LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

Actuarial Valuation Report

For the Year Ending December 31, 2006

April 2007

GRS

Gabriel Roeder Smith & Company

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The Retirement Board of the
Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
221 North LaSalle Street, Suite 748
Chicago, Illinois 60601

Subject: Actuarial Certification

Dear Members of the Board:

At your request, we have performed an actuarial valuation for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2006. An actuarial valuation of the Fund is performed annually. The valuation has been performed to measure the funding status of the Fund. It includes disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 25, Statement No. 27, and Statement No. 43. The assumptions and methods used were selected by the actuary and meet the parameters set for the disclosure presented in the financial section by GASB Statement No. 25 and GASB Statement No. 43.

We have provided the supporting schedules for the actuarial section of the comprehensive annual financial report, including:

- Active Member Valuation Data
- Retirements and Beneficiaries Added to and Removed from Rolls
- Solvency (Termination) Test
- Analysis of Financial Experience

We have also provided the following schedules for the financial sections of the report. We relied on information from the prior actuary for years before 1999.

- Schedule of Funding Progress
- Schedule of Employer Contributions

This valuation is based upon:

a. **Data Relative to the Members of the Fund** - Data utilized for active members and persons receiving benefits from the Fund was provided by the Fund's staff. We have tested this data for reasonableness.

b. **Asset Values** - The values of assets of the Fund were provided by the Fund's staff. An actuarial value of assets was used to develop actuarial results for GASB Statement No. 25 and Statement No. 27.

c. **Actuarial Method** - The actuarial method utilized by the Fund is the Entry-Age Normal Actuarial Cost Method. The objective of this method is to recognize the costs of Fund benefits over the entire career of each member as a level percentage of compensation. Any Unfunded Actuarial Accrued Liability (UAAL), under this method is separately amortized. All actuarial gains and losses under this method are reflected in the UAAL.

d. **Actuarial Assumptions** – The same actuarial assumptions as last year were used for this valuation. They are set out in the following pages.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Fund when due. The provision of State Law establishing the Fund constrains employer contributions to be 1.00 times the employee contribution level in the second prior fiscal year. Thus, with an administrative lag, the employer contribution is designed to match the employee contribution in a 1:1 relationship. Employer contributions for the plan year cease when all actuarial accrued liabilities of the Fund, excluding any cost that arose from the most recent early retirement incentive, are fully funded. The most recent actuarial valuation of the Fund on the State reporting basis indicates that a ratio of 1.64 is needed to adequately finance the Fund; also, it should be noted that there is a non-zero Annual Required Contribution (ARC) for the fourth year in a row.

The valuation results set forth in this report are based on the data and actuarial techniques described above, and upon the provisions of the Fund as of the valuation date. Based on these items, we certify these results to be true and correct.

Gabriel, Roeder, Smith & Company

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SUMMARY OF ACTUARIAL VALUATION

ACTUARIAL VALUES	December 31, 2005	December 31, 2006	% Change
Termination Values			
Liability	$ 1,248,080,469	$ 1,283,747,746	**2.86%**
Assets - Actuarial Value	1,635,595,437	1,664,058,080	**1.74%**
Deficiency/(Excess)	(387,514,968)	(380,310,334)	**(1.86)%**
Funded Ratio	**131.05%**	**129.63%**	**(1.09)%**
GASB #25 Values [1]			
Actuarial Liability	$ 1,742,300,488	$ 1,809,236,143	**3.84%**
Assets - Actuarial Value	1,635,595,437	1,664,058,080	**1.74%**
Unfunded Liability (Surplus)	106,705,051	145,178,063	**36.06%**
Funded Ratio	**93.88%**	**91.98%**	**(2.02)%**
Annual Required Contribution (ARC)	$ 21,142,739	$ 25,293,490	**19.63%**
Market Values			
Actuarial Liability	$ 1,742,300,488	$ 1,809,236,143	**3.84%**
Assets - Market Value	1,659,061,366	1,739,660,664	**4.86%**
Unfunded Liability	83,239,122	69,575,479	**(16.41)%**
Funded Ratio	**95.22%**	**96.15%**	**0.98%**
Book Values			
Actuarial Liability	$ 1,742,300,488	$ 1,809,236,143	**3.84%**
Assets - Book Value	1,467,631,692	1,521,869,281	**3.70%**
Unfunded Liability (Surplus)	274,668,796	287,366,862	**4.62%**
Funded Ratio	**84.24%**	**84.12%**	**(0.14)%**
Values for Tax Levy Purposes Only			
Actuarial Liability less ERI Cost	$ 1,698,631,820	$ 1,777,048,385	**4.62%**
Assets - Actuarial Value	1,635,595,437	1,664,058,080	**1.74%**
Unfunded Liability (Surplus)	63,036,383	112,990,305	**79.25%**
Funded Ratio	**96.29%**	**93.64%**	**(2.75)%**

[1] *Values as of December 31, 2006, include GASB #43 liability of $41,553,653 and GASB #43 ARC of $3,567,685.*

SUMMARY OF ACTUARIAL VALUATION (CONT'D)

	December 31, 2005	December 31, 2006	% Change
Assets			
Market Value - Beginning of Year	$1,637,369,008	$1,659,061,366	**1.32 %**
Income			
Investment Income	117,785,265	174,535,356	**48.18 %**
Employer Contributions & Misc.	40,435	106,270	**162.82 %**
Employee Contributions	16,256,802	18,791,442	**15.59 %**
Subtotal	134,082,502	193,433,068	**44.26 %**
Outgo (Refunds, Benefits & Expenses)	112,390,144	112,833,770	**0.39 %**
Net Change	21,692,358	80,599,298	**271.56 %**
Market Value - End of Year	$1,659,061,366	$1,739,660,664	**4.86 %**
Book Value - Beginning of Year	$1,436,405,492	$1,467,631,692	**2.17 %**
Income			
Investment Income	127,319,107	148,173,647	**16.38 %**
Employer Contributions & Misc.	40,435	106,270	**162.82 %**
Employee Contributions	16,256,802	18,791,442	**15.59 %**
Subtotal	143,616,344	167,071,359	**16.33 %**
Outgo (Refunds, Benefits & Expenses)	112,390,144	112,833,770	**0.39 %**
Net Change	31,226,200	54,237,589	**73.69 %**
Book Value - End of Year	$1,467,631,692	$1,521,869,281	**3.70 %**
Smoothed Value - Beginning of Year	$1,649,959,130	$1,635,595,437	**(0.87)%**
Income			
Investment Income	81,729,214	122,398,701	**49.76 %**
Employer Contributions & Misc.	40,435	106,270	**162.82 %**
Employee Contributions	16,256,802	18,791,442	**15.59 %**
Subtotal	98,026,451	141,296,413	**44.14 %**
Outgo (Refunds, Benefits & Expense)	112,390,144	112,833,770	**0.39 %**
Net Change	(14,363,693)	28,462,643	**(298.16)%**
Actuarial Value - End of Year	$1,635,595,437	$1,664,058,080	**1.74 %**

SUMMARY OF ACTUARIAL VALUATION (CONT'D)

	December 31, 2005	December 31, 2006	% Change
Members			
Actives[1]	3,141	3,215	**2.36 %**
Inactives	1,838	1,837	**(0.05)%**
Retirees	2,737	2,683	**(1.97)%**
Survivors	1,367	1,335	**(2.34)%**
Disabilities	176	171	**(2.84)%**
Children	52	52	**0.00 %**
Payroll Data			
Valuation Payroll	$ 182,809,397	$ 193,176,272	**5.67 %**
Average Salary	$ 58,201	$ 60,086	**3.24 %**

[1]*Active participants include disabled employees.*

DISCUSSION OF VALUATION RESULTS

This report sets forth the results of the actuarial valuation of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2006. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2007.
2. To develop the annual required contribution (ARC) under GASB #25 and GASB #43.
3. To develop the annual pension cost under GASB #27.
4. To review the funding status of the Fund.

The funded status in basic terms is a comparison of the Fund's liabilities to assets expressed as either unfunded liability or as a ratio of assets to liabilities. This comparison can be measured in various ways. Fund liabilities are dependent on the actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the fluctuations that invariably occur from year to year.

For Fund and City financial reports, the funding status is measured using liabilities under the Entry Age Normal funding method and the Actuarial Value of Assets. The Actuarial Value of Assets is determined by annually spreading the difference between expected and actual investment earnings over a five-year period.

Actuarial Obligations of the Fund

The value of all future pension payments, calculated using the actuarial assumptions contained in this report, is the sum of payments to two major groups of beneficiaries-the retired lives and the actives lives.

1. **Retired Lives:**

   For those currently receiving known benefits, i.e., current retirees, widows, widowers, and children, the value is determined based on estimated future longevity with the future benefit payment discounted to present time at the assumed investment earnings rate.

2. **Active Lives:**

   The value of future payments for active employees who will receive benefits in the future is estimated, because the amount of pension is only known at the actual time of retirement. This estimate is made using various assumptions as to future salary increases; probable retirement age; and probability of death, withdrawal, or disablement before retirement. For active employees, the goal is to have enough assets on hand at retirement to pay for all future benefits promised. To provide for an orderly accumulation of these required assets, an actuarial funding method is used. Using the 'Entry Age Normal" funding method, assets are allocated as a level amount (expressed as a percentage of salary) over the employee's working lifetime. These allocated costs are called "normal costs" and are sufficient, if set aside each year, to fully fund his or her benefits when and if he or she retires. The actuarial reserve (amount of assets needed now) is then the present value of future benefits less the value of future normal costs to be paid.

The difference between the sum of actuarial reserves for active and retired lives ("the Actuarial Accrued Liability") and the Actuarial Value of Assets is called the "Unfunded Actuarial Accrued Liability." If assets exceed the liability, there is a surplus. The unfunded liability depends upon the benefits, the characteristics of the covered group of employees and retirees, the actuarial assumptions, and the actuarial funding method. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide for all future benefits payable when added to the future normal costs determined by the actuarial funding method.

3. **Actuarial Balance**:

For the pension fund to be in balance (funded ratio of 100 percent), the present value of all benefits payable in the future must equal the sum of present assets plus the present value of all future contributions. If a plan is 100 percent funded, it does not mean that no contributions are ever needed again. It simply means that the plan is where it should be. The assets of the plan are sufficient to provide for future benefits payable based on service to the date of valuation. **Future contributions are still needed** to provide the "normal costs" for service after the date of the valuation in order to have sufficient assets at retirement to provide the future payments of the total projected benefit.

Summary of Results

The annual required contribution (ARC) under GASB #25 for the year ending December 31, 2007, is $21.73 million, which is for pension benefits only. This amount is net of employee contributions of $16.79 million and is based on a 30-year amortization period.

GASB #43 requires the calculation of a separate ARC for Other Postemployment Benefits (OPEB) beginning with the Fund's 2006 fiscal year. The ARC for the 2006 fiscal year was determined in the last actuarial valuation as of December 31, 2005. The OPEB ARC for the fiscal year ending December 31, 2007, is $3.57 million.

Because of the requirements of GASB #43, there are some differences between the calculation of the ARC for pension benefits and the ARC for OPEB. These differences are summarized below.

	Pension ARC	OPEB ARC
Investment Return	8.00% per year	4.50% per year
Assets	5-year smoothed market	No assets (Pay-as-you-go)

GASB #43 requires that the investment return assumption (or "discount rate") used to value OPEB liabilities be based on the estimated long-term yield on the investments expected to be used to finance the payment of benefits. The investment return assumption of 4.50 percent reflects the fact that OPEB liabilities are considered to be funded on a pay-as-you-go basis. That is, the health insurance supplement is financed with current contributions, and no separate healthcare asset account exists to pay the health insurance supplement.

Beginning with this December 31, 2006, actuarial valuation, GASB #25 requires the use of a 30-year amortization period to determine the pension ARC. However, the 2006 pension ARC was determined in the actuarial valuation as of December 31, 2005, using a 40-year amortization period.

The Unfunded Actuarial Accrued Liability based on the Actuarial Value of Assets increased from $106.71 million to $145.18 million during the year, resulting in a change in funding ratio from 93.9 percent to 92.0 percent. The increase in the Unfunded Actuarial Accrued Liability is largely attributable to a shortfall in contributions relative to the actuarially determined contribution requirement and a loss due to retirement, termination and mortality. A more thorough examination of these and other factors can be found in the Reconciliation of Unfunded Actuarial Accrued Liability (gain/loss analysis) in Table 2 and the Reconciliation of Funded Ratio in Table 2A.

Based on the Market Value of Assets, the Unfunded Actuarial Accrued Liability decreased from $83.24 million to $69.58 million, and the funded ratio increased from 95.2 percent to 96.2 percent.

As a result of Public Act 93-0654, the City is not required to make a contribution for the plan year if the accrued liabilities excluding the liabilities that arose from the early retirement incentive (ERI) are 100 percent funded by the Actuarial Value of Assets. The liabilities attributable to the ERI for 2006 are equal to $32,187,758. The actuarial liabilities excluding the ERI liabilities are equal to $1,777,048,385, and the funded ratio is 93.6 percent Therefore, the City is required to make a contribution for Fiscal Year 2008. The increase in liabilities from the ERI will diminish over seven years; the projected excess liabilities from the ERI are provided below:

Valuation Date December 31,		ERI Liability
2004	$	56,388,737
2005		43,668,668
2006		32,187,758
2007		22,459,143
2008		14,286,454
2009		7,716,575
2010		2,581,018
2011		-

Plan Membership

The major characteristics of the data on the members of the Fund are summarized as follows:

	December 31, 2005	December 31, 2006
Active Members[1]		
Number	3,141	3,215
Vested	2,012	2,075
Non-vested	1,129	1,140
Average Age	45.4	45.6
Average Service	15.0	14.9
Average Annual Salary	$58,201	$60,086
Inactive Members		
Number	1,838	1,837
Average Age	47.9	48.8
Average Service	3.5	3.5
Retirees		
Number	2,737	2,683
Average Age	70.8	70.9
Average Annual Benefit	$30,492	$31,664
Surviving Spouses		
Number	1,367	1,335
Average Age	76.2	76.2
Average Annual Benefit	$10,910	$11,239
Children	52	52
Total Members	9,135	9,122

[1]*Active members include disabled employees.*

Total participants receiving benefits under the Fund, including disability, widow, and children, decreased 2.1 percent during 2006 from 4,332 to 4,241. Total expenditures for benefits increased from $105.2 million in 2005 to $106.9 million during 2006, or 1.62 percent.

Changes in Provisions of the Fund

There were no changes to the fund provisions in 2006.

Discussion of Actuarial Assumptions

Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns. However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long run experience.

There are two general types of actuarial assumptions:

1. Demographic Assumptions - reflect the flow of participants into and out of a retirement system, and

2. Economic Assumptions - reflect the effect of the economic climate on a retirement system.

Demographic assumptions can be readily studied over recent plan experience. Economic assumptions can be studied against recent experience; however, future experience is more likely to be a result of outside factors than of plan specifics. The most significant demographic assumptions are active turnover, retirement, and post-retirement mortality. The most significant economic assumptions are pay increases, investment return, and inflation. Other actuarial assumptions include disability incidence, active mortality, and percent married.

The current actuarial assumptions were first adopted for use with the December 31, 2004, valuation report.

Experience Analysis

The Fund had an investment gain in 2006 of $45.6 million relative to the 8.00 percent expected rate of return, on a market value basis. The loss on an actuarial basis relative to the 8.00 percent expected rate of return was $4.8 million due to the deferred recognition of investment gains and losses.

Individual salary increases varied among plan participants, but the overall increase was slightly greater than anticipated by the actuarial assumptions, resulting in an experience loss of $0.8 million.

There was an additional loss of $13.5 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 0.69 percent of the liabilities at December 31, 2006, which is a reasonable variation.

Tables 2 and 2A summarize the experience gains and losses for the year.

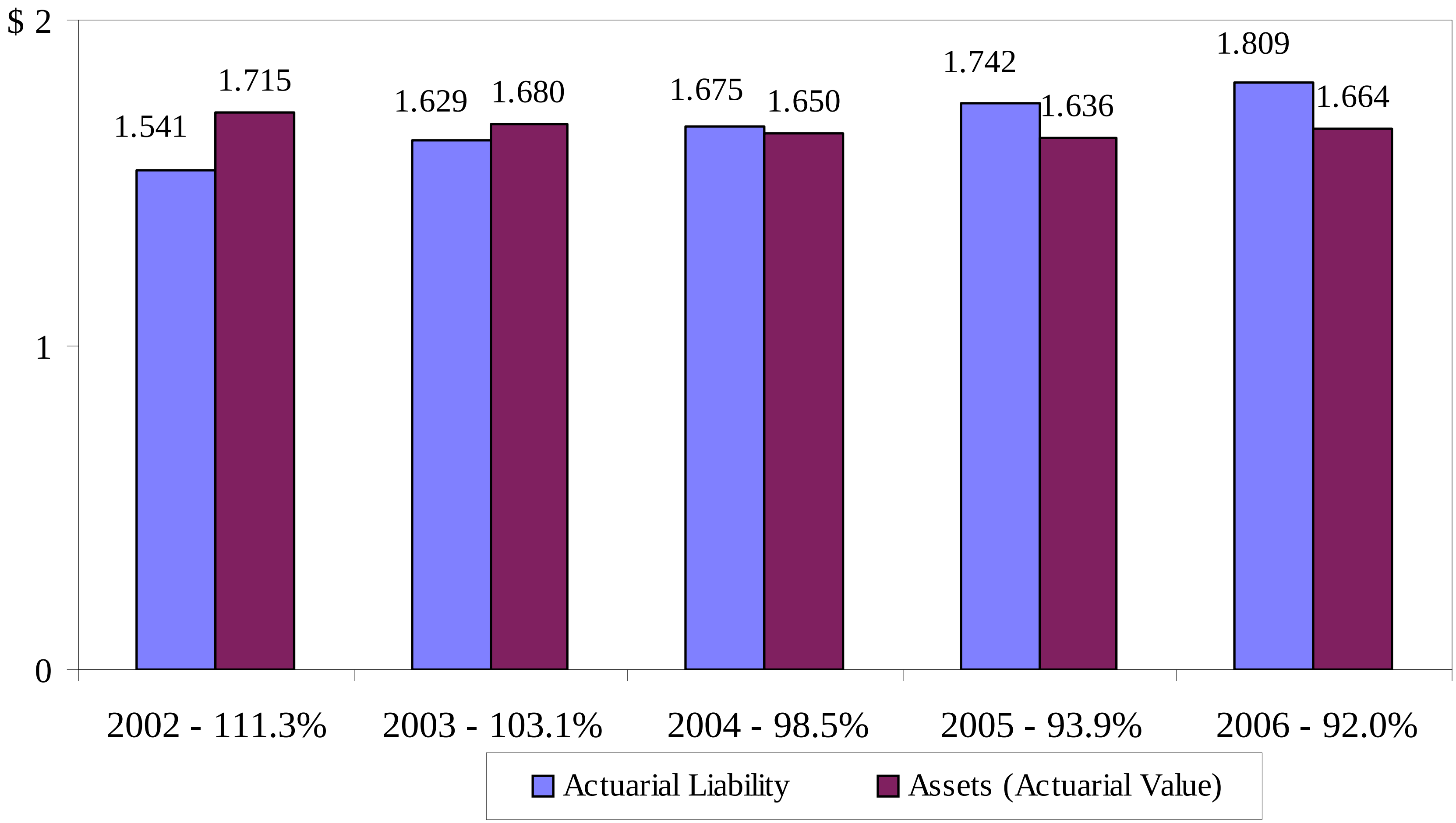
Funding Analysis

The following charts summarize the various measures of benefit security (funded ratio) examined in this valuation and highlight the trends of the measures.

