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, 2008

Prepared by The Staff of the Retirement Board

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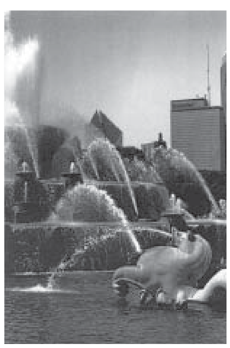


Buckingham Fountain - Grant Park

Introductory 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, 2007

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

President

Executive Director

Transmittal Letter

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

December 22, 2008

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, 2008. The accuracy of the information contained in the report including all disclosures is the sole responsibility of the Fund. The intent of the CAFR is to present fairly the financial condition of the Fund and its related results of operations. The statements and disclosures contained in the CAFR are necessary to assist the Fund's participants, taxpayers and other interested parties towards fully understanding the Fund's financial condition. Readers of the CAFR are directed to review the Management Discussion and Analysis (MD & A) narrative of the Financial Section for important overview and analysis.

Fund Background

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

Responsibilities of the Board of Trustees

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

Accounting Method and Internal Controls

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

The Fund employs a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records which includes the financial statements, supporting schedules and statistical tables. 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 2008	FY 2007	Increase (Decrease)	Percent Change
Employer Contribution	$ 8,998,687	$ 9,594,593	$ (595,906)	(6.2)
Employee Contribution	10,264,805	9,719,082	545,723	5.6
Investment Income	(17,391,594)	88,741,395	(106,132,989)	(119.6)
Total	$ 1,871,898	$108,055,070	$(106,183,172)	(98.3)

Employee contributions are based on the statutory contribution rate of 9% of salary for all active members in the Fund. Employee contributions have increased as the vacancies created from the 2004 Early Retirement Incentive Program (ERI) have 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. The decrease in the employer's contributions is a result of the initial reduction of employees brought about by the 2004 early retirement encentive program.

Investment income is comprised of actual earnings (i.e. dividends, interests, realized gains and losses) and unrealized gains and losses. A decrease in the fiscal year end market values for all investments has generated an unrealized loss. This unrealized loss coupled with the other areas of net investment income reflects a decrease of $106,132,989 for the fiscal year ending 2008.

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

Category	FY 2008	FY 2007	Increase (Decrease)	Percent Change
Retirement Benefits	$47,935,949	$47,002,222	$ 933,727	1.99
Spouses Benefits	9,440,330	9,265,244	175,086	1.89
Children Benefits	22,300	24,900	(2,600)	(10.44)
Disability Benefits	279,138	246,691	32,447	13.15
Death Benefits	295,900	271,000	24,900	9.19
Refund Payments	1,964,838	1,768,914	195,924	11.08
Administrative Expenses	1,289,579	1,237,899	51,680	4.17
Total	$61,228,034	$59,816,870	$1,411,166	2.36

Funding Status

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

Based upon the above, the unfunded liability as of June 30, 2008 was $208,703,097 which compares to $184,634,683 for the previous year. The funding ratio as of June 30, 2008 is 73.8% compared to 76.0% for the previous year. For 2008, the funding ratio declined because of continual recognition of deferred unrealized losses for 2006 and 2008 due to the five-year smoothing of market values used to determine the actuarial value of assets. Other factors contributing to the funding ratio drop is the increased actuarial liability for active members due to a higher employee level for 2006. It is anticipated that as the financial markets 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 Marquette Associates, Inc., the Trustees will review the investment policy on an on-going basis making amendments as needed. The Fund's current investment policy, which details investment authority, asset allocation, diversification, liquidity, performance measurement and objective, is provided in the Investment Section of the CAFR.

As of June 30, 2008, the fair value of investments was $571,425,030 which compares to $625,833,555 as of June 30, 2007. As of June 30, 2008, the Fund's annual investment rate of return was -3.0% compared to 16.2% for the previous year. The Fund's -3.0% rate of return underperformed the custom benchmark by 30 basis points and the more equity-oriented peer fund median. The Fund over the trailing three-year and five-year periods modestly lagged the performance benchmark.

Technology

As a result of the installation of a data processing system during the fiscal year of 2000, as well as the Fund's ongoing enhancement to hardware as well as software, the Fund continues to realize numerous operational efficiencies through the use of the technologies 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, 2008 the Trustees' reviewed the Fund's enabling statutes, especially those pertaining to benefits and funding. The purpose of the review was to develop legislative proposals that insured the Fund's financial strength while providing additional benefits. During the current fiscal year, no statutory changes were enacted. The members will be kept informed of all legislative program developments as they unfold.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Park Employees' and Retirement Board Employees' Annuity and Benefit Fund, Illinois for its comprehensive annual financial report for the fiscal year ended June 30, 2007. 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, No. 40, and No. 44)

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 Management's 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, 2007 the Plan adopted Governmental Accounting Standards Board Statement No. 40, Deposits and Investment Risk Disclosures and Governmental Accounting Standards Board Statement No. 44, Economic Condition Reporting (an amendment to NCGA Statement 1). Please refer to the Financial and Statistical Sections of the CAFR for further information.

Retirement Board

The annual election for an employee representative to the Retirement Board was held on Friday, June 22, 2008. John J. Shostack was elected by the participants of the Fund for a four-year term beginning July 1, 2008. 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.

Acknowledgments

All the statistical and financial information compiled and presented in this CAFR is due to the combined efforts of the administrative staff of the Fund under the direction of the Executive Director, Luke J. Howe and the Deputy Executive Director, John D. Lord. Their efforts are hereby acknowledged with thanks and appreciation.

On behalf of the Retirement Board,

Pamela A. Munizzi
President

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
MEMBERS

Elected by the Employees

Edward L. Affolter *Term expires June 30, 2009*	**Luke J. Howe** *Term expires June 30, 2010*
Frank C. Hodorowicz *Term expires June 30, 2011*	**John J. Shostack** *Term expires June 30, 2012*

Appointed by the Commissioners of the Chicago Park District

Claude A. Walton

Pamela A. Munizzi

Joseph M. Fratto

OFFICERS

Pamela A. Munizzi, President
Joseph M. Fratto, Vice President
Edward L. Affolter, Secretary

ADMINISTRATIVE STAFF

Luke J. Howe, Executive Director
John D. Lord, Deputy Executive Director

CONSULTANTS

Jacobs, Burns, Orlove, Stanton & Hernandez, Attorney
Sandor Goldstein, F.S.A., Consulting Actuary
Marquette Associates, Inc., Investment Consultant

CUSTODIAN

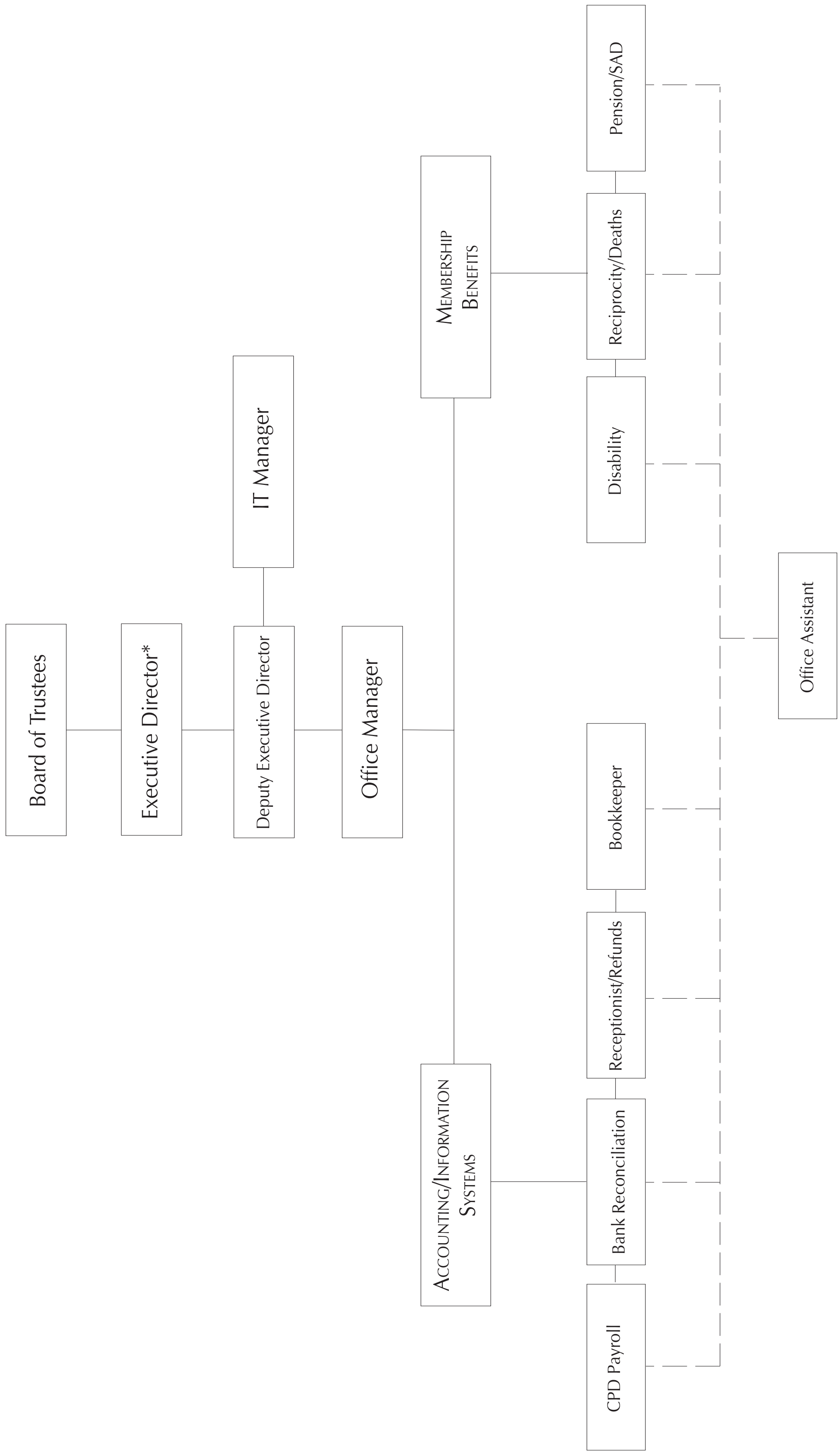
The Northern Trust Company of Chicago

INVESTMENT ADVISORS

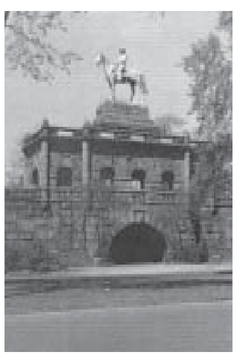
Ariel Capital Management — Chicago
Great Lakes Advisors, Inc. — Chicago
Harbourvest Partners L.L.C. — Boston
MacKay Sheilds, L.L.P. — New York
Mesirow Private Equity, Inc — Chicago
Northern Trust Quantitative Advisors — Chicago
Pacific Investment Management Company — California
Principal Global Investor — Chicago
Reams Asset Management Company — Indiana
Taplin, Canida & Habacht — Miami
UBS Realty Advisors, Inc. — Hartford
Wellington Trust Company, NA — Boston

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.)



