COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2007

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
State of Illinois

A Component Unit of the City of Chicago

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State of Illinois

A Component Unit of the City of Chicago

Prepared by the Accounting Department
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laborers' and Retirement Board of Employees' Annuity and Benefit Fund of Chicago, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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

President

Executive Director

Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

June 27, 2008

To the Retirement Board
of the Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) presents its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This report and the information it contains is entirely the responsibility of the Plan and its administrative staff. The statements and disclosures contained in this report have been prepared to enable the Plan's participants, interested citizens, and responsible governmental officials to draw fair conclusions concerning the financial health and management of the Plan. To the best of our knowledge, the information provided is accurate and complete in all material respects.

Background

The Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago (the Plan) was established in 1935 and is governed by legislation contained in Chapter 40, Act 5 of the Illinois Compiled Statutes. Article 11 of that act specifically and exclusively refers to the Plan. The Plan was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago or the Board of Education who may be employed in a laboring capacity and for the dependents of such employees. The Plan is governed by an eight member Board of Trustees; three of whom are elected, two of whom are ex-officio trustees, another two of whom are appointed by the City and one who is appointed by the union. All trustees serve without compensation except for necessary expenses. The Board of Trustees and the administrative staff of the Plan are fiduciaries who are legally bound to discharge their duties with respect to the retirement system solely in the interest of the participants and their beneficiaries.

A system of internal controls helps the Plan to monitor and safeguard assets and promote efficient operations. In addition, the staff prepares an operating budget which is evaluated and approved by the Board of Trustees annually. All financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB). An external audit is completed annually by an independent auditor.

The sources and conditions of all contribution revenues are detailed in Article 11 as well as all benefit types, amounts, eligibility requirements, and methods of funding. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Reserves are set aside, as determined by the Plan's independent actuary, for the accumulation of employee and employer contributions and for the payment of all benefit obligations.

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Overview

At December 31, 2007, total Plan membership, including active, inactive, disabled and retired members is 8,903. Plan Net Assets increased by $43 million. Additions to Plan Assets of $159 million were led by investment income of $126 million. For 2007, benefit expenses of nearly $109 million included pensions, disability payments, and the Plan's share of the cost to provide health insurance coverage. The unfunded actuarial accrued liability based on the actuarial value of assets decreased from $145.2 million to $92.0 million during the year, resulting in a change in the funding ratio from 92.0 to 95.0 percent. For a full understanding of the Plan's financial results, the reader is urged to review the Financial Section of this report that contains the management's discussion and analysis, auditor's report, the financial statements and other supplemental information. Management's discussion and analysis provides a narrative introduction, overview, and analysis of the financial statements and complements this transmittal letter.

Investments

The investment policy of the Plan is designed to insure the long-term financing of its funding requirements. The Plan's investments are managed by the Board of Trustees pursuant to Chapter 40, Section 5/1 and 5/11 of the Illinois Compiled Statutes using the "prudent person rule." The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the Plan. This rule states that fiduciaries must discharge their duties solely in the interest of the plan participants and beneficiaries and with the skill, care, prudence, and diligence that a prudent person would ordinarily exercise under similar circumstances in a like position. By permitting further diversification of investments within a plan, the prudent person standard may enable a plan to reduce overall risk and increase returns.

The Board of Trustees, along with professional consultants, managers and staff, maintain an asset allocation program designed to provide the highest expected return while maintaining an appropriate low level of risk. The strategic asset allocation among investment types and manager styles is reviewed annually by the trustees and investment consultant

As of December 31, 2007, the fair value of invested assets, excluding securities lending collateral, was $1,822,553,294 which compares to $1,806,468,026 as of December 31, 2006. For the year ending December 31, 2007, the Plan's total investment return on the fair value of assets was 8.0%. Total investment return for the Plan over the last three and five years was 9.0% and 11.1%, respectively. Due to lackluster years in the early part of the last decade, the ten year return of 7.2% falls slightly short of the actuarial assumed rate of return of 8.0%. A detailed discussion of investment performance and asset allocation is provided in the Investment Section of this report.

