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, 2004

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, 2003

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

Government Finance Officers Association of the United States and Canada Corporation Seal Chicago

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, 2004

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

Dear Members of the Retirement Board:

Enclosed is the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's (Fund) **Comprehensive Annual Financial Report (CAFR)** for the year ended June 30, 2004. 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, 2004 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 elected and appointed each year. The Board of Trustees elects a President, Vice President and Secretary from within its ranks at its annual meeting in July of every year. These elected office holders each have a prescribed set of duties. The Board of Trustees has various duties and responsibilities which include; invest funds in accordance with state law and its internal investment policy; approve the appointments of all necessary consultants and advisors; develop and approve all rules, regulations and policies governing the operation of the Fund; review and approve all applications for disability, annuities and other benefits; monitor the financial and operational activities of the Fund; and approve all proposed legislation. The day-to-day operations of the Fund are the responsibility of the Executive Director.

Accounting Method and Internal Controls

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

The Fund employs a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records which includes the financial statements, supporting schedules and statistical tables. Management with the assistance of its outside auditors continually reviews the system of internal control to insure its adequacy and effectiveness.

Revenues

Revenues received during the year are from three primary sources:

Source	*FY 2004*	*FY 2003*	*Increase (Decrease)*	*Percent Change*
Employee Contribution.	$10,593,581	$ 9,533,018	$ 1,060,563	11.1
Employer Contribution.	9,840,681	9,842,559	(1,878)	(0.1)
Investment Income	69,754,905	20,297,955	49,456,950	243.7
Total	$90,189,167	$39,673,532	$50,515,635	127.3

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 $69,754,905 for the fiscal year ending 2004.

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

Category	*FY 2004*	*FY 2003*	*Increase (Decrease)*	*Percent Change*
Retirement Benefits	$42,831,611	$38,708,659	$ 4,122,952	10.7
Spouses Benefits	8,196,180	7,971,585	224,595	2.8
Children Benefits	38,600	42,050	(3,450)	(8.2)
Disability Benefits	382,263	412,555	(30,292)	(7.3)
Death Benefits	292,539	325,500	(32,961)	(10.1)
Refund Payments	2,923,613	2,774,837	148,776	5.4
Administrative Expenses	1,199,194	1,169,531	29,663	2.5
Total	$55,864,000	$51,404,717	$4,459,283	8.7

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. The June 30, 2004 actuarial valuation was based upon the actuarial liabilities being computed using the Projected Unit Credit Actuarial Cost Method. Prior years actuarial valuations were based upon the Entry Age Normal Actuarial Cost Method. The Trustees appoved the change in valuation methods because of the resulting positive impact on funding due to the marked decline in the average age of active members.

Based upon the above, the unfunded liability as of June 30, 2004 was $128,284,981 which compares to $76,999,269 for the previous year. The funding ratio as of June 30, 2004 is 82.6% compared to 89.0% for the previous year. For 2004, in spite of a strong annual investment rate of return (13.4%) and a net increase in plan assets of over $34 million, the plans funding ratio still declined. The decline resulted from the continuing recognition of unrealized losses from prior years, but over 90% of the decline is due to the increase in actuarial liabilities associated with the cost of the 2004 Early Retirement Incentive Program (ERI) and the benefit formula change to 2.4% for each year of service. It is anticipated that if the financial markets continue to strengthen the funding ratio will begin to increase approaching levels closer to full funding.

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, 2004, the fair value of investments was $580,176,284 which compares to $522,181,621 as of June 30, 2003. As of June 30, 2004, the Fund's annual investment rate of return was 13.4% compared to 4.3% for the previous year. The 2004 annual rate of return of 13.4% was well ahead of the Fund's portfolio benchmark of 11.8%. The three-year return exceeded the Fund's portfolio benchmark and the Public Funds median return, while the five-year return slightly lagged them. The total Fund has maintained a strong absolute ten-year return of 8.9% and since inception an annual return of 10%, which both notably exceeded the actuarially assumed rate of return of 8.0%.

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 various changes to the pension governing statutes were enacted on January 16, 2004 as Public Act 93-0654. The statutory changes are as follows:

1) changed the retirement annuity formula to 2.4% of the final average salary for each year of service for retirements on of after December 31, 2004:
2) provided that employees who retire during the period January 31, 2004 to February 29, 2004 with at least 30 years of service would be entitled to the maximum retirement annuity of 80% of the final average salary;
3) provided an Early Retirement Incentive (ERI) program whereby an employee with at least 10 years of service and age 50 could purchase up to 5 years of service at a cost of 4.5% of salary for the period purchased, retirement must occur during the period January 31, 2004 to February 29, 2004;
4) employees entitled to an 80% maximum pension without using the ERI may elect to receive one year of salary along with a reduced regular pension if retirement occurs during the period January 31, 2004 to February 29, 2004;
5) authorizes the employer to reduce their pension contribution by up to $5 million annually for 2004 and 2005.

The benefit changes, especially the ERI program, was positively received by the members with about 39% of those eligible, or 217 members, participating. The above legislative changes also improves the Fund's overall benefits program making it very competitive with its peers.

The Trustees will continue to review of the Fund's enabling statutes, especially those pertaining to benefits and funding. The purpose of such a review is to develop legislative proposals that insured the Fund's financial strength while providing additional benefits. 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, 2003. 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.

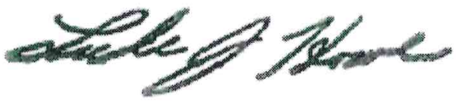
Retirement Board

The annual election for an employee representative to the Retirement Board was held on Friday, June 27, 2004. Kevin P. O'Hara was elected by the participants of the Fund for a four-year term beginning July 1, 2004, replacing Peter J. Andrews who is retired. The Fund is awaiting a decision by the Chicago Park District Board of Commissioners regarding the expired terms of Trustees Claude A. Walton and Pamela A. Munizzi.

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, 2004)

