# 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, 2005

Prepared by The Staff of the Retirement Board

# Table Of Contents

# Table Of Contents (continued)

## Actuarial Section (continued)



## Statistical Section

# 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, 2004

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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, 2005

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, 2005. 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, 2005 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 2005* | *FY 2004* | *Increase (Decrease)* | *Percent Change* |
|---|---|---|---|---|
| Employee Contribution | $ 8,515,799 | $10,593,581 | $ (2,077,782) | (19.6) |
| Employer Contribution | 9,768,605 | 9,840,681 | (72,076) | (0.7) |
| Less: Return of Employer Contribution | (5,000,000) | - | (5,000,000) | (100.0) |
| Investment Income | 49,621,638 | 69,754,905 | (20,133,267) | (28.9) |
| Total | $62,906,042 | $90,189,167 | $(27,283,125) | (30.3) |

Employee contributions are based on the statutory contribution rate of 9% of salary for all active members in the Fund. Employee contributions have decreased due to the reduction in members contributions, as a result of the 2004 Early Retirement Incentive Program (ERI). The vacancies created from the retirements under the ERI were either eliminated or gradually filled over time.

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 have significantly decreased as a result of Public Act 93-0654 enacted in January, 2004, which gave the employer the authority to reduce their annual contribution by up to $5 million for 2004 and 2005. During the fiscal year, the employer has reduced the 2004 contribution by $5,000,000 and the 2005 contribution by $4,891,479. After 2005 the employer contribution will not be subject to any future reductions. 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 $49,621,638 for the fiscal year ending 2005.

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

| *Category* | *FY 2005* | *FY 2004* | *Increase (Decrease)* | *Percent Change* |
|---|---|---|---|---|
| Retirement Benefits | $ 46,472,103 | $42,831,611 | $ 3,640,492 | 8.50 |
| Spouses Benefits | 8,614,689 | 8,196,180 | 418,509 | 5.11 |
| Children Benefits | 32,400 | 38,600 | (6,200) | (16.06) |
| Disability Benefits | 389,615 | 382,263 | 7,352 | 1.92 |
| Death Benefits | 392,200 | 292,539 | 99,661 | 34.07 |
| Refund Payments | 1,960,489 | 2,923,613 | (963,124) | (32.94) |
| Administrative Expenses | 1,185,866 | 1,199,194 | (13,328) | (1.11) |
| Total | $ 59,047,362 | $55,864,000 | $ 3,183,362 | 5.70 |

## *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 and June 30, 2005 actuarial valuations were 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, 2005 was $146,586,562 which compares to $128,284,981 for the previous year. The funding ratio as of June 30, 2005 is 80.0% compared to 82.6% for the previous year. For 2005, in spite of a strong annual investment rate of return 8.9% and a net increase in plan assets of over $3.9 million, the plans funding ratio still declined. The decline resulted primarily from the continuing recognition of unrealized losses from prior years, even though actuarial liability decreased by $4.2 million during the year. 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, 2005, the fair value of investments was $583,566,887 which compares to $580,176,284 as of June 30, 2004. As of June 30, 2004, the Fund's annual investment rate of return was 8.9% compared to 13.4% for the previous year. The Fund's 8.9% return slightly lagged its performance benchmark by roughly 10 basis points. The Fund's trailing three-year return also slightly lagged the performance benchmark, but over the trailing five year the Fund's return has comfortably outpaced the benchmark and ranks in the top quartile in a universe of peer funds. The total Fund has maintained a strong absolute ten-year return of 8.5% annually and since inception an annual return of 9.9% which both significantly exceeded the actuarial assumed rate of return of 8%.

## *Technology*

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

## *Legislative Program*

During the fiscal year ended June 30,2005 the Trustees continued to review of the Fund's enabling statutes, especially those pertaining to benefits and funding. The purpose of the review was to develop legislative proposals that insured the Fund's financial strength while providing additional benefits. During the current fiscal year, no statutory changes were enacted. The members will be kept informed of all legislative program developements 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, 2004. 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, No. 37, and No.40)*

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. Effective for the fiscal year ending June 30, 2005 the Plan adopted Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures.* Please refer to the Financial Section of the CAFR, MD&A and Notes to the Financial Statements.

## *Retirement Board*

The annual election for an employee representative to the Retirement Board was held on Friday, June 25, 2005. Edward L. Affolter was elected by the participants of the Fund for a four-year term beginning July 1, 2005, replacing Baldo J. Savarino. The Fund is awaiting a decision by the Chicago Park District Board of Commissioners regarding the expired terms of Trustees Claude A. Walton, Pamela A. Munizzi and Joseph M. Fratto.

## *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, 2005)

### *Elected by the Employees*

Baldo J. Savarino
*Term expires June 30, 2005*

Luke J. Howe
*Term expires June 30, 2006*

John J. Shostack
*Term expires June 30, 2007*

Edward L. Affolter
*Term expires June 30, 2008*

### *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

Jacobs, Burns, Orlove, Stanto & Hernandez, Attorney
Sandor Goldstein, F.S.A., Consulting Actuary
Ennis, Knupp & Associates, Investment Consultant

## CUSTODIAN

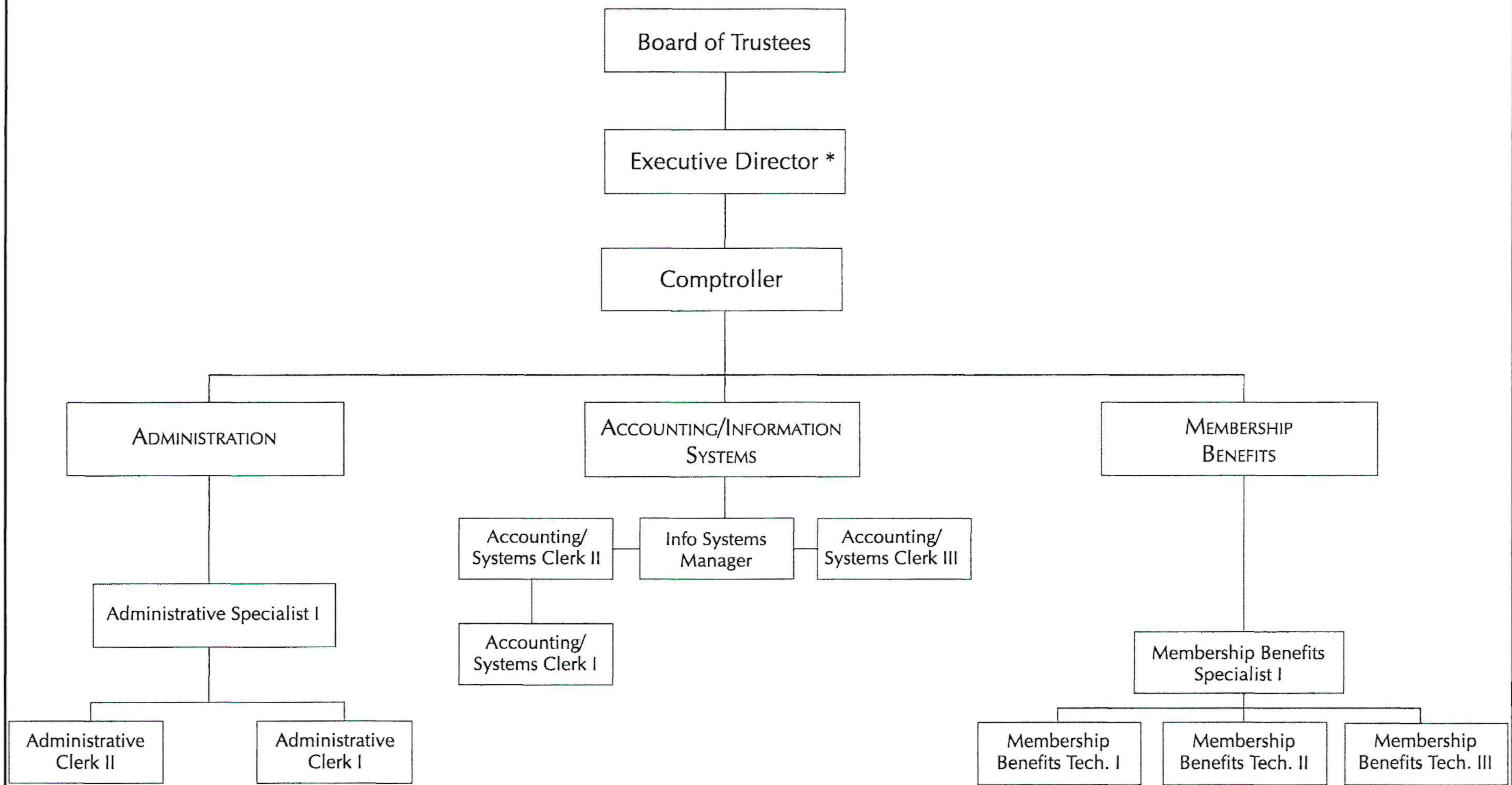
The Northern Trust Company of Chicago

## INVESTMENT ADVISORS

Great Lakes Advisors, Inc. – Chicago
Harbourvest Partners L.L.C. – Boston
MacKay Sheilds, L.L.P. – New York
Mesirow Private Equity, Inc – Chicago
Northern Trust Quantitative Advisors – Chicago
Pacific Investment Management Company – California
Principal Global Investor – Chicago
Reams Asset Management Company – Indiana
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




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

# 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, 2005 and 2004, 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, 2005 and 2004, 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.

As described in Note 2, the Plan adopted Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures*, during the year ended June 30, 2005.

Bansley and Kiener, L.L.P.
Certified Public Accountants
November 4, 2005

# Management's Discussion and Analysis

## Management's Discussion and Analysis Year Ended June 30, 2005

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, 2005. 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 $3.9 million or 0.7% compared to an increase of $34.3 million or 6.4% for 2004.

b) The Plan's annual investment return of 8.9% enabled the total fund to exceed the actuarial assumed rate of return of 8.0%.

c) The Plan's three-year rate of return of 8.9% slightly lagged the portfolio benchmark return of 9.0%.

d) The Plan's five-year rate of return of 4.4% exceeded the Portfolio Benchmark Return of 3.9% and the Public Funds Universe Median Return of 3.7%.

e) The Plan's ten-year return of 8.5%, as well as the 9.9% annual return since inception, both have exceeded the actuarial assumed rate of 8.0%.

f) Total 2005 additions to the Plan's net assets of $62.9 million is $27.3 million lower than the 2004 additions and $23.2 million higher than the 2003 additions.

g) Total 2005 deductions of $59.0 million is 5.7% higher than the 2004 deductions and 14.9% higher than the 2003 deductions.

h) The Plan's actuarially computed funding ratio is 80.0% which is 2.6% less than 2004 and 9.0% less than 2003.

