237,453	3	96,603	9	33,056
95	6	185,470	1	24,814	7	210,284
96	2	31,493	1	3,761	3	35,254
97	2	28,900	4	31,821	6	60,721
99	1	71,286	1	6,237	2	77,523
100	1	1,448	-	-	1	1,448
103	-	-	1	3,164	1	3,164
	<u>1,575</u>	<u>\$ 43,595,717</u>	<u>515</u>	<u>\$ 10,214,716</u>	<u>2,090</u>	<u>\$ 53,810,433</u>
			<u>Male</u>	<u>Female</u>	<u>Both</u>	
		Average Age:	70.9	71.3	71.0	
		Average Annual Payments:	\$ 27,680	\$ 19,834	\$ 25,747	

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

STATISTICAL

**Retirement Pensions by Age at Time of Retirement
for the six months ended December 31, 2012**

Table IV

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
50	147	\$ 3,926,412	34	\$ 828,092	181	\$ 4,754,504
51	102	3,610,968	21	766,921	123	4,377,889
52	93	3,171,422	27	695,850	120	3,867,272
53	77	2,673,054	19	568,799	96	3,241,853
54	74	2,538,505	28	899,251	102	3,437,756
55	104	2,694,257	47	841,513	151	3,535,770
56	101	2,528,366	28	453,895	129	2,982,261
57	76	2,194,653	20	489,014	96	2,683,667
58	78	1,984,463	20	349,245	98	2,333,708
59	58	1,722,740	30	554,320	88	2,277,060
60	89	2,216,731	39	541,969	128	2,758,700
61	79	2,108,517	23	355,403	102	2,463,920
62	102	2,358,089	31	560,980	133	2,919,069
63	53	1,175,224	15	286,437	68	1,461,661
64	46	1,213,313	17	198,597	63	1,411,910
65	88	1,936,355	29	347,133	117	2,283,488
66	54	1,209,206	17	323,193	71	1,532,399
67	46	1,328,350	19	303,276	65	1,631,626
68	28	812,842	13	199,724	41	1,012,566
69	22	615,726	5	83,076	27	698,802
70	14	275,542	13	233,018	27	508,560
71	12	477,367	3	28,795	15	506,162
72	5	173,657	2	64,904	7	238,561
73	4	82,634	2	46,246	6	128,880
74	6	136,147	1	3,164	7	139,311
75	7	204,973	2	43,638	9	248,611
76	3	15,847	2	7,578	5	23,425
77	1	27,973	3	73,849	4	101,822
78	3	98,530	-	-	3	98,530
79	-	-	2	11,865	2	11,865
80	1	59,209	1	18,127	2	77,336
81	2	24,645	-	-	2	24,645

STATISTICAL

**Retirement Pensions by Age at Time of Retirement
for the six months ended December 31, 2012**

Table IV
(continued)

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
83	-	\$ -	1	\$ 12,969	1	\$ 12,969
93	-	-	1	23,875	1	23,875
	<u>1,575</u>	<u>\$ 43,595,717</u>	<u>515</u>	<u>\$ 10,214,716</u>	<u>2,090</u>	<u>\$ 53,810,433</u>
				<u>Male</u>	<u>Female</u>	<u>Both</u>
		Average Age:		58.4	59.3	58.6
		Average Annual Payments:		\$ 27,680	\$ 19,834	\$ 25,747