Conclusion

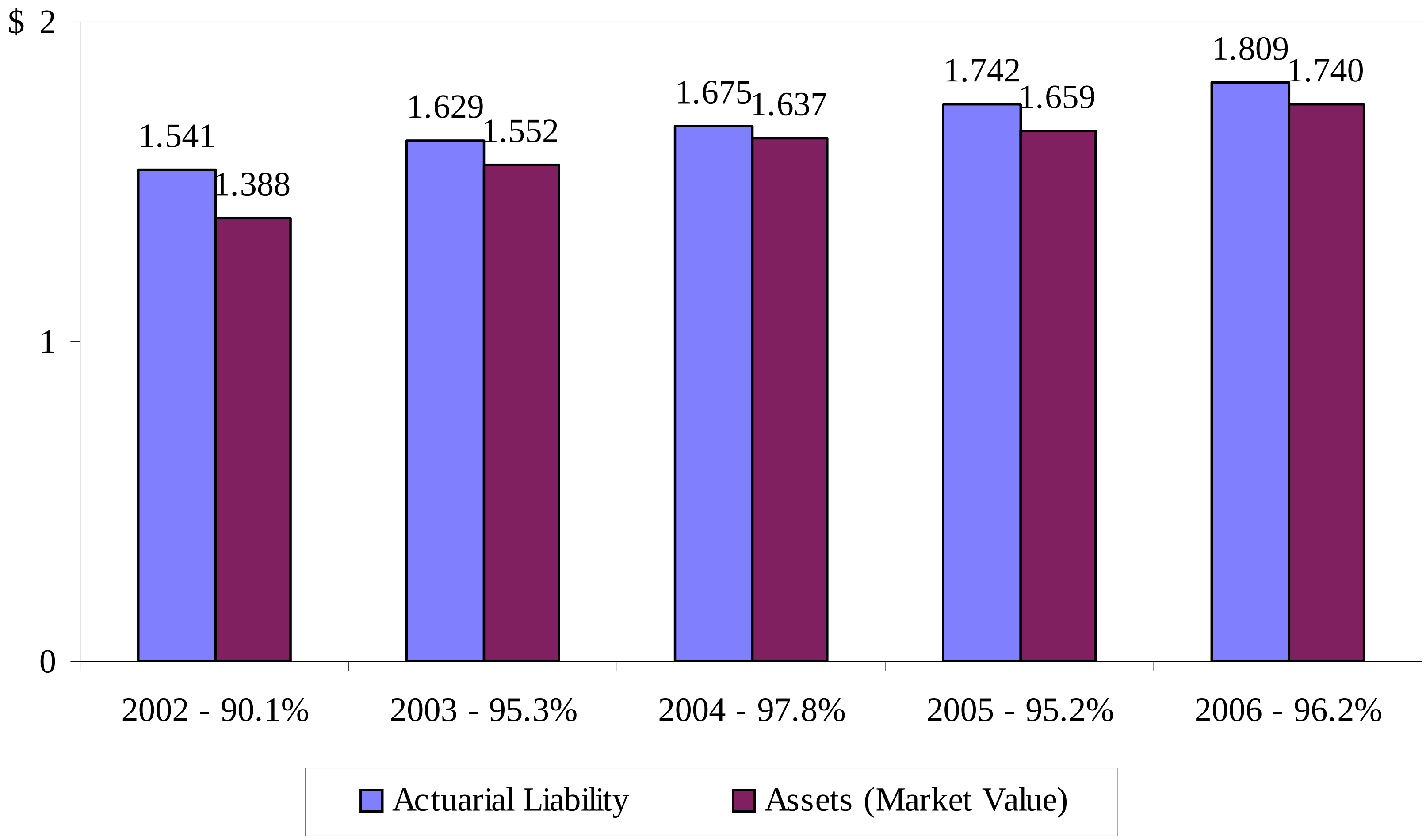
The Fund continues to be reasonably well funded with respect to current benefit liabilities, even after investment losses on the Actuarial Value of Assets. However, contributions continue to be insufficient to adequately finance the plan, and will result in further decreases in the funding ratio. When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased from 93.9 percent in 2005 to 92.0 percent in 2006.

COMPONENTS OF FUNDING RATIO
GASB #25[1]/STATE REPORTING
($ IN BILLIONS)

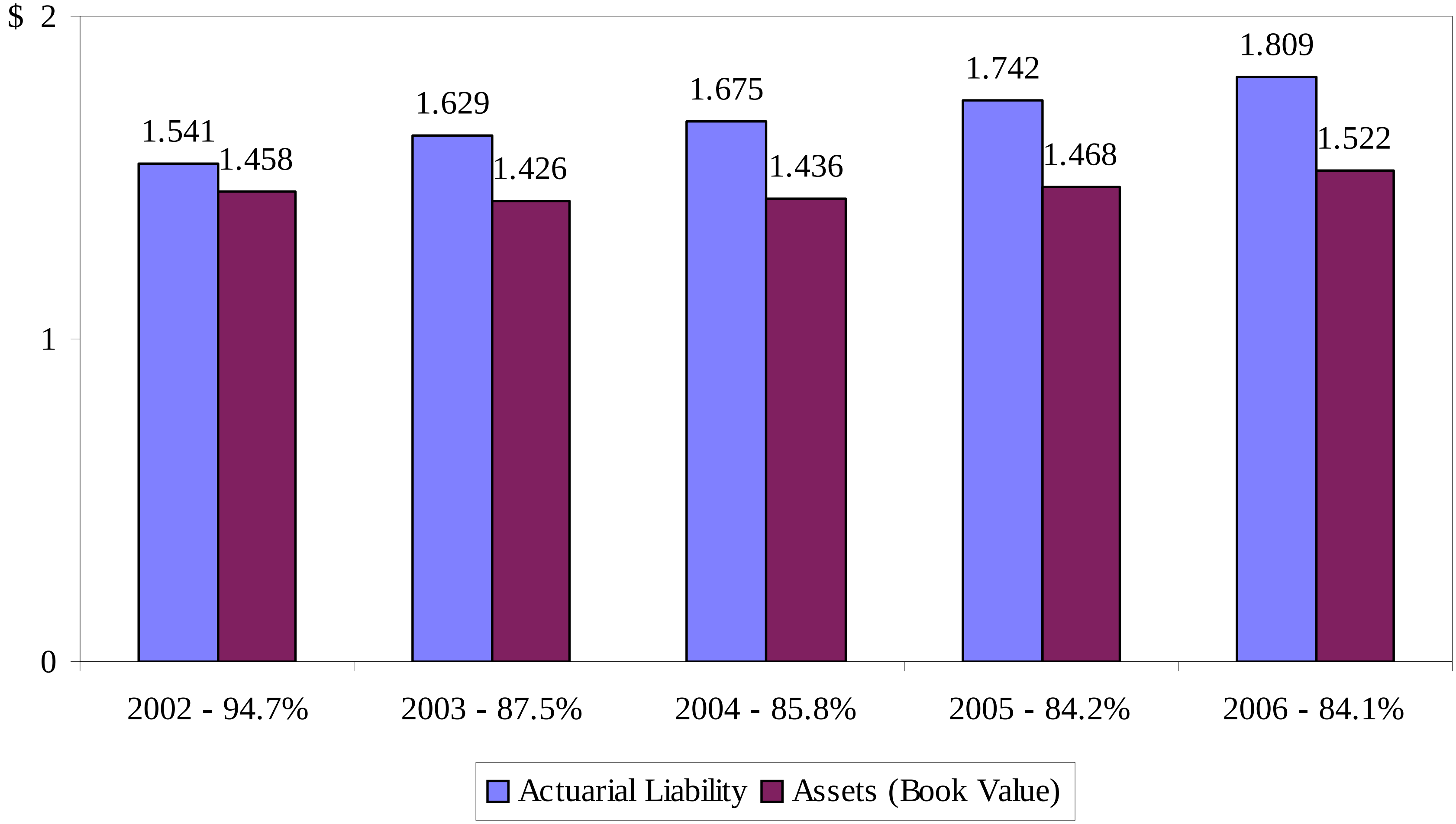


[1] *2006 Actuarial Liability includes GASB #43 Liability of $41,553,653.*

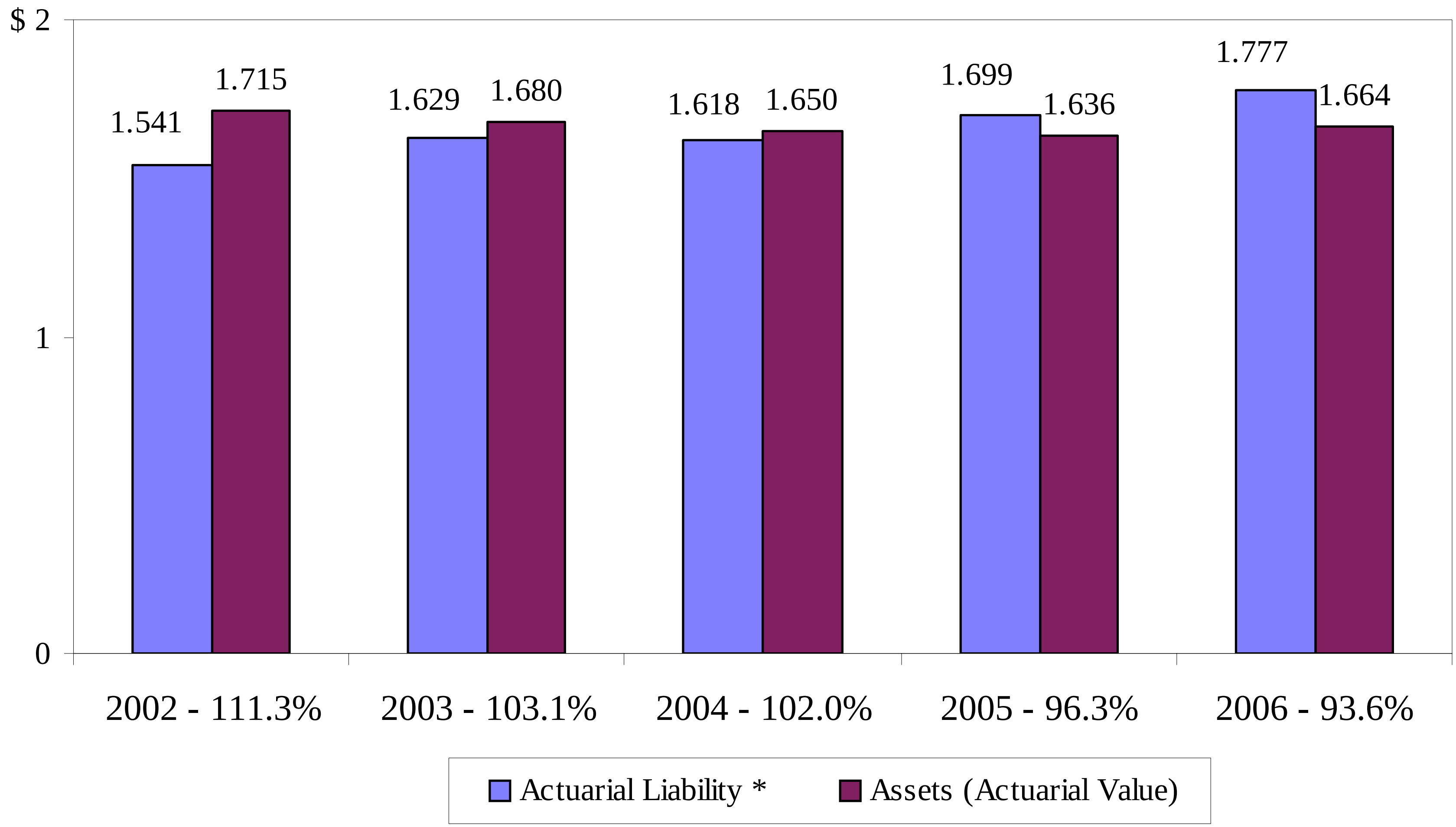
COMPONENTS OF FUNDING RATIO
BASED ON MARKET VALUE
($ IN BILLIONS)



COMPONENTS OF FUNDING RATIO
BASED ON BOOK VALUE
($ IN BILLIONS)

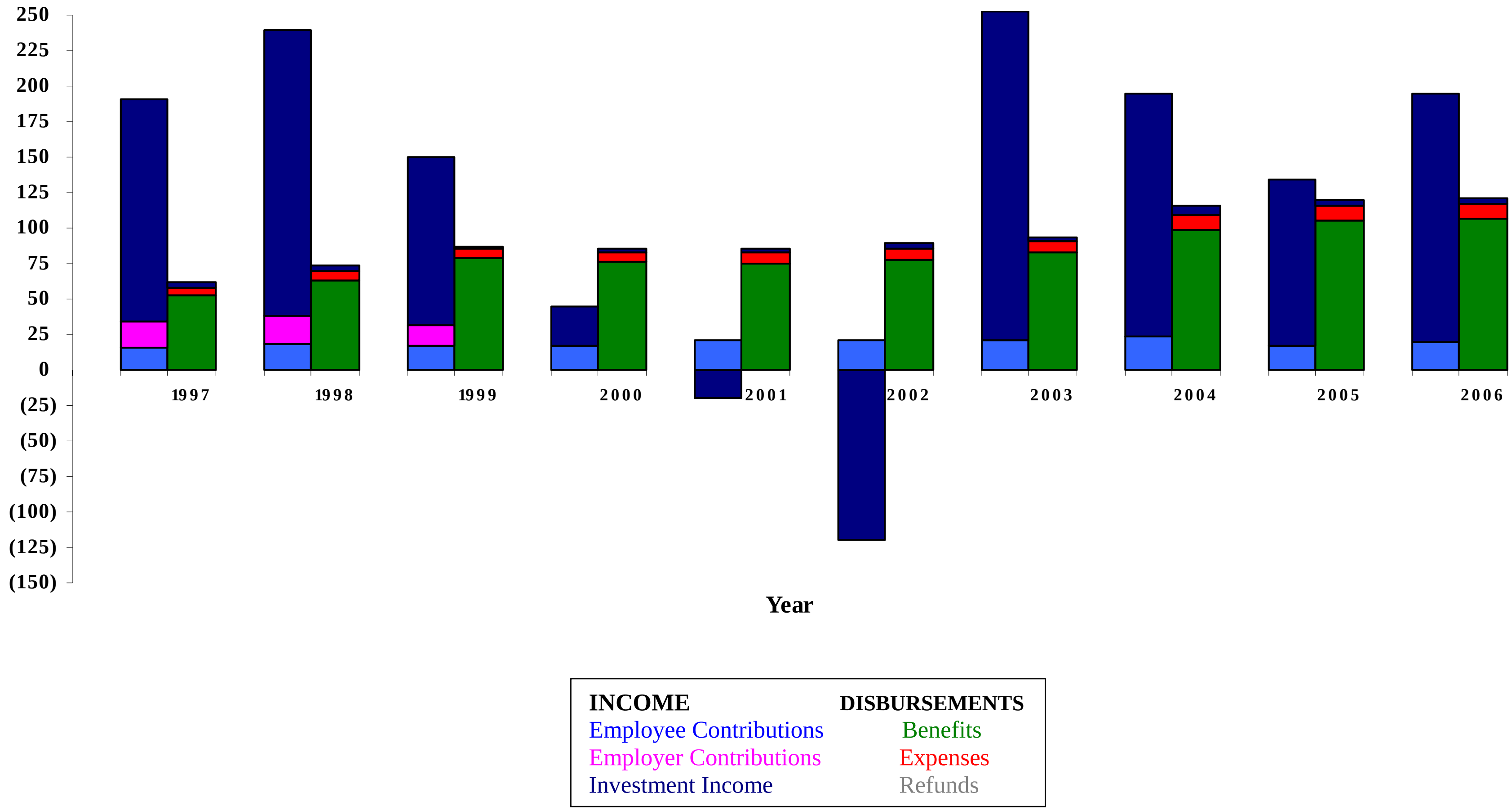


COMPONENTS OF FUNDING RATIO
CITY TAX LEVY DETERMINATION
($ IN BILLIONS)



* Excludes ERI liability established in 2004

SUMMARY OF INCOME AND DISBURSEMENTS
($ IN MILLIONS)



Actuarial Computations

TABLE 1
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #25 FOR 2007

		2006 [1]	2007 [1]
(1)	Normal Cost	$ 27,115,824	$ 28,484,278
(2)	Actuarial Accrued Liability (AAL)	1,700,771,430	1,767,682,490
(3)	Unfunded AAL (UAAL)		
	(a) Actuarial Value of Assets	1,635,595,437	1,664,058,080
	(b) UAAL [2-3(a)]	65,175,993	103,624,410
(4)	Amortization (Level $) Payable at BOY [2]	5,060,805	8,522,861
(5)	Minimum Actuarially Calculated Contribution		
	(a) Interest Adjustment for Semimonthly Payment	1,307,712	1,504,032
	(b) Total Minimum Contribution [1+4+5(a); but not less than zero]	33,484,341	38,511,172
	(c) Total Minimum Contribution (Percent of Pay)	18.31%	19.94%
(6)	Estimated Member Contributions	15,884,575	16,785,367
(7)	Annual Required Contribution (ARC)		
	(a) Annual Required Contribution [5(b)-6]	$ 17,599,766	$ 21,725,805
	(b) Annual Required Contribution (Percent of Pay)	9.63%	11.25%
(8)	Estimated City Contribution (after 4% loss)		
	(a) Statutory Required City Contribution (After 4% loss)	16,505,724	12,624,422
	(b) Less City Adjustment Due to Funding Status	(16,505,724)	0
	(c) Tax Levied by City [(a)+(b)]	-	12,624,422 [3]
(9)	City Contribution Deficiency/(Excess)		
	(a) in Dollars [(7(a)-8(c)]	17,599,766	9,101,383
	(b) as a Percentage of Pay	9.63 %	4.71 %
(10)	Combined City/Member Contributions Deficiency/(Excess)		
	(a) in Dollars [5(b)-6-8(c)]	$ 17,599,766	$ 9,101,383
	(b) as a Percentage of Pay	9.63 %	4.71 %

[1] *Excludes health insurance supplement.*
[2] *Amortization period of 40 years for 2006 and 30 years for 2007.*
[3] *Total statutory required contribution less expected benefit payments for the health insurance supplement.*

TABLE 1A
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #43 FOR 2007

	2006 [1]	2007 [1]
(1) Normal Cost	$ 1,023,208	$ 1,045,917
(2) Actuarial Accrued Liability (AAL)	41,529,058	41,553,653
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	-	-
(b) UAAL [2-3(a)]	41,529,058	41,553,653
(4) Amortization (30-Year Level $) Payable at BOY	2,439,744	2,441,189
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semimonthly Payment	80,021	80,579
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	3,542,973	3,567,685
(c) Total Minimum Contribution (Percent of Pay)	1.94%	1.85%
(6) Estimated Member Contributions	-	-
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	$ 3,542,973	$ 3,567,685
(b) Annual Required Contribution (Percent of Pay)	1.94%	1.85%
(8) Estimated City Contribution	-	2,216,276 [2]
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8]	3,542,973	1,351,409
(b) as a Percentage of Pay	1.94%	0.70%
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	$ 3,542,973	$ 1,351,409
(b) as a Percentage of Pay	1.94%	0.70%

[1] *The normal cost and actuarial accrued liabilities for the health insurance supplement are based on a discount rate of 4.50 percent. Excludes pension liabilities.*
[2] *Represents expected benefit payments for the health insurance supplement.*

TABLE 1B
DEVELOPMENT OF CITY CONTRIBUTION REQUIREMENTS

	Fiscal Year 2007	Fiscal Year 2008
Preliminary Determination of City Contribution		
Applicable Members' Contribution, Two Years Prior	$15,459,100	$ 17,891,000
Statutory Contribution Multiple	1.00	1.00
Statutory City Contribution	15,459,100	17,891,000
Actuarial Liability at Valuation Date	1,742,300,488	1,809,236,143
ERI Cost at Valuation Date	43,668,668	32,187,758
Actuarial Liability Excluding ERI Cost	1,698,631,820	1,777,048,385
Actuarial Value of Assets at Valuation Date	1,635,595,437	1,664,058,080
Funded Ratio - Including ERI Liabilities	93.88%	91.98%
Funded Ratio - Without ERI Liabilities	96.29%	93.64%
Statutory City Contribution*	Required	Required

Valuation Date December 31,	ERI Liability
2004	$ 56,388,737
2005	43,668,668
2006	32,187,758
2007	22,459,143
2008	14,286,454
2009	7,716,575
2010	2,581,018
2011	-

*Public Act 93-0654 provides for the ERI cost to be excluded from the liability used to determine if a contribution by the City is required. If, as of the applicable Valuation Date, the funded ratio excluding the ERI cost is greater than 100 percent, then no contribution by the City is required.