Funding Status

The funded status in basic terms is a comparison of the Plan's liabilities to assets expressed as either unfunded liability ($) or as a ratio of assets over liabilities (%). This comparison can be measured in various ways. Fund liabilities are dependent on actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the market fluctuations that invariably occur from year to year. The funding status for the Plan 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 investment earnings and actual investment earnings over a five year period. Our actuary completed an experience study based on census information for the period from December 31, 1998 through December 31, 2003. Recommendations that followed included changing mortality rates, rates of retirement and termination, disability rates, and salary increases. Updated actuarial assumptions have been adopted beginning with the valuation of 2004.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, was adopted in 2007. It establishes standards of accounting and financial reporting for the employer's long term financial obligation of other postemployment benefits earned by employees. Based on the Actuarial Value of Assets, the unfunded liability as of December 31, 2007 was a deficit of $91,995,570 (including a GASB 43 unfunded liability of $41,411,164) compared to a deficit of $145,178,063 the previous year. The funding ratio as of December 31, 2007 is 95.0% compared to 92.0% in 2006.

Major Initiatives

A disaster recovery project established proactive measures to ensure the continuity of Plan operations during emergencies. Our goal is to possess the capability to access the Plan's main information technology systems at a remote location within twenty-four to thirty-six hours of an emergency. In 2007, the physical space plan was implemented along with the shared local area network, wide area network and the terminal services environment. A well designed and cost effective system was created to satisfy current requirements while also maintaining the flexibility necessary to anticipate future technological advancements.

Work continues on the Plan's participant benefit management system. A migration of the computing platform from Visual Basic to the VB.NET programming language was successful. The production phase of the system was completed as well as the annuity and refund calculation modules. These modules have improved reporting capabilities and enhanced the Plan's ability to interface with its benefit payment provider, the Northern Trust.

An asset liability modeling study was initiated in late 2007. Commissioned by the Plan, the Plan's actuary and investment consultant partnered together to began an analysis to determine if a change to the asset allocation targets would be beneficial to the Plan by providing an increase in return while reducing risk. The study is expected to be completed in 2008. Meanwhile, the trustees of the Plan attended a number of educational seminars detailing new classes of investments such as emerging markets, hedge funds and all cap equity products. A number of investment firms were invited to educate the trustees and staff by giving a short presentation highlighting the basics of each particular investment category. The structure, regulation, and compensation methods of each investment type were summarized.

Internal Controls and Safeguards

A set of internal and external controls is in place to provide reasonable assurance regarding the safekeeping of assets of the Plan, the reliability of financial records, and facilitation of efficient operations. Some of these controls are: 1) The accrual basis of accounting is used to record the financial transactions and activities of the Plan; 2) cash receipts are deposited timely with our custodial bank, the Northern Trust Company; 3) benefit disbursements are prepared and reviewed by the Plan's benefit specialists; 4) the Plan's financial statements are audited annually by the independent accounting firm of Calibre CPA Group PLLC (the audit report makes up the Financial Section of this report, along with required supplementary information and some additional schedules providing more detail relating to the Plan's financial activities); 5) copies of the audit report and actuarial report are submitted annually to the City Comptroller, the City Clerk, and the City Council of the City of Chicago as well as to the Division of Insurance at the Illinois Department of Financial and Professional Regulation (IDFPR); 6) the IDFPR also specifies the content of another detailed report submitted to it in accordance with Chapter 40, Act 5, Article 22, Section 503; 7) the Plan's invested assets as of year end were under the management of twenty-nine independent professional investment managers.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago for its comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Reports to Membership

The Plan has issued a variety of reports covering 2006 and 2007 activity. Every spring, we mail participant statements to our active members. The statement details the participant's accumulated contributions to the Plan and beneficiary information on file. A newsletter to all membership is sent out every summer and winter informing members of any legislative or retirement issues. We will send a summary of the annual report to members and annuitants. We will mail this report to authorized agents in June and it will also be available upon request at our office.

