Comprehensive Annual Financial Report

of the

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

(Component Unit of Chicago Park District)

for the

Fiscal Year ended June 30, 2003

Prepared by The Staff of the Retirement Board

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Transmittal Letter

Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
55 East Monroe Street, Suite 2880
Chicago, Illinois 60603
Tel. # (312) 553-9265 Fax # (312) 553-9114

December 20, 2003

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

Dear Members of the Retirement Board:

Enclosed is the Park and Retirement Board Employees' Annuity and Benefit Fund of Chicago's **Comprehensive Annual Financial Report (CAFR)** for the year ended June 30, 2003. 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.

The CAFR has been formatted in accordance with five major areas of interest (sections). The five separate sections comprising the CAFR are as follows:

1) An Introductory Section containing this letter of transmittal, a list of the Board of Trustees and its Officers, the Fund's consultants and investment advisors, and an organizational chart of the Fund's operations.

2) A Financial Section consisting of the independent auditors' report, the audited financial statements and related supplementary disclosures.

3) An Investment Section consisting of the Fund's investment policy, asset allocation, investment performance and other pertinent investment data.

4) An Actuarial Section containing the Letter of Certification from the Fund's Actuary, the actuarial valuation as of June 30, 2003 and the related assumptions used, the plans funding data and summary of plan provisions.

5) A Statistical Section containing pertinent statistical data regarding the membership, historical funding ratios, and revenue and expense trends.

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 appointed and elected each year. The Board of Trustees elects a President, Vice President and Secretary from within its ranks at its annual meeting in July of every year. These elected office holders each have a prescribed set of duties. The Board of Trustees has various duties and responsibilities which include; invest funds in accordance with state law and its internal investment policy; approve the appointments of all necessary consultants and advisors; develop and approve all rules, regulations and policies governing the operation of the Fund; review and approve all applications for disability, annuities and other benefits; monitor the financial and operational activities of the Fund; and approve all proposed legislation. The day-to-day operations of the Fund are the responsibility of the Executive Director.

Accounting Method and Internal Controls

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

The Fund employs a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records which includes the financial statements, supporting schedules and statistical tables. 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 received during the year are from three primary sources:

Source	*FY 2003*	*FY 2002*	*Increase (Decrease)*	*Percent Change*
Employee Contribution.	$ 9,533,018	$ 9,192,876	$ 340,142	3.7
Employer Contribution.	9,842,559	9,977,765	(135,206)	(1.5)
Investment Income (depreciation)	20,297,955	(18,775,731)	39,073,686	208.1
Total	$39,673,532	$ 394,910	$39,278,622	9,946.2

Employee contributions are based on the statutory contribution rate of 9% of salary for all active members in the Fund. Employee contributions have slightly increased due to the normal increase in salaries subject to the pension withholding.

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. Employer contributions are slighty lower due to a decrease in employee contributions two years prior to the current year. The employer's workforce is expected to stabilize which should result in a consistent level of both employee and employer contributions going forward.

Investment income is comprised of actual earnings (i.e. dividends, interests, realized gains and losses) and unrealized gains and losses. An increase in the fiscal year end market values for all investments has generated an unrealized gain. Due to this market value increase investment income inclusive of this unrealized gain is $20,297,955 for the fiscal year ending 2003.

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

Category	*FY 2003*	*FY 2002*	*Increase (Decrease)*	*Percent Change*
Retirement Benefits	$38,708,659	$38,473,834	$234,825	0.6
Spouses Benefits	7,971,585	7,670,908	300,677	3.9
Childrens Benefits	42,050	41,950	100	0.2
Disability Benefits	412,555	419,289	(6,734)	(1.6)
Death Benefits	325,500	343,500	(18,000)	(5.2)
Refund Payments	2,774,837	2,477,077	297,760	(12.0)
Administrative Expenses	1,169,531	1,122,634	46,897	4.2
Total	$51,404,717	$50,549,192	$855,525	1.7

Funding Status

For the current fiscal year, the Fund has complied with Governmental Standards Board (GASB) Statement No. 25 which requires the actuarial value of assets and annual required contributions be market related. In computing the actuarial valuation, a five-year smoothed market value was used.

Based upon the above, the unfunded liability as of June 30, 2003 was $76,999,269 which compares to $40,458,115 for the previous year. The funding ratio as of June 30, 2003 is 89.0% compared to 94.0% for the previous year.

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 Ennis Knupp & Associates (E & K), the Fund's investment consultant, the Trustees will review the investment policy on an on-going basis making amendments as needed. The Fund's current investment policy, which details investment authority, asset allocation, diversification, liquidity, performance measurement and objective, is provided in the Investment Section of the CAFR.

As of June 30, 2003, the fair value of investments was $522,181,621 which compares to $565,909,405 as of June 30, 2002. As of June 30, 2003, the Fund's annual investment rate of return was 4.3% compared to –2.4% for the previous year. The 2003 annual rate of return enabled the Fund to rank in the top quartile of the Russell/Mellon Public Fund Universe and compares favorably to the Public Funds Universe Median Return of 3.2%. The three-year return and five-year return also exceeded the Public Funds Median Return.

Technology

As a result of the installation of a new data processing system, the Fund continues to realize numerous operational efficiencies through the use of the most current technology available. The Fund plans to develop a multi-year plan regarding its data systems to insure the continued deployment of the most cost effective systems.

Legislative Program

During the fiscal year ended June 30, 2003, the Trustees continue to review of the Fund's enabling statutes, especially those pertaining to benefits and funding. The purpose of the review was to develop legislative proposals that insured the Fund's financial strength while providing additional benefits. During the current fiscal year, no statutory changes were enacted. The members will be kept informed of all legislative program developments as they unfold.

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, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Governmental Accounting Standards Board (Statement's No. 34 and No. 37)

Effective July 1, 2001, the Plan implemented the provisions of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – a Management's Discussion and Analysis – for State and Local Government (GASB#34) and Statement No. 37, Basic Financial Statements – and Managements Discussion and Analysis-for State and Local Governments: Omnibus (GASB#37), as a result the Management's Discussion and Analysis (MD&A) provides analysis of the Fund's financial position and results of operation. Please refer to the Financial Section of the CAFR and the MD&A.

Retirement Board

The annual election for an employee representative to the Retirement Board was held on Friday, June 27, 2003. John J. Shostack was elected by the participants of the Fund for a four-year term beginning July 1, 2003, replacing Blake Oblak who is retired. The Fund is awaiting a decision by the Chicago Park District Board of Commissioners regarding the expired term of Trustee Claude A. Walton.

Acknowledgements

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, ***Joseph M. Fratto*** and the Comptroller, ***John D. Lord***. Their efforts are hereby acknowledged with thanks and appreciation.

On behalf of the Retirement Board,

Luke J. Howe
President

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND

MEMBERS
(as of June 30, 2003)

Elected by the Employees

Blake Oblak
Term expires June 30, 2003

Peter J. Andrews
Term expires June 30, 2004

Baldo J. Savarino
Term expires June 30, 2005

Luke J. Howe
Term expires June 30, 2006

Appointed by the Commissioners of the Chicago Park District

Claude A Walton
Term expires June 30, 2003

Pamela A. Munizzi
Term expires June 30, 2004

Joseph M. Fratto
Term expires June 30, 2005

OFFICERS

Luke J. Howe, President
Pamela A. Munizzi, Vice President
Claude A. Walton, Secretary

ADMINISTRATIVE STAFF

Joseph M. Fratto, Executive Director
John D. Lord, Comptroller

CONSULTANTS

Charles J. DeVriendt, Attorney
Sandor Goldstein, F.S.A., Consulting Actuary
Ennis, Knupp & Associates, Investment Consultant

CUSTODIAN

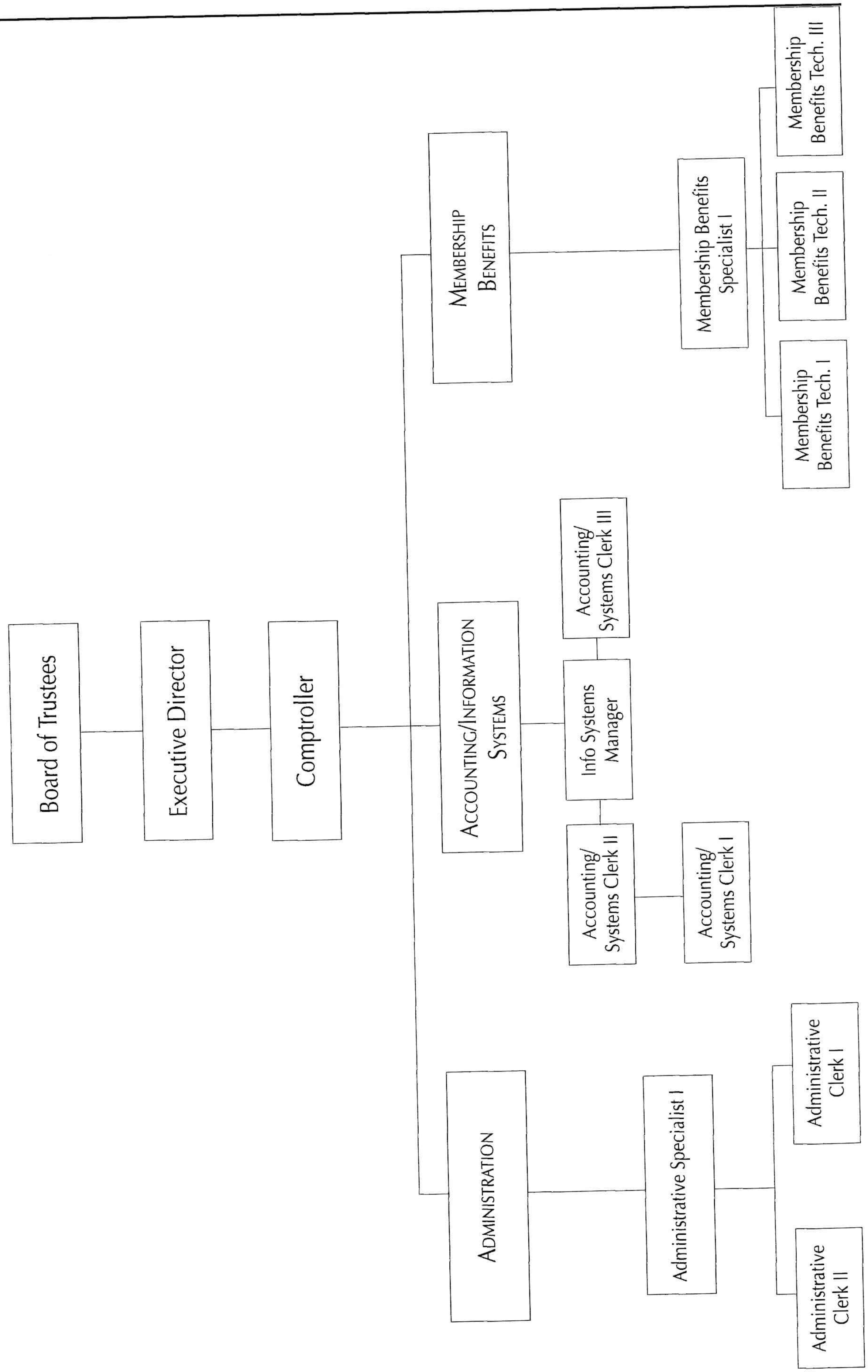
The Northern Trust Company of Chicago

INVESTMENT ADVISORS

Great Lakes Advisors, Inc. — Chicago
MacKay Sheilds, L.L.P. — New York
Northern Trust Quantitative Advisors — Chicago
Pacific Investment Management Company — California
Reams Asset Management Company — Indiana
Smith Graham & Company — Texas
The Kenwood Group, Inc. — Chicago
Wayne Hummer Management Company — Chicago
Wellington Trust Company, NA — Boston, MA

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

ORGANIZATION CHART



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
Tel. # (312) 263-2700

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

We have audited the statements of plan net assets of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan), a Component Unit/Fund of the Chicago Park District, as of June 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of June 30, 2003 and 2002, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of tax levies receivables, administrative and general expenses, annual professional expenses, and annual investment expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bansley and Kiener, L.L.P.