TABLE 2
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
(GAIN/LOSS ANALYSIS)

	2006	2005	2004	2003	2002
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
Beginning of Year	$106,705,051	$24,655,521	$(51,233,134)	$(174,468,677)	$(353,941,671)
(Gains) Losses During the Year Attributable to:					
Contributions Less Than (in Excess of) Normal Cost plus Interest	19,287,480	11,781,133	8,944,477	(3,077,858)	(20,170,796)
(Gain) Loss on Investment Return	4,763,777	46,497,745	74,809,245	102,530,567	115,844,320
(Gain) Loss from Salary Changes	810,157	14,848,509	(18,649,117)	(17,028,927)	(7,862,789)
(Gain) Loss from Retirement, Termination, & Mortality	13,458,675	12,543,768	22,774,401	34,444,569	18,691,501
(Gain) Loss from Data Corrections	152,924	-	-	-	-
Change in Methodology	-	5,593,808	-	-	-
Change in Assumptions	-	(9,215,433)	(82,523,758)	-	-
Plan Amendments	-	-	70,533,407	6,367,192	72,970,758
Net Increase (Decrease) in UAAL	38,473,012	82,049,530	75,888,655	123,235,543	179,472,994
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
End of Year	$145,178,063	$106,705,051	$24,655,521	$(51,233,134)	$(174,468,677)

TABLE 2A
RECONCILIATION OF FUNDED RATIO

	2006	2005
Funded Ratio Beginning of Year	**93.88%**	**98.53%**
Expected Increase If All Assumptions Realized	**0.17%**	**0.04%**
Expected Funded Ratio	**94.05%**	**98.57%**
Gains (Losses) During the Year Attributable to:		
Contributions in Excess of (Less Than) Normal Cost plus Interest	-1.07%	-0.69%
Gain (Loss) on Investment Return	-0.27%	-2.71%
Gain (Loss) from Salary Changes	-0.04%	-0.81%
Gain (Loss) from Retirement, Termination, & Mortality	-0.69%	-0.68%
Gain (Loss) from Data Corrections	0.00%	0.00%
Change in Methodology	0.00%	-0.30%
Change in Assumptions	0.00%	0.50%
Plan Amendments	0.00%	0.00%
Total Gains (Losses) During the Year	**-2.07%**	**-4.69%**
Funded Ratio End of Year	**91.98%**	**93.88%**

TABLE 3
SUMMARY OF BASIC ACTUARIAL VALUES

		APV of Projected Benefits	2007 Normal Cost
(1)	Values for Active and Inactive Members		
(a)	Retirement	$ 802,844,616	$ 15,802,733
(b)	Termination - Vested	75,429,538	3,984,664
(c)	Termination - Non Vested	5,739,607	2,405,414
(d)	Death	12,224,457	562,903
(e)	Inactive Vested and Non-Vested	36,582,276	-
(f)	Health Insurance	26,341,127	1,045,917
(g)	Disability	-	2,897,644
(h)	Expenses of Administration	-	2,830,920
	Total for Active and Inactive Members	$ 959,161,621	$ 29,530,195
(2)	Values for Members in Payment Status	$ 1,046,426,600	$ -
(3)	Grand Totals	$ 2,005,588,221	$ 29,530,195
	Actuarial Present Value of Future Compensation		$ 1,573,999,459

TABLE 4
TERMINATION LIABILITIES

	2005	2006
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	$ 1,023,899,580	$ 1,046,426,600
Salary Deductions Contributed by Active and Inactive Fund Members (with Interest)	224,180,889	237,321,146
Total	$ 1,248,080,469	$ 1,283,747,746
Actuarial Asset Value	1,635,595,437	1,664,058,080
Excess Upon Termination	$ 387,514,968	$ 380,310,334
Percent Funded	131.05%	129.63%

TABLE 5
ACTUARIAL ACCRUED LIABILITY PRIORITIZED SOLVENCY TEST

Valuation Date 12/31	(1) Active and Inactive Member Contributions	(2) Retirees and Beneficiaries	(3) Active and Inactive Members (ER Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1997 [1,2]	$199,007,766	$455,856,814	$385,785,954	$1,328,085,799	100.00%	100.00%	100.00%
1998 [1,2]	177,746,739	771,214,483	343,650,489	1,530,395,014	100.00%	100.00%	100.00%
1999 [2,3]	193,754,190	701,998,792	414,019,359	1,690,749,716	100.00%	100.00%	100.00%
2000	205,361,994	641,573,414	450,978,472	1,737,971,109	100.00%	100.00%	100.00%
2001	213,887,422	638,327,325	549,923,873	1,756,080,291	100.00%	100.00%	100.00%
2002 [1]	238,225,175	676,418,854	625,960,732	1,715,073,438	100.00%	100.00%	100.00%
2003 [1]	246,529,315	721,917,308	660,116,410	1,679,796,167	100.00%	100.00%	100.00%
2004 [1,2]	213,524,642	1,055,408,468	405,681,541	1,649,959,130	100.00%	100.00%	93.92%
2005 [2]	224,180,889	1,023,899,580	494,220,019	1,635,595,437	100.00%	100.00%	78.41%
2006	237,321,146	1,046,426,600	525,488,397	1,664,058,080	100.00%	100.00%	72.37%

[1] *Change in benefits*
[2] *Change in actuarial assumptions*
[3] *Change in actuary*

The prioritized solvency test is another means of checking a system's progress under its funding program, based on the Actuarial Accrued Liability. In this test the plan's present assets (cash and investments) are compared with obligations in order of priority: (1) active and inactive member contributions on deposit; (2) the present value of future benefits to present retired lives; (3) the employer financed portion for present active and inactive members. In a system that has been following the discipline of financing, the obligation for active and inactive member contributions on deposit (present value 1) and the present value of future benefits to present retired lives (present value 2) will be fully covered by present assets (except in rare circumstances). In addition, the Actuarial Accrued Liability for present active and inactive members (present value 3) is covered by the remainder of present assets. Generally, if the system has been following a system of amortizing the Unfunded Liability, the funded portion of present value (3) will increase over time.

TABLE 6
STATUTORY RESERVES AS OF DECEMBER 31, 2006

	New in 2006			Continuing from 2005			Total		
	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total
Statutory Reserve [1]									
Retirees	$ 12,800,613	$ 40,948,790	$ 53,749,403	$ 201,283,005	$ 754,408,047	$ 955,691,052	$ 214,083,618	$ 795,356,837	$ 1,009,440,455
Future Surviving Spouses	$ 2,902,042	$ 2,293,960	$ 5,196,002	$ 53,241,882	$ 68,991,253	$ 122,233,135	$ 56,143,924	$ 71,285,213	$ 127,429,137
Spouses	$ 4,546,966	$ 4,572,458	$ 9,119,424	$ 45,145,316	$ 48,463,534	$ 93,608,850	$ 49,692,282	$ 53,035,992	$ 102,728,274
Annual Benefits									
Retirees	$ 986,922	$ 2,016,258	$ 3,003,180	$ 22,426,682	$ 59,524,066	$ 81,950,748	$ 23,413,604	$ 61,540,324	$ 84,953,928
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses	$ 502,367	$ 545,281	$ 1,047,648	$ 6,103,587	$ 7,852,197	$ 13,955,784	$ 6,605,954	$ 8,397,478	$ 15,003,432

[1] *As required by State statutes, calculated using the Combined Annuity Mortality Table with interest at 3.00 percent per annum, except for employees and spouses of employees who were participants on or before January 1, 1952, for whom the American Experience Table of Mortality with interest at 4.00 percent per annum is used.*

TABLE 7
STATE REPORTING DISCLOSURE

	2005	2006
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$ 1,023,899,580	$ 1,046,426,600
Current Active and Inactive Employees:		
Accumulated Employee Contributions	224,180,889	237,321,146
Payable to Vested and Non-Vested Employees	233,133,710	276,738,349
Total APV	$ 1,481,214,179	$ 1,560,486,095
Net Assets Available for Benefits, Actuarial Value	$ 1,635,595,437	$ 1,664,058,080
Unfunded AAL (AAL in excess of assets)	$ (154,381,258)	$ (103,571,985)
Percent Funded	110.42%	106.64%
Unfunded AAL as Percent of Payroll	(84.45)%	(53.62)%
Payroll	$ 182,809,397	$ 193,176,272

TABLE 8
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Accrued Liabilities for Active and Inactive Participants[1]	$	762,809,543
Reserves For:		
Service Retirement Pension	$	834,268,941
Future Widows of Current Retirees		82,550,456
Surviving Spouse Pension		104,778,373
Health Insurance Supplement		24,366,119
Children Annuitants		462,711
Total Accrued Liabilities	$	1,809,236,143
Unfunded Actuarial Liabilities (Surplus)		145,178,063
Actuarial Net Assets	$	1,664,058,080

[1] Accrued liabilities for active participants includes retirement liability for members in ordinary or duty disabled status. Liability for disability benefits is recognized as a one-year term cost of 1.50 percent of pay added to the normal cost.

Assets of the Plan

ASSETS OF THE PLAN

The book value of plan assets, net of accounts payable, increased from $1.47 billion as of December 31, 2005, to $1.52 billion as of December 31, 2006, and the market value of plan assets increased from $1.66 billion as of December 31, 2005, to $1.74 billion as of December 31, 2006. Table 9 details the development of asset values during 2006 and Table 10 shows the development of the actuarial value of assets as of December 31, 2006.

TABLE 9
RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2006

		Market Value	Book Value
(1)	Value of Assets as of 12/31/2005	$ 1,659,061,366	$ 1,467,631,692
(2)	Income for Plan Year:		
	(a) Member Contributions	$ 18,791,442	$ 18,791,442
	(b) City Contributions & Miscellaneous	106,270	106,270
	(c) Investment Income Net of Expenses	173,739,597	147,377,888
	(d) Income from Securities Lending	795,759	795,759
	(e) Total Income	$ 193,433,068	$ 167,071,359
(3)	Disbursements for Plan Year:		
	(a) Benefit Payments - Pension	$ 104,625,271	$ 104,625,271
	(b) Benefit Payments - Health Insurance Supplement	2,237,641	2,237,641
	(c) Refunds and Rollovers	3,139,938	3,139,938
	(d) Administration	2,830,920	2,830,920
	(e) Total Disbursements	$ 112,833,770	$ 112,833,770
(4)	Value of Assets as of 12/31/2006	$ 1,739,660,664	$ 1,521,869,281
(5)	Estimated Rate of Return in 2006:		
	(a) Gross (Investment Expense of $7,595,432)	11.30%	10.96%
	(b) Net of Investment Expense	10.83%	10.43%

TABLE 10
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
AS OF DECEMBER 31, 2006

(1) **Expected Return on Market Value of Assets for Prior Year**

(a) Market Value of Assets as of 12/31/2005 — $1,659,061,366

(b) Actual Income and Disbursements in Prior Year Weighted for Timing

	Item	Amount	Weight for Timing	Weighted Amount
i)	Member Contributions	$ 18,791,442	50.0%	$ 9,395,721
ii)	City Contributions & Misc.	106,270	50.0%	53,135
iii)	Benefit Payments	(106,862,912)	50.0%	(53,431,456)
iv)	Refunds	(3,139,938)	50.0%	(1,569,969)
v)	Administration	(2,830,920)	50.0%	(1,415,460)
vi)	Total			$ (46,968,029)

(c)	Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi))]	$1,612,093,337
(d)	Assumed Rate of Return on Plan Assets for the Year	8.00%
(e)	Expected Return [(c) * (d)]	$ 128,967,467

(2) **Actual Return on Market Value of Assets for Prior Year**

(a)	Market Value of Assets as of 12/31/2005	$1,659,061,366
(b)	Income (less investment income) for Prior Plan Year	18,897,712
(c)	Disbursements Paid in Prior Year	112,833,770
(d)	Market Value of Assets as of 12/31/2006	1,739,660,664
(e)	Actual Return [(d) + (c) - (b) - (a)]	$ 174,535,356

(3) **Investment Gain/(Loss) for Prior Year [2(e) - 1(e)]** — $ 45,567,889

(4) **Actuarial Value of Assets as of 12/31/2006**

(a) Market Value of Assets as of 12/31/2006 — $1,739,660,664

(b) Deferred Investment Gains and (Losses) for Last 5 Years

	Plan Year	Gain/(Loss)	Weight for Timing	Deferred Amount
i)	2002	$ (242,577,321)	0.00%	$ -
ii)	2003	123,229,282	20.00%	24,645,856
iii)	2004	50,296,851	40.00%	20,118,740
iv)	2005	(9,360,539)	60.00%	(5,616,323)
v)	2006	45,567,889	80.00%	36,454,311
vi)	Total	$ (32,843,838)		$ 75,602,584

(c) Actuarial Value of Assets — $1,664,058,080

The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last 5 years at the rate of 20 percent per year.

Plan Members Data

EXHIBIT A 1
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR THE YEAR ENDING DECEMBER 31, 2006

	Male	Female	Total
Number of Active Members at Beginning of Year [1]	2,704	437	3,141
Increases:			
Reclassification of Gender	-	-	-
Members Added During the Year	142	64	206
Members Returning From Inactive	79	11	90
	221	75	296
Totals	2,925	512	3,437
Decreases:			
Terminations During Year	195	27	222
Number of Active Members at End of Year	2,730	485	3,215
Terminations			
To Inactive Status	96	17	113
Withdrawal (With Refunds)	26	7	33
Refund in Lieu of an Annuity	-	-	-
Retirements	63	1	64
Transfer to Another Fund	1	-	1
Deaths	9	2	11
Closed for Misc. Reasons	-	-	-
Totals	195	27	222

[1] *All employees receiving ordinary and duty disability benefits are included in the active count.*

EXHIBIT A 2
SUMMARY OF CHANGES IN INACTIVE PARTICIPANTS
FOR THE YEAR ENDING DECEMBER 31, 2006

	Male	Female	Total
Number of Inactive Members at Beginning of Year	1,666	172	1,838
Increases:			
Reclassification of Gender	-	-	-
Members Added During the Year	31	19	50
Members Transferring from Active	96	17	113
	127	36	163
Totals	1,793	208	2,001
Decreases:			
Terminations During Year	149	15	164
Number of Inactive Members at End of Year	1,644	193	1,837
Terminations			
Withdrawal (With Refunds)	42	3	45
To Active Status	61	10	71
To Duty Disabled	16	1	17
To Ordinary Disabled	2	-	2
Transfer Payment to Another Fund	1	-	1
Retirements	15	-	15
Closed for Misc. Reasons	3	-	3
Deaths	9	1	10
Totals	149	15	164

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES FOR THE YEAR ENDING DECEMBER 31, 2006

Annuitants and Beneficiaries	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Employee Annuitants	2,737	79	133	2,683
Surviving Spouse Annuitants	1,367	69	101	1,335
Child Annuitants	52	12	12	52
Annuitant Totals	**4,156**	**160**	**246**	**4,070**
Actives Receiving Disability				
Ordinary Disability Benefit	56	93	107	42
Duty Disability Benefit	120	310	301	129
Disability Totals	**176**	**403**	**408**	**171**
Annuitants and Disability Total	**4,332**	**563**	**654**	**4,241**