Grant Monument - Lincoln Park

Financial Section

Report of the Independent Auditor

BANSLEY AND KIENER, L.L.P.
Certified Public Accountants
O'Hare Plaza
8745 West Higgins Road, Suite 200
Chicago, Illinois 60631
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, 2008 and 2007, 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, 2008 and 2007, 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 receivable, 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 prescribed in Note 1, the Plan adopted Government Accounting Standards Board Statement No. 50, Pension Disclosures, during the year ended June 30, 2008.

Bansley and Kiener, L.L.P.
Certified Public Accountants
December 17, 2008

Management's Discussion and Analysis Year Ended June 30, 2008

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, 2008. 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 decreased during the year by $59.4 million or 9.5% compared to a increase of $48.2 million or 8.4% for 2007.

b) The Plan's annual investment return of -3.0% underperformed the portfolio benchmark return of -2.7%.

c) The Plan's three-year rate of return of 6.5% lagged the portfolio benchmark return of 7.1%.

d) The Plan's five-year rate of return of 8.4% lagged the portfolio benchmark return of 9.0%.

e) The Plan's ten-year rate of return of 5.6% lagged the portfolio benchmark return of 6.2%.

f) Total 2008 additions to the Plan's net assets of $1.9 million is $106.2 million lower than the 2007 additions and $53.4 million lower than the 2006 additions.

g) Total 2008 deductions of $61.2 million is 2.4% higher than the 2007 deductions and 2.7% higher than the 2006 deductions.

h) The Plan's actuarially computed funding ratio is 73.8% which is 2.2% less than 2007 and 3.0% less than 2006.

Using this Annual Report

Management's 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 Receivable, 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 $562,269,564. This is $59,356,136 lower than 2007 year-end net assets of $621,625,700 and $11,117,936 lower than 2006 year-end net assets. The following table is a comparative summary of net assets:

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

The 2008 investment loss was $17,391,594 as compared to the investment income of $88,741,395 in 2007 and

	2008	2007	Net Change	2006
Total Assets	$638,006,131	$699,127,104	$(61,120,973)	$654,952,391
Total Liabilities	75,736,567	77,501,404	(1,764,837)	81,564,891
Net Assets	$562,269,564	$621,625,700	$(59,356,136)	$573,387,500

investment income of $40,970,688 in 2006. The decrease in 2008 investment income (loss) is primarily a direct result of the decrease in market value of the Plan's investments producing unrealized losses. The unrealized gains

Additions	2008	2007	Net Change	2006
Employer Contributions	$ 8,998,687	$ 9,594,593	$ (595,906)	$10,173,860
Employee Contributions	10,264,805	9,719,082	545,723	9,117,032
Less: Statutory reduction of employer contributions	-	-	-	(5,000,000)
Investment Income (Loss) (includes security lending activities)	(17,391,594)	88,741,395	(106,132,989)	40,970,688
Totals	$ 1,871,898	$108,055,070	$ (106,183,172)	$55,261,580

and losses are directly tied to the economic state of the broader financial markets.

For the fiscal year, expenditures were $61,228,034 which is $1,411,164 higher than 2007 and $1,625,136 over 2006 expenditures. The slight increase in retirement and spouse's benefit expenditures is primarily the result of the 3% annual increase. All other benefit increases and decreases were minor in nature, except for an 11.1% increase in Refunds of Contributions during 2008.

The Plan as a Whole (continued)

The actuarial valuation was based upon the actuarial liabilities being computed using the Projected Unit Credit Actuarial Cost Method. Actuarial valuations for fiscal years 2004 and prior were based upon the Entry Age Nor-

Deductions	2008	2007	Net Change	2006
Retirement Benefits	$ 47,935,949	$47,002,222	$ 933,727	$46,668,385
Spouse Benefits	9,440,330	9,265,244	175,086	9,073,756
Childrens Benefits	22,299	24,900	(2,601)	31,100
Disability Benefits	279,139	246,691	32,448	222,225
Death Benefits	295,900	271,000	24,900	308,000
Total Benefits	57,973,617	56,810,057	1,163,560	56,303,466
Refund of Contributions	1,964,838	1,768,914	195,924	2,067,947
Administrative & General Expenses	1,289,579	1,237,899	51,680	1,231,485
Totals	$ 61,228,034	$59,816,870	$1,411,164	$59,602,898

mal 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 73.8%, which is 2.2% less than 2007 and 3.0% less than 2006. This drop is the direct result of the continual recognition of deferred unrealized losses for 2006 and 2008 due to the five-year smoothing of market values used to determine the actuarial value of assets. Other factors contributing to the funding ratio drop is the increased actuarial liability for active members due to a higher employee level for 2008. The annual investment return for the fiscal year was -3.0%, which is lower than the 16.2% for 2007 and the 7.4% in 2006.

The Plan's -3.0% return underperformed its performance benchmark by roughly 30 basis points and outpreformed the peer median by roughly 156 basis points. The Plan over the trailing three-year and five-year periods underperformed the performance benchmark by roughly 60 basis points each time period. Over the trailing ten-year period the Plan returned 5.6%, underperforming the 8.0% actuarial rate of retun.

The Plan is postured to generate strong investment returns as financial markets improve. 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, 2008 and 2007

ASSETS	2008	2007
Cash	$ 61,031	$ 3,386,534
Receivables		
Contributions from employer, net of allowance for loss of $750,634 in 2008 and $679,882 in 2007	4,404,723	4,646,398
Employee contributions	490,263	433,619
Due from broker for securities sold	13,171,959	13,959,179
Accrued investment income	1,299,937	1,395,357
Miscellaneous Receivables	7,534	-
	19,374,416	20,434,553
Investments, at fair value		
Short-term investments	27,391,398	15,946,109
Bonds	194,078,790	194,506,277
Common and preferred stocks	63,575,166	86,225,240
Collective investment funds	175,628,326	232,867,559
Pooled separate real estate accounts	76,920,831	71,726,274
Private equity partnerships	33,830,519	24,562,096
	571,425,030	625,833,555
Invested securities lending collateral	46,951,553	49,447,775
Furniture and fixtures -net	68,193	1,610
Prepaid expenses	125,908	23,077
Total Assets	638,006,131	699,127,104
LIABILITIES		
Accounts Payable	374,646	392,140
Accrued benefits payable	321,392	96,166
Securities lending collateral	46,951,553	49,447,775
Due to broker for securities purchased	28,088,976	27,565,323
	75,736,567	77,501,404
Net assets held in trust for pension benefits (A schedule of funding progress is presented on page 31)	$562,269,564	$621,625,700

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

Statements of Changes in Plan Net Assets

Years Ended June 30, 2008 and 2007

	2008	2007
Additions		
Contributions		
Employer contributions	$ 8,998,687	$9,594,593
Employee contributions	10,264,805	9,719,082
Total contributions	19,263,492	19,313,675
Investment income		
Net appreciation (depeciation) in fair value of investments	(31,469,651)	74,828,513
Interest	11,343,545	11,173,549
Dividends	2,374,312	2,675,522
Investment return on pooled separate real estate accounts	1,973,107	1,952,774
	(15,778,687)	90,630,358
Less investment expenses	1,826,974	1,937,135
	(17,605,661)	88,693,223
Security lending activities		
Securities lending income	2,186,507	2,561,680
Borrower rebates	(1,830,177)	(2,482,048)
Bank fees	(142,263)	(31,460)
	214,067	48,172
Total additions	1,871,898	108,055,070
Deductions		
Benefits		
Annuity payments	57,398,578	56,292,366
Disability and death benefits	575,039	517,691
Total benefits	57,973,617	56,810,057
Refund of contributions	1,964,838	1,768,914
Administrative and general expenses	1,289,579	1,237,899
Total deductions	61,228,034	59,816,870
Net increase (decrease)	(59,356,136)	48,238,200
Net assets held in trust for pension benefits		
Beginning of year	621,625,700	573,387,500
End of year	$562,269,564	$621,625,700

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, 2008 and 2007, Plan membership consists of:

	2008	2007
Retirees and beneficiaries currently receiving benefits	3,013	3,056
Current employees	3,031	3,040
Vested terminated members entitled to benefits	161	162

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 Plan 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 Statutes. Income on all investments is recognized on the accrual basis. Gains and losses on sales and exchanges of investments are recognized on the transaction date of such sale or exchange. Dividend income is recognized based on dividends declared.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair values for bonds and stocks are determined by quoted market prices. Investments in collective investment funds, pooled separate real estate accounts and private equity partnerships are determined by the bank 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.

Pension Disclosures

During the year ended June 30, 2008, the Plan adopted Governmental Accounting Standards Board Statement No. 50, Pension Disclosures. As a result, the Plan has addressed certain pension disclosures.

Reclassifications

Certain reclassifications have occurred in the prior year financial statements to conform with current year presentations.

Note 3: Investments

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

	2008	2007
Investments at Fair Value As		
Determined by Quoted Price		
Short Term Investments	$ 27,391,398	$ 15,946,109
Bonds		
PIMCO Fds	31,923,232	31,382,729
Other	162,155,558	163,123,548
Common and Preferred Stock	63,575,166	86,225,240
	285,045,354	296,677,626
Investments at Fair Value As		
Determined by Plan Administrator		
Collective investment fund		
International Research Equity	29,671,080	48,871,874
NTGI QM Collective Daily S&P 500	46,461,329	51,021,570
NTGI QM Collective Daily US Marketcap Equity	49,970,049	76,579,146
NTGI QM Collective Daily All Country World Index	49,525,868	-
NTGI QM Collective Daily EAFE	-	56,394,969
Pooled separate real estate accounts	76,920,831	71,726,274
Private equity partnerships	33,830,519	24,562,096
	$571,425,030	$625,833,555

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 funds belonging to the Plan 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 that will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates.

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

Note 3: Investments (continued)

At June 30, 2008 and 2007 the following tables show the investments in debt securities by investment type and maturity (expressed in thousands):

Total Market **Less Than** **Maturity**

Security Type	Value	1 Year	1-6 Years	6-10 Years	10+ Years	N/D*
Asset backed	$ 4,297	$ –	$ 2,548	$ 397	$ 1,352	$ –
Commercial mortgage backed	8,738	–	363	418	7,459	498
Corporate convertible bonds	602	371	–	–	231	–
Corporate bonds	90,581	3,276	15,478	11,102	8,485	52,240
Government agencies	14,897	3,403	1,984	227	303	8,980
Government bonds	22,425	–	7,225	10,899	4,301	–
Government mortgage backed	50,082	95	806	2,770	46,411	–
Government issued commercial mortgage backed	–	–	–	–	–	–
Municipal/provincial bonds	1,269	–	–	–	310	959
Non-government backed CMOs	1,159	–	60	105	994	–
Short term investment funds	27,391	27,391	–	–	–	–
Short term bills and notes	29	29	–	–	–	–
Total	$221,470	$34,565	$28,464	$25,918	$69,846	$62,677

Security Type	Total Market Value	Less Than 1 Year	1-6 Years	6-10 Years	10+ Years	Maturity N/D*
Asset backed	$ 7,627	$ 121	$ 5,638	$ 481	$ 1,297	$ 90
Commercial mortgage backed	7,862	–	–	443	7,242	177
Corporate convertible bonds	2,018	267	260	312	1,119	60
Corporate bonds	68,963	59	8,427	10,209	9,252	41,016
Government agencies	34,752	3,429	9,348	2,300	1,131	18,544
Government bonds	14,980	372	4,237	6,589	3,782	–
Government mortgage backed	48,401	–	1,175	5,149	30,242	11,835
Government issued commercial mortgage backed	64	–	64	–	–	–
Municipal/provincial bonds	870	–	–	–	330	540
Non-government backed CMOs	1,826	–	13	206	1,607	–
Short term investment funds	15,946	15,946	–	–	–	–
Short term bills and notes	7,143	7,143	–	–	–	–
Total	$210,452	$27,337	$29,162	$25,689	$56,002	$72,262

* Information not determinable

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The 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.