Bansley and Kiener, L.L.P.
Certified Public Accountants
October 10, 2003

Management's Discussion and Analysis Year Ended June 30, 2003

This discussion and analysis of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Plan) financial performance provides an overview of the Plan's financial activities for the year ended June 30, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

a) The Plan's net assets declined during the year by $11.7 million or 2.1% compared to a decline of $50.2 million or 8.3% for 2002.

b) The Plan's annual investment return of 4.3% enabled the total fund to rank in the top quartile of the Russell/Mellon Public Fund Universe and was higher than the –2.4% return for 2002 and –1.5 return for 2001.

c) The Plan's three and five-year rates of return exceeded the Public Fund's Universe Median Return.

d) Total 2003 additions to the Plan's net assets of $39.7 million is $39.3 million higher than the 2002 additions and $30.1 million higher than the 2001 additions.

e) Total 2003 deductions of $51.4 million is 1.7% higher than the 2002 deductions and 1.6% higher than the 2001 deductions.

f) The Plan's actuarially computed funding ratio is 89.0% which is 5.0% less than 2002 and 7.7% less than 2001.

Using this Annual Report

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

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

The accompanying Notes to the Financial Statements will provide information essential to achieve full disclosure and understanding of the Plan'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 Receivables, Administrative and General Expenses, Annual Professional Expenses and Annual Investment Expenses.

The Plan as a Whole

The Plan's net assets at fiscal year-end are $539,544,971. This is $11,731,185 less than 2002 year-end net assets of $551,276,156 and $61,885,467 less than 2001 year-end net assets. However, the decrease in 2003 net assets of 2.1% is significantly less than the 8.3% decline in 2002. The following table is a comparative summary of net assets:

	2003	2002	2001
Total Assets	$615,273,651	$649,854,607	$705,964,359
Total Liabilities	75,728,680	98,578,451	104,533,921
Net Assets	$539,544,971	$551,276,156	$601,430,438

During the current year, there was a significant increase in investment income. This is summarized as follows:

Additions	2003	2002	2001
Employer Contributions	$ 9,842,559	$ 9,977,765	$ 9,206,851
Employee Contributions	9,533,018	9,192,876	8,977,309
Investment Income (loss) (includes security lending activities)	20,297,955	(18,775,731)	(8,590,539)
Totals	$ 39,673,532	$ 394,910	$ 9,593,621

The 2003 investment income was $20,297,955 as compared to an investment loss of ($18,775,731) in 2002 and an investment loss of ($8,590,539) in 2001. The 2003 investment income is primarily a direct result of the increase in market value of the Plan's investments producing significant unrealized gains. The unrealized gains are directly tied to the economic improvement of the broader financial markets.

For the fiscal year, expenditures were $51,404,717 which is $855,525 higher than 2002 and a slightly less increase over 2001 expenditures. The net increase in expenses was the result of increases in benefit payments, refunds of contributions and administrative and general expenses which were partially offset by decreases in disability and death benefit payments.

Deductions	2003	2002	2001
Retirement Benefits	$38,708,659	$38,473,834	$38,066,945
Spouse Benefits	7,971,585	7,670,908	7,425,246
Childrens Benefits	42,050	41,950	56,950
Disability Benefits	412,555	419,289	555,832
Death Benefits	325,500	343,500	356,050
Total Benefits	47,460,349	46,949,481	46,431,023
Refund of Contributions	2,774,837	2,477,077	3,050,168
Administrative & General Expenses	1,169,531	1,122,634	1,082,588
Totals	$51,404,717	$50,549,192	$50,593,779

The Plan's actuarially computed funding ratio is 89.0% which is 5.0% less than 2002 and 7.7% less than 2001. This drop is the direct result of the decline in investment returns over the 2000-2002 period in comparison to the actuarial assumed rate of 8.0%. The annual investment return for the fiscal year was 4.3% which is higher than the –2.4% for 2002 and –1.5 for 2001, but still below the actuarial assumed rate of 8.0%. In addition, based on the triennial experience analysis of the actuarial assumptions used by the Plan, certain changes were adopted. In summary, the Plan has revised its mortality, retirement and termination rates, adopted a new salary increase assumption and will smooth market related gains and losses over a five-year period.

In summation, the Plan's annual return of 4.3% enabled the Plan to rank in the top quartile of the Russell/Median Public Fund Universe and to exceed the Public Fund's Median Return. The Plan's three-year return and five-year return exceeded the Public Fund's Median Return, as well. The fund has generated a significant increase in investment income during the current year which is the direct result of improving financial markets. In addition, the Plan's current funding ratio of 89.0% strongly positions the Plan to continue providing benefits well into the future.

Contacting the Plan'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 contact the Plan at 55 East Monroe Street, Suite 2880, Chicago, Illinois 60603.

Statements of Plan Net Assets

June 30, 2003 and 2002

ASSETS	2003	2002
Cash	$ 60,386	$ 60,356
Receivables		
Contributions from employer, net of allowance for loss of $1,077,640 in 2003 and $909,844 in 2002	5,491,843	5,174,210
Employee contributions	268,131	269,807
Due from broker for securities sold	25,673,152	25,423,039
Accrued investment income	1,534,818	1,749,748
Note receivable	625,000	1,250,000
Miscellaneous receivable	1,630	-
	33,594,574	33,866,804
Investments, at fair value		
Short-term investments	19,064,481	22,321,751
Bonds	227,826,401	271,662,441
Common and preferred stocks	251,598,158	248,314,585
Pooled separate real estate accounts	23,692,581	23,610,628
	522,181,621	565,909,405
Invested securities lending collateral	59,041,846	49,996,763
Prepaid expenses	395,224	21,279
Total Assets	615,273,651	649,854,607
LIABILITIES		
Accounts Payable	891,259	710,968
Accrued benefits payable	211,165	104,108
Securities lending collateral	59,041,846	49,996,763
Due to broker for securities purchased	15,584,410	47,766,612
	75,728,680	98,578,451
Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 29)	$539,544,971	$551,276,156

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

Statements of Changes in Plan Net Assets

Years Ended June 30, 2003 and 2002

Additions	***2003***	***2002***
Contributions		
Employer contributions	$ 9,842,559	$ 9,977,765
Employee contributions	9,533,018	9,192,876
Total contributions	19,375,577	19,170,641
Investment income		
Net appreciation (depreciation) in fair value of investments	3,196,879	(36,865,389)
Interest	12,426,961	14,143,001
Dividends	3,868,471	3,324,734
Investment return on pooled separate real estate accounts	2,599,582	2,604,913
	22,091,893	(16,792,741)
Less investment expenses	1,861,912	2,100,854
	20,229,981	(18,893,595)
Security lending activities		
Securities lending income	709,663	1,136,466
Borrower rebates	(592,260)	(940,908)
Bank fees	(49,429)	(77,694)
	67,974	117,864
Total additions	39,673,532	394,910
Deductions		
Benefits		
Annuity payments	46,722,294	46,186,692
Disability and death benefits	738,055	762,789
Total benefits	47,460,349	46,949,481
Refund of contributions	2,774,837	2,477,077
Administrative and general expenses	1,169,531	1,122,634
Total deductions	51,404,717	50,549,192
Net decrease	(11,731,185)	(50,154,282)
Net assets held in trust for pension benefits		
Beginning of year	551,276,156	601,430,438
End of year	$539,544,971	$551,276,156

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

Notes to Financial Statements

Note 1: Plan Description and Contribution Information

The Plan 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 Plan is considered a component unit of the Chicago Park District's financial statements as a pension trust fund. The Plan is administered in accordance with the Illinois Compiled Statutes. The defined benefits as well as the employer and employee contribution levels of the Plan are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. The Plan provides retirement, disability and death benefits to plan members and beneficiaries.

At June 30, 2003 and 2002, Plan membership consists of:

	2003	*2002*
Retirees and beneficiaries currently receiving benefits	3,074	3,127
Current employees	3,179	3,422

Employees attaining the age of 50 with at least ten years or more of creditable service are entitled to receive a minimum service retirement pension. The retirement pension is based upon the average of the four highest consecutive years of salary within the last ten years at various rates depending on years of service. If the employee retires prior to the attainment of age 60, the allowance computed 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. The monthly annuity of an employee who retires at age 60 or after is increased each year, following one year's receipt of pension payments, by three percent of the original monthly annuity and the same three percent (not compounded) annually thereafter. Effective August 18, 1998, Public Act 90-766 established an employee who retires with at least 30 years of service is eligible to receive the annual increase of three percent, following one full year's receipt of pension payments, without regard to the attainment of age 60 and whether or not the employee was in service on or after the effective date of this amendment.

Covered employees are required by state statutes to contribute 9.0 percent of their salary to the Plan. 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 Plan 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 Plan 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.

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 Plan has no component units. The Plan is considered a component unit fund of the Chicago Park District and, as such, is included in the Chicago Park District's financial statements. 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 as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

The Plan 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; and other investment vehicles as set forth in the Illinois Compiled Statues. 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 and for pooled separate real estate accounts as reported by the plan administrator.

Administrative Expenses

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

Reclassifications

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

Note 3: Investments

The Plan's Investments are held by a bank administered trust fund, except for the pooled separate real estate accounts. Investments that represent 5 per cent or more of the Plan's net assets (except those issued or guaranteed by the U.S. Government) are separately identified.

	2003	2002
Investments at Fair Value As		
Determined by Quoted Price		
Short term investments	$ 19,064,481	$ 22,321,751
Bonds		
PIMCO Fds	70,276,419	38,134,870
Other	157,549,982	233,527,571
Common and preferred stock	123,355,287	120,089,076
Aggregate stock funds		
U.S Smart Index Fund	-	54,096,437
Other	128,242,871	74,129,072
	498,489,040	542,298,777
Investments at Fair Value As		
Determined by Plan Administrator		
Pooled separate real estate accounts	23,692,581	23,610,628
	$522,181,621	$565,909,405

The following table presents a summarization of the fair and book values of the Plan's investments and related categorization of credit risk at June 30, 2003 and 2002. Category 1 includes insured or registered investments held by Northern Trust Company, as agent of the Plan, in the Plan's name.

		2003		2002	
	Risk Category	Fair Value	Cost	Fair Value	Cost
Short term investments					
Commercial paper	1	$ 19,064,481	$ 19,064,481	$ 22,321,751	$ 22,321,751
U.S. Government bonds,					
notes, bills and agency securities	1	57,613,606	56,654,908	86,908,102	85,739,042
Corporate bonds	1	170,212,795	166,932,393	184,754,339	188,064,391
Preferred stock	1	2,609,445	3,201,185	2,839,122	3,361,039
Common stock	1	213,071,646	196,108,232	206,467,966	216,053,502
International equity commingled	N/A	35,917,067	43,927,276	39,007,497	44,800,471
Real estate investments	N/A	23,692,581	25,976,430	23,610,628	25,588,662
		$522,181,621	$511,864,905	$565,909,405	$585,928,858

Note 4: Deposits

At June 30, 2003 and 2002, the Plan's book balances of cash were $60,386 and $60,356, respectively, at the Northern Trust Company Bank. The actual bank balances were $63,546 and $71,757, respectively, at June 30, 2003 and 2002. The bank balances are insured by the Federal Deposit Insurance Corporation up to $100,000.