EXHIBIT C

PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2006

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	-	2	-	-	-	-	-	-	-	**2**
	$ -	$ 99,715	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 99,715**
20-24	1	18	3	-	-	-	-	-	-	**22**
	$ 35,152	$ 709,298	$ 178,152	$ -	$ -	$ -	$ -	$ -	$ -	**$ 922,602**
25-29	2	42	68	7	-	-	-	-	-	**119**
	$ 99,715	$ 1,740,897	$ 4,027,393	$ 441,482	$ -	$ -	$ -	$ -	$ -	**$ 6,309,487**
30-34	4	33	112	83	3	-	-	-	-	**235**
	$ 177,071	$ 1,359,047	$ 6,340,855	$ 5,208,687	$ 196,872	$ -	$ -	$ -	$ -	**$ 13,282,532**
35-39	1	37	130	111	52	1	-	-	-	**332**
	$ 53,914	$ 1,700,259	$ 7,652,681	$ 7,137,025	$ 3,187,580	$ 61,152	$ -	$ -	$ -	**$ 19,792,611**
40-44	3	33	104	121	91	49	25	-	-	**426**
	$ 133,806	$ 1,601,974	$ 5,863,505	$ 7,583,451	$ 5,633,070	$ 3,321,877	$ 1,816,833	$ -	$ -	**$ 25,954,516**
45-49	1	31	102	103	84	93	198	42	-	**654**
	$ 34,091	$ 1,275,915	$ 5,975,753	$ 6,411,803	$ 5,223,041	$ 6,085,085	$ 13,618,090	$ 3,009,332	$ -	**$ 41,633,110**
50-54	-	16	63	84	65	66	141	90	2	**527**
	$ -	$ 773,654	$ 3,499,401	$ 5,063,611	$ 3,749,989	$ 4,402,323	$ 9,542,330	$ 6,407,968	$ 161,850	**$ 33,601,126**
55-59	1	10	31	39	28	36	50	29	8	**232**
	$ 34,091	$ 457,351	$ 1,777,588	$ 2,451,082	$ 1,655,302	$ 2,190,957	$ 3,319,574	$ 2,020,305	$ 558,090	**$ 14,464,340**
60-64	-	2	20	26	12	20	13	13	5	**111**
	$ -	$ 105,332	$ 1,062,001	$ 1,514,526	$ 677,771	$ 1,192,840	$ 824,404	$ 857,178	$ 408,310	**$ 6,642,362**
65-70	-	1	6	12	7	6	9	5	5	**51**
	$ -	$ 34,507	$ 276,863	$ 684,614	$ 401,504	$ 363,870	$ 579,520	$ 312,481	$ 384,228	**$ 3,037,587**
70 & Over	-	-	-	3	2	4	4	1	5	**19**
	$ -	$ -	$ -	$ 196,872	$ 120,952	$ 277,494	$ 244,900	$ 87,547	$ 304,468	**$ 1,232,233**
Total	**13**	**225**	**639**	**589**	**344**	**275**	**440**	**180**	**25**	**2,730**
	$ 567,840	**$ 9,857,949**	**$ 36,654,192**	**$ 36,693,153**	**$ 20,846,081**	**$ 17,895,598**	**$ 29,945,651**	**$ 12,694,811**	**$ 1,816,946**	**$ 166,972,221**

EXHIBIT C

PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2006

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	-	1	-	-	-	-	-	-	-	**1**
	$ -	$ 34,091	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 34,091**
20-24	2	7	-	-	-	-	-	-	-	**9**
	$ 107,828	$ 270,170	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 377,998**
25-29	1	19	19	1	-	-	-	-	-	**40**
	$ 34,091	$ 915,898	$ 1,054,608	$ 56,826	$ -	$ -	$ -	$ -	$ -	**$ 2,061,423**
30-34	-	14	27	18	1	-	-	-	-	**60**
	$ -	$ 640,956	$ 1,437,417	$ 1,002,505	$ 47,700	$ -	$ -	$ -	$ -	**$ 3,128,578**
35-39	1	17	29	24	9	1	-	-	-	**81**
	$ 34,091	$ 764,354	$ 1,620,756	$ 1,336,462	$ 541,178	$ 60,240	$ -	$ -	$ -	**$ 4,357,081**
40-44	1	13	28	13	18	6	-	-	-	**79**
	$ 53,914	$ 534,085	$ 1,508,293	$ 797,210	$ 1,055,660	$ 389,820	$ -	$ -	$ -	**$ 4,338,982**
45-49	3	9	31	23	18	10	1	-	-	**95**
	$ 122,096	$ 424,530	$ 1,651,772	$ 1,366,658	$ 1,021,641	$ 688,196	$ 63,120	$ -	$ -	**$ 5,338,013**
50-54	2	5	14	15	20	10	-	-	-	**66**
	$ 68,182	$ 250,018	$ 746,730	$ 811,218	$ 1,152,260	$ 631,724	$ -	$ -	$ -	**$ 3,660,132**
55-59	-	2	11	5	11	2	-	1	-	**32**
	$ -	$ 68,182	$ 673,999	$ 293,510	$ 639,796	$ 123,444	$ -	$ 75,888	$ -	**$ 1,874,819**
60-64	-	-	7	3	5	1	-	-	1	**17**
	$ -	$ -	$ 356,285	$ 176,364	$ 228,218	$ 67,288	$ -	$ -	$ 12,740	**$ 840,895**
65-70	-	-	-	1	1	-	1	-	-	**3**
	$ -	$ -	$ -	$ 39,636	$ 43,500	$ -	$ 65,624	$ -	$ -	**$ 148,760**
70 & Over	-	-	-	-	-	-	-	-	2	**2**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 43,279	**$ 43,279**
Total	**10**	**87**	**166**	**103**	**83**	**30**	**2**	**1**	**3**	**485**
	$ 420,202	**$ 3,902,284**	**$ 9,049,860**	**$ 5,880,389**	**$ 4,729,953**	**$ 1,960,712**	**$ 128,744**	**$ 75,888**	**$ 56,019**	**$ 26,204,051**

EXHIBIT C

PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2006

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	-	3	-	-	-	-	-	-	-	**3**
	$ -	$ 133,806	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 133,806**
20-24	3	25	3	-	-	-	-	-	-	**31**
	$ 142,980	$ 979,468	$ 178,152	$ -	$ -	$ -	$ -	$ -	$ -	**$ 1,300,600**
25-29	3	61	87	8	-	-	-	-	-	**159**
	$ 133,806	$ 2,656,795	$ 5,082,001	$ 498,308	$ -	$ -	$ -	$ -	$ -	**$ 8,370,910**
30-34	4	47	139	101	4	-	-	-	-	**295**
	$ 177,071	$ 2,000,003	$ 7,778,272	$ 6,211,192	$ 244,572	$ -	$ -	$ -	$ -	**$ 16,411,110**
35-39	2	54	159	135	61	2	-	-	-	**413**
	$ 88,005	$ 2,464,613	$ 9,273,437	$ 8,473,487	$ 3,728,758	$ 121,392	$ -	$ -	$ -	**$ 24,149,692**
40-44	4	46	132	134	109	55	25	-	-	**505**
	$ 187,720	$ 2,136,059	$ 7,371,798	$ 8,380,661	$ 6,688,730	$ 3,711,697	$ 1,816,833	$ -	$ -	**$ 30,293,498**
45-49	4	40	133	126	102	103	199	42	-	**749**
	$ 156,187	$ 1,700,445	$ 7,627,525	$ 7,778,461	$ 6,244,682	$ 6,773,281	$ 13,681,210	$ 3,009,332	$ -	**$ 46,971,123**
50-54	2	21	77	99	85	76	141	90	2	**593**
	$ 68,182	$ 1,023,672	$ 4,246,131	$ 5,874,829	$ 4,902,249	$ 5,034,047	$ 9,542,330	$ 6,407,968	$ 161,850	**$ 37,261,258**
55-59	1	12	42	44	39	38	50	30	8	**264**
	$ 34,091	$ 525,533	$ 2,451,587	$ 2,744,592	$ 2,295,098	$ 2,314,401	$ 3,319,574	$ 2,096,193	$ 558,090	**$ 16,339,159**
60-64	-	2	27	29	17	21	13	13	6	**128**
	$ -	$ 105,332	$ 1,418,286	$ 1,690,890	$ 905,989	$ 1,260,128	$ 824,404	$ 857,178	$ 421,050	**$ 7,483,257**
65-70	-	1	6	13	8	6	10	5	5	**54**
	$ -	$ 34,507	$ 276,863	$ 724,250	$ 445,004	$ 363,870	$ 645,144	$ 312,481	$ 384,228	**$ 3,186,347**
70 & Over	-	-	-	3	2	4	4	1	7	**21**
	$ -	$ -	$ -	$ 196,872	$ 120,952	$ 277,494	$ 244,900	$ 87,547	$ 347,747	**$ 1,275,512**
Total	**23**	**312**	**805**	**692**	**427**	**305**	**442**	**181**	**28**	**3,215**
	$ 988,042	**$ 13,760,233**	**$ 45,704,052**	**$ 42,573,542**	**$ 25,576,034**	**$ 19,856,310**	**$ 30,074,395**	**$ 12,770,699**	**$ 1,872,965**	**$ 193,176,272**

EXHIBIT D
AGE AND SERVICE DISTRIBUTION FOR INACTIVES
AS OF DECEMBER 31, 2006

(Males and Females Combined)

Attained Age	Years of Service 0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Under 20	3	-	-	-	-	-	-	-	-	**3**
20-24	4	10	4	-	-	-	-	-	-	**18**
25-29	24	55	36	1	-	-	-	-	-	**116**
30-34	51	48	32	10	-	-	-	-	-	**141**
35-39	51	48	50	11	2	-	-	-	-	**162**
40-44	132	38	31	12	5	4	5	-	-	**227**
45-49	265	60	31	13	16	8	9	1	-	**403**
50-54	158	73	35	6	10	15	11	1	-	**309**
55-59	84	42	21	18	2	3	-	1	1	**172**
60-64	43	27	10	5	4	1	1	1	-	**92**
65-69	20	15	10	2	1	-	-	-	-	**48**
70 & Over	67	42	10	10	4	2	4	-	-	**139**
w/o DOB	6	1	-	-	-	-	-	-	-	**7**
Total	**908**	**459**	**270**	**88**	**44**	**33**	**30**	**4**	**1**	**1,837**
Average Age										**48.76**
Average Service										**3.50**

EXHIBIT E
STATISTICS ON EMPLOYEE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2006

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 50	5	$ 34,572	1	$ 1,488
50	14	688,872	-	-
51	21	905,148	-	-
52	20	872,112	1	1,200
53	71	2,939,940	-	-
54	66	2,758,308	1	35,556
55	68	2,969,784	1	31,860
56	79	3,065,556	-	-
57	60	2,531,868	3	64,836
58	69	2,668,584	2	59,244
59	81	3,182,544	1	41,352
60	68	2,760,732	1	23,340
61	67	2,485,848	1	11,820
62	63	2,354,544	-	-
63	65	2,477,472	2	35,652
64	78	2,728,536	4	45,132
65	73	2,779,332	3	101,520
66	78	2,858,952	4	76,272
67	80	2,950,980	4	85,428
68	91	3,207,780	5	92,568
69	62	2,137,080	4	100,716
70	76	2,463,216	8	155,352
71	71	2,252,028	3	54,264
72	72	2,246,508	5	139,224
73	61	1,768,344	7	124,284
74	40	1,139,424	7	145,452
75	77	2,593,476	8	170,940
76	64	1,907,448	9	128,184
77	55	1,882,800	11	228,840
78	64	1,835,496	8	139,800
79	68	2,053,008	14	209,976
80	54	1,635,180	8	123,504
81	51	1,418,940	14	261,624
82	46	1,127,268	15	225,768
83	42	1,038,240	15	195,036
84	36	814,644	21	291,972
85 & over	173	3,830,364	163	2,186,796
Totals	**2,329**	**$ 79,364,928**	**354**	**$ 5,589,000**

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2006

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	1	$ 1,200
30	-	-	-	-
31	-	-	2	19,200
32	-	-	-	-
33	-	-	-	-
34	-	-	-	-
35	-	-	-	-
36	-	-	-	-
37	-	-	-	-
38	-	-	1	9,600
39	-	-	1	9,600
40	1	1,200	1	9,600
41	-	-	1	13,548
42	-	-	2	19,200
43	-	-	2	19,200
44	-	-	3	39,504
45	1	7,584	4	42,924
46	-	-	3	20,400
47	1	9,600	6	81,612
48	-	-	7	97,908
49	-	-	7	71,688
50	-	-	5	55,644
51	-	-	6	65,424
52	-	-	5	59,124
53	-	-	16	212,772
54	1	9,600	8	159,288
55	-	-	10	136,872
56	-	-	11	146,832
57	-	-	7	117,624
58	-	-	11	121,140
59	-	-	12	133,896
60	1	10,068	13	139,680
61	-	-	21	282,720
62	-	-	17	202,044
63	-	-	17	228,456
64	-	-	20	232,944
65	-	-	21	259,152
66	-	-	14	169,272
67	-	-	33	454,572
68	1	9,600	46	599,940
69	1	9,600	24	282,792

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2006
(CONTINUED)

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
70	-	$ -	28	$ 368,760
71	1	9,600	37	474,504
72	-	-	21	248,712
73	-	-	32	394,536
74	-	-	38	444,924
75	2	19,200	37	426,564
76	-	-	41	486,516
77	-	-	45	502,356
78	2	10,308	58	623,544
79	-	-	41	463,752
80	3	25,224	53	588,276
81	6	57,600	54	571,620
82	2	19,200	53	583,140
83	2	19,200	50	522,576
84	1	9,600	35	365,964
85 & over	14	134,412	314	3,060,720
Totals	**40**	**$ 361,596**	**1,295**	**$ 14,641,836**

EXHIBIT G

PART I – NUMBER OF REFUND PAYMENTS MADE DURING 2006 TO MALE EMPLOYEES

Age at Date of Valuation	Length of Service at Date of Refund: Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	1	-	-	-	-	1
20 to 24	-	1	-	2	-	-	3
25 to 29	-	3	2	2	1	3	11
30 to 34	-	-	2	1	-	9	12
35 to 39	-	1	-	-	-	11	12
40 to 44	-	-	1	-	-	2	3
45 to 49	-	-	-	2	-	9	11
50 to 54	-	2	-	-	1	7	10
55 to 59	-	-	-	-	-	2	2
60 & Over	-	1	-	2	-	-	3
Totals	**-**	**9**	**5**	**9**	**2**	**43**	**68**

PART II – NUMBER OF REFUND PAYMENTS MADE DURING 2006 TO FEMALE EMPLOYEES

Age at Date of Valuation	Length of Service at Date of Refund: Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	-	-	-	-	-	-
20 to 24	-	-	-	-	-	-	-
25 to 29	1	-	-	1	-	-	2
30 to 34	-	-	-	-	-	1	1
35 to 39	-	-	-	1	-	-	1
40 to 44	-	-	1	-	-	4	5
45 to 49	-	1	-	-	-	-	1
50 to 54	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	-	-
60 & Over	-	-	-	-	-	-	-
Totals	**1**	**1**	**1**	**2**	**-**	**5**	**10**

Includes those who took a refund from both active and inactive status.

EXHIBIT H
HEALTH INSURANCE COVERAGE
CLASSIFIED BY AGE AS OF DECEMBER 31, 2006

Age	Single Coverage	Family Coverage	Total Coverage	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	1	-	1	-	1	100.00%
40-49	3	1	4	1	5	80.00%
50-59	193	287	480	78	558	86.02%
60-69	251	365	616	137	753	81.81%
70-79	279	271	550	178	728	75.55%
80-89	238	127	365	156	521	70.06%
Over 90	50	6	56	61	117	47.86%
Total	**1,015**	**1,057**	**2,072**	**611**	**2,683**	**77.23%**
Spouse Annuitants						
Under 30	-	-	-	1	1	0.00%
30-39	-	2	2	2	4	50.00%
40-49	7	13	20	19	39	51.28%
50-59	37	6	43	49	92	46.74%
60-69	114	4	118	111	229	51.53%
70-79	232	1	233	150	383	60.84%
80-89	253	2	255	215	470	54.26%
Over 90	51	-	51	66	117	43.59%
Total	**694**	**28**	**722**	**613**	**1,335**	**54.08%**

EXHIBIT I
PART I – MALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2006

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	-	$ -	4	$ 182,833	-	$ -	-	$ -	-	$ -	4	$ 182,833
30 to 34	-	-	2	83,352	4	174,208	1	45,242	-	-	-	-	7	302,802
35 to 39	-	-	1	43,680	6	270,232	9	423,186	2	83,943	-	-	18	821,041
40 to 44	-	-	2	90,484	2	76,238	8	386,401	-	-	2	86,238	14	639,361
45 to 49	-	-	2	62,681	9	402,059	4	172,478	4	182,800	10	466,767	29	1,286,785
50 to 54	-	-	1	43,680	4	180,289	9	400,030	5	155,114	10	425,185	29	1,204,298
55 to 59	-	-	-	-	2	83,228	4	185,202	-	-	3	102,495	9	370,925
60 & Over	-	-	-	-	3	131,433	4	141,606	-	-	4	177,142	11	450,181
Totals	**-**	**$ -**	**8**	**$ 323,877**	**34**	**$1,500,520**	**39**	**$ 1,754,145**	**11**	**$ 421,857**	**29**	**$1,257,827**	**121**	**$ 5,258,226**

PART II – FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2006

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	1	42,621	1	47,034	-	-	-	-	2	89,655
40 to 44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	1	45,242	1	47,034	-	-	-	-	-	-	2	92,276
50 to 54	-	-	-	-	-	-	1	41,574	1	41,778	-	-	2	83,352
55 to 59	-	-	-	-	-	-	1	47,034	-	-	-	-	1	47,034
60 & Over	-	-	-	-	1	38,409	-	-	-	-	-	-	1	38,409
Totals	**-**	**$ -**	**1**	**$ 45,242**	**3**	**$ 128,064**	**3**	**$ 135,642**	**1**	**$ 41,778**	**-**	**$ -**	**8**	**$ 350,726**

Benefit payments are annual amount before Workers' Compensation offset.