The following tables present the Plan's ratings as of June 30, 2008 and 2007 (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	Non-Gov't Backed CMOs	Municipal Bonds
AAA	$ 32,406	$2,027	$8,218	$ 845	$ 2,646	$17,954	$ -	$ -	$ 716	$ -	
AA	4,473	527	-	3,427	519	-	-	-	-	-	
A	8,389	14	-	8,375	-	-	-	-	-	-	
BBB	14,436	963	-	13,155	153	-	-	-	-	165	
BB	3,816	-	-	3,767	-	49	-	-	-	-	
B	2,987	-	-	2,938	-	49	-	-	-	-	
CCC	412	-	-	412	-	-	-	-	-	-	
CC	-	-	-	-	-	-	-	-	-	-	
C	-	-	-	-	-	-	-	-	-	-	
D	-	-	-	-	-	-	-	-	-	-	
NR	91,400	766	520	85,684	-	-	2,883	-	443	1,104	
US Gov't Agency	63,151		-	-	-	11,579	4,373	47,199	-	-	-
Total	$221,470	$4,297	$8,738	$118,603	$14,897	$22,425	$50,082	$ -	$1,159	$1,269	

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	Non-Gov't Issued CMO	Gov't Backed CMOs	Municipal Bonds
AAA	$ 37,941	$5,846	$7,452	$ 750	$ 9,559	$13,504	$ -	$ -	$ 830	$ -	
AA	4,386	-	-	2,967	1,419	-	-	-	-	-	
A	5,812	-	-	5,812	-	-	-	-	-	-	
BBB	9,445	935	-	8,320	-	190	-	-	-	-	
BB	4,809	-	-	4,147	-	662	-	-	-	-	
B	3,591	-	-	3,432	-	159	-	-	-	-	
CCC	339	-	-	339	-	-	-	-	-	-	
CC	-	-	-	-	-	-	-	-	-	-	
C	-	-	-	-	-	-	-	-	-	-	
D	32	-	-	32	-	-	-	-	-	-	
NR	75,578	846	410	68,269	667	372	3,148	-	996	870	
US Gov't Agency	68,519		-	-	-	23,107	94	45,254	64	-	-
Total	$210,452	$7,627	$7,862	$94,068	$34,752	$14,981	$48,402	$ 64	$1,826	$ 870	

Custodial Credit Risk

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

Note 4: Deposits

At June 30, 2008 and 2007, the Plan's book balances of cash were $61,031 and $3,386,534, respectively, at the Northern Trust Company Bank. The actual bank balances were $70,918 and $42,364, respectively, at June 30, 2008 and 2007. The Plan maintains cash balances at the Northern Trust Company. Accounts at this institution may, from time to time, exceeds amounts insured by the Federal Deposit Insurance Company.

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. Cash collateral is invested in the lending agent's short-term investment pool, which at year end has a weighted average maturity of 36 days. As of June 30, 2008 and 2007, the Plan had loaned to borrowers securities with a market value of $45,847,128 and $48,440,670, respectively. As of June 30, 2008 and 2007, the Plan received from borrowers cash collateral of $46,951,553 and $49,447,775, and non-cash collateral of $312,242 and $3,440,561, respectively. Securities lending net income for the years ended June 30, 2008 and 2007 was $214,067 and $48,172, respectively.

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

Note 6: Operating Leases

The Plan entered into an operating lease for office space through April 30, 2013. The lease provides that the lessee pay monthly base rent subject to annual increases, plus an escalation rent computed on costs incurred by the lessor.

Following is a schedule of minimum future rental payments for the next five years under the noncancelable operating lease at June 30, 2008:

Year ending June 30	Amount
2009	$ 55,452
2010	57,598
2011	59,743
2012	61,890
2013	53,305
	$287,988

The total rental expense for the years ended June 30, 2008 and 2007 was $124,552 and $130,496, respectively.

During the current year, the Plan began leasing photocopy equipment at a monthly charge of $421 under an operating lease which expires June 30, 2012. Minimum future rental commitments at June 30, 2008, under the operating lease agreement, are as follows:

Year ending June 30	Amount
2009	$ 5,052
2010	5,052
2011	5,052
2012	5,052
	$20,208

Equipment rent expense was $3,429 for the years ended June 30, 2008.

Note 7: Commitments

During the current year, the Plan commited to purchase an additional $10,000,000 interest in private equity partnerships, bringing the total commitment to $55,000,000. At June 30, 2008 and 2007, the Plan had a remaining contractual obligation of $23,700,000 and $22,282,500, respectively, to purchase additional interest in the private equity partnerships.

Required Supplementary Information

Note 8: Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2008, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

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 a Percentage of Covered Payroll ((b-a)/c)
$586,676	$795,379	$208,703	73.8%	$111,698	186.9%

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

Additional information as of the latest actuarial valuation follows:

Valuation date	06/30/08
Actuarial cost method	Projected unit
Amortization method	Level dollar
Amortization period	30 years (open period)
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Inflation rate	4%

Schedule of Funding Progress

(Dollar amounts in thousands)

percentage of FundedCovered Valuation Date	Covered Assets (a)	Actuarial Actuarial -Entry Age (b)	Accrued Actuarial (UAAL) (b-a)	Unfunded Value of Ratio (a/b)	Liability (AAL) Payroll (c)	UAAL as of (AAL) Payroll ((b-a)/c)
06/30/08	$586,676	$795,379	$208,703	73.8%	$111,698	186.9%
06/30/07	583,296	767,931	184,635	76.0	106,602	173.2
06/30/06	572,659	745,244	172,585	76.8	101,058	170.8
06/30/05	587,774	734,361	146,587	80.0	95,707	153.1
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

Schedule of Employer Contributions

(Dollar amounts in thousands)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	$19,237	47%
2007	17,529	55
2006	15,235	34
2005	14,760	32
2004	7,518	100
2003	7,215	100

Note to Schedules of Funding Progress and Employer Contributions

Valuation date	06/30/08
Actuarial cost method	Projected unit
	Entry age (2004 and prior)
Amortization method	Level dollar
Amortization period	30 years (open period)

Additional Information

Tax Levies Receivable

Levy Year (Calendar)	Tax Levy	Collections	Tax Levies Receivable	Allowance for Uncollectible Taxes	Allowance for Uncollectible Write-offs as a Percentage of Tax Levy	Net Tax Levies Receivable
At June 30, 2008:						
2004	$ 9,832,905	$9,765,958	$ 66,947	$ 66,947	0.68%	$ –
2005	10,046,917	9,970,556	76,361	76,361	0.76	–
2006	9,715,923	9,565,115	150,808	150,808	1.56	–
2007	9,130,361	4,277,293	4,861,241	456,518	5.00	4,404,723
			$5,155,357	$750,634		$ 4,404,723
At June 30, 2007:						
2003	$10,128,985	$10,054,306	$ 74,679	$ 74,679	0.74%	$ –
2004	9,832,905	9,832,905	–	–	0.00	–
2005	10,046,917	9,927,510	119,407	119,407	1.19	–
2006	9,719,115	4,586,921	5,132,194	485,796	5.00	4,646,398
			$5,326,280	$ 679,882		$ 4,646,398

Schedule of Administrative and General Expenses

	Year Ended June 30, 2008	2007
Actuary expense	$ 40,000	$ 38,000
Auditing	21,500	19,750
Conference and convention expense	37,221	34,664
Contributions for annuities of Ret. Board Employees	91,846	89,032
Depreciation	7,796	358
Equipment rental	3,429	6,258
Equipment maintenance	1,210	972
Filing fee - State of Illinois	8,000	8,000
File storage expense	2,789	1,836
Hospitalization	130,095	139,596
Legal	8,757	6,293
Legislative consultant	13,111	13,500
Medical fees	1,195	725
Office supplies and expenses	34,011	19,054
Postage	17,828	16,143
Insurance - surety bond and other	2,180	2,033
Printing	185	981
Rent expense	124,552	130,496
Salaries	720,662	687,969
Social Security - Medicare	7,268	7,285
Telephone	7,927	6,505
Transportation	840	2,056
Trustees' election expense	7,177	6,393
Total administrative and general expenses	$1,289,579	$1,237,899

Schedule of Annual Professional Expenses

	Year Ended June 30,	
	2008	2007
Actuary	$40,000	$38,000
Auditing	21,500	19,750
Legal	8,757	6,293
Legislative Consultant	13,111	13,500
Medical	1,195	725
Total	$84,563	$78,268

Schedule of Annual Investment Expenses

	Year Ended June 30, 2008	2007
U.S. EQUITY		
Ariel Capital Management	$ 185,607	$ 209,359
Great Lakes Advisors, Inc.	165,904	158,454
Northern Trust Quantitative Advisors	55,424	56,531
Sub- Total	406,935	424,344
NON - U.S. EQUITY		
Wellington Trust Company, NA	267,743	334,976
Northern Trust Quantitative Advisors	56,531	73,507
Sub- Total	324,274	408,483
U.S. BONDS		
MacKay Shields, L.L.P.	216,204	192,925
Pacific Investment Management Co.	238,303	244,613
Reams Asset Management Co.	113,575	116,838
Taplin, Canida & Habacht	42,942	46,754
Sub- Total	611,024	601,130
REAL ESTATE		
UBS Realty Advisors	341,384	322,025
BANKING		
Custody	50,000	50,000
Other	23,857	39,190
Sub- Total	73,857	89,190
CONSULTING		
Ennis, Knupp & Associates	17,000	91,963
Marquette Associates	52,500	-
	69,500	91,963
TOTAL	$ 1,826,974	$ 1,937,135

Chess Pavillion - Lincoln Park

Investment Section

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 Statutes. Income on all investments is recognized on the accrual basis. Gains and losses on sales and exchanges of investments are recognized on the transition date of such sale or exchange. Dividend income is recognized based on dividends declared. Investments are reported at market value. Short-term investments are reported at cost, which approximates market value. Market value for bonds and stocks are determined by quoted market prices and for pooled separate real estate and private equity accounts as reported by the plan administrator.

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

INVESTMENT RECAP

Market Environment

The U.S. stock market declined -12.5% during the year ended June 30, 2008, as measured by the Dow Jones Wilshire 5000 Index. In contrast to the previous twelve months, large capitalization stocks outperformed small capitalization securities in the past year, as observed by the -12.4% return of the Russell 1000 Index relative to the -16.2% return posted by the Russell 2000 Index. However, mid capitalization stocks outperformed both large and small securities as evidenced by the Russell MidCap Index's return of -11.2%. In regards to style, growth-oriented securities outperformed value-oriented ones in the large, mid and small capitalization markets.