## 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 $577,728,818. This is $3,858,680 greater than 2004 year-end net assets of $573,870,138 and $38,183,847 greater than 2003 year-end net assets. The following table is a comparative summary of net assets:

| | *2005* | *2004* | *2003* |
|---|---|---|---|
| Total Assets | $669,841,334 | $671,251,376 | $602,288,757 |
| Total Liabilities | 92,112,516 | 97,381,238 | 62,743,786 |
| Net Assets | $577,728,818 | $573,870,138 | $539,544,971 |

During the current year, additions to net assets are summarized as follows:

| *Additions* | *2005* | *2004* | *2003* |
|---|---|---|---|
| Employer Contributions | $ 9,768,605 | $ 9,840,681 | $ 9,842,559 |
| Employee Contributions | 8,515,799 | 10,593,581 | 9,533,018 |
| Less: Return of Tax Levy to Chicago Park District | (5,000,000) | - | - |
| Investment Income (loss) (includes security lending activities) | 49,621,638 | 69,754,905 | 20,297,955 |
| Totals | $62,906,042 | $90,189,167 | $39,673,532 |

During the fiscal year, employer contributions were reduced by $5 million. In January 2004, legislation was enacted to give the employer the authority to reduce their contributions up to $5 million annually for 2004 and 2005. The 2005 investment income was $49,621,638 as compared to the investment income of $69,754,905 in 2004 and investment income of $20,297,955 in 2003. The 2005 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 $59,047,362 which is $3,183,362 higher than 2004 and $7,642,645 over 2003 expenditures. The net increase in retirement and spouse's benefit expenditures is primarily the result of a full year of 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. The decrease in refund of contributions, administrative, general expenses, and children's benefit payments more than offset the increases in disability and death benefit payments during the fiscal year.

| *Deductions* | *2005* | *2004* | *2003* |
|---|---|---|---|
| Retirement Benefits | $46,472,103 | $42,831,611 | $38,708,659 |
| Spouse Benefits | 8,614,689 | 8,196,180 | 7,971,585 |
| Childrens Benefits | 32,400 | 38,600 | 42,050 |
| Disability Benefits | 389,615 | 382,263 | 412,555 |
| Death Benefits | 392,200 | 292,539 | 325,500 |
| Total Benefits | 55,901,007 | 51,741,193 | 47,460,349 |
| Refund of Contributions | 1,960,489 | 2,923,613 | 2,774,837 |
| Administrative & General Expenses | 1,185,866 | 1,199,194 | 1,169,531 |
| Totals | $59,047,362 | $55,864,000 | $51,404,717 |

## The Plan as a Whole (continued)

The June 30, 2005 and 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 80.0% which is 2.6% less than 2004 and 9.0% less than 2003. 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% even though the actuarial liability declined by $4.2 million during the year. The annual investment return for the fiscal year was 8.9% which is lower than the 13.4% for 2004 but higher than the 4.3% in 2003, 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.

The Plan's 8.9% return slightly lagged its performance benchmark by roughly 10 basis points. The Plan's trailing three-year return also slightly lagged the performance benchmark, but over the trailing five-year the Plan's return has comfortably outpaced the benchmark and ranks in the top quartile in a universe of peer funds. The total Plan has maintained a strong absolute ten-year return of 8.5% annually and since inception an annual return of 9.9% which both significantly exceeded the actuarial assumed rate of return of 8%.

The Plan continues to generate strong investment returns which is the direct result of improving financial markets. The Plan's strong financial condition 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, 2005 and 2004*

| *ASSETS* | *2005* | *2004* |
|---|---|---|
| Cash | $ 60,000 | $ 63,168 |
| Receivables | | |
| Contributions from employer, net of allowance for loss of $780,655 in 2005 and $948,791 in 2004 | 4,827,374 | 5,421,992 |
| Employee contributions | 351,602 | 302,013 |
| Due from broker for securities sold | 24,886,814 | 24,955,178 |
| Accrued investment income | 1,315,769 | 1,507,969 |
| Early retirement incentive program | 171,226 | 414,348 |
| | 31,552,785 | 32,601,500 |
| Investments, at fair value | | |
| Short-term investments | 31,190,630 | 19,872,991 |
| Bonds | 203,058,624 | 237,252,136 |
| Common and preferred stocks | 288,677,596 | 297,366,534 |
| Pooled separate real estate accounts | 55,384,620 | 23,981,315 |
| Other | 5,255,417 | 1,703,308 |
| | 583,566,887 | 580,176,284 |
| Invested securities lending collateral | 49,739,145 | 58,367,928 |
| Furniture and fixtures -net | 2,325 | - |
| Prepaid expenses | 28,713 | 42,496 |
| Deferred change-statutory reduction of employer contributions | 4,891,479 | - |
| Total Assets | 669,841,334 | 671,251,376 |
| LIABILITIES | | |
| Accounts Payable | 582,300 | 579,245 |
| Accrued benefits payable | 130,212 | 235,426 |
| Securities lending collateral | 49,739,145 | 58,367,928 |
| Due to broker for securities purchased | 41,660,859 | 38,198,639 |
| | 92,112,516 | 97,381,238 |
| Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 29) | $577,728,818 | $573,870,138 |

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

## Statements of Changes in Plan Net Assets

*Years Ended June 30, 2005 and 2004*

| ***Additions*** | ***2005*** | ***2004*** |
|---|---|---|
| Contributions | | |
| Employer contributions | $ 9,768,605 | $ 9,840,681 |
| Employee contributions | 8,515,799 | 10,593,581 |
| Statutory reduction of employer contributions | (5,000,000) | - |
| Total contributions | 13,284,404 | 20,434,262 |
| Investment income | | |
| Net appreciation in fair value of investments | 38,786,794 | 56,680,327 |
| Interest | 9,555,819 | 9,928,263 |
| Dividends | 2,985,591 | 3,016,260 |
| Investment return on pooled separate real estate accounts | 188,254 | 2,031,035 |
| | 51,516,458 | 71,655,885 |
| Less investment expenses | 1,981,830 | 1,981,245 |
| | 49,534,628 | 69,674,640 |
| Security lending activities | | |
| Securities lending income | 1,345,359 | 626,727 |
| Borrower rebates | (1,202,118) | (494,831) |
| Bank fees | (56,231) | (51,631) |
| | 87,010 | 80,265 |
| Total additions | 62,906,042 | 90,189,167 |
| ***Deductions*** | | |
| Benefits | | |
| Annuity payments | 55,126,392 | 51,066,391 |
| Disability and death benefits | 774,615 | 674,802 |
| Total benefits | 55,901,007 | 51,741,193 |
| Refund of contributions | 1,960,489 | 2,923,613 |
| Administrative and general expenses | 1,185,866 | 1,199,194 |
| Total deductions | 59,047,362 | 55,864,000 |
| Net decrease | 3,858,680 | 34,325,167 |
| Net assets held in trust for pension benefits | | |
| Beginning of year | 573,870,138 | 539,544,971 |
| End of year | $577,728,818 | $573,870,138 |

*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, 2005 and 2004, Plan membership consists of:

| | *2005* | *2004* |
|---|---|---|
| Retirees and beneficiaries currently receiving benefits | 3,184 | 3,240 |
| Current employee | 2,881 | 2,820 |
| Vested terminated members entitled to benefits | 186 | - |

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.

### *Deposit and Investment Disclosures*

During the year ended June 30, 2005, the Plan adopted Government Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. As a result the Plan has addressed certain deposit and investment risk disclosures.

## 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.

| | *2005* | *2004* |
|---|---|---|
| Investments at Fair Value As | | |
| Determined by Quoted Price | | |
| Short term investments | $ 31,190,630 | $ 19,872,991 |
| Bonds | | |
| PIMCO Fds | 35,005,160 | 40,497,834 |
| Other | 168,053,464 | 196,754,302 |
| Common and preferred stock | | |
| Aggregate stock funds | 127,312,882 | 125,514,597 |
| Other | 161,364,714 | 171,851,937 |
| Other Investments | 5,255,417 | 1,703,308 |
| | 528,182,267 | 556,194,969 |
| Investments at Fair Value As | | |
| Determined by Plan Administrator | | |
| Pooled separate real estate accounts | 55,384,620 | 23,981,315 |
| | $583,566,887 | $580,176,284 |

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

*Interest Rate Risk*

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

## Note 3: Investments *(continued)*

At June 30, 2005 the following table shows the investments by investment type and maturity (expressed in thousands):

| *Security Type* | *Total Market Value* | *Less Than 1 Year* | *1-6 Years* | *6-10 Years* | *10+ Years* |
|---|---|---|---|---|---|
| Asset backed | $ 6,698 | $ 519 | $ 2,924 | $ 802 | $ 2,453 |
| Commercial mortgage backed | 6,688 | - | - | 145 | 6,543 |
| Commercial paper | 2,880 | 2,880 | - | - | - |
| Corporate bonds | 81,896 | 2,471 | 48,506 | 17,326 | 13,593 |
| Government agencies | 32,186 | 4,137 | 4,131 | 23,190 | 728 |
| Government bonds | 15,582 | - | 3,747 | 3,509 | 8,326 |
| Government mortgage backed | 47,907 | - | 1,210 | 4,293 | 42,404 |
| Government issued commercial mortgage backed | 502 | - | 502 | - | - |
| Index linked government bonds | 1,800 | - | 861 | 939 | - |
| Municipal/provincial bonds | 2,135 | - | 176 | - | 1,959 |
| Non-governmental backed CMO's | 452 | - | 192 | - | 260 |
| Short term bills and notes | 4,333 | 4,333 | - | - | - |
| Total | $203,059 | $14,340 | $62,249 | $50,204 | $76,266 |

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

*Credit Risk*

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

## Note 3: Investments *(continued)*

The following table presents the Plan's ratings as of June 30, 2005 (expressed in thousands):

| *S&P Credit Rating* | *Index Market Value* | *Asset Backed Securities* | *Comm'l Mortgage Backed* | *Corporate Bonds* | *Gov't Agencies* | *Gov't Bonds* | *Gov't Mortgage Backed* | *Gov't Issued CMO* | *Index Linked Gov't Bonds* | *Non-Gov't Backed CMO's* | *Municipal Bonds* | *Pooled Assets* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AAA | $32,924 | $5,349 | $5,188 | $3,440 | $3,295 | $13,592 | $ - | $ - | $1,800 | $260 | $ - | $ - |
| AA+ | 184 | - | - | 184 | - | - | - | - | - | - | - | - |
| AA | 1,480 | - | - | 1,480 | - | - | - | - | - | - | - | - |
| AA- | 4,883 | - | - | 1,022 | 3,861 | - | - | - | - | - | - | - |
| A+ | 3,333 | - | - | 3,108 | - | - | - | - | - | - | 225 | - |
| A | 3,974 | - | - | 3,824 | - | - | - | - | - | - | 150 | - |
| A-1+ | 431 | 431 | - | - | - | - | - | - | - | - | - | - |
| A- | 3,701 | - | - | 3,701 | - | - | - | - | - | - | - | - |
| BBB+ | 3,200 | - | - | 3,200 | - | - | - | - | - | - | - | - |
| BBB | 4,335 | - | - | 3,781 | - | 554 | - | - | - | - | - | - |
| BBB- | 4,390 | - | - | 4,144 | - | 246 | - | - | - | - | - | - |
| BB+ | 2,351 | - | - | 2,351 | - | - | - | - | - | - | - | - |
| BB | 1,244 | - | - | 1,046 | - | 198 | - | - | - | - | - | - |
| BB- | 752 | - | - | 752 | - | - | - | - | - | - | - | - |
| B+ | 911 | - | - | 911 | - | - | - | - | - | - | - | - |
| B | 690 | - | - | 690 | - | - | - | - | - | - | - | - |
| B- | 722 | 50 | - | 672 | - | - | - | - | - | - | - | - |
| CCC+ | 56 | - | - | 56 | - | - | - | - | - | - | - | - |
| CCC | 21 | - | - | 21 | - | - | - | - | - | - | - | - |
| CCC- | 277 | - | - | 277 | - | - | - | - | - | - | - | - |
| C | 13 | - | - | 13 | - | - | - | - | - | - | - | - |
| D | 1 | - | - | 1 | - | - | - | - | - | - | - | - |
| NR | 55,414 | 868 | 1,500 | 4,028 | - | 992 | - | - | - | 192 | - | 47,834 |
| US Gov't Agency | 77,772 | - | - | - | 4,449 | - | 47,907 | 502 | - | - | - | 24,914 |
| Total | $203,059 | $6,698 | $6,688 | $38,702 | $11,605 | $15,582 | $47,907 | $502 | $1,800 | $452 | $375 | $72,748 |