EXHIBIT I (CONT'D)
PART III – MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2006

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
30 to 34	-	-	-	-	-	-	2	59,772	-	-	-	-	2	59,772
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	1	32,814	-	-	-	-	-	-	1	32,814
45 to 49	-	-	-	-	2	61,594	1	30,160	1	28,415	5	130,349	9	250,518
50 to 54	-	-	-	-	3	87,074	-	-	1	25,605	8	222,540	12	335,219
55 to 59	-	-	-	-	-	-	1	31,357	1	25,864	1	32,814	3	90,035
60 & Over	-	-	-	-	1	27,302	1	32,814	3	84,950	2	60,116	7	205,182
Totals	**-**	**$ -**	**-**	**$ -**	**7**	**$ 208,784**	**5**	**$ 154,103**	**6**	**$ 164,834**	**16**	**$ 445,819**	**34**	**$ 973,540**

PART IV – FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2006

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	1	27,853	1	28,415	-	-	-	-	2	56,268
40 to 44	-	-	-	-	-	-	-	-	2	55,717	-	-	2	55,717
45 to 49	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	1	18,133	-	-	1	28,758	1	31,357	3	78,248
55 to 59	-	-	-	-	-	-	1	30,160	-	-	-	-	1	30,160
60 & Over	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	**-**	**$ -**	**-**	**$ -**	**2**	**$ 45,986**	**2**	**$ 58,575**	**3**	**$ 84,475**	**1**	**$ 31,357**	**8**	**$ 220,393**

EXHIBIT J
HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
1997	3,876	2.40 %	$171,175,944	5.48 %	$44,163	3.01 %	5.00%	2.70 %
1998	3,753	(3.17)%	170,627,112	(0.32)%	45,464	2.95 %	5.00%	2.01 %
1999	3,855	2.72 %	175,914,112	3.10 %	45,633	0.37 %	5.00%	2.57 %
2000	4,070	5.58 %	185,051,048	5.19 %	45,467	(0.36)%	5.00%	4.03 %
2001	4,074	0.10 %	211,203,088	14.13 %	51,842	14.02 %	5.00%	0.82 %
2002	3,828	(6.04)%	207,403,973	(1.80)%	54,181	4.51 %	5.00%	2.50 %
2003	3,719	(2.85)%	205,691,917	(0.83)%	55,308	2.08 %	5.00%	1.70 %
2004	3,135	(15.70)%	171,476,937	(16.63)%	54,698	(1.10)%	4.50%	2.21 %
2005	3,141	0.19 %	182,809,397	6.61 %	58,201	6.41 %	4.50%	3.59 %
2006	3,215	2.36 %	193,176,272	5.67 %	60,086	3.24 %	4.50%	0.71 %
Average Increase (Decrease) for the Last Five Years		(4.41)%		(1.40)%		3.03%	4.70%	2.14%

EXHIBIT K
NEW ANNUITIES GRANTED DURING 2006

	Male Annuitants	Female Annuitants	Spouse of Deceased Employees	Spouse of Deceased Annuitants
Number Retired/Deceased [1]	78	1	9	57
Average Age Attained	56.6	59.3	50.6	73.4
Average Length of Service	28.9	28.0	19.2	N/A
Total Annual Final Salary	$ 4,976,426	$ 62,962	$ 494,312	N/A
Average Annual Final Salary	$ 63,800	$ 62,962	$ 54,924	N/A
Total Annual Annuity	$ 2,961,828	$ 41,352	$ 115,656	$ 931,992
Average Annual Annuity	$ 37,972	$ 41,352	$ 12,851	$ 16,351
Total Actuarial Liability	$ 40,009,917	$ 582,267	$ 1,293,950	$ 7,268,662
Average Actuarial Liability	$ 512,948	$ 582,267	$ 143,772	$ 127,520
Total Contributed by EE [2]	$ 5,548,293	$ 69,508	$ 453,886	N/A
Average Investment	$ 71,132	$ 69,508	$ 50,432	N/A
Liability/Contributions	7.21	8.38	2.85	N/A
Liability/Final Pay	8.04	9.25	2.62	N/A
Expected Future Lifetime (yrs.)	23.25	24.74	32.86	14.02
Payback Period (yrs.)	1.8733	1.6809	3.9244	N/A
Replacement Ratio	59.52 %	65.68 %	23.40 %	N/A

[1] *Does not include three new widows who were no longer on annuity at the end of the year.*

[2] *Includes "Pickup"*

EXHIBIT L
NEW RECIPROCAL ANNUITIES GRANTED DURING 2006

		Reciprocal	
		Male Annuitants	Female Annuitants
Number Retired		11	-
Average Age Attained		54.6	N/A
Number with Spouses		8	N/A
Average Spouse Age		51.3	N/A
Percentage with Spouse		72.73%	N/A
Total Annual Annuity	$	258,408	N/A
Average Annual Annuity	$	23,492	N/A
Total Liability (8% 1994 GAM)	$	3,530,569	N/A
Average Liability	$	320,961	N/A

EXHIBIT M
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	Annuitants			Disability		Compensation	Reciprocal	
	Employee	Spouse	Child	Ordinary	Duty	Annuitants[1]	Employee	Spouse
1997	2,296	1,374	73	54	91	-	161	48
1998	2,628	1,365	83	35	77	-	180	49
1999	2,507	1,345	76	38	82	-	180	52
2000	2,384	1,350	67	57	100	-	185	56
2001	2,299	1,345	59	46	108	-	182	60
2002	2,273	1,359	65	59	144	-	188	63
2003	2,270	1,334	67	74	106	-	202	61
2004	2,589	1,314	62	63	92	1	247	65
2005	2,489	1,301	52	56	120	1	248	66
2006	2,432	1,265	52	42	129	1	251	70

[1] *Compensation Annuitant is also included as a Spouse Annuitant.*

EXHIBIT N
AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Years Ended	Average Annual Benefit	Average Current Age of Retirees	Average Annual Benefit at Retirement Current Year	Average Age at Retirement Current Year	Average Years Service at Retirement Current Year
1997	$16,634	72.8	$18,339	62.6	24.10
1998 [1]	20,530	71.2	30,889	60.6	32.00
1999	21,157	72.8	18,366	61.9	18.30
2000	21,872	73.3	20,938	61.1	19.96
2001	22,750	73.6	24,126	61.2	20.80
2002	24,082	73.3	31,865	60.6	27.56
2003	25,576	73.0	34,201	58.6	25.21
2004 [1]	29,177	70.6	40,825	57.3	30.87
2005	30,492	70.8	39,105	57.0	30.44
2006	31,664	70.9	38,015	56.6	28.87

[1] *Early retirement incentive offered to employees.*

EXHIBIT O
SURVIVING SPOUSES RECEIVING BENEFITS AS OF DECEMBER 31, 2006
BY AGE AND YEARS IN PAY STATUS

Attained Age	Number of Years in Pay Status Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Over	Total
Under 30	-	-	1	-	-	-	1
30 to 34	1	-	1	-	-	-	2
35 to 39	-	1	-	1	-	-	2
40 to 44	1	7	-	2	-	-	10
45 to 49	1	14	7	5	1	1	29
50 to 54	7	17	9	2	3	3	41
55 to 59	2	17	18	6	5	3	51
60 & Over	47	208	244	209	170	321	1,199
Totals	**59**	**264**	**280**	**225**	**179**	**328**	**1,335**

EXHIBIT P
HISTORY OF ANNUITIES 1997 – 2006

Employee Annuitants (Male and Female)

Year End	Number of Annuitants	Total Annuities	Average Annuities
1997	2,457	$ 40,869,959	$ 16,634
1998	2,808	57,648,658	20,530
1999	2,687	56,848,916	21,157
2000	2,569	56,189,051	21,872
2001	2,481	56,443,854	22,750
2002	2,461	59,265,907	24,082
2003	2,472	63,224,248	25,576
2004	2,836	82,746,720	29,177
2005	2,737	83,457,267	30,492
2006	2,683	84,953,928	31,664

Surviving Spouse Annuitants

Year End	Number of Annuitants	Total Annuities	Average Annuities
1997	1,413	$ 9,439,234	$ 6,680
1998	1,414	13,878,195	9,815
1999	1,397	13,817,326	9,891
2000	1,406	13,996,111	9,955
2001	1,405	14,116,356	10,047
2002	1,422	14,613,052	10,276
2003	1,395	14,573,819	10,447
2004	1,379	14,755,032	10,700
2005	1,367	14,913,483	10,910
2006	1,335	15,003,432	11,239

EXHIBIT Q
SCHEDULE OF RETIRED MEMBERS
BY TYPE OF BENEFIT AS OF DECEMBER 31, 2006

Amount of Monthly Benefit	Number of Employee Annuitants	Number of Spouse Annuitants	Number of Child Annuitants	Total Number of Annuitants
$ 1 - 250	46	17	52	115
251 - 500	34	4	-	38
501 - 750	20	14	-	34
751 - 1000	59	1,028	-	1,087
1,001 - 1250	380	100	-	480
1,251 - 1500	110	75	-	185
1,501 - 1750	109	46	-	155
1,751 - 2000	146	22	-	168
2,001 - 2250	140	10	-	150
2,251 - 2500	140	8	-	148
2,501 - 2750	166	3	-	169
2,751 - 3000	189	2	-	191
3,001 - 3250	236	1	-	237
3,251 - 3500	223	-	-	223
3,501 - 3750	203	2	-	205
3,751 - 4000	155	-	-	155
4,001 - 4250	78	2	-	80
4,251 - 4500	69	1	-	70
4,501 - 4750	65	-	-	65
4,751 - 5000	32	-	-	32
Over $5,000	83	-	-	83
Totals	**2,683**	**1,335**	**52**	**4,070**

Actuarial Methods and Assumptions as of December 31, 2006

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2006

ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The principal Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is generally amortized over a defined period of time (e.g., 30 years). The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

CURRENT ACTUARIAL ASSUMPTIONS

Demographic Assumptions

Mortality: 1994 Group Annuity Mortality sex distinct Tables set forward two years.

Disability: Disability cost valued as a term cost of 1.50 percent of payroll.

RATE OF RETIREMENT:

Age-and-Service-Based Rates of Retirement

Years of Service

Attained Age	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-	-	4%	4%	4%	4%	4%
56	-	-	-	-	-	-	-	-	-	-	4	3	3	3	3
57	-	-	-	-	-	-	-	-	-	-	4	3	3	3	3
58	-	-	-	-	-	-	-	-	-	-	3	3	3	3	3
59	-	-	-	-	-	-	-	-	-	-	3	3	3	3	3
60	20%	13%	14%	14%	14%	14%	13%	13%	13%	12%	21	20	20	12	13
61	20	4	5	6	7	8	9	9	10	11	11	12	12	13	13
62	20	4	5	6	7	8	9	10	11	11	12	12	13	13	14
63	20	4	6	7	8	9	10	10	11	12	12	13	13	14	15
64	20	4	6	7	8	9	10	11	11	12	13	13	14	15	15
65	20	29	31	32	33	34	35	36	37	38	38	39	39	40	41
66	20	4	6	7	9	10	11	11	12	13	14	14	15	16	16
67	20	4	6	8	9	10	11	12	13	13	14	15	15	16	17
68	20	5	6	8	9	10	11	12	13	14	14	15	16	17	17
69	20	5	7	8	9	11	12	12	13	14	15	16	16	17	18
70	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

RATE OF RETIREMENT (CONT'D):

Age-and-Service-Based Rates of Retirement

Years of Service

Attained Age	25	26	27	28	29	30	31	32	33	34	35	36	37	38
50	-	-	-	-	-	25%	25%	25%	25%	30%	29%	29%	29%	100%
51	-	-	-	-	-	25	15	15	15	30	30	30	29	100
52	-	-	-	-	-	27	17	12	22	30	30	30	30	100
53	-	-	-	-	-	28	19	14	24	30	30	30	30	100
54	-	-	-	-	-	30	20	15	25	31	30	30	30	100
55	24%	25%	25%	25%	26%	31	21	16	27	31	31	31	30	100
56	10	11	11	11	12	12	12	12	28	31	31	31	31	100
57	11	11	12	12	12	13	13	13	29	31	31	31	31	100
58	12	12	13	13	13	14	14	14	30	31	31	31	31	100
59	13	13	13	14	14	14	15	15	31	32	32	32	31	100
60	13	14	14	14	15	15	16	16	31	32	32	32	32	100
61	14	14	15	15	16	16	16	17	32	32	32	32	32	100
62	14	15	15	16	16	17	17	18	33	32	32	32	32	100
63	15	16	16	17	17	17	18	18	34	32	32	32	32	100
64	16	16	17	17	18	18	19	19	34	32	32	32	32	100
65	41	42	42	43	43	44	44	45	45	58	58	58	58	100
66	17	17	18	18	19	19	20	20	36	33	33	33	33	100
67	17	18	18	19	19	20	20	21	36	33	33	33	33	100
68	18	18	19	19	20	20	21	21	37	33	33	33	33	100
69	18	19	19	20	21	21	22	22	38	33	33	33	33	100
70	100	100	100	100	100	100	100	100	100	100	100	100	100	100

RATE OF TERMINATION:

Service-Based Rates of Termination

Service	Rate
0	12.00%
1	10.00
2	8.00
3	7.00
4	6.00
5	5.00
6	5.00
7	5.00
8	5.00
9	5.00
10	5.00
11	5.00
12	5.00
13	5.00
14	5.00
15	5.00
16	5.00
17	5.00
18	5.00
19	3.00
20	3.00
21	3.00
22	3.00
23	3.00
24	3.00
25	3.00
26	3.00
27	3.00
28	3.00
29	3.00
30	3.00
31 & Over	0.00

Economic Assumptions

Investment Return Rate and Discount Rate: 8.00 percent per annum (net of investment expense) for pensions and 4.50 percent per annum for OPEB. The 8.00% assumption contains a 3.00 percent inflation assumption and a 5.00 percent real rate of return assumption for pension. Pension investment return and discount rate adopted 1999 and OPEB discount rate adopted 2005.

Future Salary Increases: The assumed base rate of individual salary increase is 4.50 percent per year, plus a service based increase in the first five years.

Service	Additional Increase	Total Increase
0	4.50 %	9.00 %
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & Over	0.00	4.50

Asset Value: The Actuarial Value of Assets is smoothed by using a five-year phase-in of each year's unexpected investment gains and losses.

Other Assumptions

Marital Status: It is assumed that 85 percent of active members have an eligible spouse. The male spouse is assumed four years older than the female spouse. No assumption is made about other dependents.

Group Health Insurance: It is assumed for valuation purposes that the health insurance supplement in effect as of June 30, 2013, will continue for life for all employee annuitants (and their future surviving spouses). The amount of the Fund paid health insurance from July 1, 2003, until June 30, 2008, is $85.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $55.00 if qualified. The amount of the Fund paid health insurance from July 1, 2008, until June 30, 2013, is $95.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $65.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees are assumed to be eligible for Medicare, as well as surviving spouse annuitants that are currently receiving a health insurance supplement.

Required Ultimate Multiple: Is based on the actuarial requirements (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.

Loss in Tax Levy: 4.00 percent overall loss on tax levy is assumed.

THREE METHODS OF FINANCING UNFUNDED LIABILITY

Normal Cost Plus Interest Method: This is the method of valuation that was used in reports prior to 1997. It is intended to continue the current provisions of the Article governing the Plan in full force and effect on a permanent basis and in the amount required each year to keep the unfunded liability from increasing if all assumptions are realized.

The normal cost plus interest only method of funding is that recommended by the former Illinois Public Employees' Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.

Normal Cost Plus 30-Year Amortization Method: GASB #25 now requires an amortization of the unfunded liability, as does ERISA's minimum funding standards for private pension plans which require the initial unfunded liability existing on January 1, 1976, be amortized over a 40-year period. The amortization period is decreasing to 30 years beginning with the fiscal year ending December 31, 2007. (GASB #43 requires 30-year amortization of the OPEB unfunded liability, beginning with the fiscal year ending December 31, 2006.) We have calculated the cost of amortizing the existing unfunded liability.

Both of these cost methods, the normal cost plus interest method and the normal cost plus 30-year amortization method, express the past service costs as a level annual dollar amount. It assumes that there will be a stable membership with a growing payroll. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

Under both methods, level dollar amounts represent a greater percent of payroll initially and a decreasing percent of payroll as future payrolls increase.

THREE METHODS OF FINANCING UNFUNDED LIABILITY (CONT'D)

Level Annual Percent of Payroll Method: An alternative method for funding that is receiving increased attention for public employee pension plans is a method that sets the funding standard cost objective as a level annual percent of payroll rather than as a level annual amount. This method will result in increasingly greater dollar amounts each year as payrolls increase.

This constant percent of payroll method is not an acceptable method under ERISA, but is permitted under GASB #25 and GASB #43. It may be more acceptable in the future in view of the presumably permanent nature of public retirement systems with a constant flow of new entrants and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers. Please note that if this amount is recomputed each year with the same "open" amortization period, the unfunded liability will never be amortized.

For the Retirement Board's guidance, we have estimated the financial effects of different amortization methods. The costs under these funding methods are contingent upon all actuarial assumptions being met and continued active membership at the same level. These three methods meet the requirements set forth in Illinois Compiled Statutes, Chapter 40, and Section 5/1A-102.

Actuarial Assets with Various Amortization Methods	Required 2007 Tax Levy	Required Multiple	Unfunded Liabilty Will	Portion Applicable to Unfunded Liability
1. Normal Cost Plus Interest Only	N/A	1.54	Remain Constant	$9,465,274
2. Normal Cost Plus 30-Year Level Dollar Amortization	N/A	1.64	Decrease	$10,964,051
3. Normal Cost Plus 30-Year Level % of Payroll	N/A	1.30	Increase	$6,734,273
4. Present Law	$15,459,100	1.00		

In determining funding policy, it is essential to provide a margin of safety for unfavorable operating experience such as salaries over anticipated salaries, decreasing age of retirement, increasing longevity, and declining fund membership.

Summary of Provisions of the Fund
as of December 31, 2006

SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2006

PLAN DESCRIPTION

Any employee of the City of Chicago or the Board of Education employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the city is covered by the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers' Plan) which is a defined benefit single employer pension plan with a money purchase minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in Illinois Compiled Statutes (Chapter 40, Pensions, Article 5/11) and may be amended only by the Illinois legislature. The City of Chicago accounts for the plan as a pension trust fund. The City of Chicago payroll for employees covered by the Laborers' Plan for the year ended December 31, 2006, was $193,176,272. At December 31, 2006, the Laborers' Plan membership consisted of:

Retiree, surviving spouse, and child annuitants currently receiving benefits	4,070
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	1,837
Current employees (includes 171 disabilities)	3,215

The Laborers' Fund provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial city contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4 percent per year of service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1.00 percent for each month the employee is under age 60, unless the employee is 50 or over with at least 30 years of service or 55 or over with at least 25 years of service. The original annuity is limited to 80 percent of the highest average annual salary. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month.

The monthly annuity is increased by 3.00 percent in January of the year of the first payment date following the later of age 60 or the first anniversary of retirement, and by 3.00 percent annually thereafter; except that for an employee retiring prior to age 60 the first increase will occur no later than January of the year of the first payment date following the later of (1) the third anniversary of retirement or (2) the attainment of age 53.

PLAN DESCRIPTION (CONT'D)

Covered employees are required to contribute 8.50 percent of their salary to the Laborers' Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3.00 percent or 4.00 percent depending on when an employee became a participant).

The City of Chicago is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the Fund. It is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.00 annually. The total amount of contributions by the employees for purposes of establishing the tax levy amount shall not include contributions for service credit purchases under the Early Retirement Incentive provided for in Section 11-133.3 of the Illinois Pension Code.

DEFINITIONS

These terms are defined in Article 1A of the Illinois Pension Code *Regulation of Public Pensions.*

"Accrued liability" means the actuarial present value of future benefit payments and appropriate administrative expenses under a plan, reduced by the actuarial present value of all future normal costs (including any participant contributions) with respect to the participant included in the actuarial valuation of the plan.

"Actuarial present value" means the single amount, as of a given valuation date, that results from applying actuarial assumptions to an amount or series of amounts payable or receivable at various times.

"Actuarial value of assets" means the value assigned by the actuary to the assets of a plan for the purposes of an actuarial valuation.

"Beneficiary" means a person eligible for or receiving benefits from the pension fund.

"Credited projected benefit" means that portion of a participant's projected benefit based on an allocation taking into account service to date determined in accordance with the terms of the plan based on anticipated future compensation.

"Current value" means the fair market value when available; otherwise, the fair value as determined in good faith by a trustee, assuming an orderly liquidation at the time of the determination.