Non-U.S. equity markets outpaced their U.S. counterparts during the twelve months ended June 30, 2008. Non-U.S. developed markets declined -10.15% (as measured by the MSCI EAFE Index) during the year, while emerging markets continued their run of strong performance, returning 4.9% (as measured by the MSCI Emerging Markets Index) over the trailing twelve-month period. Throughout the trailing year, most major currencies (including the pound and yen) strengthened relative to the U.S. dollar, contributing to the relative outperformance of the non-U.S. markets.

The broad bond market, as measured by the Barclays Aggregate Index, advanced 7.1% during the fiscal year as yields increased across the U.S. Treasury curve. The credit sector (as measured by the Barclays U.S. Credit Index) underperformed the government sector (as measured by the LB Government Index) over the trailing year with returns of 3.8% and 9.7%, respectively as investors flocked to high quality debt instruments in fear of an ongoing credit crisis and deep recession. Within the credit sector, high quality issues represented by the Barclays High Yield Index outperformed lower quality issues, returning 6.1% for the trailing year.

In the private equity market, the Thomson Financial/Venture Economics All-Private Equity Index posted a return of 0.6%. According to Thomson Financial, fundraising for U.S. private equity experienced its first decline since 2003 with 185 funds raising $132.7 billion versus $137.8 billion rasied by 199 funds in 2007. Performance for private equity has begun to face some headwinds as the exit market has become more challenging. For the first time since 1978, the second quarter did not have a single IPO for the US venture capital backed company.

The Federal Reserve maintained the 5.25% target federal funds rate throughout the fiscal year to 2.0% as a result of inflationary pressures. Real GDP grew at a 2.0% annual rate through the second calendar quarter of 2008. Inflation, as measured by the Consumer Price Index, posted an annual increase of 5.6%. Unemployment held steady relative to the previous year with a fiscal year end rate of 5.5%.

Performance Commentary

The Pension Fund posted a one-year return of -3.0%, net of fees, underperforming the custom benchmark by 0.3%. The best performing asset class for the one-year period was fixed income, which returned 7.4%, net of fees. U.S. Equities returned -14.8%, net of fees. Together, these two asset classes comprised 65.0% of the total Fund's assets as of June 30th.

The Fund posted a three-year return of 6.5%, net of fees, underperforming the custom benchmark by 0.6%. On a five-year basis, the Fund returned 8.4%, net of fees, underperforming the custom benchmark by 0.6%.

The broad U.S. stock market, as measured by the Dow Jones Wilshire 5000 Index, returned -12.5% during the fiscal year. As mentioned, the Fund's U.S. Equity portfolio returned -14.8%, net of fees, over that time period, outperforming the benchmark by 2.3%. The U.S. Equity portfolio was led by Great Lakes, who returned -15.2%, net of fees, for the fiscal year, outperforming their benchmark, the Russell 1000 Value Index, by 3.6%. At the end of the fiscal year, the Fund's U.S. stock market assets comprised 29.0% of the total Fund's assets.

The international stock market, as measured by the MSCI EAFE Index, returned -10.2% during the fiscal year. As mentioned, the Fund's International Equity portfolio returned -9.6%, net of fees, over that time period, outperforming the benchmark by 0.6%. The International portfolio is comprised of an index manager, Northern Trust, and an active manager, Wellington Management. Wellington outperformed the benchmark by 2.7%, net of fees, for the fiscal year. At the end of the fiscal year, the Fund's international stock market assets comprised 14.2% of the total Fund's assets.

The real estate market, as measured by the NCREIF Open End Fund Index, returned 9.2% during the fiscal year. The Fund's real estate portfolio returned 6.0%, net of fees, over that time period, underperforming the benchmark by 3.2%. At the end of the fiscal year, the Fund's real estate assets comprised 13.8% of the total Fund's assets.

The private equity market, as measured by the Thomson Financial/Venture Economics All-Private Equity Index, returned 0.6% during the fiscal year. The Fund's private equity portfolio returned 4.1%, net of fees, over that time period. Performance relative to the benchmark is not applicable because the Fund's private equity investments are still in the J-curve. At the end of the fiscal year, the Fund's private equity assets comprised 6.1% of the total Fund's assets.

The fixed income market, as measured by the Lehman Brothers Aggregate Index, returned 6.1% during the fiscal year. The Fund's fixed income portfolio returned 7.4%, net of fees, over that time period, outperforming the benchmark by 1.3%. At the end of the fiscal year, the Fund's fixed income assets comprised 35.7% of the total Fund's assets.

Summary of Investments

Periods Ended June 30, 2008 and June 30, 2007

	06/30/08				06/30/07			
CATEGORY	FAIR VALUE	%	BOOK VALUE	%	FAIR VALUE	%	BOOK VALUE	%
BONDS	$194,078,790	34	$197,147,168	37	$194,506,277	31	$199,203,420	38
Domestic Equities	160,006,544	28	139,633,597	27	213,825,957	34	162,594,393	31
International Equities	79,196,948	14	69,252,957	13	105,266,842	17	71,021,064	14
EQUITIES	239,203,492	42	208,886,554	40	319,092,799	51	233,615,457	45
REAL ESTATE	76,920,831	13	62,113,588	12	71,726,274	11	50,402,781	10
SHORT TERM	27,391,398	5	27,391,398	5	15,946,109	3	15,946,109	3
OTHER	33,830,519	6	29,017,689	6	24,562,096	4	21,043,974	4
INVESTMENT ASSETS*	$571,425,030	100	$524,556,397	100	$625,833,555	100	$520,211,741	100

***Investment assets do not reflect the amounts due to brokers at year end. Net due to brokers is $14,917,017 for F/Y/E 2008 and $13,606,144 for F/Y/E 2007.**

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; 5/20/03; 2/29/08

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	34.0	24.0	44.0
Non U.S. Equity	19.0	14.0	24.0
Private Equity	5.0	0.0	10.0
Long-Short Equity	10.0	0.0	15.0
Real Estate	12.0	8.0	16.0
U.S. Bonds	20.0	15.0	25.0
	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	41.2
Non-U.S. Equity	52.6
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 approximately 10% of the total Plan assets annually.

Individual Investment Management Performance Benchmark

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

Investment Objective

The investment objective of the Fund is to equal or exceed the rate of return of a benchmark comprised 38.0% of the Willshire 5000 Stock Index, 12.0% of the MSCI All Country World Ex-US Free Index, 35.0% of the BarCap Aggregate Index, 5% of the Venture Economics All Private Equity Index, 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, 2004 – 2008
and Three, Five and Ten-Year Periods
Ending June 30, 2008

	One Year Ending 06/30, 2004-2008					Ending 06/30/08		
	2008	2007	2006	2005	2004	3 Years	5 Years	10 Years
Total Fund	-3.0	16.2	7.4	9.0	13.5	6.5	8.4	5.6
Benchmark Portfolio*	-2.7	15.0	8.3	9.0	11.8	7.1	9.0	6.2
Public Funds Median Return	-4.6	15.1	8.3	8.5	13.7	5.7	7.6	5.6
Actuarial Assumed Rate of Return	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Consumer Price Index	5.0	2.7	4.3	2.5	3.2	4.0	3.6	3.0
Domestic Equities	-14.8	21.2	6.9	7.6	25.4	5.6	10.2	4.2
Willshire 5000	-12.5	20.5	9.9	8.2	21.2	5.1	8.8	3.6
Universe Median	-12.5	19.3	10.5	8.2	21.5	4.9	9.4	5.4
International Equities	-9.6	27.4	26.2	14.4	29.0	13.6	16.8	6.9
MSCI EAFE	-10.2	27.5	27.1	14.1	32.9	13.3	17.2	6.2
Universe Median	-8.3	28.2	27.3	14.6	30.9	15.0	18.3	8.6
Fixed Income	7.4	6.5	-0.4	7.1	1.7	4.7	4.7	6.0
LB Aggregate	6.1	6.1	-0.8	6.8	0.3	4.1	3.9	5.7
Universe Median	6.8	6.1	0.1	6.8	0.8	4.4	4.0	5.8
Real Estate	6.0	15.7	15.6	16.6	8.5	12.4	12.4	10.4
NCREIF	9.2	17.2	18.7	18.0	10.8	15.0	14.7	12.2
Universe Median	7.2	15.0	18.1	16.0	10.1	13.5	13.8	11.7
Private Equity	4.1	8.7	16.9	-2.8	-	14.0	-	-
VE All Private Equity	0.6	24.5	20.8	21.0	18.2	12.1	15.3	11.1

*As of 2/29/2008, the Policy Benchmark consists of 35% LB Aggregate, 38% Wilshire 5000, 12% MSCI ACWI ex US, 10% NCREIF Property Index, and 5% VE all Private Equity Index. Prior to 2/29/08, the Policy Benchmark consisted of 35% LB Aggregate, 38% Wilshire 5000, 12% MSCI EAFE, 10% NCREIF Property Index, and 5% VE all Private Equity Index.

Schedule of Ten Largest Stock and Bond Holdings

For Fiscal Year Ended

June 30, 2008

STOCKS*

Shares	Holdings	Fair Value
25,600	Conoco-Phillips	$2,416,384
21,200	Burlington Northern	$2,117,668
17,700	Chevron	$1,754,601
23,200	3M	$1,614,488
33,800	Pub Service	$1,552,434
15,600	Lockheed Martin	$1,539,096
30,500	Textron	$1,461,865
19,600	Energizer	$1,432,564
28,900	Target	$1,343,561
50,300	General Electric	$1,342,507

BONDS*

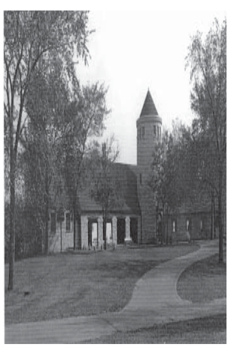
Holdings	Fair Value
FNMA Single Family Mtg, 4.5, Due 07-01-2034	$4,665,240
US Treas Nts, 3.875, Due 05-15-2018	$4,373,137
US Treas Nts, 3.875, Due 09-15-2010	$3,775,452
US Treas Nts, 4.875, Due 08-15-2016	$2,985,824
US Treas Bds, 6.25, Due 05-15-2030	$2,406,329
US Treas Nts, 4.75, Due 05-31-2012	$2,284,032
GNMA Single Family Mtg, 5.0, Due 08-01-2038	$2,280,350
FNMA Pool# 555631, 5.5, Due 06-01-2033	$1,984,751
US Treas Nts, 4.25, Due 11-15-2014	$1,853,210
GNMA Single Family Mtg, 5.5, Due 08-01-2034	$1,805,213

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

Schedule of Investment Brokerage Commissions

Broker Name	Shares*	Commissions
Melvin Securities	111,100	$ 4,137
Loop Capital Markets/Broadcort Capital	104,400	3,899
Cabrera Capital Markets, Inc	73,700	2,858
Investment Technology Group Inc	100,800	2,686
Mr Beal and Company	60,900	2,205
USB Marburg LLC	159,300	1,726
Jackson Securities 727	36,100	1,406
Weeden and Company	74,800	1,229
Williams Capital Group LP	27,500	1,057
Broker Commissions under $1,000	297,400	5,916
Total Broker Commissions	1,046,000	$27,119

Total shares traded 1,046,000 at an average cost of $0.0259 per share.