*Custodial Credit Risk*

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

## Note 3: Investments *(continued)*

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

| | *2004* | | |
|---|---|---|---|
| | *Risk Category* | *Fair Value* | *Cost* |
| Short term investments | | | |
| Commercial paper | 1 | $ 19,872,991 | $ 19,872,991 |
| U.S. Government bonds, | | | |
| notes, bills and agency securities | 1 | 77,926,210 | 78,734,140 |
| Corporate bonds | 1 | 159,325,926 | 160,488,468 |
| Preferred stock | 1 | 1,468,070 | 2,261,185 |
| Common stock | 1 | 252,151,960 | 190,295,567 |
| International equity commingled | N/A | 43,746,504 | 42,053,983 |
| Real estate investments | N/A | 23,981,315 | 25,873,189 |
| Other Investments | N/A | 1,703,308 | 1,749,900 |
| Total | | $580,176,284 | $521,329,423 |

## Note 4: Deposits

At June 30, 2005 and 2004, the Plan's book balances of cash were $60,000 and $63,168 , respectively, at the Northern Trust Company Bank. The actual bank balances were $40,339 and $88,038, respectively, at June 30, 2005 and 2004. 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, 2005 and 2004, the Plan had loaned to borrowers securities with a market value of $50,772,729 and $66,035,976, respectively. As of June 30, 2005 and 2004, the Plan received from borrowers cash collateral of $49,739,145 and $58,367,928, and non-cash collateral of $2,264,366 and $8,854,935, respectively. Securities lending net income for the years ended June 30, 2005 and 2004 was $87,101 and $80,265, 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: Statutory Reduction of Employer Contributions

On January 16, 2004 an amendment to the Illinois Pension Code determined that the employer in its discretion could reduce the employer contribution by $5,000,000 for calendar year 2004 and 2005. The employer properly chose not to remit $5,000,000 in the fall of 2004 and $4,891,479 again in the first quarter of 2005. This resulted in the employer contributions of the plan recognizing both items in the same fiscal year. As the legislative did not intend to adversely affect the Plan's presentation of its financial report by requiring the Plan to recognize both reduced payments within one fiscal year the Plan is showing $4,891,479 as a deferred charge in the Statement of Plan Net Assets to be reported in its year ending June 30, 2006 financial report.

## Note 7: 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, 2005:

| *Year ending June 30* | *Amount* |
|---|---|
| 2006 | $49,379 |
| 2007 | 4,197 |
| | $53,576 |

The total rental expense for the years ended June 30, 2005 and 2004 was $132,532 and $126,303, respectively.

# Required Supplementary Information

## Schedule of Funding Progress

*(Dollar amounts in thousands)*

| *Actuarial Valuation Date* | *Actuarial Value of Assets (a)* | *Actuarial Accrued Liability (AAL) -Entry Age (b)* | *Unfunded (AAL) (UAAL) (b-a)* | *Funded Ratio (a/b)* | *Covered Payroll (c)* | *UAAL as of percentage of Covered Payroll ((b-a)/c)* |
|---|---|---|---|---|---|---|
| 06/30/05 | $587,774 | $734,361 | $146,587 | 80.0% | $ 95,707 | 153.2 |
| 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 |

## Schedule of Employer Contributions

*(Dollar amounts in thousands)*

| *Year Ended June 30,* | *Annual Required Contribution* | *Percentage Contributed* |
|---|---|---|
| 2005 | $14,760 | 32 |
| 2004 | 7,518 | 100 |
| 2003 | 7,215 | 100 |
| 2002 | 6,288 | 100 |
| 2001 | 6,197 | 100 |
| 2000 | 6,427 | 100 |

## Note to Schedules of Funding Progress and Employer Contributions

| | |
|---|---|
| Valuation date | 06/30/05 |
| 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, 2005: | | | | | | |
| 2001 | $10,036,565 | $ 9,859,004 | $ 177,561 | $177,561 | 1.77 | $ - |
| 2002 | 10,121,430 | 10,018,068 | 103,362 | 103,362 | 1.02 | - |
| 2003 | 10,135,021 | 10,126,935 | 8,086 | 8,086 | 0.08 | - |
| 2004 | 9,833,752 | 4,514,732 | 5,319,020 | 491,646 | 5.00 | 4,827,374 |
| | | | $5,608,029 | $780,655 | | $4,827,374 |
| 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 |

## Schedule of Administrative and General Expenses

| | *Year Ended June 30,* | |
|---|---|---|
| | *2005* | *2004* |
| Actuary Expense | $ 36,000 | $ 36,000 |
| Auditing | 17,500 | 17,800 |
| Conference and convention expense | 35,180 | 27,761 |
| Contributions for annuities of Ret. Board Employees | 86,619 | 77,206 |
| Depreciation | 179 | - |
| Equipment Rental | 6,220 | 6,039 |
| Equipment Maintenance | 1,512 | 2,792 |
| Filing fee - Department of Insurance | 8,000 | 6,000 |
| File storage expense | 2,482 | 1,034 |
| Hospitalization | 123,440 | 127,106 |
| Legal | 9,950 | 27,333 |
| Legislative consultant | 16,500 | 17,000 |
| Medical fees | 375 | 900 |
| Office supplies and expenses | 20,376 | 27,560 |
| Postage | 14,071 | 15,987 |
| Insurance - surety bond and other | 1,941 | 1,801 |
| Printing | 9,073 | 7,828 |
| Rent expense | 132,532 | 126,303 |
| Salaries | 636,127 | 650,058 |
| Social Security - Medicare | 6,677 | 7,708 |
| Telephone | 12,891 | 7,721 |
| Transportation | 656 | 933 |
| Trustees' election expense | 7,565 | 6,324 |
| Total administrative and general expenses | $1,185,866 | $1,199,194 |

## Schedule of Annual Professional Expenses

| | Year Ended June 30, | |
|---|---|---|
| | 2005 | 2004 |
| Actuary | $36,000 | $36,000 |
| Auditing | 17,500 | 17,800 |
| Legal | 9,950 | 27,333 |
| Legislative Consultant | 16,500 | 17,000 |
| Medical | 375 | 900 |
| Total | $80,325 | $99,033 |

## Schedule of Annual Investment Expenses

| | *Year Ended June 30,* | |
|---|---|---|
| | *2005* | *2004* |
| U.S. EQUITY | | |
| Great Lakes Advisors, Inc. | $ 140,978 | $ 121,494 |
| The Kenwood Group | 157,870 | 149,574 |
| Wayne Hummer Management Company | 241,863 | 237,140 |
| Northern Trust Quantitative Advisors | 63,311 | 55,945 |
| Sub-Total | 604,022 | 564,153 |
| NON - U.S. EQUITY | | |
| Wellington Trust Company, NA | 246,503 | 224,366 |
| Northern Trust Quantitative Advisors | 38,777 | 19,953 |
| Sub-Total | 285,280 | 244,319 |
| U.S. BONDS | | |
| MacKay Shields, L.L.P. | 207,833 | 211,970 |
| Pacific Investment Management Co. | 282,739 | 326,972 |
| Reams Asset Management Co. | 133,015 | 146,475 |
| Smith Graham & Co. | 71,071 | 73,414 |
| Sub-Total | 694,658 | 758,831 |
| REAL ESTATE | | |
| UBS Realty Advisors | 261,035 | 244,285 |
| BANKING | | |
| Custody | 50,000 | 50,000 |
| Other | 28,100 | 29,416 |
| Sub-Total | 78,100 | 79,416 |
| CONSULTING | | |
| Ennis, Knupp & Associates | 58,735 | 90,241 |
| TOTAL | $ 1,981,830 | $1,981,245 |

## INTRODUCTION

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 transition 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.

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 8.2% during the year ended June 30, 2005, as measured by the Dow Jones Willshire 5000 Index. Small capitalization stocks slightly outperformed large capitalization stocks over the trailing-year, as witnessed by the 9.5% return of the Russell 2000 Small Cap Index compared to the 7.9% return posted by the Russell 1000 Large Cap Index. In terms of style, value outperformed growth during the year, with the Russell 3000 Value Index advancing 14.1% and the Russell 3000 Growth Index eking out a 1.9% return.

Non-U.S. equity markets outpaced their U.S. counterparts during the twelve months ended June 30, 2005. Non-U.S. developed markets advanced 13.7% (as measured by the MSCI EAFE Index) during the year, while emerging markets continued their run of recent strong performance, returning 34.4% (as measured by the MSCI Emerging Markets Free Index) over the trailing twelve month period. A declining U.S. dollar during much of the period contributed to non-U.S. markets relative outperformance.

The broad bond market, as measured by the Lehman Brothers Aggregate Bond Index, advanced 6.8% during the fiscal year, bouncing back from a sub-par fiscal 2004. The corporate sector paced the Lehman Aggregate, returning 8.1% over the trailing twelve months, while mortgage-backed and asset-backed issues tended to lag, posting returns of 6.1% and 4.2%, respectively. High yield and emerging market debt (which are not included in the Legman Aggregate) posted robust returns during fiscal 2005, returning 10.9% and 20.3%, respectively.

On June 30th, the Federal Reserve initiated the eight quarter-point federal funds rate increase of the fiscal year, and ninth since June 2004. The resulting rate stood at 3.25% as of fiscal year-end, (rates have since been increased twice more, and stood at 3.75% as of September 20th, 2005) Real GDP rose at a solid 3.8% annualized rate during the fiscal third quarter, which marked the third straight quarter of annualized growth of approximately 4%. Consumer confidence, as measured by the Conference Board, reached its highest level in three years in June. Jobless claims were falling at fiscal year-end, though energy costs continued to weigh on the economy as the cost of oil exceeded $60 per barrel.

## *Performance Commentary*

The pension fund posted a one-year return of 8.9%. Equity and fixed income markets were solid if not spectacular during the fiscal year, and the fund got an added boost from increased exposure to a robust real estate market. The Fund's 8.9% trailing-year return slightly lagged that of its performance benchmark by roughly 10 basis points. The Fund's trailing three-year return also slightly lagged the performance benchmark, but over the trailing five years the Fund's return has comfortably outpaced the benchmark and ranks in the top quartile in a universe of peer funds. The total Fund has maintained a strong absolute return of 9.9% annually since inception which significantly exceeds the actuarial assumed rate of return of 8%.

The broad U.S. stock market, as measured by the Dow Jones Wilshire 5000 Index, advanced 8.2% during the fiscal year. The Fund's U.S. equity investments advanced 7.7% in aggregate. The Fund's U.S. stock component has lagged the Dow Jones Wilshire 5000 Index by only 0.4 percentage points over the trailing three-year period, but has outperformed the Index by 2.2 percentage points over the trailing five years.

Non-U.S. markets advanced 13.7% as measured by the MSCI EAFE (Europe, Australasia, and Far East) Index during fiscal 2005. Due to strong relative performance from active non-U.S. equity management, the Fund's non-U.S. equity component return outpaced the Index, earning 14.0%. Over the trailing three years, the Fund's non-U.S. equity return matched that of the Index, while over the trailing five and ten years the Fund's non-U.S. component has comfortably outpaced the Index.

Fixed income markets advanced 6.8% during the fiscal year as measured by the Lehman Brothers Aggregate Bond Index. The Fund's fixed income managers posted a strong aggregate return in both absolute and relative terms, gaining 7.1% and outpacing by 0.3 percentage points for the year. The trailing three-year returns are also above the benchmark, while the trailing five-year returns slightly lagged. However, the ten-year return slightly exceeded the benchmark.