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

STATISTICAL

**Surviving Spouses' Pension by Age and Annual Payments
for the six months ending December 31, 2012**

Table V

<u>Age at 12/31/12</u>	<u>Number</u>	<u>Annual Payments</u>	<u>Age at 12/31/12</u>	<u>Number</u>	<u>Annual Payments</u>
34	1	\$ 3,124	73	22	\$ 316,733
41	2	5,361	74	27	364,582
46	1	27,254	75	20	320,337
48	1	16,106	76	27	376,835
49	4	29,811	77	26	471,619
51	2	29,719	78	28	355,226
52	2	22,886	79	27	385,251
53	7	111,769	80	37	505,489
54	4	91,905	81	27	412,518
55	3	60,434	82	26	452,502
56	4	82,466	83	27	396,175
57	7	183,082	84	38	545,739
58	8	121,171	85	32	359,698
59	11	235,812	86	27	325,687
60	5	120,884	87	32	358,876
61	12	173,105	88	20	250,271
62	11	164,625	89	31	349,454
63	9	115,891	90	16	194,123
64	8	137,553	91	16	194,471
65	18	277,952	92	21	224,856
66	17	197,583	93	8	75,243
67	7	130,543	94	5	38,971
68	14	206,824	95	10	88,131
69	18	287,247	96	7	55,577
70	20	358,972	97	6	28,242
71	15	206,640	98	1	15,918
72	21	307,685	99	1	3,831
			103	<u>1</u>	<u>13,787</u>
				<u>798</u>	<u>\$ 11,186,546</u>

Average Age: 77.6
Average Annual Payments: \$ 14,018

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

STATISTICAL

**Surviving Spouses' Pension by Age at Commencement
for the six months ending December 31, 2012**

Table VI

<u>Age at Commencement</u>	<u>Number</u>	<u>Annual Payments</u>	<u>Age at Commencement</u>	<u>Number</u>	<u>Annual Payments</u>
21	1	\$ 1,012	60	19	\$ 307,702
27	1	3,512	61	19	277,935
28	2	10,370	62	25	362,388
29	2	4,878	63	14	258,947
30	1	13,098	64	20	229,704
31	2	10,120	65	18	228,008
32	1	792	66	24	363,938
33	2	20,819	67	30	396,736
34	1	6,753	68	30	464,408
35	2	4,206	69	30	395,374
36	7	39,790	70	30	410,751
37	3	22,213	71	24	341,077
38	4	18,444	72	24	332,524
39	5	69,075	73	20	260,888
40	2	37,579	74	19	254,088
41	6	71,819	75	17	238,313
42	8	108,114	76	22	338,867
43	6	83,198	77	16	264,070
44	8	59,524	78	21	263,627
45	8	105,023	79	15	149,899
46	7	88,020	80	18	234,170
47	3	50,226	81	10	134,081
48	12	188,340	82	11	140,273
49	12	235,398	83	13	148,261
50	17	231,907	84	7	69,564
51	12	190,220	85	6	48,831
52	8	110,749	86	1	17,657
53	18	297,880	87	5	46,202
54	14	285,424	88	8	92,683
55	21	326,177	89	4	35,256
56	18	257,547	90	1	20,193
57	20	395,306	91	2	1,100
58	18	333,042	92	3	20,593
59	18	342,319	94	1	12,134
			95	<u>1</u>	<u>3,410</u>
	Average Age:	64.4		<u>798</u>	<u>\$ 11,186,546</u>
	Average Annual Payments:	\$ 14,018			

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 for the six months ended December 31, 2012. The variances are immaterial in nature.