Conservatory - Lincoln Park

Actuarial Section

Actuarial Certification

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

December 11, 2008

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, 2008. The purpose of the valuation was to determine the financial condition and funding requirements of the Fund.

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

Based on an experience analysis of the fund over the five-year period 2003-2007, we have made some changes in the actuarial assumptions used for the June 30, 2008 actuarial valuation. We have reduced the termination rates for employees with 4 to 9 years of service and increased the termination rates for employees with 10 or more years of service. The other actuarial assumptions used for the June 30, 2008 actuarial valuation are the same as the assumptions used for the June 30, 2007 valuation. We have estimated that the changes in the actuarial assumptions used for the June 30, 2008 actuarial valuation had the impact of increasing the fund's total actuarial liability by $337,000.

The projected unit credit actuarial cost method was used for the June 30, 2008 actuarial valuation. This is the same actuarial cost method that was used for the June 30, 2007 valuation.

The funding policy of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period. Employer contributions come from a property tax levied by the District equal to the total amount of contributions made by employees in the calendar year 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. In recent years, 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, 2008. For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

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

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

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

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

Respectfully submitted,

Sandor Goldstein, F.S.A.
Consulting Actuary

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

Actuary's Report

A. Purpose and Summary

We have carried out an actuarial valuation of the Park Employees' Annuity and Benefit Fund as of June 30, 2008. 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	$795,379,129
2. Actuarial value of assets	586,676,032
3. Unfunded actuarial liability	203,703,097
4. Funded Ratio	73.8%
5. Actuarially determined contribution requirement for fiscal year beginning July 1, 2008	18,285,474
6. Estimated employer contributions for fiscal year beginning July 1, 2008	9,346,052
7. Annual required contribution for fiscal year beginning July 1, 2008 under GASB Statement No. 25	18,285,474

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, 2008, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 3,031 active members, 2,161 pensioners, 843 surviving spouses, and 18 children receiving benefits included in the valuation. The total active payroll as of June 30, 2008 was $111,698,366.

Exhibit 1

Summary of Membership Data

1. Number of Members	
(a) Active Members	
(i) Vested	1,154
(ii) Non-vested	1,877
(b) Members Receiving	
(i) Retirement Pensions	2,152
(ii) Surviving Spouse's Pensions	843
(iii) Children's Annuities	18
(c) Vested Terminated Members Entitled to Benefits	161
2. Annual Salaries	
(a) Total Salary	$111,698,366
(b) Average Salary	36,852
3. Annual Pension Payments	
(a) Retirement Pensions	$ 48,823,996
(b) Surviving Spouse's Pensions	9,543,843
(c) Children's Annuities	22,200

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, 2008 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 $586,676,032. The development of this value is outlined in Exhibit 2. In comparison, the market value of assets as of June 30, 2008 was $562,269,564.

Exhibit 2

Actuarial Value of Assets

A. Development of Investment Gain

1. Actuarial Value of Assets as of June 30, 2007	$583,295,949
2. Employer and Employee Contributions	19,263,492
3. Benefits and Expenses	61,228,036
4. Expected Investment Income	45,017,387
5. Total Investment Income, Including Income from Securities Lending	(17,391,594)
6. Investment Gain/(Loss) for the Year Ended June 30, 2008 (5 - 4)	(62,408,981)

B. Development of Actuarial Value of Assets as of June 30, 2008

7. Expected Actuarial Value of Assets (1 + 2 - 3 + 4)	586,348,792
8. Investment Gain/(Loss) as of June 30, 2008 Recognized Current Year (20% of 6)	(12,481,796)
9. Investment Gain/(Loss) as of June 30, 2007 Recognized in Current Year	8,903,463
10. Investment Gain/(Loss) as of June 30, 2006 Recognized in Current Year	(854,726)
11. Investment Gain (Loss) as of June 30, 2005 Recognized in Current Year	518,687
12. Investment Gain (Loss) as of June 30, 2004 Recognized in Current Year	4,241,612
13. Actuarial Value of Assets as of June 30, 2008 (7 + 8 + 9 + 10 + 11 + 12)	$586,676,032

C. Fund Provisions

Our valuation was based on the provisions of the Fund in effect as of June 30, 2008 as provided in Article 12 of the Illinois Pension Code. A summary of the principal provisions of the Fund is provided in Appendix 2.

D. Actuarial Assumptions and Cost Method

Based on an experiance analysis of the Fund over the five-year period 2003-2007, we have made some changes in the actuarial assumptions used for the June 30, 2008 actualrial valuation. We have reduced the termination rates for employees with 4 to 9 years of service and increased the termination rates for employees with 10 or more years of service. The other actuarial assumptions used for the June 30, 2008 valuation are the same as the assumptions that had been used for the June 30, 2007 valuation. The actuarial assumptions used for the June 30, 2008 actuarial valuation are outlined in Appendix 1.

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

The projected unit credit actuarial cost method was used for the valuation. This is the same actuarial cost method that was used for the June 30, 2008 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, 2008, the total actuarial liability is $795,379,129, the actuarial value of assets is $586,676,032, and the unfunded actuarial liability is $208,703,097. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 73.8%.

Exhibit 3

Actuarial Liability and Funded Status

	Year Ending June 30	
	2008	2007
1. Actuarial Liability For Members in Receipt of Benefits		
(a) Money purchase component of annuities to retirees	$250,869,267	$248,214,674
(b) Fixed benefit component of annuities to retirees	52,366,349	51,597,578
(c) Annual increases in retirement annuity	116,196,674	111,976,223
(d) Annual increases to employee annuitants	1,083,629	1,122,996
(e) Survivor annuities to survivors of current retirees	53,293,510	53,293,372
(f) Lump sum death benefits	2,813,880	2,828,892
(g) Survivor annuities to current survivors	81,507,793	79,434,916
(h) Total	558,131,102	548,468,651
2. Actuarial Liability For Active Members		
(a) Basic retirement annuity	146,526,941	139,219,733
(b) Annual increase in retirement annuity	29,711,496	28,592,538
(c) Pre-retirement survivor's annuity	7,183,045	5,779,100
(d) Post-retirement survivor's annuity	15,160,872	12,194,851
(e) Withdrawal benefits	14,077,469	9,696,138
(f) Pre-retirement death benefit	1,176,223	1,024,137
(g) Post-retirement death benefit	360,044	336,881
(h) Total	214,196,090	196,843,378
3. Actuarial Liability For Inactive Members	23,051,937	22,618,603
4. Total Actuarial Liability	795,379,129	767,930,632
5. Actuarial Value of Assets	586,676,032	583,295,949
6. Unfunded Actuarial Liability	$208,703,097	$184,634,683
7. Funded Ratio	73.8%	76.0%

Impact of Change in Actuarial Assumptions. We have estimated that the changes in the actuarial assumptions used for the June 30, 2008 actuarial valuation had the impact of increasing the Fund's total actuarial liability by $337,000.

F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning July 1, 2008 is developed in Exhibit 4. For the year beginning July 1, 2008, the total normal cost is determined to be $15,848,569, employee contributions are estimated to be $10,052,853 resulting in the employer's share of the normal cost of $5,795,716.

Based on a payroll of $111,698,366, the employer's share of the normal cost can be expressed as 5.19% of payroll.

Exhibit 4

Employer's Normal Cost for Year Beginning July 1, 2008

	Dollar Amount	Percent of Payroll
1. Basic retirement annuity	$ 8,602,589	7.70%
2. Annual increase in retirement annuity	1,684,242	1.51
3. Pre-retirement survivor's annuity	488,925	.44
4. Post-retirement survivor's annuity	888,187	.80
5. Withdrawal benefits, including refunds	2,236,620	2.00
6. Pre-retirement death benefit	118,304	.11
7. Post-retirement death benefit	27,283	.02
8. Children's annuity	22,200	.02
9. Ordinary disability benefit	369,094	.33
10. Duty disability benefit	57,065	.05
11. Administrative expenses	1,354,060	1.21
12. Total normal cost	15,848,569	14.19
13. Employee contributions	10,052,853	9.00
14. Employer's share of normal cost	$ 5,795,716	5.19%

Note: The above figures are based on a total active payroll of $111,698,366 as of June 30, 2008.

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, 2008 as the employer's normal cost plus a 30-year percent-of-payroll 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, 2008 the actuarially determined contribution requirement amounts to $18,285,474. 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, 2008 to be $9,346,052. Thus, the employer contribution is expected to fall short of the actuarially determined contribution requirement by $8,939,422.

Exhibit 5

Actuarially Determined Contribution Requirement For Year Beginning July 1, 2008

1. Employer's normal cost	$ 5,795,716
2. Annual amount to amortize the unfunded liability over 30 years as a level percent-of-payroll	12,489,758
3. Actuarially determined contribution requirement for year beginning July 1, 2008	18,285,474
4. Estimated employer contribution for the year	9,346,052
5. Amount by which employer contribution is expected to be less than actuarially determined contribution requirement	$ 8,939,422

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, 2008 actuarial valuation, we have therefore calculated the annual required contribution for the fiscal year beginning July 1, 2008. 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 percent-of-payroll amortization of the unfunded liability. On this basis, the annual required contribution for Fiscal Year 2008 has been determined to be as follows:

1. Employer's normal cost	$ 5,795,716
2. Annual amount to amortize the unfunded liability over 30 years as a level percent-of-payroll	12,489,758
3. Annual required contribution	$18,285,474

I. Analysis of Financial Experience

The net actuarial experience during the period July 1, 2007 to June 30, 2008 resulted in an increase in the Fund's unfunded actuarial liability of $24,068,414. 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 $19,237,049, whereas the actual employer contribution for the year is estimated to be $8,998,687, resulting in an increase in the unfunded liability of $10,238,362.

The net rate of investment return earned by the assets of the Fund, based on the actuarial value of assets, was 8.1% in comparison with the assumed rate of investment return of 8.0%. This resulted in a decrease in the unfunded liability of $327,000. Salaries increased at an average of 5.6% in comparison with an assumed rate of increase of 4.5% per year. This resulted in a increase in the unfunded liability of $2,264,000.

The changes in actuarial assumptions used for the June 30, 2008 actuarial valuation resulted in an increase in the unfunded liability of $337,000. The various other aspects of the Fund's experience resulted in a net increase in the unfunded actuarial liability of $11,556,052. The aggregate financial experience of the Fund resulted in a net increase in the unfunded actuarial liability of $24,068,414.

Exhibit 6

Analysis of Financial Experience Over the Period July 1, 2007 to June 30, 2008

1. Unfunded actuarial liability as of July 1, 2008	$184,634,683
2. Employer contributions requirement of normal cost plus interest on unfunded liability for period 7/1/07 to 6/30/08	19,237,049
3. Actual employer contribution for the year	8,998,687
4. Increase in unfunded liability due to employer contribution less than normal cost plus interest on unfunded liability (2 - 3)	10,238,362
5. Decrease in unfunded liability due to investment return lower than assumed	327,000
6. Increase in unfunded liability due to salary increases higher than assumed	2,264,000
7. Increase in unfunded liability due to changes in actuarial assumptions	337,000
8. Increase in unfunded liability due to other sources	11,556,052
9. Net increase in unfunded liability for the year (4 - 5 + 6 + 7 + 8)	24,068,414
10. Unfunded actuarial liability as of June 30, 2008 (1 + 9)	$208,703,097

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, 2008.