Outlook for 2008

The first quarter of 2008 has continued posting disappointing returns in the U.S. stock market. Major equity indexes experienced an exceptionally volatile first quarter including the Dow as it fell sharply from its 2007 ending levels. The large cap equities index ended the quarter posting a 9.45% loss with every sector showing negative returns. The information technology sector was especially hit hard with declines of 15.2%. The small cap and mid cap indexes underperformed their larger peers with losses of 9.9% and 10.0%, respectively. Foreign equity markets led returns by outperforming the S&P 500 on a relative basis with a loss of 8.8%. Returns were negative across all of the developed countries with the exception of Denmark. Emerging markets which had avoided the credit related problems in 2007 were brought down by worries about the strength of the key export markets. The emerging markets index lost 10.9% in US dollar terms.

The first quarter of the fixed income market was dominated by a "flight to quality" movement, as investors sought to avoid credit risk and illiquidity risk. As a result the yield curve steepened abruptly with spreads widening sharply. Dislocations in the credit markets continued unabated, leaving balance sheets of many financial services companies in significantly worse shape. To combat these dilemmas, the Federal Reserve acted aggressively by cutting rates three times during the quarter and providing liquidity into the system. As a result, credit benchmarks underperformed Treasuries by a sizable margin. The index for government bonds posted the highest return at 4.0% for the quarter. Bonds rated below investment grade were particularly hard hit, as weaker economic conditions led many analysts to predict a rise in company defaults and restructurings. All major fixed-income sectors posted positive returns for the first quarter with the exception of high yield corporate bonds and municipal bonds.

The US economy is experiencing a slowdown and a number of economic indicators point to and the stock market is behaving as though the economy is already in recession. The economy should likely gain some support from stimulative fiscal policy and other public policy initiatives including actions taken to ease conditions in the real estate market. The intervention by the Federal Reserve has had a meaningful positive impact on the functioning of the credit markets as counterparty, liquidity, and systemic risk concerns have diminished. The Federal Reserve will emphasize new policy tools and continue to demonstrate a willingness to intervene to ensure financial market stability. However, a nagging concern is whether their actions will result in any undue inflationary pressure.

Other ongoing concerns are the condition of the residential housing market, energy costs, food prices and the erosion of the dollar in the global economy. Consumers may be adversely impacted by the high energy costs. Another significant risk facing investors is that the global economy is showing signs of stress and the US dollar continues to weaken against the Euro and the Japanese yen. Consumer and business confidence measures are failing. It will remain to be seen whether banks' unwillingness to lend and consumers' unwillingness to spend will end up choking off economic activity. The Plan continues to monitor its investment program and strategy to ensure a favorable risk and return profile over the long term.

Benefit payments and refund expense are expected to remain steady in 2008, while administrative expenses may rise slightly due to expenses incurred for additional staffing, computer hardware, paperless systems, and rising health care costs for office personnel.

With a funding ratio of 95.0%, we are well funded and quite capable of meeting our annual obligations. According to the Public Pension Fund Survey conducted by the National Association of State Retirement Administrators, the average funding ratio of a public pension fund in 2006 was 86.2%. A funding ratio of 80% or higher is considered by many actuaries as a benchmark of a healthy pension plan. As a consequence of the Plan's funding ratio falling below 100%, the City will begin making employer contributions again.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Plan's administrative staff, under the supervision of the Plan's Comptroller, Aileen M. Pecora. Every effort has been made to ensure that the information it contains is accurate and complete to the best of our ability. It is intended to serve as a reliable guide for informed decision-making and also as a record of the Plan's achievement.

The Board and staff of the Plan are dedicated to preserving the retirement system and are doing so with honesty, dedication, and integrity. At the same time we are accountable in our actions that are vital to the success of the Plan. We are very grateful for the Board's diligence, concern, and support over many years of our efforts to improve the levels of service and benefits to our participants.

On behalf of the Board of Trustees, I would like to express my sincere appreciation to the staff and the professional consultants for their contributions made to this report and for their dedicated service toward the continued successful operations of the Plan.