The real estate market, as measured by the NCREIF Open End Fund Index, advanced 17.0% during the fiscal year. Though strong on an absolute basis, the Fund's aggregate real estate return of 16.6% slightly lagged that of the Index. The Fund's decision to increase its exposure to real estate during fiscal year 2005 has thus far proved quite beneficial relative to the performance of other asset categories.

## Summary of Investments

*Periods Ended June 30, 2005 and June 30, 2004*

| | 06/30/05 | | | | 06/30/04 | | | |
|---|---|---|---|---|---|---|---|---|
| CATEGORY | FAIR VALUE | % | BOOK VALUE | % | FAIR VALUE | % | BOOK VALUE | % |
| BONDS | $203,058,624 | 35 | $203,144,415 | 40 | $237,252,136 | 41 | $239,222,608 | 46 |
| Domestic Equities | 218,547,159 | 37 | 155,784,991 | 31 | 253,620,030 | 44 | 192,556,752 | 37 |
| International Equities | 70,130,437 | 12 | 59,791,683 | 12 | 43,746,504 | 7 | 42,053,983 | 7 |
| EQUITIES | 288,677,596 | 49 | 215,576,674 | 43 | 297,366,534 | 51 | 234,610,735 | 44 |
| REAL ESTATE | 55,384,620 | 9 | 49,343,340 | 10 | 23,981,315 | 4 | 25,873,189 | 5 |
| SHORT TERM | 31,190,630 | 6 | 31,190,630 | 6 | 19,872,991 | 3 | 19,872,991 | 4 |
| OTHER | 5,255,417 | 1 | 4,797,127 | 1 | 1,703,308 | 1 | 1,749,900 | 1 |
| INVESTMENT ASSETS* | $583,566,887 | 100 | $504,052,186 | 100 | $580,176,284 | 100 | $521,329,423 | 100 |

**Investment assets do not reflect the amounts due to brokers at year end. Net due to brokers is $16,774,045 for F/Y/E 2005 and $13,243,461 for F/Y/E 2004.*

# 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, 2001 - 2005*
*and Three, Five and Ten-Year Periods*
*Ending June 30, 2005*

| | One Year Ending 06/30, 2001-2005 | | | | | Ending 06/30/05 | | |
|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2003 | 2002 | 2001 | 3 Years | 5 Years | 10 Years |
| Total Fund | 8.9 | 13.4 | 4.3 | -2.4 | -1.5 | 8.9 | 4.4 | 8.5 |
| Benchmark Portfolio | 9.0 | 11.8 | 5.9 | -3.4 | -3.0 | 9.0 | 3.9 | 9.0 |
| Public Funds Medium Return | 9.7 | 16.2 | 3.2 | -6.3 | -6.2 | 9.9 | 3.7 | 8.7 |
| Actuarial Assumed Rate of Return | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Consumer Price Index | 2.5 | 3.3 | 2.1 | 1.1 | 3.3 | 2.6 | 2.4 | 2.5 |
| U.S Equities | 7.7 | 25.4 | -2.7 | -12.1 | -9.4 | 9.5 | 0.9 | 11.0 |
| Willshire 5000 | 8.2 | 21.2 | 1.3 | -16.6 | -15.3 | 9.9 | -1.3 | 11.5 |
| S & P 500 | 6.3 | 19.1 | 0.3 | -18.0 | -14.8 | 8.3 | -2.4 | 9.9 |
| Universe Median | 7.6 | 20.9 | -1.0 | -17.4 | -14.9 | 9.3 | 0.0 | 9.8 |
| Non-U.S. Equities | 14.0 | 29.0 | -4.6 | -8.9 | -18.7 | 12.1 | 0.9 | 5.9* |
| EAFE Index | 13.7 | 32.4 | -6.5 | -9.5 | -23.6 | 12.1 | -0.5 | 5.6 |
| Universe Median | 13.2 | 28.5 | -6.9 | -9.0 | -23.7 | 11.6 | 0.1 | 7.0 |
| Fixed Income | 7.1 | 1.7 | 10.7 | 6.8 | 10.4 | 6.4 | 7.3 | 6.9 |
| Lehman Aggregate Index | 6.8 | 0.3 | 10.4 | 8.6 | 11.2 | 5.8 | 7.4 | 6.8 |
| Universe Median | 6.9 | 0.3 | 8.4 | 7.2 | 10.0 | 6.1 | 7.4 | 6.7 |
| Real Estate | 16.6 | 6.8 | 5.1 | 2.2 | 8.2 | 10.5 | 8.4 | 11.1 |
| NCREIF Open End Fund Index | 17.0 | 6.4 | 7.8 | 5.6 | 11.2 | 12.1 | 10.6 | 11.4 |
| NCREIF Property Index | 18.0 | 6.5 | 7.7 | 5.6 | 11.2 | 12.1 | 10.6 | 11.4 |

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, 2005*

STOCKS*

| Shares | Holdings | Fair Value |
|---|---|---|
| 55,000 | Fastenal Co. | $3,369,300 |
| 74,000 | Patterson Dental | 3,335,920 |
| 50,000 | Clorox Co. | 2,786,000 |
| 38,080 | Fisher Scientific Int'L, Inc. | 2,471,392 |
| 84,000 | CVS Corp. | 2,441,880 |
| 40,000 | Cooper Companies | 2,434,400 |
| 50,000 | Royal Caribbean Cruises, Inc. | 2,418,000 |
| 40,000 | H&R Block | 2,334,000 |
| 60,000 | Cintas Corp. | 2,316,000 |
| 40,000 | Avery Dennison Corp. | 2,118,400 |

BONDS*

| Holdings | Fair Value |
|---|---|
| FNMA 5.5% (30 Year Passthrough) | $4,366,241 |
| FNMA Single Family Mortgage 6.0% (30 Year) | 4,024,765 |
| TVA Bonds 4.875% (12/15/2016) | 2,954,986 |
| U.S. Treasury Note 4.0% (2/15/2015) | 2,358,354 |
| FNMA Single Family Mortgage 5% (30 Year) | 2,270,000 |
| FHLMC Gold Partner CTF 5.5% (30 Year) | 2,044,624 |
| FNMA Single Famliy Mortgage 5.0% (15 Year) | 2,034,521 |
| U.S. Treasury Note 6.0% (2/15/2026) | 1,952,893 |
| U.S. Treasury Note 2.375% (8/31/2006) | 1,662,094 |
| FNMA Single Famliy Mortgage 4.5% (30 Year) | 1,658,030 |

**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 | 199,700 | $ 9,985 |
| Bear Stearns Security Corporation | 195,300 | 9,965 |
| Citigroup Global Markets, Inc. | 94,100 | 5,055 |
| National Financial Services | 100,800 | 5,040 |
| Cabrera Capital Markets | 90,500 | 4,525 |
| Loop Capital Markets | 90,000 | 4,500 |
| Lehman Bros., Inc. | 63,100 | 3,155 |
| William Blair & Company | 64,900 | 2,852 |
| Barrington Research Associates | 50,700 | 2,578 |
| Berean Capital, Inc. | 41,852 | 2,093 |
| Robert W. Baird & Company | 29,000 | 1,740 |
| Deutsche Bank | 36,400 | 1,725 |
| Credit Suisse First Boston Corporation | 34,416 | 1,721 |
| J.P. Morgan Securities, Inc. | 33,900 | 1,695 |
| Abel Noser Corporation | 83,556 | 1,671 |
| Merrill, Lynch, Pierce, Fenner & Smith | 29,100 | 1,455 |
| U.S. Clearing Corporation | 28,200 | 1,410 |
| Morgan Stanley, Inc. | 25,100 | 1,396 |
| Friedman, Billing & Ramsey | 26,700 | 1,335 |
| Cheevers & Company | 17,500 | 1,021 |
| Melvin Securities | 20,200 | 1,010 |
| Broker Commissions under $1,000 | 110,587 | 5,787 |
| Total Broker Commissions | 1,465,611 | $71,714 |

**Total shares traded 1,465,611 at an average cost of $0.0489 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, 2005

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, 2005. 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, there have been no changes in the benefit provisions of the Fund.

For the June 30, 2005 actuarial valuation, we made a change in the mortality rate assumption to the UP-1994 Mortality Table For Males, Rated up 1 year, for male employees, and the UP-1994 Mortality Table For Females, rated up 1 year, for female employees. The other actuarial assumptions used for the June 30, 2005 valuation are the same as the assumptions that had been assumptions used for the June 30, 2004 valuation. These actuarial assumptions were based on an experience analysis over the three-year period 2000-2002 and were adopted by the board as of June 30, 2003. We have estimated that the change made in the actuarial assumptions used for the June 30, 2005 actuarial valuation had the impact of decreasing the Fund's total actuarial liability by $3,773,000.

The projected unit credit actuarial cost method was used for the June 30, 2005 actuarial valuation. This is the same actuarial cost method that was used for the June 30, 2004 valuation.

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 years prior to Fiscal Year 2005, employer contributions to the Fund have been sufficient to meet the actuarially determined contribution requirement. For Fiscal Year 2005, the employer contribution was not 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, 2005. For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

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

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

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

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

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff

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

# Actuary's Report

## A. Purpose and Summary

We have carried out an actuarial valuation of the Park Employees' Annuity and Benefit Fund as of June 30, 2005. 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 | $734,360,705 |
| 2. Actuarial value of assets | 587,774,143 |
| 3. Unfunded actuarial liability | 146,586,562 |
| 4. Funded Ratio | 80.0% |
| 5. Actuarially determined contribution requirement for fiscal year beginning July 1, 2005 | 16,436,993 |
| 6. Estimated employer contributions for fiscal year beginning July 1, 2005 | 9,230,126 |
| 7. Annual required contribution for fiscal year beginning July 1, 2005 under GASB Statement No. 25 | 16,436,993 |

## 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, 2005, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 2,881 active members, 2,231 pensioners, 928 surviving spouses, and 25 children receiving benefits included in the valuation. The total active payroll as of June 30, 2005 was $95,707,132.

Exhibit 1

## Summary of Membership Data

| | |
|---|---|
| 1. Number of Members | |
| (a) Active Members | |
| (i) Vested | 980 |
| (ii) Non-vested | 1,901 |
| (b) Members Receiving | |
| (i) Retirement Pensions | 2,231 |
| (ii) Surviving Spouse's Pensions | 928 |
| (iii) Children's Annuities | 25 |
| (c) Vested Terminated Members | 186 |
| 2. Annual Salaries | |
| (a) Total Salary | $95,707,132 |
| (b) Average Salary | 33,220 |
| 3. Annual Pension Payments | |
| (a) Retirement Pensions | $46,501,146 |
| (b) Surviving Spouse's Pensions | 8,913,335 |
| (c) Children's Annuities | 34,200 |

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

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

The asset values used for the valuation were based on the asset information contained in the statement of assets as of June 30, 2005 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 $587,774,143. The development of this value is outlined in Exhibit 2. In comparison, the market value of assets as of June 30, 2005 was $577,726,818.