Respectfully submitted,

Sandor Goldstein, F.S.A.
Consulting Actuary

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, 2008 valuation are summarized below.

Mortality Rates. The UP-1994 Mortality Table For Males, rated 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	162	-
30	179	92	66
35	167	90	57
40	156	68	49
45	113	65	40
50	110	63	-
55	107	60	-

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, 2005.

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.

Appendix 2 (continued)

Summary of Principal Provisions

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

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

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

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

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

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

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

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

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

Appendix 3

Glossary of Terms Used in Report

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

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

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

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

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

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

7. Projected Unit Credit Actuarial Cost Method. A cost method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefit allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the actuarial liability.

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

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

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

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

Tables

TABLE I
Schedule of Active Member Valuation Data

Valuation Date	Active Members: Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
06/30/01	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
06/30/06	3,035	101,058,024	33,298	0.2
06/30/07	3,040	106,601,982	35,066	5.3
06/30/08	3,031	111,698,366	36,852	5.1

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

Year Ended	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	Rolls-End-of Year: Number	Rolls-End-of Year: Annual Benefits	Average Annual Benefit	% Increase in Average Annual Benefit
2001	140	$1,638,676	191	$1,527,484	3,156	$45,413,680	$14,390	1.9
2002	132	2,907,468	193	1,771,252	3,095	46,549,896	15,040	4.5
2003	131	2,946,242	186	2,418,091	3,040	47,078,047	15,486	3.0
2004	351	9,796,355	176	2,020,035	3,215	54,854,367	17,063	10.2
2005	118	2,771,265	174	2,211,151	3,184	55,414,481	17,542	2.8
2006	117	3,304,140	184	2,631,780	3,092	56,086,841	18,139	3.4
2007	112	3,487,985	159	1,927,814	3,045	56,974,652	18,711	3.2
2008	127	3,714,283	177	2,321,096	2,995	58,367,839	19,488	4.2

TABLE III
Solvency Test

Fiscal Year Ended	ACCRUED LIABILITIES FOR (1) Active Members Accumulated Contributions	(2) Members Currently Receiving Benefits	(3) Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets (1)	(2)	(3)
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
2006	115,585,189	544,567,070	85,091,980	572,659,129	100	84	0
2007	123,379,336	548,468,651	96,082,645	583,295,949	100	84	0
2008	129,784,402	558,131,102	107,463,625	586,676,032	100	82	0

Promontory Park- Burnham Park

Statistical Section

MEMBERSHIP STATISTICS

	FY 2008	FY 2007
Active participants	3,031	3,040
Retired employees - annuities	2,152	2,169
Surviving spouses - annuities	843	869
Children - annuities	18	18
Retirement granted during the year	80	75
Retirement reductions due to deaths and pension terminations	123	134
New Members	299	374
Withdrawals with refund	170	165

Active Members and Total Annual Salaries by Age at June 30, 2008

Table I

	Male		Female		Total	
Age at 06/30/08	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
17	3	$ 22,394	-	$ -	3	$ 22,394
18	5	43,810	6	38,276	11	82,086
19	21	262,166	22	218,493	43	480,659
20	51	647,163	37	442,577	88	1,089,740
21	49	618,939	34	522,375	83	1,141,314
22	55	943,898	36	490,254	91	1,434,152
23	33	537,652	27	419,137	60	956,789
24	48	840,444	46	934,359	94	1,774,803
25	48	1,101,959	44	887,918	92	1,989,877
26	36	839,114	28	605,633	64	1,444,747
27	35	884,861	26	773,973	61	1,658,834
28	34	845,066	23	635,311	57	1,480,377
29	38	1,108,248	26	684,393	64	1,792,641
30	13	494,673	23	674,008	36	1,168,681
31	24	795,928	27	832,146	51	1,628,074
32	28	954,068	19	687,742	47	1,641,810
33	23	686,891	28	1,089,374	51	1,776,265
34	32	1,110,301	20	696,063	52	1,806,364
35	34	1,351,801	20	563,825	54	1,915,626
36	27	893,539	27	1,044,534	54	1,938,073
37	38	1,343,239	42	1,372,353	80	2,715,592
38	57	1,902,068	30	1,103,900	87	3,005,968
39	45	1,619,347	31	1,229,080	76	2,848,427
40	48	1,817,677	36	1,304,037	84	3,121,714
41	40	1,579,127	37	1,238,564	77	2,817,691
42	40	1,620,783	30	1,096,462	70	2,717,245
43	48	2,113,857	47	1,634,939	95	3,748,796
44	41	1,707,999	22	876,369	63	2,584,368
45	50	1,925,387	27	1,018,620	77	2,944,007
46	63	3,162,118	37	1,136,509	100	4,298,627
47	43	1,853,510	40	1,648,404	83	3,501,914
48	53	2,425,605	25	996,832	78	3,422,437
49	57	2,682,676	27	1,134,605	84	3,817,281
50	51	2,415,333	25	999,181	76	3,414,514
51	46	2,140,669	23	762,067	69	2,902,736
52	45	2,135,461	23	850,520	68	2,985,981
53	55	2,819,013	22	974,827	77	3,793,840

Active Members and Total Annual Salaries by Age at June 30, 2008

Table I
(continued)

	Male		Female		Total	
Age at 06/30/08	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
54	36	$1,790,491	18	$ 740,643	54	$2,531,134
55	31	1,457,392	24	736,777	55	2,194,169
56	37	1,574,153	13	501,242	50	2,075,395
57	49	2,605,724	17	694,968	66	3,300,692
58	43	1,894,480	15	561,323	58	2,455,803
59	24	1,202,327	6	296,457	30	1,498,784
60	23	823,134	8	240,344	31	1,063,478
61	26	1,256,054	3	123,635	29	1,379,689
62	16	636,579	5	193,744	21	830,323
63	19	770,020	6	188,993	25	959,013
64	18	634,545	3	175,675	21	810,220
65	15	801,018	8	366,194	23	1,167,212
66	8	355,774	2	42,823	10	398,597
67	5	222,582	3	95,852	8	318,434
68	8	312,611	1	37,394	9	350,005
69	8	327,644	3	91,032	11	418,676
70	6	255,172	-	-	6	255,172
71	6	249,664	-	-	6	249,664
72	4	97,468	-	-	4	97,468
73	1	18,675	1	35,376	2	54,051
74	-	-	3	73,268	3	73,268
75	1	77,878	1	20,518	2	98,396
76	3	100,062	-	-	3	100,062
78	1	39,567	-	-	1	39,567
79	-	-	2	28,695	2	28,695
80	1	37,396	-	-	1	37,396
	1,846	$67,787,194	1,185	$36,862,613	3,031	$104,649,807

	Male	Female	Both
Average Age:	41.9	38.4	40.5
Average Salary:	$36,721	$31,108	$34,526

Active Members and Total Annual Salaries by Length of Service at June 30, 2008

Table II

	Male		Female		Total	
Years of Service	Number	Annual Salaries	Number	Annual Salaries	Number	Annual Salaries
< 1	136	$ 907,995	107	$ 643,631	243	$ 1,551,626
1	217	4,453,416	173	3,452,589	390	7,906,005
2	172	4,222,255	109	2,596,546	281	6,818,801
3	147	4,832,612	96	2,094,209	243	6,926,821
4	93	3,730,355	54	1,595,543	147	5,325,898
5	52	1,524,530	25	777,802	77	2,302,332
6	66	2,162,021	44	1,014,022	110	3,176,043
7	70	2,220,653	51	1,581,956	121	3,802,609
8	82	3,530,389	60	2,561,064	142	6,091,453
9	98	4,073,301	68	2,758,383	166	6,831,684
10	61	2,379,213	56	2,161,527	117	4,540,740
11	63	2,388,549	46	1,703,091	109	4,091,640
12	65	2,648,822	53	2,130,060	118	4,778,882
13	30	1,147,987	26	1,195,995	56	2,343,982
14	17	715,721	14	803,055	31	1,518,776
15	20	1,119,067	13	632,559	33	1,751,626
16	56	2,423,300	29	1,269,838	85	3,693,138
17	29	1,665,212	11	416,417	40	2,081,629
18	37	2,313,252	19	887,665	56	3,200,917
19	22	1,398,622	26	1,257,030	48	2,655,652
20	20	1,080,218	7	339,438	27	1,419,656
21	28	1,566,684	10	527,338	38	2,094,022
22	38	2,096,636	18	924,878	56	3,021,514
23	35	2,027,995	15	696,456	50	2,724,451
24	21	1,031,127	7	389,298	28	1,420,425
25	21	1,086,731	11	588,639	32	1,675,370
26	19	1,286,970	3	147,220	22	1,434,190
27	38	2,425,560	9	457,683	47	2,883,243
28	28	1,495,056	4	199,643	32	1,694,699
29	11	641,311	9	466,437	20	1,107,748
30	12	735,640	-	-	12	735,640
31	11	722,091	1	45,417	12	767,508
32	8	544,516	-	-	8	544,516
33	7	363,073	3	153,799	10	516,872
34	6	366,902	-	-	6	366,902
35	2	73,754	1	60,407	3	134,161

Active Members and Total Annual Salaries by Length of Service at June 30, 2008

Table II
(continued)

Years of Service	Male Number	Male Annual Salaries	Female Number	Female Annual Salaries	Total Number	Total Annual Salaries
36	1	$ 62,298	1	$ 7,229	2	$ 69,527
37	1	44,247	1	55,626	2	99,873
39	1	35,968	4	220,820	5	256,788
40	2	113,117	-	-	2	113,117
41	1	47,237	-	-	1	47,237
43	1	47,237	-	-	1	47,237
48	1	35,554	-	-	1	35,554
50	-	-	1	49,303	1	49,303
	1,846	$67,787,194	1,185	$36,862,613	3,031	$104,649,807

	Male	Female	Both
Average Service:	9.5 yrs.	7.9 yrs.	8.9 yrs.
Average Salary:	$36,721	$31,108	$34,526