"Normal cost" means that part of the actuarial present value of all future benefit payments and appropriate administrative expenses assigned to the current year under the actuarial valuation method used by the plan (excluding any amortization of the unfunded accrued liability).

"Participant" means a participating member or deferred pensioner or annuitant of the pension fund, or a beneficiary thereof.

"Pension Fund" or "Fund" means the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago established under Article 11 of the Illinois Pension Code.

"Plan year" means the calendar year for which the records of a given plan are kept.

"Projected Benefits" means benefit amounts which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account, as applicable, the effect of advancement in age and past and anticipated future compensation and service credits.

DEFINITIONS (CONT'D)

"Supplemental annual cost" means that a portion of the unfunded accrued liability is assigned to the current year under one of the following bases:

1. interest only on the unfunded accrued liability;
2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 30 years (40 years for pension unfunded accrued liability prior to 2007);
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 30 years as a level percentage of payroll (40 years for pension unfunded accrued liability prior to 2007).

"Total annual cost" means the sum of the normal cost plus the supplemental annual cost.

"Unfunded accrued liability" means the excess of the accrued liability over the actuarial value of the assets of a plan.

"Vested pension benefit" means an interest obtained by a participant or beneficiary in that part of an immediate or deferred benefit under a plan which arises from the participant's service and is not conditional upon the participant's continued service for an employer any of whose employees are covered under the plan, and which has been forfeited under the terms of the plan.

PARTICIPANTS

Any person employed by the City or the Board of Education in a position classified as labor service of the employer, any person employed by the Board, and any person employed by the Retirement Board of any other Annuity and Benefit Fund which is in operation for the employer.

SERVICE

For all purposes except minimum annuity and ordinary disability credit, service in four months in any calendar year constitutes one year of service credit.

For minimum annuity, one half-year credit is given for one complete month of service and a full year credit is given for one complete month of service plus service in at least 5 other months. For Ordinary Disability credit, the exact number of days, months and years is used.

RETIREMENT ANNUITY

Money Purchase Formula

Maximum is 60 percent of highest salary. Applies in cases where an employee is age 55 or older and has a minimum of 10 years of service. If employee is age 55 to 60 with service less than 20 years, the annuity is based on all employee deductions plus 1/10th of the City contributions for each year over 10. In the case of withdrawal before age 55 and application after age 55, the annuity is based on employee deductions plus 1/10th of the City contributions for each year over 10, with interest to date of application or age 55, whichever is later. The age factor for age 55 is used.

The annuity is based on all employee deductions and City contributions in cases where the employee is (a) age 55 to 60 with 20 or more years of service; (b) age 60 or older; or (c) resigning at the time of disability credit expiration.

Minimum Annuity Formula

Maximum is 80 percent of final average salary.

- An employee age 60 or older with at least 10 years of service, or an employee age 55 or older, with at least 20 years of service, or an employee age 50 or older with at least 30 years of service, is entitled to an annuity equal to 2.40 percent, for each year of service of the final average salary during the four highest consecutive years within the last 10 years of service prior to retirement. If the employee withdraws from service before age 60 with less than 20 years of service, he can begin to receive an annuity no earlier than age 60. For an employee who is eligible to begin receiving an annuity before age 60, the annuity is discounted 0.25 percent for each month the employee is younger than age 60, unless he has at least 30 years of service and is age 50 or over, or has at least 25 years of service and is age 55 or over.
- The employee will receive a minimum annuity of $850 per month if the employee withdraws from service at age 60 or older with at least 10 years of service.

Reversionary Annuity

An employee may elect to reduce his or her annuity by an amount less than or equal to $400 to provide a reversionary annuity for a spouse, parent, child, brother, or sister, to begin upon the employee's death. The election must be made before retirement and have been in effect one year prior to death. The one-year requirement is waived if the beneficiary is the employee's spouse. The death of the employee before retirement voids this election. The reversionary annuity cannot exceed 100 percent of the employee's reduced annuity. If the employee resigns after June 30, 1983, the 3.00 percent automatic annual increase in the annuity will be computed on the original, not the reduced, annuity; if the beneficiary dies before the employee annuitant, the full annuity is restored for annuities granted after June 30, 1983. The amount of the monthly reversionary annuity is determined by multiplying the amount of the monthly reduction in the employee's annuity by a factor based on the age of the employee and the difference between the ages of the employee and the reversionary annuitant at the starting date of the employee's annuity.

Reciprocal Annuity

Under reciprocal retirement, an employee can receive an annuity based on combined service credits in two or more governmental units in Illinois to whose pension funds he or she has contributed.

Automatic Increase in Annuity

An employee annuitant is entitled to receive an increase of 3.00 percent of the currently payable annuity. This increase begins in January of the year of the first payment date following the earlier of:

1.) the later of the third anniversary of retirement and age 53, and
2.) the later of the first anniversary of retirement and age 60.

Increases apply only to life annuities.

SPOUSE ANNUITY

The surviving spouse annuity is the greater of the annuity under the money purchase formula or the minimum annuity formula. Surviving spouses who remarry on or after September 4, 2000, will not have their annuities terminated.

Money Purchase Formula

When an employee retires, the spouse's annuity is fixed, based on employee deductions and City contributions made for spouses' annuity purposes and a joint life age factor. (If the employee is a female, these are deductions accumulated since October 1974.)

If the employee dies in service, the spouse's annuity is based on all sums accumulated to their credit.

For 3.00 percent annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, surviving spouse's single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), without regard to gender.

Spouses' Minimum Annuity Formula

If the employee retires or dies in service and is at least age 55 with 20 or more years of service, or is at least age 50 with 30 or more years of service, the spouse's annuity is equal to half the amount of annuity the employee was entitled to receive at the time of retirement or death in service. This annuity must then be discounted 0.25 percent for each month the spouse is under age 55 (or age 50 if the employee had at least 25 years of service) at the time the employee retires or dies in service.

If the employee dies while receiving a retirement annuity, the spouse is eligible for an annuity of one-half of the employee's annuity at death. This annuity is discounted for his/her age under 55 at the time of the employee's death, unless the employee had at least 25 years of service and withdrew from service on or after June 27, 1997, in which case the spouse annuity would be discounted for spouse age under 50 at the time of the employee's death.

If the employee dies in service on or after January 1, 2002, with at least 10 years of service, the spouse is entitled to an annuity of half of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this benefit, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40 percent for each year of service of the highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80 percent of the highest average annual salary. This annuity is not reduced due to the age of the employee or spouse. The spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

The spouse will receive a minimum annuity of $800 per month if the employee retires with at least 10 years of service or dies in service with at least five years of service.

Child's Annuity

A child's annuity is provided for unmarried children of a deceased employee who are under the age of 18, if the child was conceived or born before the withdrawal from service, or legally adopted at least one year before the child's annuity becomes payable. The annuity is $220 per month while the spouse of the deceased employee is alive and $250 per month if the spouse is deceased.

Family Maximum

Non-Duty Death: 60 percent of final monthly salary.
Duty Death: 70 percent of final monthly salary.

DISABILITIES

Duty Disability Benefits

Any employee who becomes disabled as the result of an injury incurred in the performance of any act of duty shall have a right to receive a duty disability benefit in the amount of 75 percent of salary at date of injury, plus $10 a month for each unmarried child (the issue of the employee) less than age 18. Child's duty disability benefit is limited to 15 percent of the employee's salary as of the date of injury. Duty disability benefits begin one day after the later of the last day worked or the last day paid.

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50 percent of salary at date of injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease shall not be considered the result of an accident suffered in the performance of duty. However, the employee will receive service credit and the City will contribute salary deductions for annuity purposes if the employee is receiving Workers' Compensation.

A duty disability benefit is payable to age 65 if the disability benefits begin before age 60. For an employee who begins disability on or after age 60, disability will continue for five years. A duty disability benefit which continues for more than five years and which starts before the employee's age 60, will be increased by 10 percent on January 1st of the sixth year. The City contributes salary deductions for annuity purposes for the duty disability benefit. Such amounts contributed by the City after December 31, 1983, while the employee is receiving duty disability benefits, are not refundable to the employee and will be used for annuity purposes only.

Ordinary Disability Benefit

This benefit is granted for disability incurred other than in performance of an act of duty and is 50 percent of salary as of the last day worked. The first payment shall be made one month after the disablement occurs. Disability is payable until age 65 and limited to a maximum of 25 percent of the employee's total service or five years, whichever occurs first.

For ordinary disability benefits paid on or after January 1, 2001, the Fund credits amounts equal to the amounts ordinarily contributed by an employee for annuity purposes for any period during which the employee receives ordinary disability. These amounts are used for annuity purposes but are not credited for refund purposes.

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension fund shall provide payments in the amount of $85 per month for non-Medicare eligible city annuitants (defined in section 160.1 of Article 11 of the Illinois Pension Code as persons receiving an age and service annuity, a widow's annuity, a child's annuity, or a minimum annuity as a direct result of previous employment by the City of Chicago) and $55 per month for Medicare eligible city annuitants from July 1, 2003, through June 30, 2008. Thereafter, the pension fund shall provide payments in the amount of $95 per month for non-Medicare eligible city annuitants and $65 per month for Medicare eligible city annuitants from July 1, 2008, through June 30, 2013.

The city health care plans referred to above and the pension fund's payments to the city for such plans are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

Should the Board of Education continue to sponsor a retiree health plan, the pension fund is authorized to provide payments to the Board of Education, on behalf of each eligible annuitant who chooses to participate in the Board of Education retiree health benefit plan, in the amount of $85 per month for non-Medicare eligible participants and $55 per month for Medicare eligible participants from July 1, 2003, through June 30, 2008. Thereafter, the pension fund is authorized to provide payments to the Board of Education, on behalf of each eligible annuitant who chooses to participate in the Board of Education retiree health benefit plan, in the amount of $95 per month for non-Medicare eligible participants and $65 per month for Medicare eligible participants from July 1, 2008, through June 30, 2013.

The Board of Education health benefit plan referred to above and the pension fund's payments to the Board of Education for such plan are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

REFUNDS

To Employees

An employee who resigns before age 55, or before age 60 with less than 10 years of service, is entitled to all salary deductions for retirement annuity and spouse annuity accumulated with interest to date of resignation, plus the 0.50 percent deducted for annuity increase purposes without interest.

If the annuity of an employee is less than $800 a month, the employee may elect to receive a refund, as above, in lieu of an annuity.

Spouse's annuity deductions are payable to the employee if not married when he retires.

To Spouses

The spouse may choose a refund in lieu of annuity if the annuity would be less than $800 per month.

Remaining Amounts

Amounts contributed by the employee excluding 0.50 percent deductions for annuity increases, and which have not yet been paid out as annuity, are refundable to his estate with interest to his retirement or death if the employee died in service.

DEDUCTIONS AND CONTRIBUTIONS

Members are required to contribute 8.50 percent of their salary to the pension fund.

The City shall annually levy a tax which, when added to the amounts deducted from the salaries of the employees, or otherwise contributed by them, will be sufficient for the requirements of the Fund. The tax will produce an amount that does not exceed the amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.00 for the year 1999 and each year thereafter. The total amount of contributions by the employees shall not include contributions for service credit purchases under Section 11-133.3 for purposes of establishing the tax levy amount.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to the applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits. All liabilities attributable to the cost of the Early Retirement Incentive created by Public Act 93-0654 are to be excluded from the determination of a required City contribution.

TAX SHELTER OF EMPLOYEE SALARY DEDUCTIONS

Beginning January 1, 1982, the City employee salary deductions were designated for income tax purposes to be made by the employer. The W-2 salary is therefore reduced by the amount of contributions. For pension purposes the salary remains unchanged. Income tax will be paid when a refund or annuity is granted. For the purposes of benefits, refunds, or financing, these contributions are treated as employee contributions. Effective January 16, 2004, the Fund may allow the employee to designate any optional contribution amounts that he has elected to pay to the Fund as employer contributions for income tax purposes. The contributions shall be made by the employer through a reduction in payroll to the employee and the election to have the employer make the optional contributions is irrevocable. For the purposes of benefits, refunds, or financing, these contributions are treated as employee contributions.

Beginning September 1, 1981, the Board of Education paid contributions in the amount of 7.00 percent of the employee's salary. The 1985 amendments contained a provision whereby the amount of pick-up, if any, is included in the pensionable salary for contributions and benefits. Such provision was retroactive to September 1, 1981. Beginning May 28, 2000, the remainder of contributions due for Board of Education employee salary deductions was designated for income tax purposes to be made by the employer and treated in the same manner as City employee salary deductions.

Historic Information

EXHIBIT R
LEGISLATIVE CHANGES 1984 THROUGH 2006

1984 Session

- Direct deposit.
- Illinois Public Employees' Pension Laws Commission abolished.

1985 Session

HB 398

- 1.80, 2.00, 2.20, 2.40 percent benefit accrual rate for those born before January 1, 1936, and retiring after August 16, 1985.
- Reduction in age discount factor (employee and widow) from 0.50 percent to 0.25 percent for employees born before January 1, 1936, and retiring or dying in service after August 16, 1985.
- Health insurance supplement up to $25 per month if the employee is age 65 or older with at least 15 years of service (for each employee annuitant in receipt of annuity and for each employee who retires on annuity in the future).
- Disability provisions extended to age 70 in certain cases.
- Unisex money purchase factors for widows/widowers.
- Membership provisions extended to age 70.
- Board of Education employee contribution "pick up" included in the definition of salary for contribution and benefit purposes.

1986 Session

HB 2630

- Cap removed on spouse maximum annuity.
- Automatic post-retirement increase to begin on first anniversary of retirement following attainment at age 60.

1987 Session

HB 2715

- 1.80, 2.00, 2.20, 2.40 percent benefit accrual rate for those born on or after January 1, 1936, and retiring on or after January 1, 1988.
- Reduction in age discount factor (employee and widow) from 0.50 percent to 0.25 percent for employees born on or after January 1, 1936, and retiring or dying in service on or after January 1, 1988. No discount for employee age less than 60 if employee has at least 35 years of service.
- Minimum employee annuity of $250 and minimum spouse annuity of $200 under certain conditions.
- Change amount of children's benefits to $120 or $150 effective January 1, 1988.
- Provide for certain "Good Government" initiatives.
- Remove chronic alcoholism restriction for ordinary disability.

1988 Session

- No changes.

1989 Session

SB 95

- Signed August 23, 1989. Changed the amount of fund paid health insurance "supplement" from January 1, 1988, until December 31, 1992, to $65 per month for each annuitant not qualified to receive Medicare benefits (and $35 if qualified) and from January 1, 1993, until December 31, 1997, the amounts are $75 and $45, respectively. Widows will now be supplemented and employee annuitants will no longer be required to meet the age 65 and 15 years of service requirements. The City will be required to pay 50 percent of the aggregated cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1997 for the retired group.

HB 332

- Signed August 23, 1989. Eliminated age related discriminatory provisions as required by Federal law or regulation. Provided for Age Discrimination changes effective January 1, 1988, to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.

- Eliminated the $300, $400 or $500 maximum spouse annuity limitation for spouses of employees who retired before January 23, 1987, but die after January 23, 1987.

- Allow for local labor officials on a leave of absence from the Fund to contribute for their current service as a local labor official.

1990 Session

SB 136

- Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

SB 1951

- Signed January 14, 1991. Beginning for withdrawals on or after January 1, 1991, annuity payments will be made as of the first day of the calendar month during the annuity payment period.

- 2.20 percent benefit accrual rate for employees retiring on or after July 1, 1990.

- No discount for employee age less than 60 if employee has at least 30 years of service and retires on or after July 1, 1990.

- Minimum employee annuity of $350 and minimum spouse of $300 under certain conditions.

- Spouses and widows of employees retiring or dying in service on or after July 1, 1990, with 20 or more years of service at age 55 or over will be eligible for half of the employees' annuity discounted 0.25 percent for each month the spouse or widow is less than 55.

- Retroactive eligibility for 35 years no discount and spouse and widow annuities computed as half of employee annuity.
- Refund in lieu of $300 annuity.
- Disability benefit retroactive one year from application; duty disability deductions in lieu for heart attack or stroke; 10 percent increase in duty disability benefit January 1 of the sixth year.
- Collateral for securities lending expanded.
- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

- No changes.

1992 Session

SB 1650

- Signed January 25, 1993.
- Transfer provisions for County elected officers and judges.
- Early Retirement Incentive was created for withdrawals from December 31, 1992, to June 30, 1993.
  - Requires a total of 20 years of service (with at least 10 in this fund, and up to 5 purchased under ERI).
  - Requires age 55 or older.
  - Requires an election form to be filed before June 1, 1993.
  - Requires a member to be a current contributor on November 1, 1992, and have not previously retired under this Article.
  - Provides for elimination of the age discount for employees 55-60.
  - Provides for 80 percent maximum final average salary compared to the present 75 percent.
  - Provides for an optional purchase of up to 5 years of service credit for 4.25 percent of the November 1, 1992, salary.
  - Provides for a 24-month option to pay for ERI service.
  - Provides for a tax levy derived from ERI contributions.

1993 Session

- No changes.

1994 Session

- No changes.

1995 Session

SB 114

- Approved July 14, 1995.

- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.

- The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

SB 424

- Approved July 7, 1995.

- The Pension Laws Commission was created as a legislative support services agency.

1996 Session

SBJPA

- On August 20, 1996, the Small Business Job Protection Act was signed by President Clinton.

- Treatment of governmental plans under Code Section 415:

  - Rule limiting annual benefit to 100 percent of the average of the highest 3 year compensation no longer applies.

  - Excess benefit plans are permitted to provide participants with benefits in excess of the Code Section 415 limits.

  - Early retirement reduction does not apply to certain survivor and disability benefits.

  - The definition of compensation now includes elective deferrals.

- Taxation of distributions:

  - $5,000 death benefit exclusion was repealed for deaths after August 20, 1996.

  - Five-year averaging for lump sum distributions was repealed effective January 1, 2000.

  - Annuity payments will be taxed according to a simplified general rule which uses investment and age as of annuity starting date for annuities which start on or after November 19, 1996.

1997 Session

HB 15

- Approved June 27, 1997.

- For withdrawals from service occurring on or after July 1, 1990, an alternate method of calculating salary using the annual equivalent of average salary instead of the salary rate applicable for the greatest part of the year is allowed.

- Annuities effective on or after January 1, 1998, will be payable on the first day of the calendar month.

- The prudent person rule for investing is allowed.

- An eligible employee is allowed to contribute for all periods of temporary service while still in City service, for up to 90 days after withdrawal from City service, or while in reciprocal service.

- The Board is allowed to adopt rules prescribing the manner of repaying refunds and purchasing any optional credit including accepting rollovers for payments.

- The City is allowed to use deposits from any legal source (including borrowing) in lieu of all or part of the tax levy on or after June 27, 1997.

- The requirement that any person employed by a retirement board of any other annuity and benefit fund in the City apply for participation in the Fund is eliminated.