Elected by the Employees

Peter J. Andrews
Term expires June 30, 2004

Baldo J. Savarino
Term expires June 30, 2005

Luke J. Howe
Term expires June 30, 2006

John J. Shostack
Term expires June 30, 2007

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

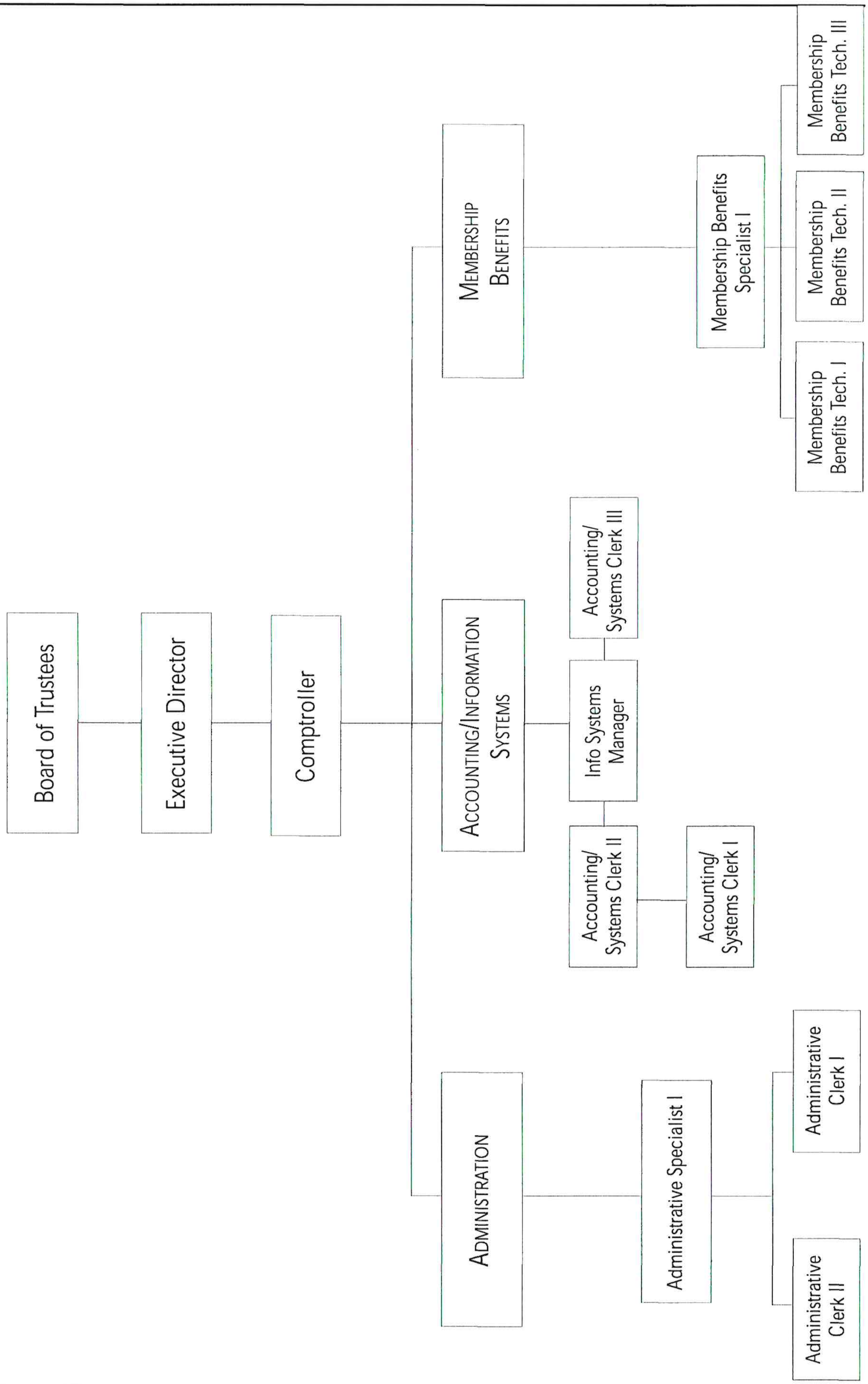
The Northern Trust Company of Chicago

INVESTMENT ADVISORS

Great Lakes Advisors, Inc. — Chicago
Harbourvest Partners L.L.C. — Boston
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
UBS Realty Advisors, Inc. — Hartford
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, 2004 and 2003, 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, 2004 and 2003, 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.
Certified Public Accountants
October 10, 2004

Management's Discussion and Analysis

Management's Discussion and Analysis Year Ended June 30, 2004

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, 2004. 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 increased during the year by $34.3 million or 6.4% compared to a decline of $11.7 million or 2.1% for 2003.

b) The Plan's annual investment return of 13.4% enabled the total fund to exceed the portfolio benchmark return of 11.8% and was higher than the 4.3% return for 2003 and –2.4% return for 2002.

c) The Plan's three-year rate of return of 4.9% exceeded the portfolio benchmark return of 4.6% and the Public Fund's Universe Median Return of 4.3%.

d) The Plan's five-year rate of return of 3.5% slightly lagged the Portfolio Benchmark Return of 3.8% and the Public Funds Universe Median Return of 3.6%.

e) The Plan's ten-year return of 8.9%, as well as the 10.0% annual return since inception, both have exceeded the actuarial assumed rate of 8.0%.

f) Total 2004 additions to the Plan's net assets of $90.2 million is $50.5 million higher than the 2003 additions and $89.8 million higher than the 2002 additions.

g) Total 2004 deductions of $55.9 million is 8.7% higher than the 2003 deductions and 10.5% higher than the 2002 deductions.

h) The Plan's June 30, 2004 actuarial valuation was based upon the actuarial liabilities being computed on the Projected Unit Credit Actuarial Cost Method. Prior years valuations were based on the Entry Age Normal Actuarial Valuation Method.

i) The Plan's actuarially computed funding ratio is 82.6% which is 6.4% less than 2003 and 11.4% less than 2002.

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 $573,870,138. This is $34,325,167 greater than 2003 year-end net assets of $539,544,971 and $22,593,982 greater than 2002 year-end net assets. The following table is a comparative summary of net assets:

	2004	2003	2002
Total Assets	$671,251,376	$602,288,757	$649,854,607
Total Liabilities	97,381,238	62,743,786	98,578,451
Net Assets	$573,870,138	$539,544,971	$551,276,156

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

Additions	2004	2003	2002
Employer Contributions	$ 9,840,681	$ 9,842,559	$ 9,977,765
Employee Contributions	10,593,581	9,533,018	9,192,876
Investment Income (loss) (includes security lending activities)	69,754,905	20,297,955	(18,775,731)
Totals	$90,189,167	$39,673,532	$ 394,910

The 2004 investment income was $69,754,905 as compared to the investment income of $20,297,955 in 2003 and an investment loss of ($18,775,731) in 2002. The 2004 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 $55,864,000 which is $4,459,283 higher than 2003 and $5,314,808 over 2002 expenditures. The net increase in expenditures is primarily the result of the additional benefit payments required by the Early Retirement Incentive Program (ERI) and the benefit formula change to 2.4% for each year of service, both enacted in early January, 2004. In addition to increased annuity payments, one-time lump sum payments totalling $1.4 million are also included in the 2004 expenditures. The other 2004 expenditure increases in refunds of contributions and administration and general expenses were partially offset by decreases in disability and death benefits and childrens benefit payments.

Deductions	2004	2003	2002
Retirement Benefits	$42,831,611	$38,708,659	$38,473,834
Spouse Benefits	8,196,180	7,971,585	7,670,908
Childrens Benefits	38,600	42,050	41,950
Disability Benefits	382,263	412,555	419,289
Death Benefits	292,539	325,500	343,500
Total Benefits	51,741,193	47,460,349	46,949,481
Refund of Contributions	2,923,613	2,774,837	2,477,077
Administrative & General Expenses	1,199,194	1,169,531	1,122,634
Totals	$55,864,000	$51,404,717	$50,549,192

The Plan as a Whole (continued)

The June 30, 2004 actuarial valuation was based upon the actuarial liabilities being computed using the Projected Unit Credit Actuarial Cost Method. Prior years actuarial valuations were based upon the Entry Age Normal Actuarial Cost Method. The Trustees approved the change in valuation methods because of the resulting positive impact on funding due to the marked decline in the average age of active members.

The Plan's actuarially computed funding ratio is 82.6% which is 6.4% less than 2003 and 11.4% less than 2002. This drop is the direct result of the decline in investment returns over the 2000-2003 period in comparison to the actuarial assumed rate of 8.0% and the increase in actuarial liability attributed to the 2004 Early Retirement Incentive Program and the benefit formula change to 2.4% for each year of service. The annual investment return for the fiscal year was 13.4% which is higher than the 4.3% for 2003 and –2.4% for 2002, and significantly above the actuarial assumed rate of 8.0%. As the financial markets continue to improve and investment returns exceed 8% the funding ratio should stabilize and will begin to increase approaching levels closer to full funding.

In summation, the Plan's annual return of 13.4% enabled the Plan to exceed its portfolio benchmark of 11.8%. The Plan's three-year return exceeded the Plan's portfolio benchmark and the Public Fund's Median Return while the five-year return slightly lagged them. The Plan has maintained a strong absolute ten-year return of 8.9%, and since inception an annual return of 10.0%, both of which have exceeded the actuarially assumed rate of 8.0%. 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 82.6% 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, 2004 and 2003

ASSETS	*2004*	*2003*
Cash	$ 63,168	$ 60,386
Receivables		
Contributions from employer, net of allowance for loss of $948,791 in 2004 and $1,077,640 in 2003	5,421,992	5,491,843
Employee contributions	302,013	268,131
Due from broker for securities sold	24,955,178	25,673,152
Accrued investment income	1,507,969	1,534,818
Note receivable	-	625,000
Early retirement incentive program	414,348	-
Miscellaneous receivable	-	1,630
	32,601,500	33,594,574
Investments, at fair value		
Short-term investments	19,872,991	19,064,481
Bonds	237,252,136	227,826,401
Common and preferred stocks	297,366,534	251,598,158
Pooled separate real estate accounts	23,981,315	23,692,581
Other	1,703,308	-
	580,176,284	522,181,621
Invested securities lending collateral	58,367,928	46,056,952
Prepaid expenses	42,496	395,224
Total Assets	671,251,376	602,288,757
LIABILITIES		
Accounts Payable	579,245	891,259
Accrued benefits payable	235,426	211,165
Securities lending collateral	58,367,928	46,056,952
Due to broker for securities purchased	38,198,639	15,584,410
	97,381,238	62,743,786
Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 29)	$573,870,138	$539,544,971

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

Statements of Changes in Plan Net Assets

Years Ended June 30, 2004 and 2003

Additions	*2004*	*2003*
Contributions		
Employer contributions	$ 9,840,681	$ 9,842,559
Employee contributions	10,593,581	9,533,018
Total contributions	20,434,262	19,375,577
Investment income		
Net appreciation in fair value of investments	56,680,327	3,196,879
Interest	9,928,263	12,426,961
Dividends	3,016,260	3,868,471
Investment return on pooled separate real estate accounts	2,031,035	2,599,582
	71,655,885	22,091,893
Less investment expenses	1,981,245	1,861,912
	69,674,640	20,229,981
Security lending activities		
Securities lending income	626,727	709,663
Borrower rebates	(494,831)	(592,260)
Bank fees	(51,631)	(49,429)
	80,265	67,974
Total additions	90,189,167	39,673,532
Deductions		
Benefits		
Annuity payments	51,066,391	46,722,294
Disability and death benefits	674,802	738,055
Total benefits	51,741,193	47,460,349
Refund of contributions	2,923,613	2,774,837
Administrative and general expenses	1,199,194	1,169,531
Total deductions	55,864,000	51,404,717
Net decrease	34,325,167	(11,731,185)
Net assets held in trust for pension benefits		
Beginning of year	539,544,971	551,276,156
End of year	$573,870,138	$539,544,971

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, 2004 and 2003, Plan membership consists of:

	2004	*2003*
Retirees and beneficiaries currently receiving benefits	3,240	3,074
Current employees	2,820	3,179

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.