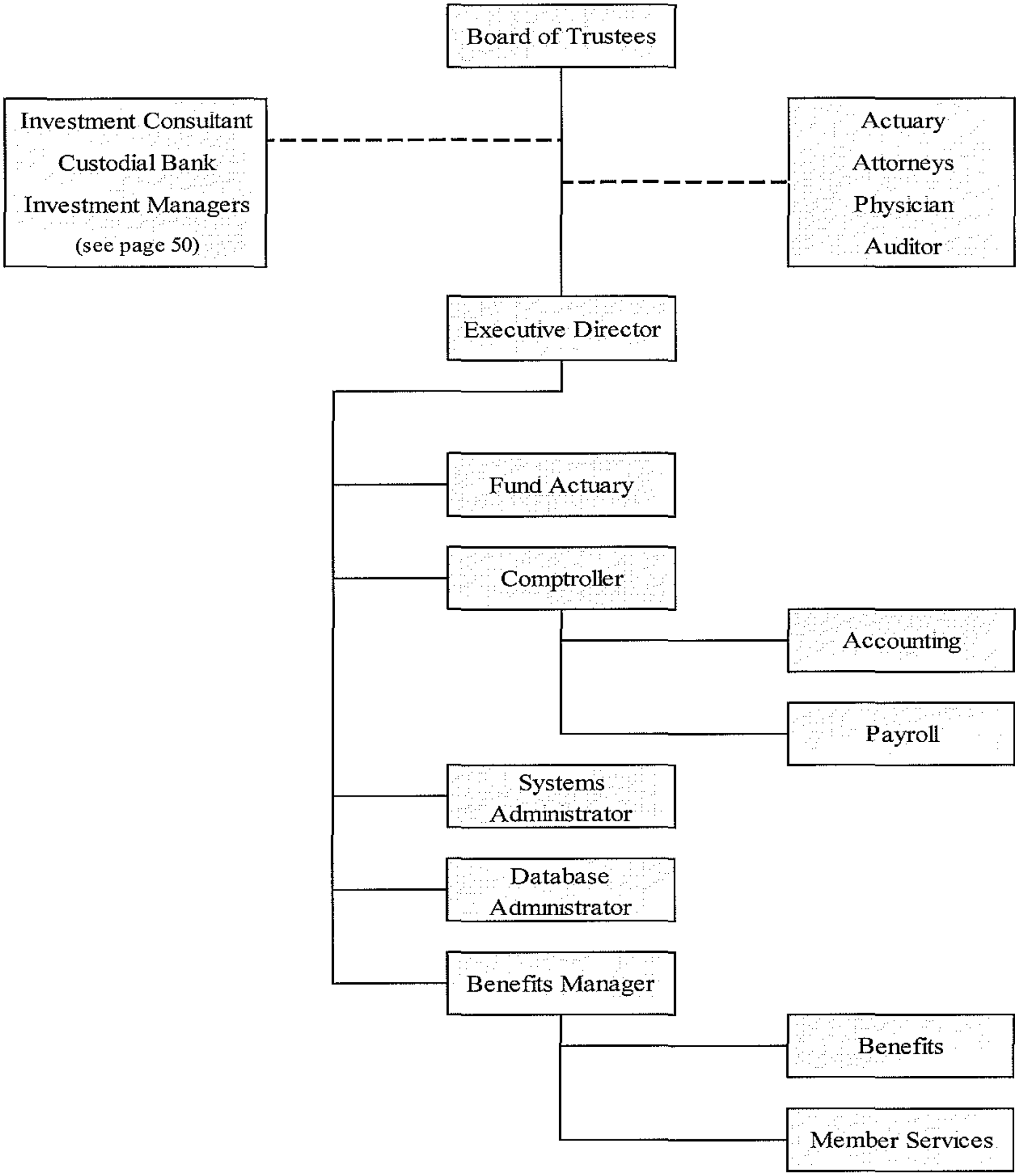
Respectfully submitted,

James Capasso, Jr.
Executive Director

Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago

Laborers' and Retirement Board Employees' Annuity &Benefit Fund of Chicago

Administrative Organization



Financial Section

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Report of Independent Auditors

Laborers' and Retirement Board
Employees' Annuity and
Benefit Fund of Chicago

We have audited the accompanying statements of plan net assets of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) as of December 31, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial status of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago at December 31, 2007 and 2006, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The additional information presented on pages 42 and 43 is presented for purposes of additional analysis and is not a required part of the financial statements of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of

Chicago. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Management's Discussion and Analysis on pages 11 through 15, and the Schedule of Funding Progress, the Schedule of Employer Contributions, and Notes to the Schedules on pages 37 through 40 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the Plan's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Calibre CPA Group PLLC

Chicago, Illinois
April 11, 2008, except for the information
on pages 11 through 15 for which the date
is June 16, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is prepared by the management staff of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (LABF) for the purpose of providing an overview of the Plan's financial activities for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages 2-6), the financial statements, required supplementary information and additional information.