- Payment is allowed for service as a police officer, firefighter, or public school teacher in the City.

HB 313

- Approved June 27, 1997.

- For withdrawals from service occurring on or after June 27, 1997, an employee (and spouse) age 50 or over with at least 30 years of service is eligible to receive an annuity based on the minimum annuity formula.

- For withdrawals from service occurring on or after June 27, 1997, an employee under age 60 with at least 25 years of service is not subject to an age discount.

- The spouse of an employee dying on or after June 27, 1997, while receiving an annuity is eligible for one half of the employee's annuity at death, discounted for the spouse's age under 55 at the time of employee's death. Excess spouse refund, if any, must be repaid.

- Beginning June 27, 1997, employees already receiving annuity will receive a minimum annuity of $550 for life (reciprocal annuitants must have at least five years of Laborers' service). Any future employee annuitant withdrawing from service after attainment of age 60 with 10 or more years of service would qualify for this minimum.

- Beginning June 27, 1997, widow(er)s already receiving annuity will receive a minimum annuity of $500 for life (reciprocal annuitants must have at least five years of Laborers' service). For future spouses of retirees, 10 years of service is required. For spouses of employees dying in service in the future, five years of service is required.

- Beginning June 27, 1997, the child's annuity will be increased to $220 per month if the spouse of the deceased employee parent survives or $250 per month if no such spouse survives.

- Coverage in the City group health insurance is extended through June 30, 2002, with some modification in the plans offered. Pension fund supplement remains $45 and $75 for Medicare eligible and non-Medicare eligible annuitants respectively.

- Beginning June 27, 1997, spouses of employees dying in service after age 50, with at least 30 years of service or after age 55 with 25 years of service, will be eligible to receive 50 percent of the annuity that the employee would have received. This annuity will be reduced by 0.25 percent per month for each month that the spouse is below the age of 55.

HB 1641

- Approved August 22, 1997.

- Beginning August 22, 1997, for spouses of employees who retired or died in service before January 23, 1987, the previous $300, $400, or $500 maximum spouse annuity limitation is removed. If an excess spouse refund was paid, it must be repaid with interest.

- Service paid under Section 11-221 can be counted for ordinary disability purposes for periods of disability on or after August 22, 1997.

- Early Retirement Incentive was created for withdrawals from December 31, 1997, to June 30, 1998.

  – Requires a total of 20 years of service (with at least 10 in this fund, up to five in a Reciprocal fund, and up to five purchased under ERI) and age 55 or older.

  – Requires a total of 30 years of service (with at least 10 years of that service in this fund and without including any service purchased under the ERI provisions) and age 50 or older.

  – Requires an election form to be filed before June 1, 1998.

  – Requires a member to be a current contributor on November 1, 1997, and have not previously retired under this Article.

  – Provides for elimination of the age discount for employees age 55 to 60.

  – Provides for 80 percent maximum final average salary compared to the present 75 percent.

  – Provides for an optional purchase of up to five years of service credit for 4.25 percent of the November 1, 1997, salary.

  – Provides for a 24-month option to pay for ERI service.

  – Provides for a tax levy derived from ERI contributions.

1998 Session

HB 3515

- Approved August 14, 1998.

- Beginning January 1, 1999, the automatic increase for employee annuitants changed to 3 percent compounded for all past, current, and future annuitants regardless of the effective date of the annuity. Term annuities are not eligible for the increase.

- Employees withdrawing after January 1, 1999, will be eligible for the minimum formula upon attainment of age 60 if they have at least 10 years of service.

- Beginning January 1, 1999, employees already receiving an annuity as of August 14, 1998, will receive a minimum annuity of $850 for life (reciprocal annuitants must have at least five years of Laborers' service). Any future employee annuitant withdrawing from service after August 14, 1998, after attainment of age 60 with 10 or more years of service would qualify for this minimum.

- Beginning January 1, 1999, widow(er)s already receiving annuity as of August 14, 1998, will receive a minimum of $800 for life (reciprocal annuitants must have at least five years of Laborers' service). For future spouses of retirees dying after August 14, 1998, 10 years of service is required. For spouses of employees dying in service after August 14, 1998, five years of service is required.

- The conditions of the reversionary option were changed as follows:

  – The nullification of reversionary payment due to employee dying was reduced to 365 days after written designation was filed with the board and now applies only to parents, children and siblings (not spouses).

  – Employees may reduce their monthly annuity by as much as $400.

  – The increased annuity for spouse may now be as much as 100 percent of the reduced employee annuity.

- Spouses and widows that are eligible for the "50 percent employee amount" will no longer have this amount reduced for under age 55 if the employee dies on or after January 1, 1998, and withdrew from service on or after June 27, 1997, and the employee retired after age 55 with at least 25 years of service or after age 50 with at least 30 years of service. The age discount will only apply if the spouse is under age 50.

- The child of an annuitant who withdraws after January 1, 1998, having attained age 50 with at least 30 years of service is eligible for a child annuity upon the death of the annuitant.

- The required employer multiple has been set at 1.00 for 1999 and beyond.

- Money deposited under 5/11-169(f) may be used by the Fund for any of the purposes for which the proceeds of the tax levied by the City under this section may be used.

- The number of board members is changed from five to eight. The makeup of the board is two ex-officio members, three appointed persons, two employees and one annuitant.

HB 1612

- Qualified Illinois Domestic Relations Orders recognized effective July 1, 1999.

1999 Session

- No Change

2000 Session

HB 1583

- Approved July 6, 2000.

- An employee or widow whose annuity would amount to less than $800 per month may elect to receive a refund in lieu of annuity. Formerly, only employees and widows whose annuity would be less than $300 per month could choose a refund.

- The reversionary annuity tables have been extended down to age 50 from age 55 to comply with the change in the law allowing retirement at age 50 with 30 years of service.

- The Board is allowed to pay an annuity (if the person qualifies) directly to a Medicare approved, State certified nursing home or to a publicly owned and operated nursing home, hospital, or mental institution. Each person must qualify under the provisions of this amendment.

- Annuities of widows who remarry on or after the date 60 days after the effective date of this amendment would not be terminated upon remarriage.

- For annuities effective before January 1, 1998, all annuity payments will be made on the first day of the calendar month, for the entire month without proration.

2001 Session

EGTRRA

- On June 7, 2001, the Economic Growth and Tax Relief Reconciliation Act of 2001 were signed by President Bush.

- Beginning January 1, 2002, payments for eligible optional service credits may be made with funds rolled over from a 457 deferred compensation plan or a 403(b) tax deferred annuity plan (if allowed by the 457 or 403(b) plan).

2002 Session

SB 314

- Effective July 1, 2002.

- The accrual rate for the minimum formula annuity is changed from 2.20 percent to 2.40 percent of final average salary and the maximum annuity is changed from 75 percent to 80 percent of final average salary for employees withdrawing from service on or after January 1, 2002.

- The 3.00 percent post-retirement automatic increase will now begin no later than three years after retirement for an eligible retiree (An eligible retiree is an employee annuitant, not a widow or widower annuitant, originally granted a lifetime annuity). For eligible retirees less than age 60 on the first anniversary of retirement, the 3.00 percent increase will begin at the earlier of age 60, and the latest of the following dates:

  – The third anniversary of retirement

  – The attainment of age 53; or

  – January 1, 2002

  For eligible retirees age 60 or older on the first anniversary of retirement, the 3.00 percent increase will begin on the first anniversary of retirement.

HB 5168

- Effective June 28, 2002.

- For the eligible spouse of an employee who dies in service on or after August 28, 2002, with at least 10 years of service, the annuity is no less than 50 percent of the minimum formula annuity the employee would have been entitled to based on service and salary to the date of death without regard to age eligibility requirements. This is equal to 2.40 of final average salary for each year of service. The employee and the spouse must have been married for ten years.

- For children of employees who die in service on or after June 28, 2002, there is no service requirement for eligibility for children's annuity.

- The definition of "child" now includes any child adopted before employee withdraws from service and at least one year prior to the date any benefit for the child accrues. Previously the adoption also had to take place before the employee attained age 55.

- For ordinary disability benefits paid on or after January 1, 2001, the ordinary disability benefit is 50 percent of the employee's salary at the date of disability with the amounts ordinarily contributed by the employee for annuity purposes contributed by the Fund. These contributions are not refundable.

- The pension fund supplement for retiree health insurance was extended through June 30, 2003. For annuitants (other than child annuitants) taking the employer-provided plan, the supplement is $75 per month if the annuitant is not eligible for Medicare and $45 per month if the annuitant is eligible for Medicare.

2003 Session

SB 1701

- Effective July 1, 2003.

- The healthcare benefits were increased to $85 per month for non-Medicare eligible participants and $55 per month for Medicare eligible participants for the period from July 1, 2003, through June 30, 2008. Thereafter, the benefits are increased from $85 to $95 and $55 to $65 for the period July 1, 2008, to June 30, 2013.

- The healthcare benefits referred to above are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

2004 Session

HB 600

- Effective January 16, 2004.

- Early Retirement Incentive was created for withdrawals from January 31, 2004, to February 29, 2004 (or to May 31, 2004, for those deemed critical employees).

  – Requires an election form to be filed before January 31, 2004.

  – Requires a member to be a current contributor who has not previously retired under this Article and satisfy one of the following:
    - Active as of October 15, 2003
    - Returned to active from approved leave of absence prior to December 15, 2003
    - Receiving ordinary or duty disability benefits as of October 15, 2003
    - Restored to service by January 31, 2004, after having been involuntarily laid off

  – Requires that employees that reenter service forfeit their right to receive benefits and will have their benefits recalculated at the time of retirement excluding the benefits provided under the ERI.

  – Requires that the participant is age 50 with 10 years of creditable service in this Fund and have 70 combined years of age and service, with service in one or more systems under the Reciprocal Act (excluding service purchased under the ERI).

  – Provides for elimination of the age discount for employees younger than age 60.

  – Provides for an optional purchase of up to five years of service credit for 4.25 percent of the monthly salary rate in effect October 15, 2003.

  – Provides for a 24-month option to pay for ERI service.

  – Provides for the exclusion of ERI contributions from the base from which the tax levy is derived.

  – Provides for the exclusion of the liabilities arising from the ERI for the purpose of determining if a contribution by the city is required.

- Provides for a lump sum benefit option of 100 percent of salary at retirement and an actuarially reduced monthly annuity for those employees who were eligible for the maximum benefit (excluding purchased service under the ERI).

- Allows Board members to continue until the end of their terms without forfeiting the benefits provided by the early retirement incentive.

- Automatic increases in annuities will now take effect in the January of each year in which they are to be provided.

- An employee who previously withdrew contributions from the Fund, may have his rights under the Fund restored after repaying the withdrawn contributions with interest after completing the required amount of service after the date of refund. The required service is:
  - 90 days of service under this Fund or
  - Two years of service under any participating Fund under the Reciprocal Act.

- Employees may elect to have their optional contributions "picked-up" by the employer, to be treated as employer contributions for tax purposes. The employee election is irrevocable.

- For the eligible spouse of an employee who died in service on or after January 1, 2002, and before August 28, 2002, with at least 10 years of service, the annuity is no less than 50 percent of the minimum formula annuity the employee would have been entitled to based on service and salary to date of death without regard to age eligibility requirements. This minimum formula annuity is equal to 2.40 percent of final average salary for each year of service. The employee and spouse must have been married for ten years.

2005 Session

SB 23

- Approved June 27, 2005.

- Prohibits the investment or deposit from the retirement system or pension fund to certain entities doing business in or with the government of the Republic of the Sudan. Fund managing companies must certify that under Section 1-110.5 of the pension code that they have not loaned to, invested in, or otherwise transferred any of the pension fund assets to a forbidden entity.

SB 253

- Approved August 4, 2005.

- Provides that, to qualify as an "emerging investment manager", the maximum value of an investment portfolio that a manager manages is $2,000,000,000 (was $400,000,000).

SB 1446

- Approved August 22, 2005.

- Provides for various changes in provisions and procedures concerning Qualified Illinois Domestic Relations Orders. Allows for alternate payee's benefit to be based on a percentage of employee's benefit. Effective July 1, 2006.

2006 Session

- No Change

EXHIBIT S
HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 30-Year Amortization [12]	Normal Cost Plus 30-Year % of Salary Amortization [12]	Tax Levy Year	City	Park	Total Tax Levy
1982[1,2]	**1.37**	**1.34**	**1.92**	**1.03**	1982	**$13,073,000**	**$27,000**	**$13,100,000**
1983[1,2]	**1.37**	**1.54**	**2.16**	**1.21**	1983	**14,231,000**	**29,000**	**14,260,000**
1984	**1.37**	**1.58**	**2.04**	**1.30**	1984	**15,606,000**	**32,000**	**15,638,000**
1985[2]	**1.37**	**1.60**	**2.08**	**1.33**	1985	**15,618,000**	**29,000**	**15,647,000**
1986[1]	**1.37**	**0.99**	**1.84**	**0.94**	1986	**15,373,000**	**25,000**	**15,398,000**
1987[1]	**1.37**	**1.13**	**1.90**	**1.03**	1987	**15,260,000**	**21,000**	**15,281,000**
1988	**1.37**	**1.03**	**1.87**	**0.98**	1988	**15,380,000**	**20,000**	**15,400,000**
1989[1,2]	**1.37**	**0.56**	**1.49**	**0.56**	1989	**15,442,000**	**14,000**	**15,456,000**
1990[1,2]	**1.37**	**1.01**	**1.80**	**0.93**	1990	**15,261,000**	**12,000**	**15,273,000**
1991	**1.37**	**0.93**	**1.70**	**0.90**	1991	**16,382,000**	**10,000**	**16,392,000**
1992[2]	**1.37**	**0.80**	**1.75**	**0.80**	1992	**16,835,000**	**11,000**	**16,846,000**
1993 [2]	**1.37**	**0.83**	**1.96**	**0.83**	1993	**18,036,000**	**11,000**	**18,047,000**
1994[1,2]	**1.37**	**0.64**	**1.84**	**0.64**	1994	**17,069,000**	**12,000**	**17,081,000**
1995 [2]	**1.37**	**0.75**	**1.87**	**0.75**	1995	**18,726,000**	**9,500**	**18,735,500**
1996	**1.37**	**0.66**	**1.75**	**0.66**	1996	**20,037,300**	**6,900**	**20,044,200**
1997[1,2,3,4]	**1.37**	**N/A**	**N/A**	**N/A**	1997	**19,645,400**	**4,300**	**19,649,700**
1998[1,2,4]	**1.37**	**N/A**	**N/A**	**N/A**	1998	**19,757,000**	**4,600**	**19,761,600**
1999[1,4,5]	**1.00**	**N/A**	**N/A**	**N/A**	1999	**14,676,000**	**1,898**	**14,677,898**
2000[4]	**1.00**	**N/A**	**N/A**	**N/A**	2000[6]	**0**	**0**	**0**
2001[4]	**1.00**	**N/A**	**N/A**	**N/A**	2001[7]	**0**	**0**	**0**
2002[2,4]	**1.00**	**N/A**	**N/A**	**N/A**	2002[8]	**0**	**0**	**0**
2003 [2,4]	**1.00**	**0.44**	**0.43**	**0.53**	2003[9]	**0**	**0**	**0**
2004 [1,2,4]	**1.00**	**0.67**	**0.67**	**0.63**	2004[10]	**0**	**0**	**0**
2005 [1]	**1.00**	**1.18**	**1.23**	**0.63**	2005[11]	**0**	**0**	**0**
2006	**1.00**	**1.54**	**1.64**	**1.30**	2006[13]	**0**	**0**	**0**

[1] Change in actuarial assumptions

[2] Change in benefits

[3] Change in asset valuation method to GASB

[4] No contribution is required under these valuation methods

[5] Change in actuary

[6] Tax levy based on the statutory multiple would be $16,726,700, of which $100 is for Park

[7] Tax levy based on the statutory multiple would be $16,504,660

[8] Tax levy based on the statutory multiple would be $16,892,000

[9] Tax levy based on the statutory multiple would be $19,430,000

[10] Tax levy based on the statutory multiple would be $19,570,600

[11] Tax levy based on the statutory multiple would be $18,970,900

[12] 40-year amortization for years prior to 2006; 30-year amortization for 2006 and after

[13] Tax levy based on the statutory multiple would be $17,193,400

EXHIBIT T
ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer[1]	Required Statutory Basis[2]	Actual[3]	Percent of ARC Contributed
1997	$ -	$ 18,863,712	$ 19,328,981	N/A
1998	-	18,971,520	19,724,301	N/A
1999	-	14,089,822	14,406,579	N/A
2000[4]	-	16,057,536	683,352	N/A
2001[4]	-	15,844,464	659,946	N/A
2002[4]	-	16,216,320	82,865	N/A
2003[4]	-	18,652,733	366,920	N/A
2004[4]	8,513,018	18,787,778	202,684	2.38%
2005[4]	12,774,103	18,212,098	40,435	0.32%
2006[4]	21,142,739	16,505,724	106,270	0.50%

[1]Under Normal Cost plus 40-Year Level-Dollar Amortization. Negative ARC values are set to zero, as no contribution is then required.
[2]Tax levy after 4.00 percent overall loss.
[3]Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.
[4]The City of Chicago did not levy a tax for the Fund this year.