Effective January 16, 2004, Public Act 093-0654 established an early retirement incentive program in which employees who had attained age fifty (50) and had at least 10 years of creditable service with the Chicago Park District and elected to retire during the period from January 31, 2004 to February 29, 2004 were able to attain up to five years of additional service credit upon making specified contributions. For employees who have previously earned maximum pension benefits, they were able to receive a lump sum from the Fund equal to 100% of their salary for the year ending on February 29, 2004 or the date of withdrawal, whichever is earlier. The program also changed the benefit formula to 2.4% for each year of service.

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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the 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.

	2004	2003
Investments at Fair Value As		
Determined by Quoted Price		
Short term investments	$ 19,872,991	$ 19,064,481
Bonds		
PIMCO Fds	40,497,834	70,276,419
Other	196,754,302	157,549,982
Common and preferred stock	125,514,597	123,355,287
Aggregate stock funds		
Other	171,851,937	-
Other Investments	1,703,308	128,242,871
	556,194,969	498,489,040
Investments at Fair Value As		
Determined by Plan Administrator		
Pooled separate real estate accounts	23,981,315	23,692,581
	$580,176,284	$522,181,621

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, 2004 and 2003. Category 1 includes insured or registered investments held by Northern Trust Company, as agent of the Plan, in the Plan's name.

	Risk Category	2004 Fair Value	2004 Cost	2003 Fair Value	2003 Cost
Short term investments					
Commercial paper	1	$ 19,872,991	$ 19,872,991	$19,064,481	$ 19,064,481
U.S. Government bonds,					
notes, bills and agency securities	1	77,926,210	78,734,140	57,613,606	56,654,908
Corporate bonds	1	159,325,926	160,488,468	170,212,795	166,932,393
Preferred stock	1	1,468,070	2,261,185	2,609,445	3,201,185
Common stock	1	252,151,960	190,295,567	213,071,646	196,108,232
International equity commingled	N/A	43,746,504	42,053,983	35,917,067	43,927,276
Real estate investments	N/A	23,981,315	25,873,189	23,692,581	25,976,430
Other Investments	N/A	1,703,308	1,749,900	-	-
		$580,176,284	$521,329,423	$522,181,621	$511,864,905

Note 4: Deposits

At June 30, 2004 and 2003, the Plan's book balances of cash were $63,168 and $60,386 , respectively, at the Northern Trust Company Bank. The actual bank balances were $88,038 and $63,546, respectively, at June 30, 2004 and 2003. 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, 2004 and 2003, the Plan had loaned to borrowers securities with a market value of $66,035,976 and $59,041,846, respectively. As of June 30, 2004 and 2003, the Plan received from borrowers cash collateral of $58,367,928 and $46,056,952, and non-cash collateral of $8,854,935 and $14,670,129, respectively. Securities lending net income for the years ended June 30, 2004 and 2003 was $80,265 and $67,974, respectively.

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

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 thre years under the noncancelable operating lease at June 30, 2004:

Year ending June 30	*Amount*
2005	$ 48,411
2006	49,379
2007	4,197
	$101,987

The total rental expense for the years ended June 30, 2004 and 2003 was $126,303 and $124,889, 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 was for $1,250,000 payable on or before the two-year anniversary of the date of the note. The note had an interest rate of 9.0% per annum. During the year ended June 30, 2004 the remaining balance of $625,000 was recieved in full.

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)
06/30/04	$610,294	$738,579	$128,285	82.6%	$ 87,841	146.0
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

Schedule of Employer Contributions

(Dollar amounts in thousands)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2004	$7,518	100
2003	7,215	100
2002	6,288	100
2001	6,197	100
2000	6,427	100
1999	4,098	100

Note to Schedules of Funding Progress and Employer Contributions

Valuation date	06/30/04
Actuarial cost method	Projected unit (previous years Entry age)
Amortization method	Level dollar
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Inflation rate	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, 2004:						
2000	$ 9,442,405	$ 9,346,347	$ 96,058	$ 96,058	1.02	$ -
2001	10,036,565	9,904,376	132,189	132,189	1.32	-
2002	10,121,430	9,907,335	214,095	214,095	2.12	-
2003	10,135,021	4,206,580	5,928,441	506,449	5.00	5,421,992
			$ 6,370,783	$ 948,791		$5,421,992
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

Schedule of Administrative and General Expenses

	Year Ended June 30, 2004	2003
Actuary Expense	$ 36,000	$ 35,500
Auditing	17,800	18,500
Conference and convention expense	27,761	39,421
Contributions for annuities of Ret. Board Employees	77,206	89,925
Equipment Rental	6,039	6,376
Equipment Maintenance	2,792	3,570
Filing fee - Department of Insurance	6,000	6,000
File storage expense	1,034	1,240
Hospitalization	127,106	105,703
Legal	27,333	25,000
Legislative consultant	17,000	17,000
Medical fees	900	850
Office supplies and expenses	27,560	38,292
Postage	15,987	17,118
Insurance - surety bond and other	1,801	2,305
Printing	7,828	7,173
Rent expense	126,303	124,889
Salaries	650,058	606,119
Social Security - Medicare	7,708	7,353
Telephone	7,721	8,023
Transportation	933	1,471
Trustees' election expense	6,324	7,703
Total administrative and general expenses	$1,199,194	$1,169,531

Schedule of Annual Professional Expenses

	Year Ended June 30,	
	2004	2003
Actuary	$36,000	$35,500
Auditing	17,800	18,500
Legal	27,333	25,000
Legislative Consultant	17,000	17,000
Medical	900	850
Total	$99,033	$96,850

Schedule of Annual Investment Expenses

	Year Ended June 30, 2004	2003
U.S. EQUITY		
Great Lakes Advisors, Inc.	$ 121,494	$ 110,210
J.P. Morgan U.S Research	-	49,551
The Kenwood Group	149,574	124,057
Wayne Hummer Management Company	237,140	212,058
Northern Trust Quantitative Advisors	55,945	39,373
Sub- Total	564,153	535,249
NON - U.S. EQUITY		
Wellington Trust Company, NA	224,366	178,890
Northern Trust Quantitative Advisors	19,953	17,208
Sub- Total	244,319	196,098
U.S. BONDS		
MacKay Shields, L.L.P.	211,970	153,556
Pacific Investment Management Co.	326,972	387,249
Reams Asset Management Co.	146,475	147,681
Smith Graham & Co.	73,414	75,373
Sub- Total	758,831	763,859
REAL ESTATE		
UBS Realty Advisors	244,285	224,366
BANKING		
Custody	50,000	50,000
Other	29,416	20,187
Sub- Total	79,416	70,187
CONSULTING		
Ennis, Knupp & Associates	90,241	72,153
TOTAL	$1,981,245	$1,861,912

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

The U.S. stock market advanced over 21.2% during the year ending June 30, 2004, as measured by the Dow Jones Willshire 5000 Stock Index. Small capitalization stocks outperformed large capitalization stocks as witnessed by the returns of the Russell 2000 Small Cap Index of 33.4%, and the large-cap dominated S&P 500 Index which advanced 19.1% during the same twelve-month time period. In terms of style, value outperformed growth during the year, with the Russell 1000 Value Index advancing 21.1% and the Russell 1000 Growth index advancing a lower 17.9%.

The non-U.S. equity markets also posted strong absolute gains during the one-year ending June 30. Partially, due to a decline in the U.S. dollar, non-U.S. markets advanced 32.4% during the year (as measured by the MSCI EAFE Index). Within the non-U.S. markets, small capitalization and emerging markets stocks performed particularly well.