STATISTICAL

**Retiree's Automatic Increases by Age and Annual Payments
for the six months ending December 31, 2012**

Table VII

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
51	9	\$ 3,009	3	\$ -	12	\$ 3,009
52	10	9,125	2	-	12	9,125
53	9	6,064	6	-	15	6,064
54	20	43,519	3	3,992	23	47,511
55	16	31,085	3	-	19	31,085
56	32	59,416	9	29,990	41	89,406
57	40	145,718	14	26,908	54	172,626
58	48	155,353	10	28,600	58	183,953
59	38	162,165	16	51,444	54	213,609
60	46	172,848	18	52,110	64	224,958
61	46	228,763	18	59,103	64	287,866
62	58	203,340	22	82,810	80	286,150
63	53	274,630	16	38,501	69	313,131
64	51	244,061	16	76,948	67	321,009
65	73	401,682	20	91,372	93	493,054
66	53	234,214	19	79,334	72	313,548
67	48	231,563	12	52,387	60	283,950
68	32	252,497	22	87,614	54	340,111
69	62	469,786	17	79,033	79	548,819
70	65	384,025	26	80,985	91	465,010
71	40	265,027	13	67,628	53	332,655
72	44	348,122	20	56,228	64	404,350
73	37	287,653	15	63,946	52	351,599
74	60	432,425	10	44,694	70	477,119
75	46	329,834	11	42,041	57	371,875
76	40	277,676	16	103,780	56	381,456
77	48	405,267	8	32,299	56	437,566
78	47	443,183	18	57,980	65	501,163
79	41	342,051	9	75,715	50	417,766
80	43	283,961	19	60,397	62	344,358
81	43	322,311	6	44,089	49	366,400
82	37	347,729	12	77,322	49	425,051
83	37	380,854	9	59,108	46	439,962
84	41	388,742	8	26,354	49	415,096

STATISTICAL

**Retiree's Automatic Increases by Age and Annual Payments
for the six months ending December 31, 2012**

Table VII
(continued)

<u>Age at 12/31/12</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
85	27	\$ 260,960	10	\$ 48,347	37	\$ 309,307
86	19	201,109	6	37,734	25	238,843
87	24	283,200	5	24,552	29	307,752
88	14	181,999	9	60,878	23	242,877
89	20	201,701	6	26,090	26	227,791
90	13	90,346	3	9,391	16	99,737
91	14	142,439	12	77,048	26	219,487
92	3	35,461	5	51,648	8	87,109
93	6	52,468	2	7,673	8	60,141
94	6	103,432	3	28,416	9	131,848
95	6	76,492	1	9,866	7	86,359
96	2	14,321	1	1,366	3	15,687
97	2	13,233	4	13,942	6	27,175
99	1	30,552	1	2,902	2	33,454
103	-	-	1	660	1	660
	<u>1,570</u>	<u>\$ 10,255,411</u>	<u>515</u>	<u>\$ 2,133,225</u>	<u>2,085</u>	<u>\$ 12,388,636</u>

	<u>Male</u>	<u>Female</u>	<u>Both</u>
Average Age:	70.9	71.3	71.0
Average Monthly Increase:	\$ 544	\$ 345	\$ 495
Average Annual Increase:	\$ 6,532	\$ 4,142	\$ 5,942

STATISTICAL

Annuities and Refunds by Type
Last Ten Years

Table VIII

<u>Year Ended</u>	<u>Retirement</u>	<u>Surviving</u>		<u>Refunds</u>	
		<u>Spouse</u>	<u>Children</u>	<u>Employees'</u>	<u>Pensioners'</u>
June 30, 2004	\$ 42,831,611	\$ 8,196,180	\$ 38,600	\$ 2,785,487	\$ 138,126
June 30, 2005	46,472,103	8,614,689	32,400	1,792,192	168,297
June 30, 2006	46,668,385	9,073,756	31,100	1,827,216	240,731
June 30, 2007	47,002,222	9,265,244	24,900	1,619,162	149,752
June 30, 2008	47,935,949	9,440,330	22,299	1,743,368	221,470
June 30, 2009	49,910,083	9,819,764	24,250	2,200,749	479,610
June 30, 2010	50,528,497	10,083,124	17,400	1,368,903	-
June 30, 2011	50,950,848	10,374,674	18,519	1,524,460	137,898
June 30, 2012	52,051,852	10,801,985	14,719	1,786,275	201,878
December 31, 2012	26,428,994	5,529,729	10,859	789,406	188,506