Note 5: Securities Lending

Under the provisions of state statutes, the Plan lends securities (both equity and fixed income) to qualified and Plan approved brokerage firms for collateral that will be returned for the same securities in the future. The Plan's custodian, The Northern Trust Company, manages the securities lending program, which includes the securities of the Plan 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 Plan unless the borrower defaults. However, the Plan 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. As of June 30, 2003 and 2002, the Plan had loaned to borrowers securities with a market value of $59,041,846 and $49,996,763, respectively. As of June 30, 2003 and 2002, the Plan received from borrowers cash collateral of $46,056,952 and $43,767,475, and non-cash collateral of $14,670,129 and $7,721,048, respectively. Securities lending net income for the years ended June 30, 2003 and 2002 was $67,974 and $117,864, respectively.

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

Note 6: Operating Leases

The Plan entered into an operating lease for office space effective August 1, 1996 and expiring July 31, 2006. The lease provides that the lessee pay monthly base rent subject to annual increases of 2% of the prior years amount, plus an escalation rent computed on costs incurred by the lessor.

Following is a schedule of minimum future rental payments for the next five years under the noncancelable operating lease at June 30, 2003:

Year ending June 30	*Amount*
2004	$47,462
2005	48,411
2006	49,379
2007	4,197
	$149,449

The total rental expense for the years ended June 30, 2003 and 2002 was $124,889 and $115,730, respectively.

Note 7: Note Receivable

On October 1, 2001, the Plan completed its sale of the Fort Road and Ritchie Real Estate Properties realizing a gain approximating $2,300,000. The amount of the note is for $1,250,000 payable on or before the two-year anniversary of the date of the note. The note has an interest of 9.0% per annum. At June 30, 2003 and 2002, the balances due on this note were $625,000 and $1,250,000, respectively.

Required Supplementary Information

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of percentage of Covered Payroll ((b-a)/c)
06/30/03	$624,210	$701,209	$76,999	89.0%	$102,330	75.2%
06/30/02	637,750	678,208	40,458	94.0%	103,787	39.0%
06/30/01	651,344	673,430	22,086	96.7%	105,740	20.9%
06/30/00	627,938	655,967	28,029	95.7%	101,268	27.7%
06/30/99	592,284	610,528	18,244	97.0%	94,255	19.4%
06/30/98	549,728	565,582	15,854	97.2%	116,765	13.6%

Schedule of Employer Contributions

(Dollar amounts in thousands)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2003	$7,215	100
2002	6,288	100
2001	6,197	100
2000	6,427	100
1999	4,098	100
1998	5,200	100

Note to Schedules of Funding Progress and Employer Contributions

Valuation date	06/30/03
Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market (4-year smoothed market in previous years)
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	4.5% (5.0% in previous years)
Inflation rate	4%

Additional Information

Tax Levies Receivable

Levy Year (Calendar)	Tax Levy	Collections	Tax Levy Receivable	Allowance for Uncollectible Taxes	Allowance for Uncollectible Write-offs as a Percentage of Tax Levy	Net Tax Levy Receivable
At June 30, 2003:						
1999	$ 9,019,051	$ 8,706,121	$ 312,930	$ 312,930	3.47%	$ -
2000	9,442,405	9,438,847	3,558	3,558	0.04%	-
2001	10,036,565	9,780,722	255,843	255,843	2.55%	-
2002	10,121,430	4,124,278	5,997,152	505,309	5.00%	5,491,843
			$6,569,483	$1,077,640		$5,491,843
At June 30, 2002:						
1998	$ 9,933,892	$9,871,473	$ 62,419	$ 62,419	0.63%	$ -
1999	9,019,051	8,717,528	301,523	301,523	3.34%	-
2000	9,442,405	9,397,522	44,883	44,883	0.48%	-
2001	10,036,565	4,361,336	5,675,229	501,019	5.00%	5,174,210
			$6,084,054	$ 909,844		$5,174,210

Administrative and General Expenses

	Year Ended June 30, 2003	2002
Actuary Expense	$ 35,500	$ 40,000
Auditing	18,500	14,700
Conference and convention expense	39,421	24,886
Contributions for annuities of Ret. Board Employees	89,925	80,393
Equipment Rental	6,376	6,427
Equipment Maintenance	3,570	6,057
Computer hardware/software	-	134
Filing fee - Department of Insurance	6,000	6,000
File storage expense	1,240	1,240
Hospitalization	105,703	98,500
Legal	25,000	39,232
Legislative consultant	17,000	17,000
Medical fees	850	600
Office supplies and expenses	38,292	27,491
Postage	17,118	14,714
Insurance - surety bond and other	2,305	1,869
Printing	7,173	13,185
Rent expense	124,889	115,730
Salaries	606,119	589,901
Social Security - Medicare	7,353	7,235
Telephone	8,023	7,719
Transportation	1,471	1,228
Trustees' election expense	7,703	8,393
Total administrative and general expenses	$1,169,531	$1,122,634

Schedule of Annual Professional Expenses

	Year Ended June 30,	
	2003	*2002*
Actuary	$35,500	$ 40,000
Auditing	18,500	14,700
Legal	25,000	39,232
Legislative Consultant	17,000	17,000
Medical	850	600
Total	$96,850	$111,532

Schedule of Annual Investment Expenses
Fiscal Year Ended June 30, 2003

	Year Ended June 30, 2003	Year Ended June 30, 2002
U.S. EQUITY		
Great Lakes Advisors	$ 110,210	$ 134,647
J.P. Morgan U.S Research	49,551	158,413
The Kenwood Group	124,057	153,620
Wayne Hummer Investment LLC	212,058	241,269
Northern Trust Quantitative Advisors	39,373	36,215
Sub- Total	535,249	724,164
NON - U.S. EQUITY		
Wellington Trust Company	178,890	206,135
Northern Trust Quantitative Advisors	17,208	19,853
Sub- Total	196,098	225,988
U.S. BONDS		
MacKay Shields	153,556	98,346
Pacific Investment Management Co.	387,249	462,537
Reams Asset Management Co.	147,681	151,478
Smith Graham & Co.	75,373	72,482
Sub- Total	763,859	784,843
REAL ESTATE		
UBS Brinson Realty (formerly Allegis Realty)	224,366	234,438
BANKING		
Custody	50,000	50,000
Other	20,187	29,745
Sub- Total	70,187	79,745
CONSULTING		
Ennis, Knupp & Associates	72,153	51,676
TOTAL	$1,861,912	$2,100,854

INTRODUCTION

The Investment Section was prepared by staff with assistance from Ennis, Knupp & Associates (E&K), the Fund's investment consultant and Northern Trust Company, the Fund's custodian.

INVESTMENT RECAP

Market Environment

Global capital markets endured significant volatility for the fiscal year ending June 30, 2003. The oscillating nature of the equity market on a monthly basis seemed to match the uncertainty of investors as the market was forced to deal with the prospects of war and struggling economy. The final quarter of the fiscal year provided much needed relief as the doubts that plagued the market finally showed some resolution. The economy has begun to see signs of a recovery, with businesses recently showing earnings stability and conflicts abroad having tempered slightly.

The broad equity market returned 1.3% for the one-year period. This small gain does not fully explain the recent volatility of the market, for equities experienced quarterly returns of 16.5% and -16.8% in the same fiscal year (second quarter 2003 and third quarter 2002, respectively). With world economies failing to keep pace with the U.S. recovery and geopolitical tensions hitting closer to home, non-U.S. equities experienced additional difficulties and dropped -6.5% for the one-year period. A strengthening euro relative to the U.S. dollar contributed to the return differential between U.S. and non-U.S. markets.

Fixed income provided stable value in the one-year period, gaining 10.4%. Long-term government issues earned 20.6% as long-term interest rates reached 40 year lows in May. Having endured the pressures of corporate malfeasance in mid 2002, high-yield bonds bounced back by returning 22.8% over the trailing year.

Real Estate investment remained stable, with the NCREIF Property Index advancing 7.7% during the past three years.

Performance Commentary

The pension fund posted a one-year return of 4.3%, lagging the performance benchmark return of 5.9% However, the return of 4.3% enabled the total fund to rank in the top quartile of the Russell/Mellon Public Fund Universe. The trailing three- year return exceeded the benchmark portfolio as well as the Public Funds Median Return. The total fund has maintained a strong absolute return of 9.8% annually since the Fund began investing in U.S. equities in 1982.

U.S equity holdings were the primary detractor from relative performance in the most recent fiscal year. Trailing the Wilshire 5000 by 4.0 percentage points, domestic equities prevented the total fund from matching the performance benchmark as the active managers found it difficult to generate relative value for the fiscal year. The trailing three-year return of U.S. equity continues to be favorable relative to the benchmark, posting -8.2% compared to the Wilshire's -10.6%.

Non-U.S. equities created relative value in the one-year period, outpacing the MSCI EAFE by 1.9 percentage points. International equity holdings have maintained relative value in all long-term periods and since 1995, non-U.S. equities have outpaced the benchmark by 2.0 percentage points.

Fixed income proved to be the bright spot in capital markets during the fiscal year, for this asset class managed to return 10.7% and exceed the benchmark. The resurgence of corporate bonds and falling treasury yields were the primary forces driving the fixed income gains. Three-year and five-year returns of 9.3% and 7.1% have proved to be the savior to the falling equity markets.

Summary of Investments

Periods Ended June 30, 2003 and June 30, 2002

	06/30/03				06/30/02			
CATEGORY	FAIR VALUE	%	BOOK VALUE	%	FAIR VALUE	%	BOOK VALUE	%
BONDS	$227,826,401	43	$223,587,301	43	$271,662,441	48	$273,803,433	47
Domestic Equities	215,681,091	41	199,309,417	39	209,307,088	37	219,414,541	37
International Equities	35,917,067	7	43,927,276	9	39,007,497	7	44,800,471	8
EQUITIES	251,598,158	48	243,236,693	48	248,314,585	44	264,215,012	45
REAL ESTATE	23,692,581	5	25,976,430	5	23,610,628	4	25,588,662	4
SHORT TERM	19,064,481	4	19,064,481	4	22,321,751	4	22,321,751	4
INVESTMENT ASSETS*	$522,181,621	100	$511,864,905	100	$565,909,405	100	$585,928,858	100

**Investment assets do not reflect the amounts due to/due from brokers at year end. Net due from brokers is $10,088,742 for F/Y/E 2003 and net due to brokers is $22,343,573 for F/Y/E 2002.*

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

ADOPTED 10/94
REVISED 8/1/98; 5/19/99; 2/16/00; 5/7/00; 05/20/03

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 judgements concerning relative investment values. In particular, the investment managers are accorded full discretion, within established guidelines and policy limits, to select individual investments and diversify their portfolios.