Despite a 2.4% decline in the broad bond market during the last quarter of the fiscal year, the Lehman Aggregate Bond index managed to post a positive, yet modest, return of 0.3% during the year. The significant decline in the broad bond market was a result of an increase in the overall level of interest rates. Increases in interest rates have the largest negative impact on longer-term bonds and that was evident in the -2.7% return of the Lehman Brothers Long Term Government/Credit Index during the year. U.S. high yield issues and Treasury Inflation Protected Securities posted stronger returns than the broad market during the year.

On June 29th, the Federal Reserve initiated the first rate increase since May 2000, raising the Federal funds rate by 25 basis points to 1.25%. GDP growth slowed in the fiscal third quarter with an annualized rate of 3.9%. CPI increased by 0.6% in May 2004, although much of that upsurge was due to rising oil costs. Unemployment was 5.6% in June, but worker productivity increased by 3.8% in the first quarter.

Performance Commentary

The Fund posted a one-year return of 13.4%, thanks mostly to over 20% gains in the equity markets. While this return lagged that of the more equity-oriented peer fund median, the one-year return of 13.4% was well ahead of the 11.8% return of the Fund's performance benchmark. The Fund's three-year return exceeded the benchmark, but the trailing five-year return slightly lagged the benchmark. The total Fund has maintained a strong absolute return of 10% annually since the inception which substantially exceeded the actuarially assumed rate of return of 8.0%.

The broad U.S. stock market, as measured by the Dow Jones Wilshire 5000 Index, advanced 21.2% during the fiscal year. Thanks to favorable returns from the active equity managers, the Fund's U.S. equity investments advanced 25.4% during the year. Due in part to the year's favorable return, the Fund's trailing three-and-five-year returns also exceeded the benchmark index.

A decline in the value of the U.S. dollar relative to foreign currencies contributed to the 32.4% advance of the MSCI EAFE (Europe, Australasia and Far East) Index. Despite the strong absolute advance of the asset class, the Fund's return of 29.0% during the fiscal year lagged that of the index. Longer term returns were mixed relative to the asset class benchmark, with the three-year return matching the index and the five-year return exceeding the index return.

Summary of Investments

Periods Ended June 30, 2004 and June 30, 2003

	06/30/04				06/30/03			
CATEGORY	FAIR VALUE	%	BOOK VALUE	%	FAIR VALUE	%	BOOK VALUE	%
BONDS	$237,252,136	41	$239,222,608	46	$227,826,401	43	$223,587,301	43
Domestic Equities	253,620,030	44	192,556,752	37	215,681,091	41	199,309,417	39
International Equities	43,746,504	7	42,053,983	7	35,917,067	7	43,927,276	9
EQUITIES	297,366,534	51	234,610,735	44	251,598,158	48	243,236,693	48
REAL ESTATE	23,981,315	4	25,873,189	5	23,692,581	5	25,976,430	5
SHORT TERM	19,872,991	3	19,872,991	4	19,064,481	4	19,064,481	4
OTHER	1,703,308	1	1,749,900	1	-	-	-	-
INVESTMENT ASSETS*	$580,176,284	100	$521,329,423	100	$522,181,621	100	$511,864,905	100

**Investment assets do not reflect the amounts due to/due from brokers at year end. Net due to brokers is $13,243,461 for F/Y/E 2004 and net due from brokers is $10,088,742 for F/Y/E 2003.*

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, 2000 – 2004
and Three, Five and Ten-Year Periods
Ending June 30, 2004

	One Year Ending 06/30, 2000-2004					Ending 06/30/04		
	2004	2003	2002	2001	2000	3 Years	5 Years	10 Years
Total Fund	13.4	4.3	-2.4	-1.5	4.9	4.9	3.5	8.9
Benchmark Portfolio	11.8	5.9	-3.4	-3.0	8.4	4.6	3.8	9.8
Public Funds Medium Return	16.2	3.2	-6.3	-6.2	10.3	4.3	3.6	9.5
Actuarial Assumed Rate of Return	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Consumer Price Index	3.3	2.1	1.1	3.3	3.7	2.1	2.7	2.5
U.S Equities	25.4	-2.7	-12.1	-9.4	2.2	2.3	-0.2	10.9
Willshire 5000	21.2	1.3	-16.6	-15.3	9.5	0.8	-1.0	11.5
S & P 500	19.1	0.3	-18.0	-14.8	7.3	-0.7	-2.2	11.8
Universe Median	20.9	-1.0	-17.4	-14.9	15.7	0.2	1.1	11.3
Non-U.S. Equities	29.0	-4.6	-8.9	-18.7	16.0	3.9	1.1	6.1*
EAFE Index	32.4	-6.5	-9.5	-23.6	17.1	3.9	0.1	4.8
Universe Median	28.5	-6.9	-9.0	-23.7	22.6	2.8	1.2	6.2
Fixed Income	1.7	10.7	6.8	10.4	4.6	6.3	6.8	7.8
Lehman Aggregate Index	0.3	10.4	8.6	11.2	4.6	6.4	6.9	7.4
Universe Median	0.3	8.4	7.2	10.0	4.0	6.1	5.8	6.3
Real Estate	6.8	5.1	2.2	8.2	12.6	4.7	6.9	10.1
NCREIF Property Index	6.5	7.7	5.6	11.2	11.4	7.6	8.9	10.4

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, 2004

STOCKS*

Shares	*Holdings*	*Fair Value*
60,000	Qualcomm	$3,649,000
48,000	Patterson Dental	3,518,540
1,620	Cooper Cos Inc.	3,411,180
55,000	Fasbenal Co.	3,125,650
60,000	Cintas Corp.	2,860,200
50,000	Clorox	2,689,000
40,000	Avery Dennison	2,560,400
34,875	Cardinal Health Inc.	2,442,994
50,000	H&R Block	2,384,000
100,000	Borders Group Inc.	2,344,000

BONDS*

Holdings	*Fair Value*
U.S. Treasury Note 3.875% (5/2009)	$3,346,943
FHLMC Freddie Mac 2.875% (5/2007)	3,240,188
HBOS Treasury SVCS PLC Disc. Paper (7/2004)	2,897,733
U.S. Treasury Note 4.75% (5/2014)	2,613,295
Svenska Handelsbanken, Inc. Disc. Paper (8/2004)	2,196,968
GNMA Pool #538536 7.5% (11/2042)	2,172,101
U.S. Treasury Note 4.625% (11/2005)	1,967,317
FNMA Note 4.25% (5/2009)	1,745,388
U.S. Treasury Note 5.75% (11/2005)	1,672,938
U.S. Treasury Note 4.375% (5/2007)	1,669,254

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

Schedule of Investment Brokerage Commissions

Broker Name	*Shares**	*Commissions*
Gardner Rich & Company	212,500	$ 10,625
Bear Stearns Security Corporation	188,470	8,289
Citigroup Global Markets, Inc.	122,400	6,220
Loop Capital Markets	108,400	5,420
Berean Capital, Inc.	92,000	4,600
Correspondent Services Corporation	91,100	4,555
National Financial Services	85,900	4,295
Merrill, Lynch, Pierce, Fenner & Smith	55,100	3,346
Morgan Stanley, Inc.	57,100	3,020
Lehman Bros., Inc.	60,300	3,015
Deutsche Bank	60,400	2,720
Samuel A. Ramirez & Company	50,000	2,500
Jefferies & Company	120,000	2,400
Barrington Research Associates	75,891	2,318
Goldman Sachs & Company	38,166	2,017
U.S. Clearing Corporation	37,600	1,880
Mesirow Financial, Inc.	36,800	1,790
Credit Suisse First Boston Corporation	30,900	1,545
Pershing Securities	32,700	1,635
Greentree Brokerage	25,600	1,280
J.P. Morgan Securities, Inc.	25,600	1,280
Friedman, Billing & Ramsey	25,500	1,275
Robert W. Baird & Company	18,000	1,050
Jackson Securities, Inc.	20,300	1,015
Broker Commissions under $1,000	47,735	2,418
Total Broker Commissions	1,718,462	$ 80,508

**Total shares traded 1,718,462 at an average cost of $0.0468 per share.*

Actuarial Certification

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

December 7, 2004

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, 2004. The purpose of the valuation was to determine the financial condition and funding requirements of the Fund.

Since the effective date of the last valuation, House Bill 600, which was signed into law on January 16, 2004 as Public Act 93-0654, made a number of changes in the benefit provisions of the fund. The most significant benefit changes were as follows: (1) increased the retirement annuity formula to 2.4% of final average salary for each year of service; (2) provided that employees who retire during the period between January 31, 2004 and February 29, 2004 with at least 30 years of service would be entitled to the maximum retirement annuity of 80% of final average salary; (3) provided an early retirement incentive program (ERI) for employees who withdrew with 10 or more years of service between January 31, 2004 and February 29, 2004. Under this ERI, employees were able to purchase up to 5 additional years of service. We have estimated that the benefit changes enacted under Public Act 93-0564 had the impact of increasing the fund's total actuarial liability as of June 30, 2004 by $57,170,000.