Year	Benefits as a % of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus) as a % of Covered Payroll End of Year	Employer Contribution as a % of Covered Payroll Beginning of Year
1997	127.62%	(167.92)%	11.91%
1998	118.40%	(139.36)%	11.52%
1999	129.09%	(216.57)%	8.44%
2000	133.90%	(237.80)%	0.39%
2001	125.24%	(167.58)%	0.36%
2002	111.32%	(84.12)%	0.04%
2003	103.15%	(24.91)%	0.18%
2004	98.53%	14.38 %	0.10%
2005	93.88%	58.37 %	0.02%
2006	91.98%	75.15 %	0.06%

EXHIBIT W
HISTORY OF RETIREES AND BENEFICIARIES
ADDED TO PAYROLLS

	Added to Payroll		Removed from Payroll		Payroll End of Year		Average Annual	Increase in Average
Year	No.	Ann. Benefits [1]	No.	Ann. Benefits	No.	Ann. Benefits	Benefit	Benefit
Employee Annuitants (Male and Female)								
1997	84	$ 3,589,997	164	$ 1,981,409	2,457	$ 40,842,959	$ 16,623	7.49%
1998	485	18,846,565	134	2,040,866	2,808	57,648,658	20,530	23.50%
1999	44	1,850,687	165	2,650,429	2,687	56,848,916	21,157	3.05%
2000	56	1,932,680	174	2,592,545	2,569	56,189,051	21,872	3.38%
2001	53	1,278,686	141	1,023,883	2,481	56,443,854	22,750	4.01%
2002	152	6,390,266	172	3,568,213	2,461	59,265,907	24,082	5.85%
2003	150	6,731,957	139	2,773,616	2,472	63,224,248	25,576	6.20%
2004	525	23,029,473	161	3,507,001	2,836	82,746,720	29,177	14.08%
2005	55	3,997,885	154	3,287,338	2,737	83,457,267	30,492	4.51%
2006	79	4,971,772	133	3,475,111	2,683	84,953,928	31,664	3.84%
Surviving Spouse Annuitants (Not Including Compensation)								
1997	83	$ 3,034,013	87	$ 372,443	1,413	$ 9,439,234	$ 6,680	39.66%
1998	83	5,183,302	82	744,341	1,414	13,878,195	9,815	46.93%
1999	85	875,659	102	936,528	1,397	13,817,326	9,891	0.77%
2000	83	908,129	74	729,344	1,406	13,996,111	9,955	0.64%
2001	74	841,721	75	721,476	1,405	14,116,356	10,047	0.92%
2002	101	1,329,509	84	832,813	1,422	14,613,052	10,276	2.28%
2003	59	807,971	86	847,204	1,395	14,573,819	10,447	1.67%
2004	68	1,030,666	84	849,453	1,379	14,755,032	10,700	2.42%
2005	84	1,108,608	96	950,157	1,367	14,913,483	10,910	1.96%
2006	69	1,052,875	101	962,926	1,335	15,003,432	11,239	3.01%

[1] *Annual benefits added to payroll include post-retirement increase amounts.*

GASB Exhibits

EXHIBIT A-1
GASB #25, #27, #43, AND #45 DISCLOSURES

GASB: Financial Accounting Information

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pensions by State and Local Governmental Employers. Under GASB #25 and #27, systems select one actuarial method from several acceptable alternatives, and report all information on this one basis. GASB has issued Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB #43 and #45 pertain to postretirement benefits other than pensions and are similar to GASB #25 and #27

This report includes the following exhibits with information required to be reported under GASB #25, #27, #43 and #45.

Exhibit A-2: Schedule of Funding Progress for GASB #25

This exhibit shows a history of funding progress under GASB (we included additional years prior to GASB #25). The funding progress is a comparison of Actuarial Value of Assets with the Actuarial Accrued Liability (AAL), and a comparison of the unfunded AAL (UAAL) with payroll.

Exhibit A-3: Schedule of Employer Contributions for GASB #25

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #25.

Exhibit A-4: Supplementary Information for GASB #25

This exhibit has certain information required in the notes to the Plan financial reports.

Exhibit A-5: History of Annual Pension Cost and Contributions Made for GASB #27 from 1997

This exhibit shows the components of annual pension cost (ARC, interest on the Net Pension Obligation (NPO), and the adjustment to the ARC), increase or decrease in the NPO, and the NPO at the end of the year for years 1997-2006. The exhibit also includes the dollar amount of City contributions made.

Exhibit A-6: Pension Cost Summary for GASB #27

This exhibit shows a six-year summary of annual pension cost, percentage of annual pension cost contributed that year and NPO at the end of the year.

Exhibit A-7: Development of Net Pension Obligation (NPO) at January 1, 1997

This exhibit documents the calculation of the pension liability at transition in accordance with GASB #27.

Exhibit A-8: Supplementary Information for GASB #27

This exhibit has certain information required in the notes to the City financial reports.

Exhibit A-9: Schedule of Funding Progress for GASB #43

This exhibit shows a history of funding progress under GASB #43. The funding progress is a comparison of Actuarial Value of Assets with the Actuarial Accrued Liability (AAL), and a comparison of the unfunded AAL (UAAL) with payroll.

Exhibit A-10: Schedule of Employer Contributions for GASB #43

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #43.

Exhibit A-11: Supplementary Information for GASB #43 and #45

This exhibit has certain information required in the notes to the Plan and City financial reports.

EXHIBIT A-2

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULE OF FUNDING PROGRESS FOR GASB #25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
1997	$ 1,328,085,799	$ 1,040,650,534	$ (287,435,265)	127.62%	$ 171,175,944	(167.92)%
1998	1,530,395,014	1,292,611,712	(237,783,302)	118.40%	170,627,112	(139.36)%
1999	1,690,749,716	1,309,772,341	(380,977,375)	129.09%	175,914,112	(216.57)%
2000	1,737,971,109	1,297,913,880	(440,057,229)	133.90%	185,051,048	(237.80)%
2001	1,756,080,291	1,402,138,620	(353,941,671)	125.24%	211,203,088	(167.58)%
2002	1,715,073,438	1,540,604,761	(174,468,677)	111.32%	207,403,973	(84.12)%
2003	1,679,796,167	1,628,563,033	(51,233,134)	103.15%	205,691,917	(24.91)%
2004	1,649,959,130	1,674,614,651	24,655,521	98.53%	171,476,937	14.38%
2005 [1]	1,635,595,437	1,742,300,488	106,705,051	93.88%	182,809,397	58.37%
2006 [2]	1,664,058,080	1,767,682,490	103,624,410	94.14%	193,176,272	53.64%

[1] *OPEB liabilities are discounted at a rate of 4.50 percent beginning in 2005.*

[2] *OPEB liabilities excluded beginning in 2006.*

EXHIBIT A-3

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

	2006 [1]	2005	2004	2003	2002	2001
1. Contribution Multiplier	1.00	1.00	1.00	1.00	1.00	1.00
2. Payroll (beginning of year)	$182,809,397	$171,476,937	$205,691,917	$207,403,973	$211,203,088	$185,051,048
3. City of Chicago Contribution, Net of Reserve for Loss in Tax Collection	106,270	40,435	202,684	366,920	82,865	659,946
4. City of Chicago Contribution as a Percent of Covered Payroll	0.06%	0.02%	0.10%	0.18%	0.04%	0.36%
5. Employee Contributions	18,791,442	16,256,802	22,591,435	19,798,759	20,189,214	20,017,224
6. Employee Contributions as a Percent of Covered Payroll	10.28%	9.48%	10.98%	9.55%	9.56%	10.82%
7. Current Year Normal Cost	27,115,824	24,764,145	29,456,126	29,478,171	27,048,056	23,692,541
8. Normal Cost as a Percent of Covered Payroll	14.83%	14.44%	14.32%	14.21%	12.81%	12.80%
9. 40-Year Level Dollar Amortization of the Unfunded Liability	5,060,805	1,914,459	(3,978,166)	(13,547,196)	(27,482,968)	(34,169,695)
10. 40-Year Level Dollar Amortization as a Percent of Covered Payroll	2.77%	1.12%	(1.93)%	(6.53)%	(13.01)%	(18.47)%
11. Interest Adjustment for Semi-Monthly Payment	1,307,712	995,379	950,583	594,385	(16,227)	(390,903)
12. Actuarially Determined Contribution (ADC)[2] (NC + 40-year level dollar + interest adjustment)	33,484,341	27,673,983	26,428,543	16,525,360	-	-
13. ADC as a Percent of Covered Payroll	18.31%	16.14%	12.85%	7.97%	0.00%	0.00%
14. Annual Required Contribution (ARC)[2] (ADC - estimated employee contributions)	17,599,766	12,774,103	8,513,018	-	-	-
15. ARC as a Percent of Covered Payroll	9.63%	7.45%	4.14%	0.00%	0.00%	0.00%

[1] *Only pension values are included beginning FY 2006.*
[2] *ADC and ARC amounts cannot be less than zero.*

In the year 2006, City contributions and miscellaneous income totaled $106,270 or 0.06 percent of payroll. In addition, employee contributions were $18,791,442 or 10.28 percent of payroll. The Annual Required Contribution (ARC) was equal to $17,599,766; therefore, there was a deficit of contributions and miscellaneous income of $17,493,496 or 9.57 percent of payroll.

EXHIBIT A-4
SUPPLEMENTARY INFORMATION FOR
GASB #25

The information presented in this required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information for the latest actuarial valuation is as follows:

Valuation Date	December 31, 2006
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar; Open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Pension Investment Rate of Return [1]	8.0%
Projected Base Salary Increases [1]	4.5% per year
[1] Includes Inflation at:	3.0% per year
Post Retirement Benefit Increases	3.0% per year beginning at the earlier of 1) the later of the 1st of January of the year after retirement and age 60 2) the later of the 1st of January of the year after the second anniversary of retirement retirement and age 53

Actuarial Accrued Liability (AAL)

	December 31, 2005	December 31, 2006 [1]
Payable to Retirees and Beneficiaries	$ 1,023,899,580	$ 1,022,060,481
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	224,180,889	237,321,146
Payable to Vested and Non-Vested Employees (not split)	494,220,019	508,300,863
Total Actuarial Accrued Liability	$ 1,742,300,488	$ 1,767,682,490
Net Plan Actuarial Assets	1,635,595,437	1,664,058,080
Unfunded AAL (assets in excess of AAL)	$ 106,705,051	$ 103,624,410
Percent Funded	93.88 %	94.14 %
Unfunded AAL as Percent of Payroll	58.37 %	53.64 %
Payroll	$ 182,809,397	$ 193,176,272

[1] *Excludes liability for health insurance supplement.*

EXHIBIT A-5
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 1997

Year Ending December 31:	2002	2003	2004	2005	2006
Contribution Rates					
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%
City: Proceeds from a tax levy not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by:	1.00	1.00	1.00	1.00	1.00
Annual Pension Cost					
Annual Required Contribution (ARC)	$ -	$ -	$ 8,513,018	$ 12,774,103	$ 21,142,739
Interest on NPO	(20,424,891)	(21,669,708)	(22,230,417)	(21,617,869)	(20,650,015)
Adjustment to ARC	4,947,535	15,027,772	21,576,925	20,982,384	20,042,981
Annual Pension Cost	$ (15,477,356)	$ (6,641,936)	$ 7,859,526	$ 12,138,618	$ 20,535,705
Employer Contributions[1]	$ 82,865 [2]	$ 366,920 [2]	$ 202,684 [2]	$ 40,435 [2]	$ 106,270 [2]
Net Pension Obligations (NPO)					
NPO at Beginning of Year	$ (255,311,132)	$ (270,871,353)	$ (277,880,209)	$ (270,223,367)	$ (258,125,184)
Increase/(Decrease) in NPO	(15,560,221)	(7,008,856)	7,656,842	12,098,183	20,429,435
NPO at End of Year	$ (270,871,353)	$ (277,880,209)	$ (270,223,367)	$ (258,125,184)	$ (237,695,749)

[1]*Provided by prior actuary for years before 1999.*
[2]*The City of Chicago did not levy a tax for Laborers' this year. These amounts include miscellaneous income and changes in reserves for tax loss and collections for taxes more than five years old.*

EXHIBIT A-5 (CONT'D)
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 1997

Year Ending December 31:	1997	1998	1999	2000	2001
Contribution Rates					
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%
City: Proceeds from a tax levy not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by:	1.37	1.37	1.00	1.00	1.00
Annual Pension Cost					
Annual Required Contribution (ARC)	$ -	$ -	$ -	$ -	$ -
Interest on NPO	(10,936,776)	(13,500,288)	(15,344,702)	(17,724,805)	(19,010,060)
Adjustment to ARC	10,936,776	13,500,288	-	2,342,460	1,984,628
Annual Pension Cost	$ -	$ -	$ (15,344,702)	$ (15,382,345)	$ (17,025,432)
Employer Contributions[1]	$ 32,043,902	$ 23,055,176	$ 14,406,579	$ 683,352 [2]	$ 659,946 [2]
Net Pension Obligations (NPO)					
NPO at Beginning of Year	$ (136,709,698)	$ (168,753,600)	$ (191,808,776)	$ (221,560,057)	$ (237,625,754)
Increase/(Decrease) in NPO	(32,043,902)	(23,055,176)	(29,751,281)	(16,065,697)	(17,685,378)
NPO at End of Year	$ (168,753,600)	$ (191,808,776)	$ (221,560,057)	$ (237,625,754)	$ (255,311,132)

[1] *Provided by prior actuary for years before 1999.*

[2] *The City of Chicago did not levy a tax for Laborers' this year. These amounts include miscellaneous income and changes in reserves for tax loss and collections for taxes more than five years old.*

EXHIBIT A-6
PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
2001	$ (17,025,432)	N/A	$ (255,311,132)
2002	(15,477,356)	N/A	(270,871,353)
2003	(6,641,936)	N/A	(277,880,209)
2004	7,859,526	2.58%	(270,223,367)
2005	12,138,618	0.33%	(258,125,184)
2006	20,535,705	0.52%	(237,695,749)

EXHIBIT A-7
DEVELOPMENT OF NET PENSION OBLIGATION (NPO) AT JANUARY 1, 1997

Year Ending December 31:	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Assumptions and Method										
Interest Rate	7.5%	7.5%	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amortization Period (years)	40	40	40	40	40	40	40	40	40	40
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost										
Actuarially Determined Contribution (ADC)										
Normal Cost	$ 18,826,921	$ 20,008,465	$ 19,803,585	$ 17,819,965	$ 20,777,427	$ 21,637,649	$ 20,261,167	$ 21,316,661	$ 20,451,183	$ 21,340,898
40 Year Amortization	(693,500)	935,719	(151,802)	(3,030,467)	868,508	(925,113)	(5,449,447)	(7,246,462)	(7,571,950)	(13,950,958)
Total ADC	$ 18,133,421	$ 20,944,184	$ 19,651,783	$ 14,789,498	$ 21,645,935	$ 20,712,536	$ 14,811,720	$ 14,070,199	$ 12,879,233	$ 7,389,940
Interest on NPO	-	(628,987)	(1,146,199)	(1,796,270)	(2,998,697)	(3,639,511)	(4,348,031)	(5,806,534)	(7,176,840)	(8,775,457)
Adjustment to ADC	-	642,102	1,155,863	1,811,417	3,023,982	3,670,199	4,384,694	5,855,495	7,237,356	8,849,453
Annual Pension Cost	$ 18,133,421	$ 20,957,299	$ 19,661,447	$ 14,804,645	$ 21,671,220	$ 20,743,224	$ 14,848,383	$ 14,119,160	$ 12,939,749	$ 7,463,936
Contributions for Year										
Employer Contributions	$ 14,745,709	$ 15,157,663	$ 15,257,738	$ 17,029,493	$ 15,989,678	$ 16,574,721	$ 17,734,532	$ 16,954,732	$ 18,311,622	$ 19,623,717
Employee Contributions	11,774,209	11,740,621	12,529,606	12,805,486	13,691,711	13,025,003	15,345,146	14,293,250	14,610,842	14,856,703
Total Contributions	$ 26,519,918	$ 26,898,284	$ 27,787,344	$ 29,834,979	$ 29,681,389	$ 29,599,724	$ 33,079,678	$ 31,247,982	$ 32,922,464	$ 34,480,420
Net Pension Obligations (NPO)										
NPO at Beginning of Year	$ -	$ (8,386,497)	$ (14,327,482)	$ (22,453,379)	$ (37,483,713)	$ (45,493,882)	$ (54,350,382)	$ (72,581,677)	$ (89,710,499)	$ (109,693,214)
Annual Pension Cost	18,133,421	20,957,299	19,661,447	14,804,645	21,671,220	20,743,224	14,848,383	14,119,160	12,939,749	7,463,936
Total Contributions	(26,519,918)	(26,898,284)	(27,787,344)	(29,834,979)	(29,681,389)	(29,599,724)	(33,079,678)	(31,247,982)	(32,922,464)	(34,480,420)
NPO at End of Year	$ (8,386,497)	$ (14,327,482)	$ (22,453,379)	$ (37,483,713)	$ (45,493,882)	$ (54,350,382)	$ (72,581,677)	$ (89,710,499)	$ (109,693,214)	$ (136,709,698)

EXHIBIT A-8
SUPPLEMENTARY INFORMATION FOR
GASB #27

Valuation Date	December 31, 2006
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar; Open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Pension Investment Rate of Return [1]	8.0%
OPEB Investment Rate of Return [1]	4.5%
Projected Base Salary Increases [1]	4.5% per year
[1] Includes Inflation at:	3.0% per year
Post Retirement Benefit Increases	3.0% per year beginning at the earlier of 1) the later of the 1st of January of the year after retirement and age 60 2) the later of the 1st of January of the year after the second anniversary of retirement retirement and age 53

Actuarial Accrued Liability (AAL)

	December 31, 2005	December 31, 2006
Payable to Retirees and Beneficiaries	$ 1,023,899,580	$ 1,046,426,600
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	224,180,889	237,321,146
Payable to Vested and Non-Vested Employees (not split)	494,220,019	525,488,397
Total Actuarial Accrued Liability	$ 1,742,300,488	$ 1,809,236,143
Net Plan Actuarial Assets	1,635,595,437	1,664,058,080
Unfunded AAL (assets in excess of AAL)	$ 106,705,051	$ 145,178,063
Percent Funded	93.88 %	91.98 %
Unfunded AAL as Percent of Payroll	58.37 %	75.15 %
Payroll	$ 182,809,397	$ 193,176,272

EXHIBIT A-9
SCHEDULE OF FUNDING PROGRESS FOR GASB #43

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
2006	$ -	$ 41,553,653	$ 41,553,653	0.00%	$ 193,176,272	21.51%

EXHIBIT A-10
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #43

	2006
1. Payroll (beginning of year)	$182,809,397
2. Current Year Normal Cost	1,023,208
3. Normal Cost as a Percent of Covered Payroll	0.56%
4. 30-Year Level Dollar Amortization of the Unfunded Liability	2,439,744
5. 30-Year Level Dollar Amortization as a Percent of Covered Payroll	1.33%
6. Interest Adjustment for Semi-Monthly Payment	80,021
7. Actuarially Determined Contribution (ADC) (NC + 30-year level dollar + interest adjustment)	3,542,974
8. ADC as a Percent of Covered Payroll	1.94%
9. Annual Required Contribution (ARC) (ADC - estimated employee contributions)	3,542,974
10. ARC as a Percent of Covered Payroll	1.94%

EXHIBIT A-11
SUPPLEMENTARY INFORMATION FOR
GASB #43

Valuation Date	December 31, 2006
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	No Assets (Pay-as-you-go)
Amortization Method	Level dollar; Open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
OPEB Investment Rate of Return [1]	4.5%
Projected Base Salary Increases [1]	4.5% per year
[1] Includes Inflation at:	3.0% per year
Healthcare Cost Trend Rate	0% [2]

Actuarial Accrued Liability (AAL)

		December 31, 2006 [3]
Payable to Retirees and Beneficiaries	$	24,366,119
Current Employees:		
Accumulated Employee Contributions		
Including Statutory Interest		-
Payable to Vested and Non-Vested		
Employees (not split)		17,187,534
Total Actuarial Accrued Liability	$	41,553,653
Net Plan Actuarial Assets		-
Unfunded AAL (assets in excess of AAL)	$	41,553,653
Percent Funded		0.00 %
Unfunded AAL as Percent of Payroll		21.51 %
Payroll	$	193,176,272

[2] *Trend not applicable - Fixed dollar subsidy.*

[3] *Actuarial Accrued Liability for OPEB at December 31, 2006*