Retirement Pensions by Age and Annual Payments at June 30, 2008

Table III

	Male		Female		Total	
Age at 06/30/08	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	5	$ 167,057	1	$ 11,584	6	$ 178,641
51	10	221,536	2	46,298	12	267,834
52	22	774,021	9	277,123	31	1,051,144
53	25	576,674	5	120,141	30	696,815
54	28	914,254	1	2,287	29	916,541
55	32	842,214	15	446,791	47	1,289,005
56	32	970,775	10	200,813	42	1,171,588
57	47	1,153,617	17	444,256	64	1,597,873
58	44	1,218,492	5	162,133	49	1,380,625
59	45	1,196,863	9	223,951	54	1,420,814
60	49	1,278,224	18	444,308	67	1,722,532
61	48	1,232,558	9	139,669	57	1,372,227
62	50	1,035,540	15	305,424	65	1,340,964
63	36	916,470	12	216,917	48	1,133,387
64	48	1,381,748	18	306,498	66	1,688,246
65	66	1,572,353	21	416,776	87	1,989,129
66	44	1,051,206	22	332,187	66	1,383,393
67	51	1,387,477	16	240,570	67	1,628,047
68	38	929,039	14	87,119	52	1,016,158
69	54	1,409,201	18	294,341	72	1,703,542
70	49	1,223,777	13	135,554	62	1,359,331
71	60	1,353,225	16	280,043	76	1,633,268
72	46	1,155,733	18	310,704	64	1,466,437
73	60	1,463,810	11	125,049	71	1,588,859
74	60	1,478,160	14	160,030	74	1,638,190
75	48	1,008,774	17	262,793	65	1,271,567
76	50	960,057	13	205,881	63	1,165,938
77	59	1,317,904	14	184,892	73	1,502,796
78	49	1,321,435	12	238,303	61	1,559,738
79	55	1,373,481	12	172,145	67	1,545,626
80	54	1,082,643	11	140,597	65	1,223,240
81	46	1,155,849	10	151,052	56	1,306,901
82	26	611,739	11	145,343	37	757,082
83	42	1,113,260	10	166,574	52	1,279,834
84	24	518,388	10	143,114	34	661,502
85	34	689,417	8	83,584	42	773,001

Retirement Pensions by Age and Annual Payments at June 30, 2008

Table III
(continued)

Age at 06/30/08	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
86	21	$ 383,360	5	$ 41,355	26	$ 424,715
87	21	493,455	10	218,751	31	712,206
88	19	407,244	6	105,379	25	512,623
89	13	355,119	10	139,501	23	494,620
90	8	217,476	4	66,446	12	283,922
91	9	126,092	6	31,591	15	157,683
92	5	87,153	6	52,646	11	139,799
93	8	107,039	9	89,046	17	196,085
94	5	124,412	2	17,019	7	141,431
95	1	10,193	1	4,761	2	14,954
96	2	5,637	3	31,634	5	37,271
97	1	6,876	2	10,530	3	17,406
98	-	-	1	2,910	1	2,910
99	-	-	1	6,556	1	6,556
	1,649	$40,381,027	503	$8,442,969	2,152	$48,823,996

	Male	Female	Both
Average Age:	70.3	71.5	70.6
Average Annual Payments:	$24,488	$16,785	$22,688

Retirement Pensions by Age at Time of Retirement at June 30, 2008

Table IV

	Male		Female		Total	
Age at Retirement	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
50	131	$ 3,282,448	30	$ 715,886	161	$ 3,998,334
51	92	2,861,562	21	651,625	113	3,513,187
52	81	2,582,521	24	590,145	105	3,172,666
53	69	1,983,377	17	451,825	86	2,435,202
54	64	1,904,148	22	598,745	86	2,502,893
55	101	2,229,490	43	519,889	144	2,749,379
56	99	2,296,975	23	315,333	122	2,612,308
57	74	1,949,148	15	202,365	89	2,151,513
58	80	1,768,414	18	239,292	98	2,007,706
59	68	1,825,673	27	412,663	95	2,238,336
60	99	2,379,944	40	532,551	139	2,912,495
61	81	1,937,235	17	263,627	98	2,200,862
62	107	2,276,249	29	415,646	136	2,691,895
63	73	1,550,581	23	359,607	96	1,910,188
64	56	1,398,094	23	256,981	79	1,655,075
65	105	2,136,223	31	377,168	136	2,513,391
66	68	1,357,369	15	237,141	83	1,594,510
67	59	1,363,313	22	300,448	81	1,663,761
68	37	917,474	15	250,195	52	1,167,669
69	27	566,238	10	145,943	37	712,181
70	26	523,822	16	245,752	42	769,574
71	18	564,813	4	37,060	22	601,873
72	8	188,871	4	91,449	12	280,320
73	5	117,805	2	66,322	7	184,127
74	3	88,582	1	2,910	4	91,492
75	6	167,849	3	41,248	9	209,097
76	4	35,398	1	3,474	5	38,872
77	1	24,417	5	91,621	6	116,038
78	3	34,570	-	-	3	34,570
80	1	20,256	1	16,083	2	36,339
81	2	44,246	-	-	2	44,246
86	1	3,922	-	-	1	3,922
88	-	-	1	9,975	1	9,975
	1,649	**$40,381,027**	**503**	**$8,442,969**	**2,152**	**$48,823,996**

	Male	Female	Both
Average Age:	59.1	60.0	59.3
Average Annual Payments:	$24,488	$16,785	$22,688

Surviving Spouse's Pension by Age and Annual Payments at June 30, 2008

Table V

Age at 06/30/08	Number	Annual Payments	Age at 06/30/08	Number	Annual Payments
29	1	$ 2,695	73	18	$ 302,268
44	2	16,509	74	27	322,642
45	1	6,538	75	23	324,843
47	3	35,788	76	35	427,134
48	3	45,917	77	27	367,667
49	3	49,188	78	25	326,712
50	5	83,657	79	37	445,837
51	1	15,860	80	35	352,336
52	6	114,228	81	34	318,097
53	6	85,568	82	32	356,984
54	8	118,374	83	33	333,092
55	5	90,828	84	36	347,916
56	5	59,623	85	32	332,462
57	10	115,801	86	25	215,470
58	11	128,260	87	34	352,865
59	4	75,866	88	29	280,798
60	10	132,253	89	16	108,754
61	14	121,962	90	18	117,306
62	7	77,212	91	15	115,472
63	8	151,636	92	10	68,578
64	13	143,249	93	12	84,498
65	12	143,860	94	3	26,390
66	11	164,953	95	7	29,275
67	18	278,674	96	6	30,205
68	16	188,808	97	4	26,180
69	16	224,106	98	2	17,075
70	15	181,839	99	3	10,484
71	25	339,546	100	2	12,122
72	24	297,583			
				843	$9,543,843

Average Age:	76.7
Average Annual Payments:	$11,321

Surviving Spouse's Pension by Age at Commencement at June 30, 2008

Table VI

Age at Commencement	Number	Annual Payments	Age at Commencement	Number	Annual Payments
21	1	$ 873	60	24	$ 292,055
27	1	3,030	61	28	332,202
28	2	8,945	62	23	245,959
29	2	4,208	63	17	246,931
30	1	11,298	64	22	252,261
31	2	8,730	65	24	295,048
32	1	792	66	31	406,995
33	3	22,492	67	33	322,989
34	1	5,825	68	27	337,683
35	2	3,629	69	35	383,098
36	7	34,324	70	27	336,499
37	2	18,127	71	26	326,540
38	3	12,321	72	24	297,221
39	5	59,586	73	19	161,338
40	2	32,416	74	22	236,016
41	8	66,424	75	17	207,842
42	10	90,384	76	21	248,421
43	6	71,768	77	15	164,074
44	10	57,524	78	17	174,097
45	6	74,032	79	12	97,595
46	7	75,927	80	19	200,447
47	5	54,632	81	13	82,210
48	15	199,545	82	10	75,186
49	17	237,543	83	10	82,852
50	16	184,328	84	11	89,427
51	13	169,390	85	3	35,076
52	10	105,070	87	5	38,286
53	22	287,087	88	7	44,678
54	14	198,373	89	3	35,379
55	21	297,549	90	1	2,918
56	17	188,866	91	1	448
57	19	258,339	95	1	5,606
58	24	336,347			
59	20	306,742			
				843	$9,543,843

Average Age:	63.6
Average Annual Payments:	$11,321

Retiree's Automatic Increases by Age and Annual Payments at June 30, 2008

Table VII

Age at 06/30/08	Male Number	Male Annual Payments	Female Number	Female Annual Payments	Total Number	Total Annual Payments
51	1	$ 1,156	1	$ 1,136	2	$ 2,292
52	7	15,624	4	6,054	11	21,678
53	7	16,730	2	4,381	9	21,111
54	19	61,788	1	67	20	61,855
55	25	81,116	10	40,323	35	121,439
56	21	78,866	6	14,062	27	92,928
57	29	91,781	10	37,694	39	129,475
58	24	89,062	4	18,673	28	107,735
59	32	131,837	5	23,661	37	155,498
60	46	163,089	13	54,934	59	218,023
61	48	180,070	8	20,912	56	200,982
62	47	144,488	15	52,444	62	196,932
63	36	150,051	12	19,170	48	169,221
64	48	248,036	18	55,441	66	303,477
65	64	296,706	20	68,156	84	364,862
66	42	208,285	19	56,597	61	264,882
67	49	246,809	10	30,892	59	277,701
68	38	181,741	12	12,897	50	194,638
69	52	305,805	18	61,977	70	367,782
70	47	253,634	13	29,186	60	282,820
71	59	295,020	15	55,509	74	350,529
72	42	261,683	18	61,390	60	323,073
73	60	360,196	10	29,461	70	389,657
74	57	381,592	13	39,639	70	421,231
75	47	264,714	14	62,280	61	326,994
76	48	253,332	13	57,388	61	310,720
77	58	352,326	13	47,524	71	399,850
78	46	386,658	12	72,914	58	459,572
79	54	407,281	11	48,831	65	456,112
80	52	313,290	11	40,786	63	354,076
81	44	395,257	10	43,632	54	438,889
82	24	195,876	11	45,184	35	241,060
83	42	393,736	10	53,233	52	446,969
84	24	176,930	10	47,515	34	224,445
85	34	236,430	8	26,388	42	262,818
86	20	139,992	5	17,884	25	157,876
87	19	183,513	10	70,474	29	253,987
88	19	155,281	6	41,070	25	196,351

Retiree's Automatic Increases by Age and Annual Payments at June 30, 2008

Table VII
(continued)

	Male		Female		Total	
Age at 06/30/08	Number	Annual Payments	Number	Annual Payments	Number	Annual Payments
89	13	$ 131,997	10	$ 42,980	23	$ 174,977
90	8	82,653	4	25,649	12	108,302
91	9	48,994	6	13,230	15	62,224
92	5	39,311	6	19,709	11	59,020
93	7	43,735	9	38,416	16	82,151
94	5	53,063	2	7,347	7	60,410
95	1	4,368	1	2,295	2	6,663
96	1	538	3	15,768	4	16,306
97	1	3,258	2	3,237	3	6,495
98	-	-	1	406	1	406
99	-	-	1	729	1	729
	1,481	$8,507,698	446	$1,639,525	1,927	$10,147,223

	Male	Female	Both
Average Age:	71.5	72.9	71.8
Average Monthly Increases:	$ 479	$ 306	$ 439
Average Annual Increases:	$5,745	$3,676	$5,266

Annuities and Refunds by Type

Table VIII

Last Ten Years

Fiscal Year Ended June 30	Retirement	Surviving Spouse	Children	Refunds Employees	Refunds Pensioners
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
2006	46,668,385	9,073,756	31,100	1,827,216	240,731
2007	47,002,222	9,265,244	24,900	1,619,162	149,752
2008	47,935,948	9,440,330	22,300	1,743,368	221,470

Death and Disability Benefits

Table IX

Last Ten Years

Fiscal Year Ended June 30	Death Benefit	Ordinary Disability	Duty Disability	Total
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
2006	308,000	203,233	18,992	530,225
2007	271,000	227,448	19,243	517,691
2008	295,900	286,765	(7,626) [a]	575,039