The same actuarial assumptions were used for the June 30, 2004 actuarial valuation as had been used for the June 30, 2003 valuation. These assumptions were based on an experience analysis of the Fund over the three-year period 2000-2002 and were adopted by the board as of June 30, 2003.

The projected unit credit actuarial cost method was used for the June 30, 2004 actuarial valuation. For previous actuarial valuations, the entry age normal actuarial cost method had been used. We have estimated the change from the entry age normal to the projected unit credit actuarial cost method had the impact of reducing the fund's total actuarial liability as of June 30, 2004 by $36,979,000.

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 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, 2004. 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, F.S.A.
Consulting Actuary

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, 2004. 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	$738,578,830
2. Actuarial value of assets	610,293,849
3. Unfunded actuarial liability	128,284,981
4. Funded Ratio	82.6%
5. Actuarially determined contribution requirement for fiscal year beginning July 1, 2004	15,812,224
6. Estimated employer contributions for fiscal year beginning July 1, 2004	9,544,572
7. Annual required contribution for fiscal year beginning July 1, 2004 under GASB Statement No. 25	15,812,224

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, 2004, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 2,820 active members, 2,294 pensioners, 921 surviving spouses, and 25 children receiving benefits included in the valuation. The total active payroll as of June 30, 2004 was $87,840,802.

Exhibit 1

Summary of Membership Data

1. Number of Members	
(a) Active Members	
(i) Vested	941
(ii) Non-vested	1,879
(b) Members Receiving	
(i) Retirement Pensions	2,294
(ii) Surviving Spouse's Pensions	921
(iii) Children's Annuities	25
2. Annual Salaries	
(a) Total Salary	$87,840,802
(b) Average Salary	31,149
3. Annual Pension Payments	
(a) Retirement Pensions	$46,544,000
(b) Surviving Spouse's Pensions	8,310,367
(c) Children's Annuities	30,600

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, 2004 prepared by the Fund. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. The resulting actuarial value of assets is $610,293,849. The development of this value is outlined in Exhibit 2. In comparison, the market value of assets as of June 30, 2004 was $573,870,138.

Exhibit 2

Actuarial Value of Assets

A. Development of Investment Gain

1. Actuarial Value of Assets as of June 30, 2004	$624,209,658
2. Employer and Employee Contributions	20,434,262
3. Benefits and Expenses	55,864,000
4. Expected Investment Income	48,546,847
5. Total Investment Income, Including Income from Securities Lending	69,754,905
6. Investment Gain/(Loss) for the Year Ended June 30, 2004 (5 - 4)	21,208,058

B. Development of Actuarial Value of Assets as of June 30, 2004

7. Expected Actuarial Value of Assets (1 + 2 - 3 + 4)	637,326,767
8. Investment Gain/(Loss) as of June 30, 2004 Recognized Current Year (20% of 6)	4,241,612
9. Investment Gain/(Loss) as of June 30, 2003 Recognized in Current Year	(5,893,103)
10. Investment Gain/(Loss) as of June 30, 2002 Recognized in Current Year	(13,059,797)
11. Investment Gain (Loss) as of June 30, 2001 Recognized in Current Year	(9,592,352)
12. Investment Gain (Loss) as of June 30, 2000 Recognized in Current Year	(2,729,278)
13. Actuarial Value of Assets as of June 30, 2004 (7 + 8 + 9 + 10 + 11 + 12)	$610,293,849

C. Fund Provisions

Our valuation was based on the provisions of the fund in effect as of June 30, 2004 as provided in Article 12 of the Illinois Pension Code. Since the effective date of the last valuation, House Bill 600, which was signed into law on January 16, 2004 as Public Act 93-0654, made a number of changes in the benefit provisions of the fund. The most significant benefit changes were as follows: (1) increased the retirement annuity formula to 2.4% of final average salary for each year of service; (2) provided that employees who retire during the period between January 31, 2004 and February 29, 2004 with at least 30 years of service would be entitled to the maximum retirement annuity of 80% of final average salary; (3) provided an early retirement incentive program (ERI) for employees who withdrew with 10 or more years of service between January 31, 2004 and February 29, 2004. Under this ERI, employees were able to purchase up to 5 additional years of service.

A summary of the principal provisions of the fund is provided in Appendix 2.

D. Actuarial Assumptions and Cost Method

The actuarial assumptions used for the June 30, 2004 actuarial valuation are the same as those used for the June 30, 2003 valuation. These actuarial assumptions were based on an experience analysis over the three-year period 2000-2002. 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 projected unit credit actuarial cost method was used for the valuation. In previous actuarial valuations the entry age normal actuarial cost method had been used.

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, 2004, the total actuarial liability is $738,578,830, the actuarial value of assets is $610,293,849, and the unfunded actuarial liability is $128,284,981. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 82.6%.

Exhibit 3

Actuarial Liability and Funded Status

	Year Ending June 30	
	2004	*2003*
1. Actuarial Liability For Members in Receipt of Benefits		
(a) Money purchase component of annuities to retirees	$263,764,136	$208,355,535
(b) Fixed benefit component of annuities to retirees	54,506,709	40,318,858
(c) Annual increases in retirement annuity	107,343,266	94,212,961
(d) Annual increases to employee annuitants	1,301,743	1,298,779
(e) Survivor annuities to survivors of current retirees	46,880,995	34,029,849
(f) Lump sum death benefits	2,823,575	2,711,596
(g) Survivor annuities to current survivors	69,420,940	68,065,658
(h) Total	546,041,364	448,993,236
2. Actuarial Liability For Active Members		
(a) Basic retirement annuity	117,383,187	163,541,846
(b) Annual increase in retirement annuity	24,254,206	34,134,484
(c) Pre-retirement survivor's annuity	4,776,659	6,308,792
(d) Post-retirement survivor's annuity	10,576,942	15,265,012
(e) Withdrawal benefits	9,629,002	8,217,280
(f) Pre-retirement death benefit	807,415	1,261,613
(g) Post-retirement death benefit	281,956	421,604
(h) Total	167,709,367	229,150,631
3. Actuarial Liability For Inactive Members	24,828,099	23,065,060
4. Total Actuarial Liability	738,578,830	701,208,927
5. Actuarial Value of Assets	610,293,849	624,209,658
6. Unfunded Actuarial Liability	$ 128,284,981	$ 76,999,269
7. Funded Ratio	82.6%	89.0%

Impact of Benefit Changes Enacted Under Public Act 93-0654. We have estimated that the benefit changes enacted under Public Act 93-0654 had the impact of increasing the fund's total actuarial liabilities as of June 30, 2004 by $57,170,000.

Impact of Change in Actuarial Cost Method. We have estimated that the change from the entry age normal to the projected unit credit actuarial cost method had the impact of reducing the fund's total actuarial liability as of June 30, 2004 by $36,979,000.

F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning July 1, 2004 is developed in Exhibit 4. For the year beginning July 1, 2004, the total normal cost is determined to be $12,790,619, employee contributions are estimated to be $7,905,672, resulting in the employer's share of the normal cost of $4,884,947.

Based on a payroll of $87,840,802, the employer's share of the normal cost can be expressed as 5.56% of payroll.

Exhibit 4

Employer's Normal Cost for Year Beginning July 1, 2004

	Dollar Amount	*Percent of Payroll*
1. Basic retirement annuity	$ 6,849,678	7.80%
2. Annual increase in retirement annuity	1,361,040	1.55
3. Pre-retirement survivor's annuity	341,427	.39
4. Post-retirement survivor's annuity	634,782	.72
5. Withdrawal benefits, including refunds	1,891,023	2.15
6. Pre-retirement death benefit	83,715	.10
7. Post-retirement death benefit	21,306	.02
8. Children's annuity	30,600	.04
9. Ordinary disability benefit	265,859	.30
10. Duty disability benefit	52,035	.06
11. Administrative expenses	1,259,154	1.43
12. Total normal cost	12,790,619	14.56
13. Employee contributions	7,905,672	9.00
14. Employer's share of normal cost	$ 4,884,947	5.56%

Note. The above figures are based on a total active payroll of $87,840,802 as of June 30, 2004.

G. Actuarially Determined Contribution Requirement

GASB Statements 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, 2004 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, 2004 the actuarially determined contribution requirement amounts to $15,812,224. 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, 2004 to be $9,544,572. Thus, the employer contribution is expected to fall short of the actuarially determined contribution requirement by $6,267,652.