Allocation of Assets

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

	Board Approved Policy		
Asset Category	*Target (%)*	*Range*	*(%)*
U.S. Equity	38.0	35.0	41.0
Non U.S. Equity	12.0	9.0	15.0
Private Equity	5.0	0.0	7.0
Real Estate	10.0	7.0	13.0
U.S. Bonds	35.0	32.0	38.0
	100.0		

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

Active and Passive Investments

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

Asset Category	*% Indexed*
U.S. Equity	50.0%
Non-U.S. Equity	33.3%
U.S. Bonds	0.0%

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 plan are not material. The Trustees will notify managers of any need for cash withdrawals.

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 38.0% of the Willshire 5000 Stock Index, 12.0% of the MSCI All Country World Ex-US Free Index, 35.0% of the Lehman Brothers Aggregate Bond Index, 5% of the Willshire 5000 Index Plus 300 Basis Points Annually and 10.0% of the NCREIF Property Index on a net-of-fee basis. As a secondary benchmark, the Fund is to achieve an above-median ranking in a universe of other public funds over a reasonable measurement period.

Schedule of Investment Performance

For the Year Ended June 30, 1999 – 2003
and Three, Five and Ten-Year Periods
Ending June 30, 2003

	One Year Ending 06/30, 1999-2003					Ending 06/30/03		
	2003	2002	2001	2000	1999	3 Years	5 Years	10 Years
Total Fund	4.3	-2.4	-1.5	4.9	10.2	0.1	3.0	7.4
Benchmark Portfolio	5.9	-3.4	-3.0	8.4	12.0	-0.2	3.8	8.6
Public Funds Medium Return	3.2	-6.8	-6.2	10.3	11.2	-3.0	2.4	8.0
Actuarial Assumed Rate of Return	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Consumer Price Index	2.1	1.1	3.3	3.7	2.0	2.1	2.4	2.5
U.S Equities	-2.7	-12.1	-9.4	2.2	16.1	-8.2	-1.7	8.2
Willshire 5000	1.3	-16.6	-15.3	9.5	19.6	-10.6	-1.3	9.5
S & P 500	0.3	-18.0	-14.8	7.3	22.8	-11.2	-1.6	10.0
Universe Median	-1.0	-17.4	-14.9	15.7	16.3	-8.5	0.3	9.7
Non-U.S. Equities	-4.6	-8.9	-18.7	16.0	7.6	-10.9	-2.5	2.5*
EAFE Index	-6.5	-9.5	-23.6	17.1	7.6	-13.5	-4.0	0.7
Universe Median	-6.9	-9.0	-23.7	22.6	5.8	-12.1	-1.6	3.9
Fixed Income	10.7	6.8	10.4	4.6	3.1	9.3	7.1	6.9
Lehman Aggregate Index	10.4	8.6	11.2	4.6	3.2	10.1	7.6	7.2
Universe Median	8.4	7.2	10.0	4.0	2.6	9.8	7.2	7.1
Real Estate	5.1	2.2	8.2	12.6	12.1	5.1	8.0	9.3
NCREIF Property Index	7.7	5.6	11.2	11.4	12.7	8.2	9.8	8.6

Return calculations were prepared using a time-weighted rate of return methodology in accordance with the performance presentation standards of the Association for Investment Management and Research (AIMR).

*Non-U.S. Equities reflect performance from inception date 01/31/95.

Schedule of Ten Largest Stock and Bond Holdings

For Fiscal Year Ended

June 30, 2003

STOCKS*

Shares	Holdings	Fair Value
163,809	General Electric	$4,698,052
134,049	Microsoft	3,437,009
98,587	Pfizer	3,366,752
54,565	Walmart	2,927,942
56,000	Patterson Dental	2,542,400
160,000	Applied Materials	2,537,600
34,875	Cardinal Health	2,242,463
50,000	H & R Block	2,162,500
60,000	Qualcomm	2,145,000
60,000	Cintas	2,126,400

BONDS*

Holdings	Fair Value
U.S. Treasury Bond 7.5% (11/2016)	$7,603,534
Fannie Mae 30-Yr. Single Family Mortgage 6% (7/2003)	3,361,165
Tenn Valley Auth. Bd. Global 4.88% (12/2016)	3,092,670
Fannie Mae Pool #545759 6.5% (7/2032)	3,079,528
U.S. Treasury Note 4.625% (5/2006)	3,017,451
U.S. Treasury Bond 7.88% (2/2021)	2,855,920
Freddie Mac Discount Note (7/2003)	2,137,988
U.S. Treasury Nond 6.75% (5/2005)	2,053,965
U.S. Treasury Note 4.375% (5/2007)	1,964,377
Fannie Mae Pool #555419 6.5% (11/2017)	1,812,974

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

Schedule of Investment Brokerage Commissions

Broker Name	*Shares**	*Commissions*
Smith Barney, Inc.	872,991	$ 28,829
Lehman Brothers, Inc.	351,891	13,449
Loop Capital	146,050	7,983
Bear, Stearns, Securities Corporation	149,060	7,809
Correspondent Services Corporation	125,800	6,783
Gardner Rich & Company	108,750	5,408
PXP Securities Corporation	135,000	5,350
Investment Technology Group, Inc.	245,400	4,908
Jackson Securities	61,600	3,290
Jefferies & Company	160,000	3,200
J.P. Morgan Securities, Inc.	54,800	2,921
Goldman Sachs & Company	57,800	2,890
Berean Capital, Inc.	57,200	2,882
Lynch, Jones & Ryan	46,350	2,781
Donaldson Lufkin & Jenrette Corporation	60,500	2,763
Friedman Billing & Ramsey	52,000	2,728
Merril Lynch Pierce Fenner & Smith	52,200	2,614
Abel Noser Corporation	119,100	2,382
U.S Clearing Corporation	44,000	2,335
Greentree Securities	40,600	2,222
Credit Suisse First Boston Corporation	37,100	1,878
Robert W. Baird & Company	38,000	1,680
Barrington Research Associates	21,000	1,200
Frank Russell Securities, Inc.	21,200	1,060
Brokers commissions under $1000	52,200	2,935
Total Broker Commissions		$122,280

**Total shares traded 3,110,592 at an average cost of $0.039 per share.*

Actuarial Certification

GOLDSTEIN & ASSOCIATES
29 South LaSalle Street, Suite 735
Chicago, Illinois 60603
Tel. # (312) 726-5877 * Fax # (312) 726-4323

November 26, 2003

The Trustees of the Retirement Board of the
Park Employees' Annuity and Benefit Fund of Chicago
55 East Monroe Street, Suite 2880
Chicago, Illinois 60603

We have completed the annual actuarial valuation of the Park Employees' Annuity and Benefit Fund of Chicago as of June 30, 2003. The purpose of the valuation was to determine the financial condition and funding requirements of the Fund.

Since the effective date of the last actuarial valuation, there have been no changes in the benefit provisions of the Fund.

The actuarial assumptions used for the June 30, 2003 actuarial valuation were based on an experience analysis of the Fund over the three-year period 2000-2002. Based on this experience analysis, we recommended certain changes in actuarial assumptions from the assumptions used for the June 30, 2002 actuarial valuation. The assumptions used for the June 30, 2003 valuation were adopted by the board as of June 30, 2003 upon the recommendation of the actuary. We have estimated that the changes made in the actuarial assumptions used for the June 30, 2003 valuation had the impact of increasing the fund's total actuarial liability by $8,663,000.

The funding policy of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period through level dollar payments. 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 2 years prior to the year of the levy, multiplied by 1.10. The 1.10 is known as the tax multiple. In recent years, employer contributions to the Fund have been sufficient to meet the actuarially determined contribution requirement.

The entry age normal actuarial cost method was used for the June 30, 2003 actuarial valuation. This is the same actuarial cost method that was used for the June 30, 2002 valuation.

The asset values used for the valuation were based on the asset information contained in the audited financial statements for the Fund for the year ending June 30, 2003. For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

The valuation has been based on the membership data which was supplied by the administrative staff of the Fund. We have made additional tests to ensure its accuracy.

The trend data schedules presented in the financial section of the Comprehensive Annual Financial Report (CAFR) were prepared by the staff of the Fund based on information contained in our actuarial reports. All exhibits, tables, schedules, and appendices included in the accompanying actuarial section were prepared by us based on information provided by the Fund.

The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement No. 25.

In our opinion, the following valuation results fairly represent the financial condition of the Park Employees' Annuity and Benefit Fund of Chicago.

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff

Carl J. Smedinghoff, A.S.A.
Associate Actuary

Actuary's Report

A. Purpose and Summary

We have carried out an actuarial valuation of the Park Employees' Annuity and Benefit Fund as of June 30, 2003. The purpose of the valuation was to determine the financial position and funding requirements of the Pension Fund. This report is intended to present the results of the valuation.

The results of the valuation are summarized below:

1. Total actuarial liability	$701,208,927
2. Actuarial value of assets	624,209,658
3. Unfunded actuarial liability	76,999,269
4. Funded Ratio	89.0%
5. Actuarially determined contribution requirement for fiscal year beginning July 1, 2003	8,203,656
6. Estimated employer contributions for fiscal year beginning July 1, 2003	9,341,260
7. Annual required contribution for fiscal year beginning July 1, 2003 under GASB Statement No. 25	8,203,656

B. Data Used for the Valuation

Participant Data. The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of June 30, 2003, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 3,179 active members, 2,104 pensioners, 936 surviving spouses, and 34 children receiving benefits included in the valuation. The total active payroll as of June 30, 2003 was $102,329,721.

Exhibit 1

Summary of Membership Data

1. Number of Members	
(a) Active Members	
(i) Vested	1,165
(ii) Non-vested	2,014
(b) Members Receiving	
(i) Retirement Pensions	2,104
(ii) Surviving Spouse's Pensions	936
(iii) Children's Annuities	34
2. Annual Salaries	
(a) Total Salary	$102,329,721
(b) Average Salary	32,189
3. Annual Pension Payments	
(a) Retirement Pensions	$ 39,050,846
(b) Surviving Spouse's Pensions	8,027,201
(c) Children's Annuities	40,200

Assets. In November of 1994, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 25 which establishes standards of financial reporting for governmental pension plans. The statement is effective for periods beginning after June 15, 1996.

Under GASB Statement No. 25, the actuarial value of assets to be used for determining a plan's funded status and annual required contributions needs to be **market related**. However, GASB has indicated that current market values should not be used if those values would result in unnecessary fluctuation in the funded status and the annual required contribution. Thus, in determining the actuarial value of assets, smoothing changes in the market value of assets over a period of three to five years is considered appropriate.

The asset values used for the valuation were based on the asset information contained in the statement of assets as of June 30, 2003 prepared by the Fund. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. In previous years, a four-year smoothing of unexpected gains or losses had been used. The resulting actuarial value of assets is $624,209,658.

The development of this value is outlined in Exhibit 2.

Exhibit 2

Actuarial Value of Assets

A. Development of Investment Gain	
1. Actuarial Value of Assets as of June 30, 2003	$637,749,858
2. Employer and Employee Contributions	19,375,577
3. Benefits and Expenses	51,404,717
4. Expected Investment Income	49,763,470
5. Total Investment Income, Including Income from Securities Lending	20,297,955
6. Investment Gain/(Loss) for the Year Ended June 30, 2003 (5 - 4)	(29,465,515)
B. Development of Actuarial Value of Assets as of June 30, 2003	
7. Expected Actuarial Value of Assets (1 + 2 - 3 + 4)	655,484,188
8. Investment Gain/(Loss) as of June 30, 2003 Recognized Current Year (25% of 6)	(5,893,103)
9. Investment Gain/(Loss) as of June 30, 2002 Recognized in Current Year	(13,059,797)
10. Investment Gain/(Loss) as of June 30, 2001 Recognized in Current Year	(9,592,352)
11. Investment Gain (Loss) as of June 30, 2000 Recognized in Current Year	(2,729,278)
12. Actuarial Value of Assets as of June 30, 2003 (7 + 8 + 9 + 10 + 11)	$624,209,658

C. Fund Provisions

Our valuation was based on the provisions of the Fund in effect as of June 30, 2003 as provided in Article 12 of the Illinois Pension Code. A summary of the principal provisions of the Fund is provided in Appendix 2.