Death and Disability Benefits
Last Ten Years

Table IX

<u>Year Ended</u>	<u>Death</u> <u>Benefit</u>	<u>Ordinary</u> <u>Disability</u>	<u>Duty</u> <u>Disability</u>	<u>Total</u>
June 30, 2004	\$ 292,539	\$ 314,265	\$ 67,998	\$ 674,802
June 30, 2005	392,200	357,986	31,629	781,815
June 30, 2006	308,000	203,233	18,992	530,225
June 30, 2007	271,000	227,448	19,243	517,691
June 30, 2008	295,900	286,764	(7,626) (a)	575,038
June 30, 2009	252,500	245,383	12,733	510,616
June 30, 2010	249,500	290,747	22,071	562,318
June 30, 2011	307,000	339,197	52,294	698,491
June 30, 2012	371,225	366,541	(91,817) (a)	645,949
December 31, 2012	136,775	187,808	8,935	333,518

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

STATISTICAL

Number of Active Participants

Table X

Last Ten Years

<u>Year Ended</u>	<u>Male Participants</u>	<u>Female Participants</u>	<u>Total</u>
June 30, 2004	1,740	1,080	2,820
June 30, 2005	1,771	1,110	2,881
June 30, 2006	1,868	1,167	3,035
June 30, 2007	1,855	1,185	3,040
June 30, 2008	1,846	1,185	3,031
June 30, 2009	1,750	1,115	2,865
June 30, 2010	1,714	1,102	2,816
June 30, 2011	1,674	1,121	2,795
June 30, 2012	1,804	1,173	2,977
December 31, 2012	1,829	1,224	3,053

Active Participants Statistical Averages

Table XI

Last Ten Years

<u>Year Ended</u>	<u>Male</u>			<u>Female</u>			<u>Combined</u>		
	<u>Annual Salary</u>	<u>Age</u>	<u>Service</u>	<u>Annual Salary</u>	<u>Age</u>	<u>Service</u>	<u>Annual Salary</u>	<u>Age</u>	<u>Service</u>
June 30, 2004	\$31,553	41.2	9.4	\$ 26,964	37.5	7.4	\$ 29,795	39.8	8.6
June 30, 2005	32,702	41.4	9.6	27,034	37.6	7.5	30,519	40.0	8.8
June 30, 2006	33,216	41.3	9.2	27,430	37.8	7.5	30,991	40.0	8.5
June 30, 2007	33,054	41.6	9.4	29,108	37.9	7.6	32,736	40.2	8.7
June 30, 2008	36,721	41.9	9.5	31,108	38.4	7.9	34,526	40.5	8.9
June 30, 2009	38,208	42.5	10.0	32,598	38.9	8.4	36,024	41.1	9.4
June 30, 2010	38,131	43.2	10.5	32,393	39.5	9.0	35,886	41.8	9.9
June 30, 2011	38,680	43.5	10.9	32,873	39.9	9.3	36,351	42.1	10.3
June 30, 2012	36,623	42.9	10.2	32,585	39.7	9.1	35,032	41.6	9.8
December 31, 2012	19,201	43.3	10.1	16,829	39.7	8.9	18,250	41.9	9.6

STATISTICAL

Retirees and Beneficiaries Receiving Benefits
Last Ten Years

Table XII

<u>Year Ended</u>	<u>Retirees</u>	<u>Surviving Spouses</u>	<u>Children</u>	<u>Total</u>
June 30, 2004	2,294	921	25	3,240
June 30, 2005	2,231	928	25	3,184
June 30, 2006	2,199	893	23	3,115
June 30, 2007	2,169	869	18	3,056
June 30, 2008	2,152	843	18	3,013
June 30, 2009	2,167	829	17	3,013
June 30, 2010	2,125	817	14	2,956
June 30, 2011	2,096	803	14	2,913
June 30, 2012	2,104	804	13	2,921
December 31, 2012	2,090	798	18	2,906