Exhibit 5

Actuarially Determined Contribution Requirement For Year Beginning July 1, 2004

1. Employer's normal cost	$ 4,884,947
2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments	10,927,277
3. Actuarially determined contribution requirement for year beginning July 1, 2004	15,812,224
4. Estimated employer contribution for the year	9,544,572
5. Amount by which employer contribution is expected to exceed actuarially determined contribution requirement	$ 6,267,652

H. Annual Required Contribution for GASB Statement No. 25

GASB Statement No. 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, 2004 actuarial valuation, we have therefore calculated the annual required contribution for the fiscal year beginning July 1, 2004. 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 2005 has been determined to be as follows:

1. Employer's normal cost	$ 4,884,947
2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments	10,927,277
3. Annual required contribution	$15,812,224

I. Analysis of Financial Experience

The net actuarial experience during the period July 1, 2003 to June 30, 2004 resulted in an increase in the fund's unfunded actuarial liability of $51,285,712. 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 $7,572,287, whereas the actual employer contribution for the year is estimated to be $9,840,681, resulting in a decrease in the unfunded liability of $2,268,394.

The net rate of investment return earned by the assets of the fund, based on the actuarial value of assets, was 3.6% in comparison with the assumed rate of investment return of 8.0%. This resulted in an increase in the unfunded liability of $27,033,000. Salaries increases lower than expected resulted in a decrease in the unfunded liability of $3,217,000.

The benefit changes enacted under Public Act 93-0654 had the impact of increasing the unfunded liability by $57,170,000. The change in the actuarial cost method from entry age normal to projected unit credit had the impact of decreasing the unfunded liability by $36,979,000.

The various other aspects of the fund's experience resulted in a net increase in the unfunded actuarial liability of $9,547,106. The aggregate financial experience of the fund resulted in a net increase in the unfunded actuarial liability of $51,285,712.

Exhibit 6

Analysis of Financial Experience Over the Period July 1, 2003 to June 30, 2004

1. Unfunded actuarial liability as of July 1, 2003	$ 76,999,269
2. Employer contributions requirement of normal cost plus interest on unfunded liability for period 7/1/03 to 6/30/04	7,572,287
3. Actual employer contribution for the year	9,840,681
4. Decrease in unfunded liability due to employer contribution greater than normal cost plus interest on unfunded liability (3 - 2)	2,268,394
5. Increase in unfunded liability due to investment return lower than assumed	27,033,000
6. Decrease in unfunded liability due to salary increases lower than assumed	3,217,000
7. Increase in unfunded liability due to benefit changes enacted under Public Act 93-0654	57,170,000
8. Decrease in unfunded liability due to change in actuarial cost method	36,979,000
9. Increase in unfunded liability due to other sources	9,600,992
10. Net increase in unfunded liability for the year (5 - 4 - 6 + 7 - 8 + 9)	51,285,712
11. Unfunded actuarial liability as of June 30, 2004 (1 + 10)	$128,284,981

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, 2004.

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, 2004 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 projected unit credit actuarial cost method was used. Actuarial gains and losses are reflected in the unfunded actuarial liability. This actuarial cost method was adopted as of June 30, 2004.

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. For an employee who withdraws from service on or after December 31, 2003, the amount of the retirement pension is 2.4% of highest average salary for each year of service.

The maximum pension payable is 80% of the highest 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 receiptof 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. **Projected Unit Credit Actuarial Cost Method.** A cost method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefit allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the 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
06/30/97	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
06/30/04	2,820	87,840,802	31,149	(3.2)

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
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
2004	351	9,796,355	176	2,020,035	3,215	54,854,367	17,063	10.2

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
2004	99,281,919	546,041,364	93,255,547	610,293,849	100	94	0

MEMBERSHIP STATISTICS

	FY 2004	FY 2003
Active participants	2,820	3,179
Retired employees - annuities	2,294	2,104
Surviving spouses - annuities	921	936
Children - annuities	25	34
Retirement granted during the year	351	131
Retirement reductions due to deaths and pension terminations	176	186
New Members	279	260
Withdrawals with refund	237	291

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE Table I
At June 30, 2004

	Male		*Female*		*Total*	
Age at 06/30/04	*Number*	*Annual Salaries*	*Number*	*Annual Salaries*	*Number*	*Annual Salaries*
16	-	$ -	1	$ 5,908	1	$ 5,908
17	2	11,932	-	-	2	11,932
18	12	94,821	5	35,571	17	130,392
19	17	182,926	17	106,519	34	289,445
20	32	345,650	39	380,808	71	726,458
21	39	506,466	47	509,338	86	1,015,804
22	33	393,068	27	325,828	60	718,896
23	44	567,809	30	374,448	74	942,257
24	44	698,730	34	601,650	78	1,300,380
25	38	782,338	25	533,480	63	1,315,818
26	21	419,614	23	546,255	44	965,869
27	26	453,740	30	779,238	56	1,232,978
28	27	571,255	22	640,485	49	1,211,740
29	28	682,457	27	814,746	55	1,497,203
30	28	546,875	23	642,065	51	1,188,940
31	38	1,160,283	23	644,144	61	1,804,427
32	30	770,480	23	718,614	53	1,489,094
33	34	702,286	35	978,480	69	1,680,766
34	52	1,499,157	29	832,862	81	2,332,019
35	41	1,191,737	24	852,756	65	2,044,493
36	44	1,249,294	27	828,889	71	2,078,183
37	47	1,547,180	38	1,024,946	85	2,572,126
38	33	1,137,031	34	1,134,852	67	2,271,883
39	53	1,894,120	38	1,221,676	91	3,115,796
40	37	1,354,520	22	611,581	59	1,966,101
41	45	1,496,670	23	775,041	68	2,271,711
42	57	2,396,595	37	1,005,569	94	3,402,164
43	48	1,929,824	35	1,272,556	83	3,202,380
44	53	1,871,490	32	1,121,447	85	2,992,937
45	58	2,268,857	31	1,168,402	89	3,437,259
46	58	2,183,594	20	753,095	78	2,936,689
47	47	1,913,061	23	580,750	70	2,493,811
48	56	2,226,045	25	964,821	81	3,190,866
49	69	3,029,948	29	1,067,007	98	4,096,955
50	49	2,039,109	19	601,059	68	2,640,168
51	30	1,177,842	24	696,413	54	1,874,255

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE AT JUNE 30, 2004

Table I
(continued)

Age at 06/30/04	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
52	39	$ 1,486,827	16	$ 439,691	55	$ 1,926,518
53	44	1,909,170	21	710,434	65	2,619,604
54	46	1,892,851	17	429,814	63	2,322,665
55	25	1,027,988	10	343,300	35	1,371,288
56	31	850,188	13	279,505	44	1,129,693
57	27	1,000,350	3	83,361	30	1,083,711
58	17	534,165	8	230,080	25	764,245
59	23	837,344	10	207,640	33	1,044,984
60	17	528,585	4	162,444	21	691,029
61	17	655,422	9	363,221	26	1,018,643
62	11	370,909	3	88,098	14	459,007
63	11	393,344	6	221,952	17	615,296
64	12	461,671	5	107,774	17	569,445
65	10	305,106	3	75,676	13	380,782
66	8	273,861	-	-	8	273,861
67	8	290,811	1	10,540	9	301,351
68	2	47,484	1	38,165	3	85,649
69	4	164,134	1	30,331	5	194,465
70	2	43,972	3	60,348	5	104,320
71	3	141,435	1	16,605	4	158,040
72	4	95,957	-	-	4	95,957
74	4	103,159	-	-	4	103,159
75	1	70,720	2	30,814	3	101,534
76	1	31,803	-	-	1	31,803
77	-	-	2	39,956	2	39,956
78	2	75,428	-	-	2	75,428
83	1	12,205	-	-	1	12,205
	1,740	$54,901,693	1,080	$29,121,048	2,820	$84,022,741

	Male	Female	Both
Average Age:	41.2	37.5	39.8
Average Salary:	$31,553	$26,964	$29,795