D. Actuarial Assumptions and Cost Method

Based on an experience analysis of the system over the three-year period 2000 to 2002, we have made some changes in the actuarial assumptions used for the June 30, 2003 actuarial valuation. The mortality assumption was changed from the UP94 Mortality Table for Males to the UP94 Mortality Table for Males, rated down one year. New rates of retirement and termination were adopted, and the salary increase assumption was reduced from 5% per year to 4.5% per year. The other actuarial assumptions used for the June 30, 2003 actuarial valuation are the same as those used for the June 30, 2002 valuation. The actuarial assumptions used for the current valuation are outlined in Appendix 1.

In our opinion, the actuarial assumptions used for the valuation are reasonable in the aggregate, taking into account fund experience and future expectations, and represent our best estimate of anticipated experience.

The entry age actuarial cost method was used for the valuation. This is the same actuarial cost method that has been used in previous valuations.

E. Actuarial Liability and Funded Status

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 3. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability. (The actuarial terms used in this report are defined in Appendix 3).

As of June 30, 2003, the total actuarial liability is $701,208,927, the actuarial value of assets is $624,209,658, and the unfunded actuarial liability is $76,999,269. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 89.0%.

Exhibit 3

Actuarial Liability and Funded Status

	Year Ending June 30	
	2003	2002
1. Actuarial Liability For Members in Receipt of Benefits		
(a) Money purchase component of annuities to retirees	$208,355,535	$204,978,696
(b) Fixed benefit component of annuities to retirees	40,318,858	39,992,903
(c) Annual increases in retirement annuity	94,212,961	87,703,354
(d) Annual increases to employee annuitants	1,298,779	1,260,060
(e) Survivor annuities to survivors of current retirees	34,029,849	35,010,675
(f) Lump sum death benefits	2,711,596	2,870,241
(g) Survivor annuities to current survivors	68,065,658	64,872,530
(h) Total	448,993,236	436,688,459
2. Actuarial Liability For Active Members		
(a) Basic retirement annuity	163,541,846	160,660,364
(b) Annual increase in retirement annuity	34,134,484	38,712,569
(c) Pre-retirement survivor's annuity	6,308,792	4,430,740
(d) Post-retirement survivor's annuity	15,265,012	7,972,483
(e) Withdrawal benefits	8,217,280	6,565,963
(f) Pre-retirement death benefit	1,261,613	806,735
(g) Post-retirement death benefit	421,604	474,109
(h) Total	229,150,631	219,622,963
3. Actuarial Liability For Inactive Members	23,065,060	21,896,551
4. Total Actuarial Liability	701,208,927	678,207,973
5. Actuarial Value of Assets	624,209,658	637,749,858
6. Unfunded Actuarial Liability	$ 76,999,269	$ 40,458,115
7. Funded Ratio	89.0%	94.0%

F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning July 1, 2003 is developed in Exhibit 4. For the year beginning July 1, 2003, the total normal cost is determined to be $10,854,556, employee contributions are estimated to be $9,209,675, resulting in the employer's share of the normal cost of $1,644,881.

Based on a payroll of $102,329,721, the employer's share of the normal cost can be expressed as 1.61% of payroll.

Exhibit 4

Employer's Normal Cost for Year Beginning July 1, 2003

1. Basic retirement annuity	$ 4,430,781
2. Annual increase in retirement annuity	842,654
3. Pre-retirement survivor's annuity	272,510
4. Post-retirement survivor's annuity	437,758
5. Withdrawal benefits, including refunds	3,146,423
6. Pre-retirement death benefit	88,823
7. Post-retirement death benefit	19,202
8. Children's annuity	40,200
9. Ordinary disability benefit	286,624
10. Duty disability benefit	61,573
11. Administrative expenses	1,228,008
12. Total normal cost	$ 10,854,556
13. Employee contributions	9,209,675
14. Employer's share of normal cost	$ 1,644,881
15. Total payroll	$102,329,721
16. Employer's share of normal cost as a percent of payroll	1.61%

G. Actuarially Determined Contribution Requirement

GASB Statement No. 25 and 27 provide for annual employer contribution requirements determined on an actuarial basis. According to the GASB statements, the actuarially determined contribution requirement is equal to the employer's normal cost plus an amortization of the unfunded actuarial liability. For a period of 10 years, the maximum acceptable amortization period is 40 years. After the 10-year period, the maximum acceptable amortization period is 30 years. We have therefore calculated the actuarially determined employer contribution requirement for the fiscal year beginning July 1, 2003 as the employer's normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. The results of our calculation are shown in Exhibit 5.

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 2 years previously. The 1.10 is known as the tax multiple.

As can be seen from Exhibit 5, for the fiscal year beginning July 1, 2003 the actuarially determined contribution requirement amounts to $8,203,656. Based on the 1.10 tax multiple, and assuming a 5% loss in collections, we have estimated the employer contribution for the year beginning July 1, 2003 to be $9,341,260. Thus, the employer contribution is expected to exceed the actuarially determined contribution requirement by $1,137,604.

Exhibit 5

Actuarially Determined Contribution Requirement For Year Beginning July 1, 2003

1. Employer's normal cost	$1,644,881
2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments	6,558,775
3. Actuarially determined contribution requirement for year beginning July 1, 2003	8,203,656
4. Estimated employer contribution for the year	9,341,260
5. Amount by which employer contribution is expected to exceed actuarially determined contribution requirement	$1,137,604

H. Annual Required Contribution for GASB Statement No. 25

GASB Statement Number 25 requires the disclosure of the annual required employer contribution (ARC), calculated in accordance with certain parameters. Based on the results of the June 30, 2003 actuarial valuation, we have therefore calculated the annual required contribution for the fiscal year beginning July 1, 2003. In accordance with the parameters prescribed in GASB Statement No. 25, in calculating the annual required contribution, we have used adjusted market value for the actuarial value of assets and have used a 30-year level-dollar amortization of the unfunded liability. On this basis, the annual required contribution for Fiscal Year 2003 has been determined to be as follows:

1. Employer's normal cost	$1,644,881
2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments	6,558,775
3. Annual required contribution	$8,203,656

I. Analysis of Finacial Experiance

The net actuarial experience during the period July 1, 2002 to June 30, 2003 resulted in a increase in the Fund's unfunded actuarial liability of $36,541,154. This increase in unfunded actuarial liability is a result of several kinds of gains and losses. The financial effect of the most significant gains and losses is illustrated in Exhibit 6.

The employer funding requirement for the year of normal cost plus interest on the unfunded actuarial liability amounted to $7,214,997, whereas the actual employer contribution for the year is estimated to be $9,842,559, resulting in a decrease in the unfunded liability of $2,627,562.

The net rate of investment return earned by the assets of the fund, based on the actuarial value of assets, was 0.8% in comparison with the assumed rate of investment return of 8.0%. This resulted in a increase in the unfunded liability of $44,627,000. Salaries increases lower than expected resulted in a decrease in the unfunded liability of $6,382,000.

The changes in the actuarial assumptions used for the June 30, 2003 actuarial valuation had the impact of increasing the unfunded liability by $8,663,000. The change in the method of calculating the actuarial value of assets had the impact of decreasing the unfunded liability by $13,351,996. The various other aspects of the fund's experience resulted in a net increase in the unfunded actuarial liability of $5,612,712. The aggregate financial experience of the fund resulted in a net increase in the unfunded actuarial liability of $36,541,154.

Exhibit 6

Analysis of Financial Experience Over the Period July 1, 2002 to June 30, 2003

1. Unfunded actuarial liability as of 7/1/02	$40,458,115
2. Employer contributions requirement of normal cost plus interest on unfunded liability for period 7/1/02 to 6/30/03	7,214,997
3. Actual employer contribution for the year	9,842,559
4. Decrease in unfunded liability due to employer contribution greater than normal cost plus interest on unfunded liability (3 - 2)	2,627,562
5. Increase in unfunded liability due to investment return lower than assumed	44,627,000
6. Decrease in unfunded liability due to salary increases lower than assumed	6,382,000
7. Increase in unfunded liability due to changes in assumptions	8,663,000
8. Decrease in unfunded liability due to change in asset valuation method	13,351,996
9. Increase in unfunded liability due to other sources	5,612,712
10. Net increase in unfunded liability for the year (5 - 4 - 6 + 7 - 8 + 9)	36,541,154
11. Unfunded actuarial liability as of June 30, 2003 (1 + 10)	$76,999,269

J. Certification

This actuarial report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of our knowledge, fairly represents the financial condition of the Park Employees' Annuity and Benefit Fund as of June 30, 2003.

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff

Carl J. Smedinghoff, A.S.A.
Associate Actuary

Appendix 1

Summary of Actuarial Assumptions and Actuarial Cost Method

Actuarial Assumptions. The actuarial assumptions used for the June 30, 2003 valuation are summarized below. These assumptions were adopted as of June 30, 2003.

Mortality Rates. The UP-1994 Mortality Table, rated down 1 year, was used for the valuation.

Termination Rates. Termination rates based on the recent experience of the Fund were used. The following is a sample of the termination rates that were used:

		Rates of Termination Per 1000 Members	
Age	*0-4 Years Service*	*4-10 Years Service*	*10 or More Years Service*
20	281		
25	260	231	
30	179	131	47
35	167	129	41
40	156	97	35
45	113	93	28
50	110	89	
55	107	85	

Retirement Rates. Rates of retirement for each age from 50 to 75 based on the recent experience of the Fund were used. The following are samples of the rates of retirement that were used.

	Rate of Retirement Per 1000 Members	
Age	*Less Than 30 Years Service*	*30 Or More Years of Service*
50	50	400
55	55	200
60	80	80
65	120	120
70	140	140
75	1,000	1,000

Salary Progression. 4.5% per year, compounded annually.

Interest Rate. 8.0% per year, compounded annually.

Marital Status. 75% of participants were assumed to be married.

Spouse's Age. The age of the spouse was assumed to be 2 years younger than that of the employee.

Actuarial Value of Assets. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years.

Actuarial Cost Method. The entry age actuarial cost method was used, with costs allocated on the basis of earnings.

Appendix 2

Summary of Principal Provisions

1. 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.

2. 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
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.

3. Retirement Pension-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 1/4 of 1% for 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.

4. Retirement Pension-Amount. The retirement pension is based on the average of the 4 highest consecutive years of salary within the last 10 years, at the following rates.

1.9% for each of the first 10 years of service; plus
2.2% for each of the next 10 years of service; plus
2.4% for each of the next 10 years of service; plus
2.8% for each year of service over 30

The maximum pension payable is 80% of average 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.

5. Post-Retirement Increase In Retirement Pension. 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 1 year's receipt of pension payments. In the case of an employee with less than 30 years service who retires before age 60, the increases begin following the later of attainment of age 60 and receipt of 1 year's pension payments.

6. 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 pensioner 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 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 automatic increases of 3% per year based on the current amount of pension.

7. 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 employer's final salary.