Annual Financial Review

For fiscal year 2007, the consulting actuary reports that the Plan's actuarial liability was $1.85 billion and the actuarial value of assets was $1.76 billion. The actuarial liability is the total dollar value of "benefit promises" to all members. The actuarial value of assets is valued differently than the fair value of assets. The actuarial value distributes the investment gains and losses over a five year period attempting to smooth out market volatility.

The comparison of the assets to liabilities is termed the funded ratio; a percentage of assets available to pay the benefits that have been promised. As of December 31, 2007, the Plan's funded ratio was 95% which increased from the December 31, 2006 funded ratio of 92%. A funded ratio of 80% or higher is considered by many actuaries as a benchmark of a healthy pension plan.

Overview of the Financial Statements of the Plan

This discussion and analysis is intended to serve as an introduction to the Plan's financial reporting which is comprised of the following components:

1. Basic Financial Statements The two basic financial statements consist of the Statements of Plan Net Assets and the Statements of Changes in Plan Net Assets. The Statements of Plan Assets report the balance of net assets held in trust for future pension benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statements of Changes in Plan Net Assets report the net increase in net assets for the fiscal year, with comparative values reported for the previous fiscal year. This increase, when added to the previous year's net assets, supports the total net assets as reported in the Statements of Plan Net Assets.

2. Notes to the Financial Statements Notes to the Financial Statements provide valuable information to assist the reader in developing a better understanding of the Plan's financial position and are an integral part of the basic financial statements.

3. Required Supplemental Information The required supplemental information consists of the Schedule of Funding Progress, Schedule of Employer Contributions and related notes. These schedules and related notes emphasize the long-term nature of pension funds and show progress of the Plan in accumulating sufficient assets to pay benefits when due. They show actuarial trend information for both the Plan and for Other Postemployment Benefits (OPEB) associated with the Plan. The Plan participates in two different OPEB initiatives. First, the Plan and the City of Chicago agreed to share in the cost of providing health care coverage to the City annuitant or their surviving spouses. Secondly, the Plan, as the employer offers to its retirees a postemployement group health care plan.

4. Additional Information Schedules of Administrative Expenses, Investment Expenses and Professional Services are included to show the detail of organizational costs to operate the Plan.

Investment Performance

As reported by the Plan's investment consultant, total investment return, based on fair value, was a positive 8% in 2007 versus 11.2% in 2006. Domestic and International Equities struggled to match the 2006 results of 13.6% and 25.5%, respectively. Domestic was able to beat its benchmark of the S&P while International lagged the MS EAFE Net. It was stock selection in industrials and financials that bolstered the positive return. On the other hand, bond selection was also the cause of subdued performance in the fixed income arena. Bond managers fell short of the benchmark as the composite turned in a 4.1% return as compared to the Lehman Aggregate of 7 % for the year. Although both Venture capital and Real estate yielded strong returns, these asset classes have a nominal impact on overall Plan performance because they represent a small percentage of the portfolio (Venture 2.4% and Real estate 2.1%).

1-Year Returns (2007)			
Asset Category	Plan Return	Index Name	Index Return
Cash and short-term	4.4	30 Day T-Bills	4.5
Fixed income	4.1	LB Aggregate	7.0
U.S. equities	8.9	S&P 500	5.5
International equities	10.2	MS EAFE Net	11.2
Venture capital	32.6	Venture Capital	N/A
Real estate	13.6	NCREIF Open End	15.9
Total Plan	8.0	Allocation Index*	5.2

5-Year Returns (2003-2007)			
Asset Category	Plan Return	Index Name	Index Return
Cash and short-term	3.0	30 Day T-Bills	2.9
Fixed income	4.1	LB Aggregate	4.4
U.S. equities	15.6	S&P 500	12.8
International equities	20.1	MS EAFE Net	21.6
Venture capital	13.7	Venture Capital	N/A
Real estate	13.6	NCREIF Open End	14.6
Total Plan	11.1	Allocation index*	9.8

*The Allocation Index is an asset class-weighted benchmark designed to take into account the percentage of an asset class in a portfolio and the relationship to its corresponding benchmark.