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

Number of Active Participants
Last Ten Years

Table X

Fiscal Year Ended June 30	Male Participants	Female Participants	Total
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
2006	1,868	1,167	3,035
2007	1,855	1,185	3,040
2008	1,846	1,185	3,031

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
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
2006	33,216	41.3	9.2	27,430	37.8	7.5	30,991	40.0	8.5
2007	33,054	41.6	9.4	29,108	37.9	7.6	32,736	40.2	8.7
2008	36,721	41.9	9.5	31,108	38.4	7.9	34,526	40.5	8.9

Table XII

Retirees and Beneficiaries Receiving Benefits
Last Ten Years

Fiscal Year Ended June 30	Retirees	Surviving Spouses	Children	Total
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
2006	2,199	893	23	3,115
2007	2,169	869	18	3,056
2008	2,152	843	18	3,013

Table XIII

Retirees Receiving Annual 3% Increases
Last Ten Years

Fiscal Year Ended	Number		Annual Increase			Total Annual
June 30	Male	Female	Male	Female	Number	Increase
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
2006	1,520	449	7,634,454	1,404,744	1,969	9,039,198
2007	1,508	440	8,060,817	1,521,955	1,948	9,582,772
2008	1,481	446	8,507,698	1,639,525	1,927	10,147,223

Table XIV

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

Fiscal Year Ended June 30	Average Annual Payments	
	Retiree	Spouse
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
2006	21,394	10,126
2007	21,999	10,654
2008	22,688	11,321

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)
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
2006	572,659,129	172,585,110	745,244,239	76.8
2007	583,295,949	184,634,683	767,930,632	76.0
2008	586,676,032	208,703,097	795,379,129	73.8

Ratio of Unfunded Liability to Payroll
Last Ten Years

Table II

Fiscal Year Ended June 30	Member Payroll	Unfunded Liability (a)	Liability % of Payroll
1999	$ 94,254,767	$ 18,243,867	19.4
2000	101,267,759	28,029,013	27.7
2001	105,739,601	22,085,697	20.9
2002	103,786,911	40,458,115	38.9
2003	102,329,721	76,999,269	75.2
2004	87,840,802	128,284,981	146.0
2005	95,707,132	146,586,562	153.2
2006	101,058,024	172,585,110	170.8
2007	106,601,982	184,634,683	173.2
2008	111,698,366	208,703,097	186.8

(a) reflects application of GASB No. 25.

Revenue by Sources
Last Ten Years

Table III

Fiscal Year Ended June 30 (a)	Taxpayer Contributions	Per Cent %	Employee Contributions	Per Cent %	Investment Income (b)	Per Cent %	Total	Per Cent %
1999	$ 9,897,895	12	$10,331,436	13	$ 59,589,198	75	$ 79,818,529	100
2000	8,982,701	21	8,819,236	21	24,303,889	58	42,105,826	100
2001	9,206,851	96	8,977,309	94	(8,590,539)	(90)	9,593,621	100
2002	9,977,765	2506	9,192,876	2348	(18,775,731)	(4754)	394,910	100
2003	9,842,559	25	9,533,018	24	20,297,955	51	39,673,532	100
2004	9,840,681	11	10,593,581	12	69,754,905	77	90,189,167	100
(c) 2005	4,768,605	8	8,515,799	14	49,621,638	78	62,906,042	100
(c) 2006	5,173,860	9	9,117,032	17	40,970,668	74	55,261,560	100
2007	9,594,593	9	9,719,082	9	88,741,395	82	108,055,070	100
2008	8,998,687	481	10,264,805	548	(17,391,594)	(929)	1,871,898	100

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

Average Benefit Payments

Table I

Last Ten Years

(Dollars in Thousands)

	Years Credited Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25-30	30+
Period 7/1/07 to 6/30/08							
Average monthly benefit	$ 363	$ 678	$ 698	$ 1,535	$ 2,145	$ 2,428	$ 3,269
Average final average salary	$ 5,962	$ 4,837	$ 2,806	$ 4,166	$ 4,280	$ 3,763	$ 4,684
Number of retired members	15	4	11	6	8	9	27
Period 7/1/06 to 6/30/07							
Average monthly benefit	$ 408	$ 441	$ 864	$ 952	$ 1,713	$ 2,463	$ 3,461
Average final average salary	$ 6,201	$ 2,851	$ 3,115	$ 3,117	$ 3,725	$ 4,234	$ 4,472
Number of retired members	16	9	6	13	5	10	16
Period 7/1/05 to 6/30/06							
Average monthly benefit	$ 276	$ 550	$ 958	$ 685	$ 1,342	$ 1,895	$ 2,991
Average final average salary	$ 4,829	$ 3,160	$ 3,086	$ 2,702	$ 3,305	$ 3,213	$ 4,756
Number of retired members	5	5	8	8	12	7	25
Period 7/1/04 to 6/30/05							
Average monthly benefit	$ 274	$ 862	$ 982	$ 972	$ 1,379	$ 1,828	$ 2,933
Average final average salary	$ 4,780	$ 5,357	$ 3,146	$ 2,734	$ 3,035	$ 3,358	$ 4,128
Number of retired members	9	7	6	8	7	7	11
Period 7/1/03 to 6/30/04							
Average monthly benefit	$ 331	$ 1,246	$ 945	$ 1,632	$ 2,034	$ 2,897	$ 2,761
Average final average salary	$ 5,264	$ 5,393	$ 3,236	$ 3,791	$ 3,838	$ 3,902	$ 3,786
Number of retired members	33	13	13	23	36	127	62
Period 7/1/02 to 6/30/03							
Average monthly benefit	$ 248	$ 704	$ 690	$ 902	$ 1,471	$ 1,899	$ 2,761
Average final average salary	$ 5,371	$ 5,612	$ 3,004	$ 2,744	$ 3,004	$ 3,472	$ 3,698
Number of retired members	18	9	12	10	8	3	15
Period 7/1/01 to 6/30/02							
Average monthly benefit	$ 257	$ 733	$ 648	$ 946	$ 1,005	$ 1,750	$ 2,925
Average final average salary	$ 5,428	$ 4,867	$ 3,447	$ 2,862	$ 2,215	$ 3,126	$ 3,868
Number of retired members	17	9	8	11	8	10	11
Period 7/1/00 to 6/30/01							
Average monthly benefit	$ 276	$ 290	$ 717	$ 873	$ 928	$ 1,363	$ 1,411
Average final average salary	$ 3,146	$ 1,956	$ 2,962	$ 2,617	$ 3,492	$ 3,038	$ 3,719
Number of retired members	1	6	12	15	6	15	25
Period 7/1/99 to 6/30/00							
Average monthly benefit	$ 239	$ 367	$ 585	$ 1,012	$ 1,188	$ 1,480	$ 2,589
Average final average salary	$ 3,872	$ 2,288	$ 2,340	$ 2,930	$ 2,682	$ 2,808	$ 3,384
Number of retired members	11	14	15	11	8	3	12
Period 7/1/98 to 6/30/99							
Average monthly benefit	$ 244	$ 511	$ 624	$ 937	$ 1,462	$ 1,748	$ 2,426
Average final average salary	$ 4,238	$ 3,465	$ 2,574	$ 2,636	$ 2,980	$ 2,970	$ 3,235
Number of retired members	9	13	12	7	18	60	115

Principal Participating Employers

Table II

Current Year and Nine Years Ago

Participating Government	2008 Covered Employees	2008 Rank	2008 Percentage of Total System	1999 Covered Employees	1999 Rank	1999 Percentage of Total System
Chicago Park District	3,020	1	99.64	3,580	1	99.58
Retirement Board of the Park Employees' Annuity and Benefit Fund	11	2	0.36	13	2	0.36
City of Chicago	0	3	0.00	2	3	0.06
Total (3 Governments)	3,031		100.00%	3,595		100.00%

Changes In Net Assets

Table III

Last Ten Years

(Dollars in Thousands)

Fiscal Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Additions										
Member Contributions	$10,265	$ 9,719	$ 9,117	$ 8,516	$10,593	$ 9,533	$ 9,193	$ 8,977	$ 8,819	$10,332
Employer Contribution	8,999	9,595	5,174	4,768	9,841	9,843	9,978	9,207	8,983	9,897
Investment Income	(17,392)	88,741	40,971	49,622	69,755	20,298	(18,776)	(8,591)	24,304	59,589
Total Additions	1,872	108,055	55,262	62,906	90,189	39,674	395	9,593	42,106	79,818
Deductions (see Table IV)										
Benefit Payments	57,974	56,810	56,303	55,901	51,741	47,460	46,949	46,461	45,581	43,013
Refunds	1,965	1,769	2,068	1,960	2,924	2,775	2,477	3,050	2,798	3,164
Administrative Expenses	1,289	1,238	1,232	1,186	1,199	1,170	1,123	1,083	1,148	1,113
Total Deductions	61,228	59,817	59,603	59,047	55,864	51,405	50,549	50,594	49,527	47,290
Change in Net Assets	$(59,356)	$ 48,238	$ (4,341)	$ 3,859	$34,325	$(11,731)	$(50,154)	$(41,001)	$(7,421)	$32,528

Benefit and Refund Deductions from Net Asset by Type

Table IV

Last Ten Years

(Dollars in Thousands)

	Fiscal Years									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Type of Benefit										
Age and Service Benefits										
Retirees	$47,936	$47,002	$46,668	$46,472	$42,832	$38,709	$38,474	$38,067	$37,627	$35,570
Surviving Spouses	9,440	9,265	9,074	8,615	8,196	7,971	7,671	7,425	7,038	6,559
Children	22	25	31	32	39	42	42	57	41	45
Death Benefit	296	271	308	392	292	325	343	356	346	399
Disability Benefits										
Members-Duty	(8)	19	19	32	68	66	37	(41)	24	22
Members-Non-Duty	288	228	203	358	314	347	382	597	505	418
Total Benefits	$57,974	$56,810	$56,303	$55,901	$51,741	$47,460	$46,949	$46,461	$45,581	$43,013
Type of Refund										
Separation	$ 1,743	$ 1,619	$ 1,827	$1,792	$2,786	$2,570	$2,326	$2,983	$2,742	$2,923
Death	222	150	241	168	138	205	151	67	56	241
Total Refunds	$ 1,965	$ 1,769	$ 2,068	$1,960	$2,924	$2,775	$2,477	$3,050	$2,798	$3,164

Retired Members by Type of Benefit

Table V

Amount of Monthly Benefit	Number of Retired Members	1	2	3
$ 1 - $ 250	306	176	90	40
251 - 500	370	232	91	47
501 - 750	276	157	92	27
751 - 1,000	286	178	82	26
1,001 - 1,250	217	115	74	28
1,251 - 1,500	199	112	58	29
1,501 - 1,750	186	125	45	16
1,751 - 2,000	176	138	30	8
Over 2,000	979	919	31	29
Total	2,995	2,152	593	250

Type of Retirement

1 Normal Retirement for age and service, Including incentive retirements

2 Beneficiary payment, normal surviving spouse

3 Beneficiary payments, death in service