Exhibit 2

## Actuarial Value of Assets

A. Development of Investment Gain

| | |
|---|---|
| 1. Actuarial Value of Assets as of June 30, 2004 | $610,293,849 |
| 2. Employer and Employee Contributions | 13,284,404 |
| 3. Benefits and Expenses | 59,047,362 |
| 4. Expected Investment Income | 47,028,205 |
| 5. Total Investment Income, Including Income from Securities Lending | 49,621,638 |
| 6. Investment Gain/(Loss) for the Year Ended June 30, 2005 (5 - 4) | 2,593,433 |

B. Development of Actuarial Value of Assets as of June 30, 2005

| | |
|---|---|
| 7. Expected Actuarial Value of Assets (1 + 2 - 3 + 4) | 611,559,096 |
| 8. Investment Gain/(Loss) as of June 30, 2005 Recognized Current Year (20% of 6) | 518,687 |
| 9. Investment Gain/(Loss) as of June 30, 2004 Recognized in Current Year | 4,241,612 |
| 10. Investment Gain/(Loss) as of June 30, 2003 Recognized in Current Year | (5,893,103) |
| 11. Investment Gain (Loss) as of June 30, 2002 Recognized in Current Year | (13,059,797) |
| 12. Investment Gain (Loss) as of June 30, 2001 Recognized in Current Year | (9,592,352) |
| 13. Actuarial Value of Assets as of June 30, 2005 (7 + 8 + 9 + 10 + 11 + 12) | $587,774,143 |

## *C. Fund Provisions*

Our valuation was based on the provisions of the fund in effect as of June 30, 2005 as provided in Article 12 of the Illinois Pension Code. A summary of the principal provisions of the Fund is provided in Appendix 2.

## *D. Actuarial Assumptions and Cost Method*

For the June 30, 2005 actuarial valuation, we made a change in the mortality rate assumption to the UP-1994 Mortality Table For Males, rated up one year, for male participants, and the UP-1994 Mortality Table for females, rated up one year, for female participants. For the June 30, 2004 actuarial valuation, the UP-1994 Mortality Table For Males, rated down one year, had been used for all participants. The other actuarial assumptions used for the June 30, 2005 valuation are the same as the assumptions used for the June 30, 2004 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.

## *D. Actuarial Assumptions and Cost Method (continued)*

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. This is the same actuarial cost method that was used for the June 30, 2004 actuarial valuation.

## *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, 2005, the total actuarial liability is $734,360,705, the actuarial value of assets is $587,774,143, and the unfunded actuarial liability is $146,586,562. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 80.0%.

Exhibit 3

## Actuarial Liability and Funded Status

| | Year Ending June 30 | |
|---|---|---|
| | 2005 | 2004 |
| 1. Actuarial Liability For Members in Receipt of Benefits | | |
| (a) Money purchase component of annuities to retirees | $250,316,175 | $263,764,136 |
| (b) Fixed benefit component of annuities to retirees | 51,998,256 | 54,506,709 |
| (c) Annual increases in retirement annuity | 104,587,867 | 107,343,266 |
| (d) Annual increases to employee annuitants | 1,192,350 | 1,301,743 |
| (e) Survivor annuities to survivors of current retirees | 53,788,434 | 46,880,995 |
| (f) Lump sum death benefits | 2,877,994 | 2,823,575 |
| (g) Survivor annuities to current survivors | 78,340,551 | 69,420,940 |
| (h) Total | 543,101,627 | 546,041,364 |
| 2. Actuarial Liability For Active Members | | |
| (a) Basic retirement annuity | 116,704,229 | 117,383,187 |
| (b) Annual increase in retirement annuity | 23,789,156 | 24,254,206 |
| (c) Pre-retirement survivor's annuity | 5,327,498 | 4,776,659 |
| (d) Post-retirement survivor's annuity | 11,819,479 | 10,576,942 |
| (e) Withdrawal benefits | 8,529,786 | 9,629,002 |
| (f) Pre-retirement death benefit | 949,816 | 807,415 |
| (g) Post-retirement death benefit | 312,605 | 281,956 |
| (h) Total | 167,432,569 | 167,709,367 |
| 3. Actuarial Liability For Inactive Members | 23,826,509 | 24,828,099 |
| 4. Total Actuarial Liability | 734,360,705 | 738,578,830 |
| 5. Actuarial Value of Assets | 587,774,143 | 610,293,849 |
| 6. Unfunded Actuarial Liability | $146,586,562 | $128,284,981 |
| 7. Funded Ratio | 80.0% | 82.6% |

*Impact of Change in Actuarial Assumption. We have estimated that the change in the mortality rate assumption had the impact of decreasing the fund's total actuarial liability as of June 30, 2005 by $3,773,000.*

## *F. Employer's Normal Cost*

The employer's share of the normal cost for the year beginning July 1, 2005 is developed in Exhibit 4. For the year beginning July 1, 2005, the total normal cost is determined to be $12,564,434, employee contributions are estimated to be $8,613,642, resulting in the employer's share of the normal cost of $3,950,792.

Based on a payroll of $95,707,132, the employer's share of the normal cost can be expressed as 4.13% of payroll.

Exhibit 4

### Employer's Normal Cost for Year Beginning July 1, 2005

| | *Dollar Amount* | *Percent of Payroll* |
|---|---|---|
| 1. Basic retirement annuity | $ 6,685,683 | 6.99% |
| 2. Annual increase in retirement annuity | 1,313,574 | 1.37 |
| 3. Pre-retirement survivor's annuity | 361,129 | .38 |
| 4. Post-retirement survivor's annuity | 678,095 | .71 |
| 5. Withdrawal benefits, including refunds | 1,871,541 | 1.95 |
| 6. Pre-retirement death benefit | 98,563 | .10 |
| 7. Post-retirement death benefit | 23,655 | .02 |
| 8. Children's annuity | 34,200 | .04 |
| 9. Ordinary disability benefit | 178,787 | .19 |
| 10. Duty disability benefit | 74,048 | .08 |
| 11. Administrative expenses | 1,245,159 | 1.30 |
| 12. Total normal cost | 12,564,434 | 13.13 |
| 13. Employee contributions | 8,613,642 | 9.00 |
| 14. Employer's share of normal cost | $ 3,950,792 | 4.13% |

Note. The above figures are based on a total active payroll of $95,707,132 as of June 30, 2005.

## 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, 2005 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, 2005 the actuarially determined contribution requirement amounts to $16,436,993. 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, 2005 to be $9,230,126. Thus, the employer contribution is expected to fall short of the actuarially determined contribution requirement by $7,206,867.

Exhibit 5

### Actuarially Determined Contribution Requirement For Year Beginning July 1, 2005

| | |
|---|---|
| 1. Employer's normal cost | $ 3,950,792 |
| 2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments | 12,486,201 |
| 3. Actuarially determined contribution requirement for year beginning July 1, 2005 | 16,436,993 |
| 4. Estimated employer contribution for the year | 9,230,126 |
| 5. Amount by which employer contribution is expected to exceed actuarially determined contribution requirement | $ 7,206,867 |

## *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, 2005 actuarial valuation, we have therefore calculated the annual required contribution for the fiscal year beginning July 1, 2005. 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 2006 has been determined to be as follows:

| | |
|---|---|
| 1. Employer's normal cost | $ 3,950,792 |
| 2. Annual amount to amortize the unfunded liability over 30 years through annual level-dollar payments | 12,486,201 |
| 3. Annual required contribution | $16,436,993 |

## *I. Analysis of Financial Experience*

The net actuarial experience during the period July 1, 2004 to June 30, 2005 resulted in an increase in the Fund's unfunded actuarial liability of $18,301,581. 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 $14,760,329, whereas the actual employer contribution for the year is estimated to be $4,768,605, resulting in an increase in the unfunded liability of $9,991,724.

The net rate of investment return earned by the assets of the Fund, based on the actuarial value of assets, was 3.96% in comparison with the assumed rate of investment return of 8.0%. This resulted in an increase in the unfunded liability of $23,785,000. Salaries increased at an average of 3.6% in comparision with an assumed rate of increase of 4.5% per year. This resulted in a decrease in the unfunded liability of $1,728,000.

The change made in the actuarial assumptions had the impact of decreasing the unfunded liability by $3,773,000.

The various other aspects of the Fund's experience resulted in a net decrease in the unfunded actuarial liability of $9,974,143. The aggregate financial experience of the Fund resulted in a net increase in the unfunded actuarial liability of $18,301,581.

Exhibit 6

## Analysis of Financial Experience Over the Period July 1, 2004 to June 30, 2005

| | |
|---|---|
| 1. Unfunded actuarial liability as of July 1, 2004 | $128,284,981 |
| 2. Employer contributions requirement of normal cost plus interest on unfunded liability for period 7/1/04 to 6/30/05 | 14,760,329 |
| 3. Actual employer contribution for the year | 4,768,605 |
| 4. Increase in unfunded liability due to employer contribution less than normal cost plus interest on unfunded liability (2 - 3) | 9,991,724 |
| 5. Increase in unfunded liability due to investment return lower than assumed | 23,785,000 |
| 6. Decrease in unfunded liability due to salary increases lower than assumed | 1,728,000 |
| 7. Decrease in unfunded liability due to change in actuarial assumptions | 3,773,000 |
| 8. Dccrease in unfunded liability due to other sources | 9,974,143 |
| 9. Net increase in unfunded liability for the year (4 + 5 - 6 - 7 - 8) | 18,301,581 |
| 10. Unfunded actuarial liability as of June 30, 2005 (1 + 9) | $146,586,562 |

## *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, 2005.

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 For Males, rated up 1 year, for male participants, and the UP-1994 Mortality Table For Female Employees, rated up 1 year, for female participants, 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.** Male spouses are assumed to be 2 years older than female spouses.

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

**6. Surviving Spouse's Pension.** A surviving spouse is entitled to a pension upon the death of an employee while in service or on retirement. If the surviving spouse is age 60 or over and the employee or pensioner had at least 20 years of service, the minimum surviving spouse's pension is 50% of the deceased employee's or retired employee's pension at the date of death. If the age of the surviving spouse is less than 60, the pension is reduced 1/2 of 1% for each month the surviving spouse is under age 60. If the employee had less than 20 years of service, the surviving spouse is entitled to a pension under the money purchase formula, taking into account employee and employer contributions toward the surviving spouse's pension.

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

**7. Children's Pension.** Unmarried children of a deceased employee under the age of 18 are entitled to a children's pension. If either parent is living, the pension is $100.00 per month. If no parent survives, the pension for each child is $150.00 per month. The total amount payable to a spouse or children may not exceed 60% of the employer's final salary.

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

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

Upon the death of a retired member with 10 or more years of service, the $10,000 maximum benefit is reduced to $6,000 if death occurs during the first year of retirement. Thereafter, it is reduced by $1,500 for each year or fraction of a year while on retirement, but shall not be less than $3,000.

**9. Ordinary Disability Benefit.** An ordinary disability benefit is payable after 8 consecutive days of absence for illness without pay. The amount of the benefit is 45% of salary. The benefit is payable for a period not to exceed 1/4 of the length of service or 5 years, whichever is less.

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

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

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

An employee who is unmarried at date of retirement is entitled to a refund of the full amount contributed for the spouse's pension, without interest.

# Appendix 3

## Glossary of Terms Used in Report

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

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

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

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

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

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

7. **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

| | Active Members | | | |
|---|---|---|---|---|
| Valuation Date | Number | Annual Payroll | Annual Average Pay | % Increase In Average Pay |
| 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) |
| 06/30/05 | 2,881 | 95,707,132 | 33,220 | 6.6 |

## TABLE II
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

| | Added to Rolls | | Removed from Rolls | | Rolls-End-of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Benefits | Number | Annual Benefits | Number | Annual Benefits | Average Annual Benefit | % Increase in Average Annual Benefit |
| 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 | 3,240(1) | 54,854,367 | 17,063 | 10.2 |
| 2005 | 62 | 2,771,265 | 118 | 2,211,151 | 3,184 | 55,414,481 | 17,542 | 2.8 |

## TABLE III
Solvency Test

| | ACCRUED LIABILITIES FOR | | | | Percent of Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | | | |
| Fiscal Year Ended | Active Members Accumulated Contributions | Members Currently Receiving Benefits | Active and Inactive Member Employer Portion | Actuarial Value of Assets | (1) | (2) | (3) |
| 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 |
| 2005 | 107,874,190 | 543,101,627 | 83,384,888 | 587,774,143 | 100 | 88 | 0 |

(1) 2004 Retires and Beneficiaries now includes 25 Children beneficiaries.