Retirees Receiving Annual 3% Increases
Last Ten Years

Table XIII

<u>Year Ended</u>	<u>Number</u>		<u>Annual Increase</u>		<u>Total Annual</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Number</u>	<u>Increase</u>
June 30, 2004	1,419	422	\$6,799,604	\$1,191,265	1,841	\$7,990,869
June 30, 2005	1,545	456	7,198,720	1,312,555	2,001	8,511,275
June 30, 2006	1,520	449	7,634,454	1,404,744	1,969	9,039,198
June 30, 2007	1,508	440	8,060,817	1,521,955	1,948	9,582,772
June 30, 2008	1,481	446	8,507,698	1,639,525	1,927	10,147,223
June 30, 2009	1,654	506	9,062,514	1,751,555	2,160	10,814,069
June 30, 2010	1,617	503	9,356,165	1,878,367	2,120	11,234,532
June 30, 2011	1,587	504	9,713,216	2,016,042	2,091	11,729,258
June 30, 2012	1,567	507	10,105,278	2,078,374	2,074	12,183,652
December 31, 2012	1,570	515	10,255,411	2,133,225	2,085	12,388,636

STATISTICAL

Average Annual Retirees/Surviving Spouse's Benefit Payments
Last Ten Years

Table XIV

<u>Year Ended</u>	<u>Average Annual Payments</u>	
	<u>Retiree</u>	<u>Spouse</u>
June 30, 2004	\$ 20,289	\$ 9,023
June 30, 2005	20,843	9,605
June 30, 2006	21,394	10,126
June 30, 2007	21,999	10,654
June 30, 2008	22,688	11,321
June 30, 2009	23,440	11,835
June 30, 2010	23,997	12,481
June 30, 2011	24,668	12,941
June 30, 2012	25,367	13,544
December 31, 2012	25,747	14,018

Funded Ratio
Last Ten Years

Table I

	(1)	(2)	(3)	(4)
	Actuarial	Unfunded	Statutory	%
	Value of	Accrued	Reserve	Percent
<u>Year Ended</u>	<u>Assets</u>	<u>Liabilities</u>	<u>(1) + (2)</u>	<u>(1) / (3)</u>
June 30, 2004	\$ 610,293,849	\$128,284,981	\$ 738,578,830	82.6
June 30, 2005	587,774,143	146,586,562	734,360,705	80.0
June 30, 2006	572,659,129	172,585,110	745,244,239	76.8
June 30, 2007	583,295,949	184,634,683	767,930,632	76.0
June 30, 2008	586,676,032	208,703,097	795,379,129	73.8
June 30, 2009	553,754,517	270,142,419	823,896,936	67.2
June 30, 2010	518,582,601	314,443,347	833,025,948	62.3
June 30, 2011	489,370,505	354,572,735	843,943,240	58.0
June 30, 2012	440,692,006	425,678,559	866,370,565	50.9
December 31, 2012	421,448,001	550,359,221	971,807,222	43.4

Ratio of Unfunded Liability to Payroll
Last Ten Years

Table II

<u>Year Ended</u>	<u>Member</u>	<u>Unfunded</u>	<u>Liability</u>
	<u>Payroll</u>	<u>Liability (a)</u>	<u>% of Payroll</u>
June 30, 2004	\$ 87,840,802	\$ 128,284,981	146.0
June 30, 2005	95,707,132	146,586,562	153.2
June 30, 2006	101,058,024	172,585,110	170.8
June 30, 2007	106,601,982	184,634,683	173.2
June 30, 2008	111,698,366	208,703,097	186.8
June 30, 2009	108,882,742	270,142,419	248.1
June 30, 2010	107,361,021	314,443,347	292.9
June 30, 2011	107,686,693	354,572,735	329.3
June 30, 2012	114,223,909	425,678,559	372.6
December 31, 2012	58,231,511	550,359,221	472.6