8. Single Sum Death Benefit. A death benefit is payable upon the death of an employee in service in addition to any other benefits payable to the surviving spouse or minor children. The death benefit payable is as follows:

$3,000 benefit during the 1st year of service,
$4,000 benefit during the 2nd year of service,
$5,000 benefit during the 3rd year of service,
$6,000 benefit during the 4th through 10th year of service,
$10,000 benefit if death occurs after 10 or more years of service.

Upon the death of a retired member with 10 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.

9. Ordinary Disability Benefit. An ordinary disability benefit is payable after 8 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 1/4 of the length of service or 5 years, whichever is less.

10. Occupational Disability Benefit. Upon disability resulting from an injury incurred while on duty, an employee is entitled to a disability benefit of 75% of salary from the first day of absence without pay. The benefit is payable during the period of disability until the employee attains age 65, if disability is incurred before age 60, or for a period of 5 years if disability is incurred after age 60.

11. Occupational Death Benefit. Upon the death of an employee resulting from an accident incurred in the performance of duty, the surviving spouse is entitled to an occupational death benefit of 50% of salary. Each unmarried child under the age of 18 is entitled to a benefit of $100 per month. The combined payments to a family may not exceed 75% of the employee's final salary. The total payments are reduced by Workmen's Compensation benefits.

12. Refunds. An employee who terminates employment before qualifying for a pension is entitled to a refund of employee contributions. The refund is payable to any employee who withdraws before age 55, regardless of the length of service. It is also payable to an employee who withdraws between age 55 and 60 with less than 10 years of service, and to an employee who withdraws after age 60 with less than 5 years of service.

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.

Appendix 3

Glossary of Terms Used in Report

1. **Actuarial Present Value.** The value of an amount or series of amounts payable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

2. **Actuarial Cost Method or Funding Method.** A procedure for determining the actuarial present value of pension plan benefits and for determining an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an actuarial accrued liability.

3. **Normal Cost.** That portion of the present value of pension plan benefits which is allocated to a valuation year by the actuarial costs method.

4. **Actuarial Accrued Liability or Accrued Liability.** That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension benefits which is not provided for by future normal costs.

5. **Actuarial Value of Assets.** The value assigned by the actuary to the assets of the pension plan for purposes of an actuarial valuation.

6. **Unfunded Actuarial Liability.** The excess of the actuarial liability over the actuarial value of assets.

7. **Entry Age Actuarial Cost Method.** A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of an individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided at a valuation date by the actuarial present value of future normal costs are called the actuarial liability.

8. **Actuarial Assumptions.** Assumptions as to future events affecting pension costs.

9. **Actuarial Valuation.** The determination, as of the valuation date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for a pension plan.

10. **Accrued Benefit or Accumulated Plan Benefits.** The amount of an individual's benefit as of a specific date determined in accordance with the terms of a pension plan and based on compensation and service to that date.

11. **Vested Benefits.** Benefits that are not contingent on an employee's future service.

Tables

TABLE I

Schedule of Active Member Valuation Data

Valuation Date	Active Members: Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
06/30/96	3,850	$ 98,205,215	$25,508	(8.1)
06/30/97	3,993	112,575,449	28,193	10.5
06/30/98	4,260	116,765,182	27,410	(2.8)
06/30/99	3,595	94,254,767	26,218	(4.3)
06/30/00	3,639	101,267,759	27,828	6.1
06/30/01	3,395	105,739,601	31,146	11.0
06/30/02	3,422	103,786,911	30,329	(2.6)
06/30/03	3,179	102,329,721	32,189	6.1

TABLE II

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	Rolls-End-of Year: Number	Rolls-End-of Year: Annual Benefits	Average Annual Benefit	% Increase in Average Annual Benefit
1996	307	$5,407,980	192	$ 790,911	3,203	$38,069,575	$11,886	9.7
1997	132	1,309,596	163	532,749	3,172	38,846,422	12,247	3.0
1998	132	1,335,037	157	652,559	3,147	39,528,900	12,561	2.6
1999	310	5,741,244	206	762,966	3,251	44,507,178	13,690	9.0
2000	126	1,390,498	170	595,198	3,207	45,302,488	14,126	3.2
2001	140	1,638,676	191	1,527,484	3,156	45,413,680	14,390	1.9
2002	132	2,907,468	193	1,771,252	3,095	46,549,896	15,040	4.5
2003	131	2,946,242	186	2,418,091	3,040	47,078,047	15,486	3.0

TABLE III

Solvency Test

Fiscal Year Ended	ACCRUED LIABILITIES FOR: (1) Active Members Accumulated Contributions	(2) Members Currently Receiving Benefits	(3) Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets: (1)	(2)	(3)
1996	$119,624,003	$351,498,105	$ 54,246,822	$444,419,488	100	92	0
1997	127,359,649	358,081,483	64,120,292	513,807,362	100	100	44
1998	133,340,241	356,995,275	75,246,803	549,728,274	100	100	79
1999	122,692,192	415,269,765	72,565,670	592,283,760	100	100	75
2000	113,292,867	437,586,009	105,087,840	627,937,703	100	100	73
2001	119,126,713	433,551,115	120,751,775	651,343,906	100	100	82
2002	127,265,151	436,688,459	114,254,363	637,749,858	100	100	65
2003	119,192,515	448,993,236	133,023,176	624,209,658	100	100	42

MEMBERSHIP STATISTICS

	FY 2003	FY 2002
Active participants	3,179	3,422
Retired employees - annuities	2,104	2,148
Surviving spouses - annuities	936	945
Children - annuities	34	34
Retirement granted during the year	131	132
Retirement reductions due to deaths and pension terminations	186	195
New Members	45	550
Withdrawals with refund	291	299

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE

At June 30, 2003

	Male		Female		Total	
Age at 06/30/03	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
16	1	$ 148	–	$ –	1	$ 148
17	4	32,384	2	14,025	6	46,409
18	10	84,437	17	91,908	27	176,345
19	23	179,565	42	312,068	65	491,633
20	46	481,809	47	470,394	93	952,203
21	36	403,237	30	308,287	66	711,524
22	51	520,273	28	330,027	79	850,300
23	49	653,688	42	627,353	91	1,281,041
24	41	712,769	32	523,032	73	1,235,801
25	24	402,312	30	533,635	54	935,947
26	29	527,575	31	696,590	60	1,224,165
27	29	601,155	25	728,381	54	1,329,536
28	26	612,193	33	871,750	59	1,483,943
29	32	545,824	27	678,225	59	1,224,049
30	42	1,179,055	21	611,529	63	1,790,584
31	27	675,247	24	660,527	51	1,335,774
32	27	662,223	36	939,561	63	1,601,784
33	52	1,319,424	31	817,418	83	2,136,842
34	43	1,227,313	26	902,415	69	2,129,728
35	46	1,270,661	31	936,324	77	2,206,985
36	47	1,606,880	40	1,149,772	87	2,756,652
37	33	1,311,659	33	1,053,195	66	2,364,854
38	54	1,859,207	38	1,219,243	92	3,078,450
39	40	1,349,072	24	713,873	64	2,062,945
40	44	1,516,334	23	678,490	67	2,194,824
41	60	2,329,031	38	987,451	98	3,316,482
42	54	1,988,257	37	1,285,191	91	3,273,448
43	59	2,005,251	34	1,145,401	93	3,150,652
44	61	2,280,396	29	1,026,646	90	3,307,042
45	57	2,137,129	24	760,758	81	2,897,887
46	54	2,003,106	21	551,215	75	2,554,321
47	60	2,116,859	25	889,307	85	3,006,166
48	67	2,865,833	28	1,015,069	95	3,880,902
49	67	2,652,361	21	637,758	88	3,290,119
50	48	2,190,980	34	1,213,501	82	3,404,481
51	54	2,072,154	18	638,004	72	2,710,158

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE AT JUNE 30, 2003

Age at 06/30/03	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
52	67	$ 2,819,647	28	$ 1,153,740	95	$ 3,973,387
53	63	2,660,014	17	532,477	80	3,192,491
54	42	1,884,519	15	493,343	57	2,377,862
55	40	1,395,725	15	467,725	55	1,863,450
56	43	1,606,111	5	109,166	48	1,715,277
57	23	840,301	10	262,036	33	1,102,337
58	34	1,331,979	15	405,655	49	1,737,634
59	26	963,934	7	192,555	33	1,156,489
60	26	1,053,218	13	494,833	39	1,548,051
61	14	542,207	4	101,623	18	643,830
62	22	892,059	6	212,711	28	1,104,770
63	14	538,908	5	113,055	19	651,963
64	12	420,669	6	169,115	18	589,784
65	14	491,791	1	29,281	15	521,072
66	12	448,862	3	90,396	15	539,258
67	6	241,162	3	98,359	9	339,521
68	8	313,316	1	29,502	9	342,818
69	3	72,239	5	108,445	8	180,684
70	4	165,034	1	17,361	5	182,395
71	6	149,959	–	–	6	149,959
72	2	120,431	–	–	2	120,431
73	4	94,721	–	–	4	94,721
74	2	137,776	3	61,949	5	199,725
75	4	145,016	–	–	4	145,016
76	–	–	3	69,652	3	69,652
77	2	74,578	–	–	2	74,578
82	1	11,187	–	–	1	11,187
	1,991	$63,791,164	1,188	$31,231,302	3,179	$95,022,466

	Male	Female	Both
Average Age:	42.0	37.2	40.2
Average Salary:	$32,040	$26,289	$29,891

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE
At June 30, 2003

	Male		Female		Total	
Years of Service	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
< 1	156	$ 829,682	98	$ 378,172	254	$ 1,207,854
1	194	3,229,336	140	1,802,272	334	5,031,608
2	148	2,730,847	117	2,004,476	265	4,735,323
3	160	4,795,487	134	3,876,731	294	8,672,218
4	157	4,729,462	124	3,326,163	281	8,055,626
5	104	2,909,598	83	2,303,428	187	5,213,026
6	98	2,711,621	66	1,833,993	164	4,545,614
7	87	2,730,585	70	2,172,736	157	4,903,321
8	44	1,304,214	31	1,187,868	75	2,492,082
9	20	633,845	22	886,884	42	1,520,729
10	21	770,044	21	718,009	42	1,488,053
11	71	2,197,787	29	982,631	100	3,180,417
12	46	2,118,635	12	369,281	58	2,487,916
13	51	2,482,883	27	950,452	78	3,433,334
14	34	1,694,764	27	986,412	61	2,681,176
15	30	1,150,216	12	462,955	42	1,613,171
16	39	1,818,164	11	426,147	50	2,244,311
17	49	2,042,901	24	974,619	73	3,017,520
18	51	2,294,895	25	913,419	76	3,208,314
19	26	1,080,285	10	394,842	36	1,475,127
20	32	1,435,551	11	459,114	43	1,894,665
21	27	1,518,135	4	167,189	31	1,685,324
22	56	2,733,440	16	646,499	72	3,379,939
23	45	1,964,403	7	236,304	52	2,200,707
24	21	909,345	12	475,315	33	1,384,659
25	31	1,607,810	5	188,399	36	1,796,210
26	25	1,230,155	8	331,951	33	1,562,106
27	31	1,657,241	8	304,550	39	1,961,791
28	36	1,576,442	8	359,929	44	1,936,371
29	30	1,519,721	5	245,343	35	1,765,063
30	18	918,649	6	313,683	24	1,232,332
31	10	512,480	4	144,392	14	656,871
32	10	414,000	3	121,957	13	535,957
33	7	327,510	1	40,952	8	368,462
34	6	320,572	4	161,342	10	481,914
35	5	251,794	–	–	5	251,794