# MEMBERSHIP STATISTICS

| | FY 2005 | FY 2004 |
|---|---|---|
| Active participants | 2,881 | 2,820 |
| Retired employees - annuities | 2,231 | 2,294 |
| Surviving spouses - annuities | 928 | 921 |
| Children - annuities | 25 | 25 |
| Retirement granted during the year | 62 | 351 |
| Retirement reductions due to deaths and pension terminations | 118 | 176 |
| New Members | 356 | 279 |
| Withdrawals with refund | 203 | 237 |

## ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE

Table I

### At June 30, 2005

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 06/30/05 | Number | Annual Salaries | Number | Annual Salaries | Number | Annual Salaries |
| 17 | 1 | $ 4,116 | 5 | $ 25,546 | 6 | $ 29,662 |
| 18 | 15 | 82,309 | 9 | 39,111 | 24 | 121,420 |
| 19 | 26 | 260,082 | 18 | 108,588 | 44 | 368,670 |
| 20 | 35 | 318,542 | 29 | 178,316 | 64 | 496,858 |
| 21 | 42 | 530,363 | 50 | 456,035 | 92 | 986,398 |
| 22 | 44 | 559,410 | 49 | 632,885 | 93 | 1,192,295 |
| 23 | 39 | 409,825 | 29 | 430,554 | 68 | 840,379 |
| 24 | 42 | 574,966 | 30 | 433,752 | 72 | 1,008,718 |
| 25 | 44 | 818,397 | 29 | 477,766 | 73 | 1,296,163 |
| 26 | 39 | 825,990 | 21 | 403,473 | 60 | 1,229,463 |
| 27 | 23 | 465,369 | 26 | 567,609 | 49 | 1,032,978 |
| 28 | 19 | 413,271 | 28 | 761,917 | 47 | 1,175,188 |
| 29 | 27 | 603,495 | 21 | 593,797 | 48 | 1,197,292 |
| 30 | 21 | 523,911 | 29 | 927,001 | 50 | 1,450,912 |
| 31 | 27 | 588,565 | 22 | 677,577 | 49 | 1,266,142 |
| 32 | 36 | 1,235,341 | 21 | 671,853 | 57 | 1,907,194 |
| 33 | 28 | 794,993 | 25 | 820,961 | 53 | 1,615,954 |
| 34 | 32 | 881,277 | 33 | 1,140,274 | 65 | 2,021,551 |
| 35 | 49 | 1,527,912 | 28 | 816,126 | 77 | 2,344,038 |
| 36 | 44 | 1,326,908 | 22 | 802,407 | 66 | 2,129,315 |
| 37 | 43 | 1,419,826 | 27 | 808,557 | 70 | 2,228,383 |
| 38 | 42 | 1,624,600 | 33 | 1,010,065 | 75 | 2,634,665 |
| 39 | 31 | 1,091,312 | 34 | 1,155,523 | 65 | 2,246,835 |
| 40 | 48 | 1,921,192 | 40 | 1,273,624 | 88 | 3,194,816 |
| 41 | 38 | 1,463,263 | 19 | 578,017 | 57 | 2,041,280 |
| 42 | 48 | 1,736,785 | 25 | 819,294 | 73 | 2,556,079 |
| 43 | 57 | 2,522,854 | 35 | 966,435 | 92 | 3,489,289 |
| 44 | 52 | 2,093,956 | 38 | 1,418,918 | 90 | 3,512,874 |
| 45 | 55 | 2,108,655 | 34 | 1,042,339 | 89 | 3,150,994 |
| 46 | 56 | 2,412,569 | 31 | 1,070,810 | 87 | 3,483,379 |
| 47 | 57 | 2,379,351 | 21 | 801,849 | 78 | 3,181,200 |
| 48 | 47 | 1,995,860 | 20 | 621,168 | 67 | 2,617,028 |
| 49 | 56 | 2,296,582 | 26 | 1,043,435 | 82 | 3,340,017 |
| 50 | 67 | 3,022,361 | 26 | 974,703 | 93 | 3,997,064 |
| 51 | 46 | 2,062,324 | 19 | 625,949 | 65 | 2,688,273 |
| 52 | 30 | 1,251,638 | 24 | 721,692 | 54 | 1,973,330 |

## ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY AGE AT JUNE 30, 2005

Table I (continued)

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 06/30/05 | Number | Annual Salaries | Number | Annual Salaries | Number | Annual Salaries |
| 53 | 36 | $ 1,393,568 | 15 | $ 439,910 | 51 | $ 1,833,478 |
| 54 | 45 | 1,960,047 | 19 | 692,757 | 64 | 2,652,804 |
| 55 | 45 | 1,910,471 | 17 | 471,854 | 62 | 2,382,325 |
| 56 | 27 | 1,089,224 | 10 | 362,784 | 37 | 1,452,008 |
| 57 | 29 | 975,668 | 13 | 317,662 | 42 | 1,293,330 |
| 58 | 27 | 1,080,063 | 3 | 99,560 | 30 | 1,179,623 |
| 59 | 19 | 644,644 | 8 | 238,826 | 27 | 883,470 |
| 60 | 21 | 789,641 | 9 | 246,692 | 30 | 1,036,333 |
| 61 | 19 | 598,987 | 4 | 169,339 | 23 | 768,326 |
| 62 | 19 | 734,413 | 10 | 405,456 | 29 | 1,139,869 |
| 63 | 9 | 328,383 | 2 | 60,268 | 11 | 388,651 |
| 64 | 10 | 375,586 | 6 | 222,407 | 16 | 597,993 |
| 65 | 12 | 468,908 | 4 | 105,720 | 16 | 574,628 |
| 66 | 11 | 272,513 | 3 | 77,414 | 14 | 349,927 |
| 67 | 8 | 272,292 | - | - | 8 | 272,292 |
| 68 | 7 | 232,759 | 1 | 10,275 | 8 | 243,034 |
| 69 | 3 | 47,820 | 1 | 39,104 | 4 | 86,924 |
| 70 | 3 | 150,237 | 1 | 31,076 | 4 | 181,313 |
| 71 | 2 | 43,599 | 3 | 60,187 | 5 | 103,786 |
| 72 | 2 | 100,423 | 1 | 17,654 | 3 | 118,077 |
| 73 | 4 | 99,125 | - | - | 4 | 99,125 |
| 75 | 4 | 105,884 | - | - | 4 | 105,884 |
| 76 | - | - | 2 | 27,893 | 2 | 27,893 |
| 77 | 1 | 32,847 | - | - | 1 | 32,847 |
| 78 | - | - | 2 | 13,519 | 2 | 13,519 |
| 79 | 1 | 47,187 | - | - | 1 | 47,187 |
| 84 | 1 | 13,340 | - | - | 1 | 13,340 |
| | 1,771 | $57,915,799 | 1,110 | $30,008,283 | 2,881 | $87,924,082 |

| | Male | Female | Both |
|---|---|---|---|
| Average Age: | 41.4 | 37.6 | 40.0 |
| Average Salary: | $32,702 | $27,034 | $30,519 |

## ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE

Table II

### At June 30, 2005

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Years of Service | Number | Annual Salaries | Number | Annual Salaries | Number | Annual Salaries |
| < 1 | 206 | $ 1,439,319 | 147 | $ 689,768 | 353 | $ 2,129,087 |
| 1 | 153 | 3,905,707 | 93 | 1,667,327 | 246 | 5,573,034 |
| 2 | 80 | 1,669,032 | 67 | 1,262,171 | 147 | 2,931,203 |
| 3 | 124 | 2,521,159 | 77 | 1,414,124 | 201 | 3,935,283 |
| 4 | 100 | 2,435,178 | 73 | 1,492,980 | 173 | 3,928,158 |
| 5 | 121 | 4,072,933 | 92 | 3,079,992 | 213 | 7,152,925 |
| 6 | 120 | 4,131,186 | 89 | 2,661,960 | 209 | 6,793,146 |
| 7 | 79 | 2,491,098 | 70 | 2,167,660 | 149 | 4,658,758 |
| 8 | 77 | 2,454,438 | 53 | 1,663,633 | 130 | 4,118,071 |
| 9 | 68 | 2,515,041 | 61 | 2,066,082 | 129 | 4,581,123 |
| 10 | 42 | 1,138,353 | 28 | 1,203,205 | 70 | 2,341,558 |
| 11 | 15 | 586,673 | 18 | 732,571 | 33 | 1,319,244 |
| 12 | 20 | 908,977 | 19 | 701,463 | 39 | 1,610,440 |
| 13 | 62 | 2,257,887 | 30 | 1,079,863 | 92 | 3,337,750 |
| 14 | 35 | 1,689,984 | 9 | 333,724 | 44 | 2,023,708 |
| 15 | 40 | 2,168,283 | 21 | 857,712 | 61 | 3,025,995 |
| 16 | 26 | 1,451,406 | 25 | 1,053,839 | 51 | 2,505,245 |
| 17 | 24 | 1,055,981 | 12 | 500,481 | 36 | 1,556,462 |
| 18 | 32 | 1,555,757 | 11 | 426,130 | 43 | 1,981,887 |
| 19 | 40 | 1,903,205 | 22 | 902,549 | 62 | 2,805,754 |
| 20 | 40 | 1,987,380 | 18 | 739,050 | 58 | 2,726,430 |
| 21 | 22 | 979,200 | 7 | 318,048 | 29 | 1,297,248 |
| 22 | 27 | 1,285,990 | 11 | 519,646 | 38 | 1,805,636 |
| 23 | 19 | 1,080,409 | 4 | 148,899 | 23 | 1,229,308 |
| 24 | 45 | 2,486,109 | 12 | 531,914 | 57 | 3,018,023 |
| 25 | 36 | 1,637,548 | 5 | 227,756 | 41 | 1,865,304 |
| 26 | 13 | 639,313 | 9 | 406,382 | 22 | 1,045,695 |
| 27 | 18 | 1,034,103 | 1 | 30,917 | 19 | 1,065,020 |
| 28 | 17 | 863,568 | 3 | 152,637 | 20 | 1,016,205 |
| 29 | 14 | 828,160 | 5 | 205,844 | 19 | 1,034,004 |
| 30 | 16 | 765,707 | 5 | 232,631 | 21 | 998,338 |
| 31 | 13 | 690,533 | 1 | 56,305 | 14 | 746,838 |
| 32 | 6 | 286,222 | 2 | 104,997 | 8 | 391,219 |
| 33 | 5 | 268,777 | 2 | 35,436 | 7 | 304,213 |
| 34 | 1 | 38,829 | 1 | 48,935 | 2 | 87,764 |
| 35 | 2 | 114,467 | 1 | 43,137 | 3 | 157,604 |

# ACTIVE MEMBERS AND TOTAL ANNUAL SALARIES BY LENGTH OF SERVICE
## At June 30, 2005

Table II
(cotinued)