(a) reflects application of GASB No. 25

Revenue by Sources

Table III

Last Ten Years

<u>Year Ended (a)</u>	<u>Taxpayer</u> <u>Contributions</u>	<u>Percent</u> <u>%</u>	<u>Employee</u> <u>Contributions</u>	<u>Percent</u> <u>%</u>	<u>Investment</u> <u>Income (b)</u>	<u>Percent</u> <u>%</u>	<u>Total</u>	<u>Percent</u> <u>%</u>
June 30, 2004	\$ 9,870,681	11	\$10,593,581	12	\$69,754,905	77	\$90,189,167	100
(c) June 30, 2005	4,768,605	8	8,515,799	14	49,621,638	78	62,906,042	100
(c) June 30, 2006	5,173,860	9	9,117,032	17	40,970,668	74	55,261,560	100
June 30, 2007	9,594,593	9	9,719,082	9	88,741,395	82	108,055,070	100
June 30, 2008	8,998,687	481	10,264,805	548	(17,391,594)	(929)	1,871,898	100
June 30, 2009	9,667,765	n/a	10,141,146	n/a	(103,488,375)	n/a	(83,669,464)	100
June 30, 2010	10,829,339	n/a	9,829,998	n/a	41,419,975	n/a	62,079,312	100
June 30, 2011	10,981,419	n/a	9,791,650	n/a	84,890,838	n/a	105,663,907	100
June 30, 2012	10,868,361	n/a	10,404,827	n/a	3,861,173	n/a	25,134,361	100
December 31, 2012	5,268,363	n/a	5,371,084	n/a	24,956,796	n/a	35,596,243	100

(a) reflects application of GASB No. 25

(b) includes income from securities lending

(c) taxpayer contributions includes statutory reduction of \$5 million

STATISTICAL

Required Schedules (GASB No. 44)

Average Benefit Payments

Table I

Last Ten Years
(Dollars in Thousands)

	Years of Credited Service						
	<u>0 – 5</u>	<u>5 – 10</u>	<u>10 – 15</u>	<u>15 – 20</u>	<u>20 – 25</u>	<u>25 – 30</u>	<u>30+</u>
Period 7/1/12 to 12/31/12							
Average monthly benefit	\$ 444	\$ 1,040	\$ 687	\$ 1,245	\$ 2,199	\$ 3,727	\$ 4,432
Average final average salary	\$ 6,780	\$ 5,896	\$ 2,590	\$ 3,180	\$ 4,638	\$ 5,510	\$ 5,677
Number of retired members	9	5	6	7	4	4	16
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

STATISTICAL

Required Schedules (GASB No. 44)

Principal Participating Employers
Current Year and Nine Years Ago

Table II

Participating Government	December 31, 2012			2004		
	Covered Employees'	Rank	Percentage of Total System	Covered Employees'	Rank	Percentage of Total System
Chicago Park District Retirement Board of the Park Employees' Annuity and Benefit Fund	3,042	1	99.64	2,807	1	99.54
City of Chicago	<u>11</u>	2	0.36	12	2	0.43
City of Chicago	<u>0</u>	3	<u>0.00</u>	<u>1</u>	3	<u>0.03</u>
Total (3 Governments)	<u>3,053</u>		<u>100.00</u>	<u>2,820</u>		<u>100.00</u>

Changes in Plan Net Position

Table III

Last Ten Years
(Dollars in Thousands)