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE
At June 30, 2003

II

	Male		Female		Total	
Years of Service	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
36	5	$ 264,921	–	$ –	5	$ 264,921
37	1	32,850	1	30,769	2	63,620
38	1	39,441	–	–	1	39,441
39	1	29,338	–	–	1	29,338
42	2	67,332	–	–	2	67,332
43	1	29,604	–	–	1	29,604
45	–	–	1	41,073	1	41,073
46	1	43,677	–	–	1	43,677
47	2	86,534	–	–	2	86,534
48	–	–	1	11,032	1	11,032
55	1	44,929	–	–	1	44,929
	1,991	$63,791,124	1,188	$31,231,283	3,179	$95,022,407

	Male	Female	Both
Average Service:	10.2 yrs.	7.2 yrs.	9.1 yrs.
Average Salary:	$32,040	$26,289	$29,891

RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS
At June 30, 2003

III

	Male		Female		Total	
Age at 6/30/03	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	3	$ 46,699	2	$ 27,483	5	$ 74,182
51	8	138,552	2	40,993	10	179,545
52	14	254,012	4	84,453	18	338,465
53	15	247,947	2	42,533	17	290,480
54	22	414,920	2	60,979	24	475,899
55	33	776,709	8	203,445	41	980,154
56	29	649,042	5	83,957	34	732,999
57	33	668,419	13	252,904	46	921,323
58	23	525,924	3	33,430	26	559,354
59	30	830,885	13	246,314	43	1,077,199
60	52	1,104,676	16	279,359	68	1,384,035
61	39	826,769	16	244,103	55	1,070,872
62	38	876,615	11	142,109	49	1,018,724
63	35	779,012	9	64,685	44	843,697
64	54	1,265,281	18	245,828	72	1,511,109
65	44	1,024,264	15	187,564	59	1,211,828
66	60	1,214,291	13	185,982	73	1,400,273
67	49	1,064,348	16	221,122	65	1,285,470
68	64	1,342,766	12	112,819	76	1,455,585
69	65	1,377,610	13	124,911	78	1,502,521
70	57	1,039,377	20	282,354	77	1,321,731
71	55	954,485	13	189,047	68	1,143,532
72	73	1,520,140	15	168,969	88	1,689,109
73	63	1,558,745	16	274,847	79	1,833,592
74	75	1,490,804	15	178,357	90	1,669,161
75	68	1,209,661	14	147,070	82	1,356,731
76	54	1,189,642	12	140,934	66	1,330,576
77	50	956,130	15	193,745	65	1,149,875
78	58	1,314,355	13	174,912	71	1,489,267
79	46	853,803	19	253,894	65	1,107,697
80	52	912,259	12	121,239	64	1,033,498
81	39	709,711	11	88,756	50	798,467
82	43	890,993	11	206,012	54	1,097,005
83	35	640,990	16	164,247	51	805,237
84	23	499,153	15	154,902	38	654,055
85	23	418,440	6	81,978	29	500,418
86	25	340,146	13	98,903	38	439,049
87	15	269,028	13	124,724	28	393,752

RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS
At June 30, 2003

III

Age at 06/30/03	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
88	13	$ 140,305	12	$ 98,083	25	$ 238,388
89	15	269,298	2	15,568	17	284,866
90	5	44,812	8	50,716	13	95,528
91	8	58,386	6	38,361	14	96,747
92	4	35,178	4	11,828	8	47,006
93	2	35,415	4	36,970	6	72,385
94	1	6,846	2	8,200	3	15,046
95	2	19,841	1	1,310	3	21,151
96	1	4,917	1	2,796	2	7,713
97	1	9,333	1	2,532	2	11,865
98	1	2,605	3	8,563	4	11,168
99	1	22,517	–	–	1	22,517
	1,618	$32,846,056	486	$6,204,790	2,104	$39,050,846

	Male	Female	Both
Average Age:	70.9	72.8	71.3
Average Annual Payments:	$20,300	$12,767	$18,560

RETIREMENT PENSIONS BY AGE AT TIME OF RETIREMENT
At June 30, 2003

IV

	Male		Female		Total	
Age at Retirement	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	75	$ 1,659,511	18	$ 342,367	93	$ 2,001,878
51	58	1,514,527	10	229,610	68	1,744,137
52	55	1,416,984	19	387,438	74	1,804,422
53	41	1,024,700	7	77,644	48	1,102,344
54	37	868,585	14	342,042	51	1,210,627
55	88	1,544,027	38	353,815	126	1,897,842
56	86	1,603,288	22	265,713	108	1,869,001
57	72	1,723,896	12	109,206	84	1,833,102
58	78	1,403,543	20	207,997	98	1,611,540
59	68	1,507,148	22	227,045	90	1,734,193
60	99	2,164,550	36	509,877	135	2,674,427
61	90	2,019,269	18	214,730	108	2,233,999
62	116	2,175,400	31	414,446	147	2,589,846
63	82	1,620,351	25	355,651	107	1,976,002
64	82	1,693,726	26	256,661	108	1,950,387
65	146	2,505,962	45	457,777	191	2,963,739
66	84	1,366,402	24	251,985	108	1,618,387
67	75	1,451,431	23	215,474	98	1,666,905
68	44	896,205	18	228,681	62	1,124,886
69	39	744,778	16	230,607	55	975,385
70	40	699,581	17	198,160	57	897,741
71	20	543,623	4	36,375	24	579,998
72	12	202,890	5	94,941	17	297,831
73	6	139,729	3	61,464	9	201,193
74	6	147,419	1	2,656	7	150,075
75	5	78,289	3	29,895	8	108,184
76	2	17,282	3	15,251	5	32,533
77	4	50,805	3	53,290	7	104,095
78	4	33,118	–	–	4	33,118
79	1	5,209	1	9,178	2	14,387
80	1	17,806	1	14,039	2	31,845
81	1	4,097	–	–	1	4,097
82	1	1,925	–	–	1	1,925
92	–	–	1	10,775	1	10,775
	1,618	$32,846,056	496	$6,204,790	2,104	$39,050,846

	Male	Female	Both
Average Age:	60.7	61.4	60.9
Average Annual Payments:	$20,300	$12,767	$18,560

SURVIVING SPOUSE'S PENSION BY AGE AND ANNUAL PAYMENTS
At June 30, 2003

V

Age at 06/30/03	Number	Annual Payments	Age at 06/30/03	Number	Annual Payments
39	2	$ 14,241	71	31	$ 333,557
42	3	30,872	72	27	296,848
43	1	4,075	73	26	256,123
44	2	19,874	74	34	322,530
45	3	30,034	75	31	293,782
46	2	16,952	76	38	338,405
47	2	29,692	77	32	274,697
48	4	35,254	78	36	299,018
49	6	80,803	79	37	292,344
50	2	8,266	80	37	314,080
51	2	29,470	81	33	234,801
52	8	61,771	82	41	363,903
53	8	95,422	83	36	278,207
54	3	41,627	84	34	191,874
55	6	59,989	85	30	161,661
56	9	70,822	86	34	193,501
57	7	75,593	87	28	166,340
58	6	74,995	88	23	124,312
59	10	117,530	89	7	33,379
60	10	107,104	90	21	107,277
61	9	96,515	91	20	89,461
62	16	222,686	92	12	60,847
63	14	133,431	93	7	40,843
64	11	147,076	94	9	35,574
65	8	90,013	95	10	32,326
66	16	165,875	96	1	3,672
67	17	177,008	98	3	9,432
68	17	247,190	99	1	2,210
69	26	271,410	100	2	2,831
70	25	317,776			
				936	$8,027,201

Average Age:	75.8
Average Annual Payments:	$ 8,576

SURVIVING SPOUSE'S PENSION BY AGE AT COMMENCEMENT
At June 30, 2003

VI

Age at Commencement	Number	Annual Payments	Age at Commencement	Number	Annual Payments
21	1	$ 753	60	26	$ 270,339
27	2	2,999	61	32	302,359
28	2	7,716	62	28	224,222
29	1	1,306	63	23	242,218
30	1	9,746	64	30	294,968
31	2	7,530	65	26	250,016
32	1	792	66	40	394,275
33	4	19,795	67	35	276,041
34	1	5,025	68	37	330,471
35	3	4,662	69	34	298,307
36	9	36,017	70	31	277,731
37	2	15,636	71	25	242,088
38	3	10,628	72	26	248,715
39	7	56,795	73	23	131,187
40	2	27,963	74	21	157,262
41	8	53,608	75	17	142,308
42	12	86,766	76	16	141,290
43	8	75,712	77	19	144,635
44	12	52,180	78	17	135,655
45	8	70,450	79	10	60,562
46	8	66,584	80	21	162,602
47	5	44,590	81	9	34,211
48	14	111,576	82	9	50,946
49	15	154,077	83	11	61,320
50	18	134,573	84	9	59,468
51	13	134,197	85	7	19,933
52	12	95,719	86	3	26,170
53	27	219,719	87	1	1,990
54	17	170,719	88	3	18,137
55	21	214,735	89	3	17,096
56	23	218,029	90	2	18,654
57	23	283,173			
58	34	352,056			
59	23	246,199			
				936	$8,027,201

Average Age:	62.9
Average Annual Payments:	$8,576

RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS

at June 30, 2003

VII

	Male		Female		Total	
Age at 06/30/01	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
51	2	$ 1,575	1	$ 618	3	$ 2,193
52	4	4,543	2	2,085	6	6,628
53	4	7,367	1	2,718	5	10,085
54	16	27,515	2	6,533	18	34,048
55	19	61,750	5	18,763	24	80,513
56	19	56,388	2	7,746	21	64,134
57	14	49,952	6	18,279	20	68,231
58	14	51,846	-	0	14	51,846
59	23	97,374	6	19,034	29	116,408
60	47	133,775	13	23,971	60	157,746
61	37	101,195	12	21,377	49	122,572
62	34	105,459	8	15,346	42	120,805
63	32	84,646	5	5,463	37	90,109
64	52	172,009	15	29,533	67	201,542
65	40	140,001	15	21,706	55	161,707
66	55	169,981	13	23,520	68	193,501
67	42	158,912	15	28,922	57	187,834
68	63	233,613	11	18,115	74	251,728
69	59	245,119	12	24,013	71	269,132
70	55	182,367	16	45,340	71	227,707
71	52	173,634	13	36,318	65	209,952
72	71	303,105	14	27,532	85	330,637
73	60	350,027	15	57,287	75	407,314
74	71	329,844	14	42,069	85	371,913
75	66	267,033	14	32,950	80	299,983
76	52	317,265	11	36,202	63	353,467
77	48	260,600	14	48,246	62	308,846
78	57	378,120	13	41,838	70	419,958
79	45	232,969	19	70,016	64	302,985
80	52	250,552	12	29,358	64	279,910
81	38	218,450	10	27,422	48	245,872
82	42	264,151	11	51,314	53	315,465
83	35	200,957	16	55,512	51	256,469
84	23	157,090	15	41,206	38	198,296
85	23	138,324	6	27,856	29	166,180
86	24	118,813	13	34,588	37	153,401
87	15	103,259	13	42,162	28	145,421
88	12	51,530	11	36,665	23	88,195

RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS

VII Continued

Age at 06/30/01	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
89	15	$ 101,268	2	$ 5,896	17	$ 107,164
90	5	15,703	8	16,495	13	32,198
91	6	20,970	6	16,146	12	37,116
92	4	15,557	3	3,168	7	18,725
93	2	16,955	3	11,281	5	28,236
94	1	314	2	1,213	3	1,527
95	2	9,352	1	586	3	9,938
96	1	222	1	1,309	2	1,531
97	1	4,368	1	1,199	2	5,567
98	1	1,235	3	4,073	4	5,308
99	1	10,880	-	-	1	10,880
	1,456	$6,397,934	424	$1,132,989	1,880	$7,530,923

	Male	Female	Both
Average Age:	71.9	74.3	72.5
Average Monthly Increases:	$ 366	$ 223	$ 334
Average Annual Increases:	$4,394	$2,672	$4,006

ANNUITIES AND REFUNDS BY TYPE
Last Ten Years

VIII

Fiscal Year Ended June 30	Retirement	Surviving Spouse	Children	Refunds Employees	Refunds Pensioners
1994	$25,278,917	$4,675,977	$52,460	$3,833,628	$ 95,091
1995	27,233,586	5,051,847	48,904	6,049,828	162,444
1996	31,364,789	5,457,678	41,119	3,981,189	59,635
1997	32,440,180	5,823,574	42,691	2,911,492	91,506
1998	32,827,170	6,204,406	44,186	2,633,537	272,170
1999	35,570,062	6,559,658	44,760	2,923,125	240,516
2000	37,627,187	7,037,407	41,240	2,741,622	55,825
2001	38,066,945	7,425,246	56,950	2,983,459	66,709
2002	38,473,834	7,670,908	41,950	2,325,631	151,446
2003	38,708,659	7,971,585	42,050	2,570,017	204,820

DEATH AND DISABILITY BENEFITS
Last Ten Years

IX

Fiscal Year Ended June 30	Death Benefit	Ordinary Disability	Duty Disability	Total
1994	$480,560	$700,043	$163,807	$1,344,410
1995	506,000	632,219	110,796	1,249,015
1996	412,000	448,002	84,982	944,984
1997	351,500	539,960	111,722	1,003,182
1998	437,450	489,082	143,326	1,069,858
1999	398,961	417,875	21,920	838,756
2000	346,338	504,588	24,456	875,382
2001	356,050	597,481	(41,649) [a]	911,882
2002	343,500	382,660	36,629	762,789
2003	325,500	346,634	65,921	738,055

(a) reflects net of recoveries of prior duty disability payments in accordance with state statute, actual duty disability payments were $62,516, offset by recoveries of $104,165.

NUMBER OF ACTIVE PARTICIPANTS
Last Ten Years

X

Fiscal Year Ended June 30	*Male Participants*	*Female Participants*	*Total*
1994	3,293	1,243	4,536
1995	2,747	1,039	3,786
1996	2,650	1,157	3,807
1997	2,675	1,318	3,993
1998	2,758	1,502	4,260
1999	2,294	1,301	3,595
2000	2,276	1,363	3,639
2001	2,100	1,295	3,395
2002	2,131	1,291	3,422
2003	1,991	1,188	3,179

ACTIVE PARTICIPANTS STATISTICS AVERAGES
Last Ten Years

XI

Fiscal Year	*Male*			*Female*			*Combined*		
Ended June 30	*Annual Salary*	*Age*	*Service*	*Annual Salary*	*Age*	*Service*	*Annual Salary*	*Age*	*Service*
1994	$23,295	43.0	10.1	$19,299	39.5	7.6	$22,200	42.1	9.4
1995	23,584	43.9	11.1	19,956	40.1	8.2	22,588	42.9	10.3
1996	21,917	41.9	9.6	18,478	37.8	6.8	20,871	40.7	8.8
1997	22,937	41.9	9.4	18,270	37.8	6.0	21,396	40.7	8.3
1998	22,544	41.2	9.2	17,730	36.1	5.7	20,846	39.4	8.0
1999	25,206	40.7	9.8	20,806	35.7	6.4	23,614	38.9	8.6
2000	26,963	40.6	9.0	22,097	35.7	5.7	25,140	38.8	7.7
2001	30,490	41.1	9.5	24,579	36.5	6.3	28,235	39.4	8.3
2002	29,986	41.2	9.5	24,285	36.3	6.4	27,835	39.3	8.3
2003	32,040	42.0	10.2	26,289	37.2	7.2	29,891	40.2	9.1

RETIREES AND BENEFICIARIES RECEIVING BENEFITS
Last Ten Years

XII

Fiscal Year Ended June 30	Retirees	Surviving Spouses	Children	Total
1994	2,020	989	39	3,048
1995	2,091	997	32	3,120
1996	2,199	1,004	32	3,235
1997	2,177	995	34	3,206
1998	2,163	984	37	3,184
1999	2,271	980	35	3,286
2000	2,242	965	34	3,241
2001	2,188	968	32	3,188
2002	2,148	945	34	3,127
2003	2,104	936	34	3,074

RETIREES RECEIVING ANNUAL 3% INCREASES
Last Ten Years

XIII

Fiscal Year Ended	Number		Annual Increase			Total Annual
June 30	Male	Female	Male	Female	Number	Increase
1992	1,126	360	$2,371,730	$ 487,153	1,486	$2,858,883
1993	1,135	362	2,595,697	523,061	1,497	3,118,758
1994	1,258	404	2,871,013	594,750	1,662	3,465,763
1995	1,274	393	3,181,231	640,483	1,667	3,821,714
1996	1,308	401	3,486,234	692,724	1,709	4,178,958
1997	1,361	397	3,869,093	736,712	1,758	4,605,805
1998	1,354	403	4,237,104	782,378	1,757	5,019,482
1999	1,436	414	4,715,874	856,592	1,850	5,572,466
2000	1,531	443	5,199,314	947,101	1,974	6,146,415
2001	1,475	426	5,152,004	933,478	1,901	6,085,428
2002	1,487	425	6,006,202	1,075,589	1,912	7,081,791
2003	1,456	424	6,397,934	1,132,989	1,880	7,530,923

AVERAGE ANNUAL RETIREES/SURVIVING SPOUSE'S BENEFIT PAYMENTS

XIV

Last Ten Years

Fiscal Year Ended June 30	*Average Annual Payments*	
	Retiree	*Spouse*
1994	$13,017	$ 4,867
1995	13,484	4,867
1996	14,739	5,635
1997	15,093	6,019
1998	15,346	6,439
1999	16,622	6,897
2000	17,020	7,403
2001	17,275	7,867
2002	18,018	8,270
2003	18,560	8,576

FUNDED RATIO
Last Ten Years

I

Fiscal Year Ended June 30	*(1) Actuarial Value of Assets*	*(2) Unfunded Accrued Liabilities*	*(3) Statutory Reserve Requirements (1) + (2)*	*(4) % Percent Funded (1) ÷ (3)*
1994	$401,768,853	$100,573,514	$502,342,367	80.0
1995	417,063,903	89,261,339	506,325,242	82.4
1996	444,419,488	80,949,442	525,368,930	84.6
1997	513,807,362	35,754,062	549,561,424	93.5
1998	549,728,274	15,854,045	565,582,319	97.2
1999	592,283,760	18,243,867	610,527,627	97.0
2000	627,937,703	28,029,013	655,966,716	95.7
2001	651,343,906	22,085,697	673,429,603	96.7
2002	637,749,858	40,458,115	678,207,973	94.0
2003	624,209,658	76,999,269	701,208,927	89.0

ADDITIONS TO NET ASSETS
Last Ten Years

II

Fiscal Year Ended June 30	*Annual Income*		*Net Expenses*	*Increase (Decrease)*	*Assets*	
1994	$ 54,521,324		$36,248,275	$ 18,273,049	$401,768,853	
1995	56,133,125		40,838,075	15,295,050	417,063,903	
1996	83,840,473		42,918,235	40,922,238	491,822,674	(a)
1997	109,178,106	(b)	43,405,729	65,772,377	557,595,051	(b)
1998	103,830,272	(b)	44,102,347	59,727,925	617,322,976	(b)
1999	79,818,529	(b)	47,289,846	32,528,683	649,851,659	(b)
2000	42,105,826	(b)	49,526,889	(7,421,063)	642,430,596	(b)
2001	9,593,621	(b)	50,593,779	(41,000,158)	601,430,438	(b)
2002	394,910	(b)	50,549,192	(50,154,282)	551,276,156	(b)
2003	39,673,532	(b)	51,404,717	(11,731,185)	539,544,971	(b)

(a) reflects prior period adjustment of ($2,118,048) and cumulative effect of fair value adjustments of $35,954,581.
(b) 1996 - 2003 reflective of GASB No. 25.

RATIO OF UNFUNDED LIABILITY TO PAYROLL
Last Ten Years

III

Fiscal Year Ended June 30	Member Payroll	Unfunded Liability	Liability % of Payroll
1994	$120,590,135	$100,573,514	83.4
1995	104,639,001	89,261,339	85.3
1996	98,205,215	80,949,442	82.4
1997	112,575,449	35,754,062 (a)	31.8
1998	116,765,182	15,854,045 (a)	13.6
1999	94,254,767	18,243,867 (a)	19.4
2000	101,267,759	28,029,013 (a)	27.7
2001	105,739,601	22,085,697 (a)	20.9
2002	103,786,911	40,458,115 (a)	38.9
2003	102,329,721	76,999,269 (a)	75.2

(a) reflects application of GASB No. 25.

REVENUES BY SOURCES
Last Ten Years

IV

	Fiscal Year Ended June 30	Taxpayer Contributions	Per Cent %	Employee Contributions	Per Cent %	Investment Income (c)	Per Cent %	Total	Per Cent %
	1994	$11,670,356	21	$ 9,824,650	18	$33,026,318	61	$54,521,324	100
	1995	14,337,508	26	8,553,365	15	33,242,252	59	56,133,125	100
(a)(b)	1996	14,456,074	17	9,252,985	11	60,131,414	72	83,840,473	100
(b)	1997	10,598,279	10	8,184,960	7	90,394,867	83	109,178,106	100
(b)	1998	9,136,515	9	8,622,130	8	86,071,627	83	103,830,272	100
(b)	1999	9,897,895	12	10,331,436	13	59,589,198	75	79,818,529	100
(b)	2000	8,982,701	21	8,819,236	21	24,303,889	58	42,105,826	100
(b)	2001	9,206,851	96	8,977,309	94	(8,590,539)	(90)	9,593,621	100
(b)	2002	9,977,765	2506	9,192,876	2348	(18,775,731)	(4754)	394,910	100
(b)	2003	9,842,559	25	9,533,018	24	20,297,955	51	39,673,532	100

(a) reflects prior period adjustment
(b) reflects application of GASB No. 25
(c) includes income from securities lending

EXPENSES BY TYPE
Last Ten Years

V

Fiscal Year Ended June 30	Benefits	Administrative	Refunds	Total
1994	$31,351,764	$ 967,792	$3,928,719	$36,248,275
1995	33,583,352	1,042,451	6,212,272	40,838,075
1996	37,808,570	1,068,841	4,040,824	42,918,235
1997	39,309,627	1,093,104	3,002,998	43,405,729
1998	40,145,620	1,051,020	2,905,707	44,102,347
1999	43,013,236	1,112,969	3,163,641	47,289,846
2000	45,581,216	1,148,226	2,797,447	49,526,889
2001	46,461,023	1,082,588	3,050,168	50,593,779
2002	46,949,481	1,122,634	2,477,077	50,549,192
2003	47,460,349	1,169,531	2,774,837	51,404,717