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE

Table II

At June 30, 2004

	Male		Female		Total	
Years of Service	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
< 1	164	$ 971,059	88	$ 403,396	252	$ 1,374,455
1	120	1,943,806	92	1,552,410	212	3,496,216
2	144	2,769,041	99	1,571,645	243	4,340,686
3	122	2,586,004	92	1,677,713	214	4,263,717
4	140	4,422,299	104	3,265,496	244	7,687,795
5	131	4,195,176	108	3,055,669	239	7,250,845
6	91	2,613,076	78	2,218,660	169	4,831,736
7	81	2,506,523	56	1,628,404	137	4,134,927
8	79	2,625,540	65	2,067,884	144	4,693,424
9	39	1,083,661	29	1,163,766	68	2,247,427
10	18	585,159	18	692,542	36	1,277,701
11	21	870,976	20	720,224	41	1,591,200
12	62	2,149,133	29	1,012,131	91	3,161,264
13	39	1,782,460	11	350,566	50	2,133,026
14	41	2,151,454	20	798,282	61	2,949,736
15	28	1,461,288	25	996,139	53	2,457,427
16	24	1,017,889	12	506,775	36	1,524,664
17	32	1,504,571	12	446,338	44	1,950,909
18	40	1,859,651	21	859,641	61	2,719,292
19	42	2,018,251	21	819,315	63	2,837,566
20	22	979,703	9	392,940	31	1,372,643
21	26	1,193,649	10	448,972	36	1,642,621
22	22	1,230,329	3	128,341	25	1,358,670
23	43	2,296,527	13	547,228	56	2,843,755
24	37	1,601,009	5	217,571	42	1,818,580
25	13	654,352	9	386,850	22	1,041,202
26	20	1,054,192	1	30,177	21	1,084,369
27	18	854,662	4	181,296	22	1,035,958
28	16	899,658	5	171,464	21	1,071,122
29	19	800,157	5	224,077	24	1,024,234
30	13	662,402	2	116,710	15	779,112
31	8	390,510	3	106,222	11	496,732
32	5	265,290	2	9,869	7	275,159
33	3	102,486	2	83,513	5	185,999
34	3	168,591	1	42,032	4	210,623
35	3	146,890	4	172,465	7	319,355

ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE
At June 30, 2004

Table II
(cotinued)

	Male		Female		Total	
Years of Service	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
36	3	$ 170,848	-	$ -	3	$ 170,848
37	1	41,447	-	-	1	41,447
38	1	32,518	-	-	1	32,518
39	1	41,447	-	-	1	41,447
40	1	26,089	-	-	1	26,089
43	1	38,552	-	-	1	38,552
44	1	30,445	-	-	1	30,445
46	-	-	1	42,220	1	42,220
48	1	55,952	-	-	1	55,952
49	-	-	1	12,105	1	12,105
56	1	46,971	-	-	1	46,971
	1,740	$54,901,693	1,080	$29,121,048	2,820	$84,022,741

	Male	Female	Both
Average Service:	9.4 yrs.	7.4 yrs.	8.6 yrs.
Average Salary:	$31,553	$26,964	$29,795

RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS
Table III

At June 30, 2004

	Male		Female		Total	
Age at 6/30/04	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	19	$ 538,387	1	$ 11,210	20	$ 549,597
51	28	771,516	12	355,026	40	1,126,542
52	21	622,848	5	142,258	26	765,106
53	36	859,744	10	334,082	46	1,193,826
54	33	795,391	4	135,836	37	931,227
55	42	1,032,183	6	171,994	48	1,204,177
56	47	1,228,358	11	298,247	58	1,526,605
57	45	1,071,609	7	113,454	52	1,185,063
58	40	848,678	14	271,103	54	1,119,781
59	32	790,074	8	129,651	40	919,725
60	43	1,179,703	16	269,749	59	1,449,452
61	61	1,402,602	21	370,195	82	1,772,797
62	42	936,748	18	263,406	60	1,200,154
63	49	1,212,038	12	154,750	61	1,366,788
64	39	865,008	9	60,620	48	925,628
65	57	1,368,769	21	311,846	78	1,680,615
66	50	1,184,464	16	215,174	66	1,399,638
67	63	1,316,570	15	245,749	78	1,562,319
68	52	1,227,097	17	251,206	69	1,478,303
69	64	1,370,943	13	138,684	77	1,509,627
70	63	1,382,076	14	145,753	77	1,527,829
71	55	1,050,999	19	255,035	74	1,306,034
72	54	963,238	13	188,081	67	1,151,319
73	72	1,567,667	15	173,164	87	1,740,831
74	60	1,528,008	15	278,492	75	1,806,500
75	71	1,513,302	15	177,411	86	1,690,713
76	68	1,256,297	14	150,435	82	1,406,732
77	53	1,181,505	12	148,225	65	1,329,730
78	44	862,814	14	180,237	58	1,043,051
79	57	1,324,370	12	166,919	69	1,491,289
80	41	767,979	18	248,185	59	1,016,164
81	50	894,094	12	123,938	62	1,018,032
82	36	672,421	9	58,641	45	731,062
83	37	815,512	11	210,652	48	1,026,164
84	31	568,027	14	158,396	45	726,423
85	20	479,579	13	138,235	33	617,814
86	17	336,242	6	83,602	23	419,844
87	22	323,879	11	77,849	33	401,728

RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS
At June 30, 2004

Table III
(continued)

Age at 06/30/04	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
88	13	$ 248,047	11	$ 114,797	24	$ 362,844
89	13	142,884	12	99,878	25	242,762
90	13	264,779	2	15,858	15	280,637
91	5	45,588	7	46,618	12	92,206
92	7	55,848	5	37,347	12	93,195
93	3	25,270	4	12,013	7	37,283
94	2	35,969	3	23,873	5	59,842
95	-	-	1	6,192	1	6,192
96	1	10,812	-	-	1	10,812
97	-	-	1	2,841	1	2,841
98	1	9,482	-	-	1	9,482
99	-	-	2	4,809	2	4,809
100	1	22,866	-	-	1	22,866
	1,773	$38,972,284	521	$7,571,716	2,294	$46,544,000

	Male	Female	Both
Average Age:	69.6	71.5	70.0
Average Annual Payments:	$21,981	$14,533	$20,289

RETIREMENT PENSIONS BY AGE AT TIME OF RETIREMENT

Table IV

At June 30, 2004

	Male		Female		Total	
Age at Retirement	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	102	$ 2,426,447	23	$ 479,466	125	$ 2,905,913
51	79	2,240,627	15	422,593	94	2,663,220
52	68	1,912,470	23	529,873	91	2,442,343
53	62	1,598,334	14	346,716	76	1,945,050
54	55	1,496,848	16	447,321	71	1,944,169
55	103	2,071,804	42	491,584	145	2,563,388
56	101	2,088,556	24	305,033	125	2,393,589
57	80	1,991,144	13	130,913	93	2,122,057
58	79	1,507,826	21	234,343	100	1,742,169
59	75	1,792,290	23	279,907	98	2,072,197
60	107	2,459,508	38	520,737	145	2,980,245
61	93	2,176,410	21	261,780	114	2,438,190
62	118	2,380,440	31	411,122	149	2,791,562
63	88	1,840,994	25	363,707	113	2,204,701
64	75	1,593,061	28	282,242	103	1,875,303
65	145	2,620,664	44	480,923	189	3,101,587
66	83	1,444,637	21	260,440	104	1,705,077
67	71	1,421,793	21	249,527	92	1,671,320
68	47	1,052,930	18	266,444	65	1,319,374
69	38	770,212	15	204,120	53	974,332
70	39	692,485	18	224,233	57	916,718
71	22	577,335	5	41,700	27	619,035
72	13	281,484	5	97,202	18	378,686
73	6	143,057	3	62,988	9	206,045
74	4	107,151	1	2,707	5	109,858
75	7	153,673	4	47,203	11	200,876
76	3	29,743	2	13,304	5	43,047
77	3	41,947	4	78,636	7	120,583
78	4	33,951	-	-	4	33,951
79	-	-	1	9,406	1	9,406
80	1	18,296	1	14,448	2	32,744
81	1	4,186	-	-	1	4,186
82	1	1,981	-	-	1	1,981
92	-	-	1	11,098	1	11,098
	1,773	$38,972,284	521	$7,571,716	2,294	$46,544,000

	Male	Female	Both
Average Age:	60.1	60.9	60.3
Average Annual Payments:	$21,981	$14,533	$20,289