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Years of Service | Number | Annual Salaries | Number | Annual Salaries | Number | Annual Salaries |
| 36 | 3 | $ 149,333 | 4 | $ 194,056 | 7 | $ 343,389 |
| 37 | 2 | 99,910 | - | - | 2 | 99,910 |
| 38 | 1 | 41,637 | - | - | 1 | 41,637 |
| 39 | 1 | 34,612 | - | - | 1 | 34,612 |
| 40 | 1 | 41,637 | - | - | 1 | 41,637 |
| 41 | 1 | 34,684 | - | - | 1 | 34,684 |
| 44 | 1 | 39,352 | - | - | 1 | 39,352 |
| 45 | 1 | 31,191 | - | - | 1 | 31,191 |
| 47 | - | - | 1 | 43,261 | 1 | 43,261 |
| 49 | 1 | 58,344 | - | - | 1 | 58,344 |
| 50 | - | - | 1 | 11,198 | 1 | 11,198 |
| 57 | 1 | 47,187 | - | - | 1 | 47,187 |
| | 1,771 | $57,915,799 | 1,110 | $30,008,283 | 2,881 | $87,924,082 |

| | Male | Female | Both |
|---|---|---|---|
| Average Service: | 9.6 yrs. | 7.5 yrs. | 8.8 yrs. |
| Average Salary: | $32,702 | $27,034 | $30,519 |

## RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS
Table III

### At June 30, 2005

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 6/30/05 | Number | Annual Payments | Number | Annual Payments | Number | Annual Payments |
| 50 | 8 | $ 165,711 | 2 | $ 50,789 | 10 | $ 216,500 |
| 51 | 20 | 566,411 | 1 | 11,210 | 21 | 577,621 |
| 52 | 28 | 760,763 | 12 | 363,880 | 40 | 1,124,643 |
| 53 | 25 | 741,781 | 5 | 120,523 | 30 | 862,304 |
| 54 | 37 | 893,939 | 11 | 369,630 | 48 | 1,263,569 |
| 55 | 35 | 882,459 | 4 | 139,514 | 39 | 1,021,973 |
| 56 | 44 | 1,117,504 | 6 | 175,828 | 50 | 1,293,332 |
| 57 | 50 | 1,266,659 | 11 | 305,641 | 61 | 1,572,300 |
| 58 | 47 | 1,138,566 | 7 | 115,391 | 54 | 1,253,957 |
| 59 | 42 | 883,026 | 14 | 276,890 | 56 | 1,159,916 |
| 60 | 33 | 813,575 | 10 | 161,753 | 43 | 975,328 |
| 61 | 44 | 1,226,758 | 16 | 277,066 | 60 | 1,503,824 |
| 62 | 63 | 1,463,878 | 21 | 380,155 | 84 | 1,844,033 |
| 63 | 41 | 937,493 | 19 | 287,383 | 60 | 1,224,876 |
| 64 | 50 | 1,253,053 | 12 | 158,335 | 62 | 1,411,388 |
| 65 | 37 | 863,926 | 10 | 64,747 | 47 | 928,673 |
| 66 | 57 | 1,413,920 | 21 | 319,918 | 78 | 1,733,838 |
| 67 | 53 | 1,240,830 | 16 | 220,830 | 69 | 1,461,660 |
| 68 | 64 | 1,393,903 | 15 | 252,268 | 79 | 1,646,171 |
| 69 | 48 | 1,144,095 | 18 | 271,950 | 66 | 1,416,045 |
| 70 | 65 | 1,388,722 | 13 | 142,192 | 78 | 1,530,914 |
| 71 | 63 | 1,415,293 | 14 | 149,321 | 77 | 1,564,614 |
| 72 | 51 | 998,777 | 19 | 260,832 | 70 | 1,259,609 |
| 73 | 53 | 977,761 | 13 | 192,532 | 66 | 1,170,293 |
| 74 | 68 | 1,482,471 | 15 | 177,358 | 83 | 1,659,829 |
| 75 | 58 | 1,490,433 | 14 | 279,973 | 72 | 1,770,406 |
| 76 | 66 | 1,463,828 | 14 | 176,704 | 80 | 1,640,532 |
| 77 | 64 | 1,214,087 | 14 | 156,120 | 78 | 1,370,207 |
| 78 | 52 | 1,187,845 | 11 | 150,417 | 63 | 1,338,262 |
| 79 | 37 | 779,758 | 13 | 149,917 | 50 | 929,675 |
| 80 | 52 | 1,232,774 | 12 | 170,640 | 64 | 1,403,414 |
| 81 | 37 | 719,604 | 16 | 235,259 | 53 | 954,863 |
| 82 | 46 | 818,251 | 11 | 114,632 | 57 | 932,883 |
| 83 | 30 | 544,044 | 8 | 51,336 | 38 | 595,380 |
| 84 | 31 | 716,401 | 11 | 215,293 | 42 | 931,694 |
| 85 | 28 | 527,395 | 13 | 159,009 | 41 | 686,404 |

## *RETIREMENT PENSIONS BY AGE AND ANNUAL PAYMENTS*
### *At June 30, 2005*

Table III
(continued)

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 06/30/05 | Number | Annual Payments | Number | Annual Payments | Number | Annual Payments |
| 86 | 18 | 447,415 | 12 | 134,876 | 30 | 582,291 |
| 87 | 14 | 297,112 | 6 | 85,226 | 20 | 382,338 |
| 88 | 19 | 254,931 | 9 | 61,150 | 28 | 316,081 |
| 89 | 11 | 220,376 | 7 | 61,508 | 18 | 281,884 |
| 90 | 10 | 113,443 | 12 | 101,674 | 22 | 215,117 |
| 91 | 13 | 269,654 | 2 | 16,149 | 15 | 285,803 |
| 92 | 4 | 24,456 | 5 | 39,879 | 9 | 64,335 |
| 93 | 5 | 44,450 | 3 | 30,206 | 8 | 74,656 |
| 94 | 1 | 6,551 | 3 | 11,728 | 4 | 18,279 |
| 95 | - | - | 3 | 24,402 | 3 | 24,402 |
| 96 | - | - | 1 | 6,283 | 1 | 6,283 |
| 97 | 1 | 10,978 | - | - | 1 | 10,978 |
| 98 | - | - | 1 | 2,886 | 1 | 2,886 |
| 100 | - | - | 2 | 4,883 | 2 | 4,883 |
| | 1,723 | $38,815,060 | 508 | $7,686,086 | 2,231 | $46,501,146 |

| | Male | Female | Both |
|---|---|---|---|
| *Average Age:* | 69.7 | 71.8 | 70.2 |
| *Average Annual Payments:* | $22,528 | $15,130 | $20,843 |

## *RETIREMENT PENSIONS BY AGE AT TIME OF RETIREMENT*

Table IV

*At June 30, 2005*

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at Retirement | Number | Annual Payments | Number | Annual Payments | Number | Annual Payments |
| 50 | 110 | $ 2,643,578 | 25 | $ 540,765 | 135 | $ 3,184,343 |
| 51 | 79 | 2,253,823 | 15 | 433,721 | 94 | 2,687,544 |
| 52 | 71 | 2,036,106 | 22 | 509,283 | 93 | 2,545,389 |
| 53 | 64 | 1,660,764 | 15 | 363,026 | 79 | 2,023,790 |
| 54 | 56 | 1,591,040 | 17 | 486,476 | 73 | 2,077,516 |
| 55 | 103 | 2,133,649 | 41 | 499,291 | 144 | 2,632,940 |
| 56 | 99 | 2,137,018 | 23 | 311,707 | 122 | 2,448,725 |
| 57 | 79 | 1,976,915 | 12 | 132,308 | 91 | 2,109,223 |
| 58 | 80 | 1,546,932 | 20 | 235,248 | 100 | 1,782,180 |
| 59 | 71 | 1,776,105 | 23 | 286,823 | 94 | 2,062,928 |
| 60 | 104 | 2,439,046 | 40 | 559,919 | 144 | 2,998,965 |
| 61 | 86 | 2,044,828 | 20 | 263,268 | 106 | 2,308,096 |
| 62 | 114 | 2,334,092 | 30 | 411,114 | 144 | 2,745,206 |
| 63 | 83 | 1,764,868 | 24 | 354,792 | 107 | 2,119,660 |
| 64 | 69 | 1,528,568 | 28 | 288,969 | 97 | 1,817,537 |
| 65 | 135 | 2,478,957 | 40 | 468,629 | 175 | 2,947,586 |
| 66 | 81 | 1,442,200 | 18 | 227,987 | 99 | 1,670,187 |
| 67 | 67 | 1,404,948 | 21 | 257,635 | 88 | 1,662,583 |
| 68 | 44 | 1,015,854 | 18 | 272,774 | 62 | 1,288,628 |
| 69 | 36 | 715,090 | 13 | 183,711 | 49 | 898,801 |
| 70 | 34 | 632,313 | 17 | 226,351 | 51 | 858,664 |
| 71 | 21 | 563,844 | 5 | 42,715 | 26 | 606,559 |
| 72 | 11 | 218,233 | 5 | 99,463 | 16 | 317,696 |
| 73 | 5 | 118,467 | 3 | 64,512 | 8 | 182,979 |
| 74 | 4 | 109,500 | 1 | 2,758 | 5 | 112,258 |
| 75 | 7 | 157,876 | 4 | 48,413 | 11 | 206,289 |
| 76 | 3 | 30,574 | 1 | 3,258 | 4 | 33,832 |
| 77 | 1 | 2,510 | 5 | 84,893 | 6 | 87,403 |
| 78 | 3 | 32,265 | - | - | 3 | 32,265 |
| 80 | 1 | 18,786 | 1 | 14,856 | 2 | 33,642 |
| 81 | 1 | 4,274 | - | - | 1 | 4,274 |
| 82 | 1 | 2,037 | - | - | 1 | 2,037 |
| 92 | - | - | 1 | 11,421 | 1 | 11,421 |
| | 1,723 | $38,815,060 | 508 | $7,686,086 | 2,231 | $46,501,146 |

| | Male | Female | Both |
|---|---|---|---|
| *Average Age:* | 59.8 | 60.7 | 60.0 |
| *Average Annual Payments:* | $22,528 | $15,130 | $20,843 |

## SURVIVING SPOUSE'S PENSION BY AGE AND ANNUAL PAYMENTS
### At June 30, 2005

Table V

| Age at 06/30/05 | Number | Annual Payments | Age at 06/30/05 | Number | Annual Payments |
|---|---|---|---|---|---|
| 41 | 2 | $ 15,108 | 71 | 27 | $ 278,067 |
| 42 | 1 | 5,983 | 72 | 29 | 367,985 |
| 44 | 3 | 32,751 | 73 | 32 | 362,962 |
| 45 | 1 | 4,323 | 74 | 29 | 344,391 |
| 46 | 2 | 21,084 | 75 | 29 | 338,003 |
| 47 | 4 | 39,475 | 76 | 35 | 369,114 |
| 48 | 1 | 14,514 | 77 | 36 | 345,375 |
| 49 | 4 | 65,607 | 78 | 37 | 329,727 |
| 50 | 5 | 63,203 | 79 | 34 | 330,399 |
| 51 | 7 | 101,322 | 80 | 37 | 351,479 |
| 52 | 3 | 20,472 | 81 | 41 | 327,423 |
| 53 | 2 | 31,264 | 82 | 36 | 330,472 |
| 54 | 8 | 65,532 | 83 | 31 | 240,853 |
| 55 | 8 | 100,894 | 84 | 40 | 389,224 |
| 56 | 3 | 44,162 | 85 | 33 | 293,827 |
| 57 | 7 | 82,064 | 86 | 27 | 172,931 |
| 58 | 12 | 93,573 | 87 | 26 | 154,049 |
| 59 | 7 | 79,525 | 88 | 23 | 136,535 |
| 60 | 8 | 126,048 | 89 | 20 | 143,009 |
| 61 | 13 | 140,159 | 90 | 18 | 111,789 |
| 62 | 11 | 120,830 | 91 | 6 | 31,047 |
| 63 | 9 | 116,725 | 92 | 16 | 85,266 |
| 64 | 18 | 244,107 | 93 | 14 | 53,844 |
| 65 | 15 | 173,228 | 94 | 8 | 41,283 |
| 66 | 14 | 182,902 | 95 | 6 | 34,338 |
| 67 | 12 | 140,379 | 96 | 7 | 26,108 |
| 68 | 19 | 224,174 | 97 | 7 | 25,698 |
| 69 | 22 | 237,515 | 100 | 1 | 4,840 |
| 70 | 21 | 304,029 | 101 | 1 | 2,345 |
| | | | | 928 | $8,913,335 |

| | |
|---|---|
| *Average Age:* | 76.2 |
| *Average Annual Payments:* | $9,605 |