Financial Analysis

The Laborers' Fund provides retirement benefits as well as death and disability benefits to qualified City of Chicago employees. The benefits are funded by member and employer contributions and income from investments. The summarized comparison that follows shows that the net assets held in trust for payments of benefits at December 31, 2007 amounted to $1.78 billion, an increase of $43 million (2.5%) from $1.74 billion at December 31, 2006.

Condensed Comparative Statements of Plan Net Assets

	December 31,			Percentage Change	
	2007	2006	2005	2006 to 2007	2005 to 2006
Receivables	$ 22,135,605	$ 6,989,426	$ 7,011,232	216.7%	-0.3%
Investments, at Fair Value	1,822,553,294	1,806,468,026	1,735,225,199	0.9%	4.1%
Invested Security Lending Cash Collateral	200,893,526	257,139,049	188,062,540	-21.9%	36.7%
Property and Equipment	3,957,079	4,089,286	4,095,025	-3.2%	-0.1%
Total Assets	2,049,539,504	2,074,685,787	1,934,393,996	-1.2%	7.3%
Liabilities	266,721,966	335,025,123	275,332,630	-20.4%	21.7%
Total Plan Net Assets	$ 1,782,817,538	$ 1,739,660,664	$ 1,659,061,366	2.5%	4.9%

Assets

Total assets decreased by $25 million or 1.2% in 2007. This decrease is largely attributed to a decrease in Invested Security Lending Cash Collateral. Fewer securities were out on loan on December 31, 2007 than on December 31, 2006 subsequently the collateral securing those loans was lower than the previous year but higher than December 31, 2005.

As of December 31, 2007, total receivables, increased by more than $15 million from 2006. The change in receivables is the result of a year end accrual of employer contribution. A provision in State Law states that the City of Chicago (employer) is not required to make a contribution for years in which the Plan's funded ratio exceeds 100%. In 2007, after seven years of not contributing, the City resumed making contributions to the Plan.

Investments at fair value have increased modestly over the past few years. Comparatively, total invested assets increased $16 million in 2007 and $71 million in 2006. Securities lending is an investment program that the Plan looks to as an additional source of income. For accounting purposes, the required collateral associated with this type of investment is shown as both an asset and because of the loan situation, also as a liability. The amount of securities out on loan in a given year is based on the market demand for a specific type of security and can greatly fluctuate from year to year.

Please refer to the Investment Section of this report for more information on the Plan's investments.

The Plan's property and equipment is primarily comprised of a custom developed software program. This program integrates the administrative functions of contribution accounting, benefit calculation and benefit payments.

Liabilities
In 2007, the Plan's liabilities consisted of the liability for the cash collateral associated with securities lending (75.3%), unsettled net investment trades at year end (23.3%) and accrued professional and investment management fees payable (1.4%). Because of the corresponding accounting entry, the rise or fall of the Liabilities account over the past few years primarily rests with the activity of the securities lending program and the cash collateral held at year end.

Condensed Comparative Statements of Changes in Plan Net Assets

	Year Ended December 31,			Percentage Change	
	2007	2006	2005	2006 to 2007	2005 to 2006
Additions					
Contributions	$ 33,872,389	$ 18,897,712	$ 16,297,237	79.2%	16.0%
Total investment income	125,204,334	174,535,356	117,785,265	-28.3%	48.2%
Total Additions	159,076,723	193,433,068	134,082,502	-17.8%	44.3%
Deductions					
Benefits and refunds	112,567,428	110,002,850	109,404,851	2.3%	0.5%
Administrative expense	3,352,421	2,830,920	2,985,293	18.4%	-5.2%
Total Deductions	115,919,849	112,833,770	112,390,144	2.7%	0.4%
Net increase in net assets	43,156,874	80,599,298	21,692,358	-46.5%	271.6%
Net assets held in trust for pension benefits					
Beginning of year	1,739,660,664	1,659,061,366	1,637,369,008	4.9%	1.3%
Ending of year	$ 1,782,817,538	$ 1,739,660,664	$ 1,659,061,366	2.5%	4.9%

Additions
It is the additions of member and employer contributions and most importantly investment income that is the source of funding for benefit payments. In 2007, because the Plan had previously fallen below 100% funded, the City resumed making employer contributions, thereby almost doubling the contributions from the prior year. A slow down in the nation's economy was reflected in the Plan's investment returns. Investment gains on the sale of assets dropped 20% from $109 million in 2006 to $91 million in 2007. Unrealized losses, in addition to losses in security lending, had a negative impact on investment income.