SURVIVING SPOUSE'S PENSION BY AGE AND ANNUAL PAYMENTS
At June 30, 2004

Table V

Age at 06/30/04	Number	Annual Payments	Age at 06/30/04	Number	Annual Payments
40	2	$ 14,669	71	24	$ 307,512
43	3	31,797	72	33	365,852
44	1	4,197	73	27	319,413
45	2	20,470	74	27	281,924
46	3	30,935	75	35	357,707
47	1	14,091	76	31	300,623
48	3	46,956	77	37	320,596
49	4	36,311	78	31	277,210
50	6	82,652	79	37	314,534
51	3	20,216	80	38	291,895
52	2	30,354	81	37	323,325
53	8	63,625	82	30	225,749
54	8	97,954	83	39	344,361
55	3	42,876	84	33	281,133
56	7	79,674	85	29	176,579
57	12	91,173	86	26	149,561
58	7	77,210	87	31	175,338
59	6	77,243	88	26	164,593
60	10	121,056	89	22	119,393
61	10	110,317	90	8	46,578
62	9	113,912	91	19	99,008
63	16	229,306	92	17	75,587
64	15	168,184	93	9	48,983
65	12	155,896	94	8	45,375
66	10	106,798	95	8	30,771
67	18	200,263	96	7	24,949
68	18	187,394	97	1	3,782
69	20	278,863	99	3	9,716
70	28	291,652	100	1	2,276
				921	$8,310,367

Average Age:	76.1
Average Annual Payments:	$ 9,023

SURVIVING SPOUSE'S PENSION BY AGE AT COMMENCEMENT

Table VI

At June 30, 2004

Age at Commencement	Number	Annual Payments	Age at Commencement	Number	Annual Payments
21	1	$ 776	60	24	$ 252,094
27	2	3,088	61	31	303,391
28	2	7,948	62	28	248,442
29	1	1,345	63	22	259,451
30	1	10,038	64	28	288,758
31	2	7,756	65	27	262,352
32	1	792	66	40	431,015
33	4	20,389	67	34	263,316
34	1	5,176	68	34	308,728
35	3	4,802	69	36	323,464
36	9	37,073	70	29	273,378
37	2	16,105	71	26	252,943
38	3	10,947	72	27	279,082
39	7	58,498	73	24	154,826
40	2	28,801	74	23	194,104
41	7	53,296	75	17	155,875
42	11	83,456	76	16	163,844
43	8	77,983	77	20	155,012
44	11	50,339	78	16	118,321
45	6	65,777	79	9	59,032
46	8	68,581	80	22	168,045
47	5	45,929	81	8	29,289
48	14	123,995	82	9	60,791
49	15	158,120	83	12	74,885
50	17	134,650	84	9	59,753
51	13	130,500	85	6	19,189
52	11	97,860	86	4	31,323
53	26	223,894	87	1	1,990
54	15	165,569	88	3	18,682
55	21	235,860	89	3	21,983
56	23	227,427	90	2	18,949
57	25	302,819	93	1	3,307
58	31	353,588			
59	22	241,576			
				921	$8,310,367

Average Age:	63.1
Average Annual Payments:	$9,023

RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS

at June 30, 2004

Table VII

Age at 06/30/04	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
51	2	$ 1,043	1	$ 600	3	$ 1,643
52	3	3,591	1	1,237	4	4,828
53	9	11,300	2	3,618	11	14,918
54	5	11,267	1	3,624	6	14,891
55	16	37,330	2	8,167	18	45,497
56	23	78,674	5	23,456	28	102,130
57	19	70,583	2	9,683	21	80,266
58	16	61,871	8	24,066	24	85,937
59	15	61,816	-	0	15	61,816
60	29	119,764	13	25,856	42	145,620
61	50	157,074	16	31,585	66	188,659
62	37	119,303	14	27,866	51	147,169
63	37	128,781	8	18,652	45	147,433
64	34	105,075	6	5,819	40	110,894
65	51	203,149	18	35,953	69	239,102
66	41	160,462	15	26,681	56	187,143
67	56	198,434	13	28,396	69	226,830
68	44	184,338	16	34,686	60	219,024
69	59	250,630	11	20,931	70	271,561
70	59	267,081	11	25,359	70	292,440
71	53	199,653	16	44,095	69	243,748
72	50	190,023	12	39,592	62	229,615
73	69	323,744	14	31,724	83	355,468
74	57	369,159	15	63,730	72	432,889
75	66	349,060	13	39,103	79	388,163
76	64	290,004	14	36,315	78	326,319
77	51	335,919	10	33,157	61	369,076
78	42	247,161	14	46,538	56	293,699
79	56	399,553	12	42,854	68	442,407
80	40	218,026	18	71,187	58	289,213
81	50	260,886	12	32,059	62	292,945
82	35	215,610	8	20,136	43	235,746
83	36	249,895	11	55,955	47	305,850
84	31	187,108	14	55,368	45	242,476
85	20	160,867	13	37,820	33	198,687
86	17	113,499	6	29,479	23	142,978
87	21	116,500	11	27,721	32	144,221
88	13	97,063	11	39,636	24	136,699

RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS

Table VII
(continued)

Age at 06/30/04	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
89	12	$ 54,108	11	$ 38,460	23	$ 92,568
90	13	102,250	2	6,186	15	108,436
91	5	16,478	7	15,005	12	31,483
92	5	21,595	5	16,053	10	37,648
93	3	11,355	3	3,353	6	14,708
94	2	17,509	3	5,431	5	22,940
95	-	-	1	364	1	364
96	1	5,267	-	-	1	5,267
97	-	-	1	1,354	1	1,354
98	1	4,517	-	-	1	4,517
99	-	-	2	2,355	2	2,355
100	1	11,229	-	-	1	11,229
	1,419	$6,799,604	422	$1,191,265	1,841	$7,990,869

	Male	Female	Both
Average Age:	72.2	74.1	72.6
Average Monthly Increases:	$ 399	$ 235	$ 362
Average Annual Increases:	$4,792	$2,823	$4,341

ANNUITIES AND REFUNDS BY TYPE
Last Ten Years

Table VIII

Fiscal Year Ended June 30	Retirement	Surviving Spouse	Children	Refunds Employees	Refunds Pensioners
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
2004	42,831,611	8,196,180	38,600	2,785,487	138,126

DEATH AND DISABILITY BENEFITS
Last Ten Years

Table IX

Fiscal Year Ended June 30	Death Benefit	Ordinary Disability	Duty Disability	Total
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
2004	292,539	314,265	67,998	674,802

(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

Table X

Fiscal Year Ended June 30	Male Participants	Female Participants	Total
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
2004	1,740	1,080	2,820

ACTIVE PARTICIPANTS STATISTICAL AVERAGES
Last Ten Years

Table XI

Fiscal Year	Male			Female			Combined		
Ended June 30	Annual Salary	Age	Service	Annual Salary	Age	Service	Annual Salary	Age	Service
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
2004	31,553	41.2	9.4	26,964	37.5	7.4	29,795	39.8	8.6

RETIREES AND BENEFICIARIES RECEIVING BENEFITS
Last Ten Years

Table XII

Fiscal Year Ended June 30	Retirees	Surviving Spouses	Children	Total
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
2004	2,294	921	25	3,240

RETIREES RECEIVING ANNUAL 3% INCREASES
Last Ten Years

Table XIII

Fiscal Year Ended	Number		Annual Increase			Total Annual
June 30	Male	Female	Male	Female	Number	Increase
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
2004	1,419	422	6,799,604	1,191,265	1,841	7,990,869

AVERAGE ANNUAL RETIREES/SURVIVING SPOUSE'S BENEFIT PAYMENTS
Last Ten Years

Table XIV

Fiscal Year Ended June 30	Average Annual Payments Retiree	Spouse
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
2004	20,289	9,023

FUNDED RATIO
Last Ten Years

Table 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)
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
2004	610,293,849	128,284,981	738,578,830	82.6

ADDITIONS TO NET ASSETS
Last Ten Years

Table II

Fiscal Year Ended June 30	Annual Income		Net Expenses	Increase (Decrease)	Assets	
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)
2004	90,189,167	(b)	55,864,000	34,325,167	573,870,138	(b)

(a) reflects prior period adjustment of ($2,118,048) and cumulative effect of fair value adjustments of $35,954,581.

(b) 1996 - 2004 reflective of GASB No. 25.

RATIO OF UNFUNDED LIABILITY TO PAYROLL
Last Ten Years

Table III

Fiscal Year Ended June 30	Member Payroll	Unfunded Liability	Liability % of Payroll
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
2004	87,840,802	128,284,981 (a)	146.0

(a) reflects application of GASB No. 25.

REVENUES BY SOURCES
Last Ten Years

Table IV

	Fiscal Year Ended June 30	Taxpayer Contributions	Per Cent %	Employee Contributions	Per Cent %	Investment Income (c)	Per Cent %	Total	Per Cent %
	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
(b)	2004	9,840,681	11	10,593,581	12	69,754,905	77	90,189,167	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

Table V

Fiscal Year Ended June 30	Benefits	Administrative	Refunds	Total
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
2004	51,741,193	1,199,194	2,923,613	55,864,000