## SURVIVING SPOUSE'S PENSION BY AGE AT COMMENCEMENT — Table VI
## At June 30, 2005

| Age at Commencement | Number | Annual Payments | Age at Commencement | Number | Annual Payments |
|---|---|---|---|---|---|
| 21 | 1 | $ 799 | 60 | 27 | $ 273,867 |
| 27 | 2 | 3,181 | 61 | 31 | 319,884 |
| 28 | 2 | 8,186 | 62 | 28 | 255,295 |
| 29 | 1 | 1,385 | 63 | 21 | 245,557 |
| 30 | 1 | 10,339 | 64 | 30 | 317,528 |
| 31 | 2 | 7,989 | 65 | 28 | 283,846 |
| 32 | 1 | 792 | 66 | 39 | 457,278 |
| 33 | 4 | 21,000 | 67 | 34 | 301,775 |
| 34 | 1 | 5,331 | 68 | 33 | 322,067 |
| 35 | 3 | 4,945 | 69 | 36 | 331,394 |
| 36 | 9 | 38,163 | 70 | 28 | 283,842 |
| 37 | 2 | 16,588 | 71 | 28 | 286,961 |
| 38 | 3 | 11,275 | 72 | 27 | 277,787 |
| 39 | 6 | 59,432 | 73 | 23 | 149,561 |
| 40 | 2 | 29,665 | 74 | 26 | 237,157 |
| 41 | 8 | 60,854 | 75 | 17 | 181,046 |
| 42 | 11 | 85,959 | 76 | 21 | 212,913 |
| 43 | 8 | 80,322 | 77 | 19 | 162,284 |
| 44 | 11 | 51,816 | 78 | 16 | 135,364 |
| 45 | 6 | 67,748 | 79 | 10 | 79,085 |
| 46 | 8 | 70,639 | 80 | 26 | 228,375 |
| 47 | 5 | 50,217 | 81 | 9 | 42,103 |
| 48 | 13 | 124,430 | 82 | 11 | 74,862 |
| 49 | 16 | 180,597 | 83 | 12 | 89,448 |
| 50 | 17 | 159,754 | 84 | 11 | 89,225 |
| 51 | 13 | 145,058 | 85 | 4 | 15,860 |
| 52 | 11 | 100,797 | 86 | 3 | 29,969 |
| 53 | 26 | 230,611 | 87 | 1 | 2,049 |
| 54 | 15 | 170,536 | 88 | 4 | 30,570 |
| 55 | 20 | 235,980 | 89 | 2 | 13,473 |
| 56 | 22 | 231,300 | 90 | 1 | 10,436 |
| 57 | 21 | 284,724 | 93 | 1 | 3,406 |
| 58 | 28 | 336,436 | | | |
| 59 | 22 | 282,220 | | | |
| | | | | 928 | $8,913,335 |

| | |
|---|---|
| Average Age: | 63.4 |
| Average Annual Payments: | $9,605 |

## RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS
at June 30, 2005

Table VII

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 06/30/05 | Number | Annual Payments | Number | Annual Payments | Number | Annual Payments |
| 51 | 12 | $ 12,787 | - | $ - | 12 | $ 12,787 |
| 52 | 26 | 22,805 | 9 | 9,931 | 35 | 32,736 |
| 53 | 14 | 17,826 | 3 | 3,921 | 17 | 21,747 |
| 54 | 25 | 30,675 | 7 | 11,440 | 32 | 42,115 |
| 55 | 19 | 27,777 | 3 | 7,303 | 22 | 35,080 |
| 56 | 32 | 63,547 | 4 | 12,001 | 36 | 75,548 |
| 57 | 33 | 104,740 | 8 | 30,849 | 41 | 135,589 |
| 58 | 28 | 93,567 | 2 | 11,619 | 30 | 105,186 |
| 59 | 19 | 75,020 | 8 | 29,853 | 27 | 104,873 |
| 60 | 32 | 83,107 | 7 | 3,756 | 39 | 86,863 |
| 61 | 43 | 151,568 | 16 | 33,170 | 59 | 184,738 |
| 62 | 60 | 194,325 | 20 | 41,548 | 80 | 235,873 |
| 63 | 38 | 134,632 | 15 | 34,691 | 53 | 169,323 |
| 64 | 46 | 160,590 | 9 | 22,237 | 55 | 182,827 |
| 65 | 37 | 123,998 | 8 | 7,418 | 45 | 131,416 |
| 66 | 55 | 236,353 | 21 | 44,028 | 76 | 280,381 |
| 67 | 49 | 190,989 | 16 | 32,336 | 65 | 223,325 |
| 68 | 61 | 231,786 | 15 | 34,915 | 76 | 266,701 |
| 69 | 44 | 189,393 | 18 | 41,599 | 62 | 230,992 |
| 70 | 63 | 280,381 | 12 | 24,440 | 75 | 304,821 |
| 71 | 60 | 300,296 | 13 | 28,929 | 73 | 329,225 |
| 72 | 50 | 208,617 | 16 | 49,893 | 66 | 258,510 |
| 73 | 51 | 211,408 | 13 | 44,040 | 64 | 255,448 |
| 74 | 67 | 327,259 | 14 | 35,919 | 81 | 363,178 |
| 75 | 55 | 383,835 | 14 | 69,029 | 69 | 452,864 |
| 76 | 64 | 366,597 | 13 | 41,770 | 77 | 408,367 |
| 77 | 63 | 299,841 | 13 | 39,229 | 76 | 339,070 |
| 78 | 50 | 357,019 | 11 | 36,550 | 61 | 393,569 |
| 79 | 36 | 238,778 | 13 | 40,883 | 49 | 279,661 |
| 80 | 52 | 387,033 | 12 | 46,579 | 64 | 433,612 |
| 81 | 36 | 218,426 | 16 | 70,090 | 52 | 288,516 |
| 82 | 46 | 249,362 | 11 | 31,032 | 57 | 280,394 |
| 83 | 29 | 183,473 | 7 | 18,874 | 36 | 202,347 |
| 84 | 30 | 233,951 | 11 | 60,596 | 41 | 294,547 |
| 85 | 28 | 180,866 | 13 | 57,586 | 41 | 238,452 |
| 86 | 18 | 154,615 | 12 | 38,049 | 30 | 192,664 |
| 87 | 14 | 105,970 | 6 | 31,104 | 20 | 137,074 |
| 88 | 18 | 94,248 | 9 | 23,679 | 27 | 117,927 |

# RETIREE'S AUTOMATIC INCREASES BY AGE & ANNUAL PAYMENTS

## at June 30, 2005

Table VII
(continued)

| | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| Age at 06/30/04 | Number | Annual Payments | Number | Annual Payments | Number | Annual Payments |
| 89 | 11 | 88,535 | 7 | 21,689 | 18 | 110,224 |
| 90 | 9 | 42,989 | 11 | 40,255 | 20 | 83,244 |
| 91 | 13 | 107,125 | 2 | 6,477 | 15 | 113,602 |
| 92 | 4 | 7,449 | 5 | 15,123 | 9 | 22,572 |
| 93 | 3 | 16,797 | 3 | 14,341 | 6 | 31,138 |
| 94 | 1 | 2,932 | 3 | 3,540 | 4 | 6,472 |
| 95 | - | - | 3 | 5,961 | 3 | 5,961 |
| 96 | - | - | 1 | 455 | 1 | 455 |
| 97 | 1 | 5,433 | - | - | 1 | 5,433 |
| 98 | - | - | 1 | 1,399 | 1 | 1,399 |
| 100 | - | - | 2 | 2,429 | 2 | 2,429 |
| | 1,545 | $7,198,720 | 456 | $1,312,555 | 2,001 | $8,511,275 |

| | Male | Female | Both |
|---|---|---|---|
| Average Age: | 70.9 | 73.0 | 71.3 |
| Average Monthly Increases: | $ 388 | $ 240 | $ 354 |
| Average Annual Increases: | $4,659 | $2,878 | $4,254 |

## ANNUITIES AND REFUNDS BY TYPE
## Last Ten Years

Table VIII

| Fiscal Year Ended June 30 | Retirement | Surviving Spouse | Children | Refunds Employees | Refunds Pensioners |
|---|---|---|---|---|---|
| 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 |
| 2005 | 46,472,103 | 8,614,689 | 32,400 | 1,792,192 | 168,297 |

## DEATH AND DISABILITY BENEFITS
## Last Ten Years

Table IX

| Fiscal Year Ended June 30 | Death Benefit | Ordinary Disability | Duty Disability | Total |
|---|---|---|---|---|
| 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 |
| 2005 | 392,200 | 357,986 | 31,629 | 781,815 |

(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 |
|---|---|---|---|
| 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 |
| 2005 | 1,771 | 1,110 | 2,881 |

## *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 |
| 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 |
| 2005 | 32,702 | 41.4 | 9.6 | 27,034 | 37.6 | 7.5 | 30,519 | 40.0 | 8.8 |

## RETIREES AND BENEFICIARIES RECEIVING BENEFITS
## Last Ten Years

Table XII

| Fiscal Year Ended June 30 | Retirees | Surviving Spouses | Children | Total |
|---|---|---|---|---|
| 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 |
| 2005 | 2,231 | 928 | 25 | 3,184 |

## 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 |
| 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 |
| 2005 | 1,545 | 456 | 7,198,720 | 1,312,555 | 2,001 | 8,511,275 |

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

Table XIV

| *Fiscal Year Ended June 30* | *Average Annual Payments* | |
|---|---|---|
| | *Retiree* | *Spouse* |
| 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 |
| 2005 | 20,843 | 9,605 |

## 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) |
|---|---|---|---|---|
| 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 |
| 2005 | 587,774,143 | 146,586,562 | 734,360,705 | 80.0 |

## ADDITIONS TO NET ASSETS
## Last Ten Years

Table II

| Fiscal Year Ended June 30 | Annual Income | | Net Expenses | Increase (Decrease) | Assets | |
|---|---|---|---|---|---|---|
| 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) |
| 2005 | 62,906,042 | (b) | 59,047,362 | 3,858,680 | 577,728,818 | (b) |

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

(b) 1996 - 2005 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 |
|---|---|---|---|
| 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 |
| 2005 | 95,707,132 | 146,586,562 (a) | 153.2 |

(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 % |
|---|---|---|---|---|---|---|---|---|---|
| (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 |
| (b)(d) | 2005 | 4,768,605 | 8 | 8,515,799 | 14 | 49,621,638 | 78 | 62,906,042 | 100 |

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

# *EXPENSES BY TYPE*
## *Last Ten Years*

Table V

| *Fiscal Year Ended June 30* | *Benefits* | *Administrative* | *Refunds* | *Total* |
|---|---|---|---|---|
| 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 |
| 2005 | 55,901,007 | 1,185,866 | 1,960,489 | 59,047,362 |