	Six Months Ended 12/31/12	Fiscal Years Ended June 30								
		2012	2011	2010	2009	2008	2007	2006	2005	2004
ADDITIONS										
Employer Contributions	\$ 5,268	\$ 10,868	\$ 10,981	\$ 10,829	\$ 9,678	\$ 8,999	\$ 9,595	\$ 5,174	\$ 4,768	\$ 9,841
Employee Contributions	5,371	10,405	9,792	9,830	10,141	10,265	9,719	9,117	8,516	10,593
Investment Income	<u>24,957</u>	<u>3,861</u>	<u>84,891</u>	<u>41,420</u>	<u>(103,488)</u>	<u>(17,392)</u>	<u>88,741</u>	<u>40,971</u>	<u>49,622</u>	<u>69,755</u>
Total Additions	35,596	25,134	105,664	62,079	(83,669)	1,872	108,055	55,262	62,906	90,189
DEDUCTIONS (see Table IV)										
Benefit Payments	32,303	63,514	62,043	61,191	60,265	57,974	56,810	56,303	55,901	51,741
Refunds	978	1,988	1,662	1,369	2,680	1,965	1,769	2,068	1,960	2,924
Administrative Expenses	<u>724</u>	<u>1,645</u>	<u>1,522</u>	<u>1,466</u>	<u>1,335</u>	<u>1,289</u>	<u>1,238</u>	<u>1,232</u>	<u>1,186</u>	<u>1,199</u>
Total Deductions	34,005	67,147	65,227	64,026	64,280	61,228	59,817	59,603	59,047	55,864
Change in Plan Net Assets	<u>\$ 1,591</u>	<u>\$(42,013)</u>	<u>\$ 40,437</u>	<u>\$(1,947)</u>	<u>\$(147,949)</u>	<u>\$(59,356)</u>	<u>\$48,238</u>	<u>\$(4,341)</u>	<u>\$ 3,859</u>	<u>\$34,325</u>

Benefit and Refund Deductions from Plan Net Position by Type

Table IV

Last Ten Years
(Dollars in Thousands)

	Six Months Ended	Fiscal Years Ended June 30								
	<u>12/31/12</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
TYPE OF BENEFIT										
Age and Service Benefits										
Retirees	\$ 26,429	\$ 52,052	\$ 50,951	\$ 50,528	\$ 49,910	\$ 47,936	\$ 47,002	\$ 46,668	\$ 46,472	\$ 42,832
Spousal	5,529	10,802	10,375	10,083	9,820	9,440	9,265	9,074	8,615	8,196
Children	11	15	19	17	24	22	25	31	32	39
Death Benefits	137	371	307	250	253	296	271	308	392	292
Disability Benefits										
Member-Duty	9	(92)	52	22	13	(8)	19	19	32	68
Member-Non-Duty	188	366	339	291	245	288	228	203	358	314
Total Benefits	<u>\$ 32,303</u>	<u>\$ 63,514</u>	<u>\$ 62,043</u>	<u>\$ 61,191</u>	<u>\$ 60,265</u>	<u>\$ 57,974</u>	<u>\$ 56,810</u>	<u>\$ 56,303</u>	<u>\$ 55,901</u>	<u>\$ 51,741</u>
TYPE OF REFUND										
Separation	\$ 789	\$ 1,786	\$ 1,524	\$ 1,369	\$ 2,200	\$ 1,743	\$ 1,619	\$ 1,827	\$ 1,792	\$ 2,786
Death	189	202	138	-	480	222	150	241	168	138
Total Refunds	<u>\$ 978</u>	<u>\$ 1,988</u>	<u>\$ 1,662</u>	<u>\$ 1,369</u>	<u>\$ 2,680</u>	<u>\$ 1,965</u>	<u>\$ 1,769</u>	<u>\$ 2,068</u>	<u>\$ 1,960</u>	<u>\$ 2,924</u>

Retired Members by Type of Benefit

Table V

Amount of Monthly Benefit	Number of Retired Members	Number of		
		1	2	3
\$ 1 - \$ 250	250	144	88	18
251 - 500	314	204	110	-
501 - 750	265	167	98	-
751 - 1,000	220	147	73	-
1,001 - 1,250	218	131	87	-
1,251 - 1,500	185	101	84	-
1,501 - 1,750	184	92	92	-
1,751 - 2,000	160	105	55	-
Over 2,000	<u>1,110</u>	<u>999</u>	<u>111</u>	<u>-</u>
Total	<u>2,906</u>	<u>2,090</u>	<u>798</u>	<u>18</u>

Type of Retirement

- 1 Normal Retirement for age and service, including incentive retirements
- 2 Beneficiary payment, normal surviving spouse
- 3 Beneficiary payments, child(ren)