Deductions
The expenses paid by the Plan include annuity and disability benefit payments, contribution refunds and administrative expenses. Benefit payments (annuity and disability) were relatively unchanged from 2006. There were 39 fewer employee annuitants on the December, 2007 roll as compared to December, 2006 and 20 less spouse annuitants. Although there were fewer recipients of benefit checks, those on the roll were receiving a higher annuity, thereby slightly increasing the expense.

Three factors explain the 18.4% increase in the 2007 Administrative expenses. First was the adoption in 2007 of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment*

Benefit Plans Other Than Pension Plans. GASB 45 recognizes that many plans provide benefits other then pensions (OPEB) as part of a total compensation package offered employees and requires the reporting of those benefits. More information on the Plan's OPEB costs can be found in the Notes to the Financial Statements (see page 32). The second factor was the purchase of a Fiduciary Liability Insurance policy by the Board of Trustees. This policy provides protection against legal liability arising out of the administration of the Plan or its assets, including the cost of defending the claims. The third component is the cost of an Asset Liability Modeling study that the Board commissioned involving both the Plan's actuary and investment consultant. The results of the study will help to define an investment strategy to maximize the Plan's asset returns, control risk and ultimately increase the funded ratio.

Factors impacting 2008

Having been established by the State Legislature in 1935, LABF is considered to be a mature retirement system. A mature system can be characterized by having a stable but aging work force with a growing number of beneficiary payments. With a mature system, a substantial investment base is needed in order to maintain sufficient cash flow because incoming employee and employer contributions by themselves do not meet the needs of the outgoing benefit obligations. The 2008 financial markets promise to be a genuine challenge to all, including institutional investors. Consumer confidence is down, the housing industry is in crisis, the price of oil is skyrocketing and capital markets are falling across the board. In order to stay on course, the Board of Trustees embarked on an Asset Liability Modeling study to evaluate whether a given asset allocation will produce enough income to meet plan liabilities while still maintaining reasonable levels of investment risk. The results of this analysis will be used to formulate investment strategies, set new asset class targets and rebalance portfolio managers.

Request for Information

Questions about any information provided in this report should be addressed to:

Laborers' Annuity and Benefit Fund of Chicago
Attn: Executive Director
221 N LaSalle St Ste 748
Chicago IL 60601

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Statements of Plan Net Assets

December 31, 2007 and 2006

	2007	2006
Assets		
Receivables		
Employer	$ 15,460,000	$ -
Plan member	1,384,731	1,437,209
Interest and dividends	5,290,874	5,552,217
Total receivables	22,135,605	6,989,426
Investments - at fair value		
Cash and short-term investments	76,097,351	144,765,606
Equities	973,775,044	884,027,211
Equities loaned to third parties	117,021,416	142,790,755
Total equities	1,090,796,460	1,026,817,966
Fixed income	478,362,854	432,735,161
Fixed income loaned to third parties	95,075,761	123,346,044
Total fixed income	573,438,615	556,081,205
Venture capital	43,227,235	44,331,947
Real estate	38,993,633	34,471,302
Subtotal	1,822,553,294	1,806,468,026
Securities lending cash collateral	200,893,526	257,139,049
Total investments - fair value	2,023,446,820	2,063,607,075
Property and equipment - at cost, net of accumulated depreciation (2007 - $2,219,147 ; 2006 - $1,613,594)	3,957,079	4,089,286
Total assets	2,049,539,504	2,074,685,787
Liabilities and Net Assets		
Liabilities		
Due to brokers - net	62,229,757	75,282,741
Refunds, professional fees payable and other liabilities	3,598,683	2,603,333
Securities lending cash collateral	200,893,526	257,139,049
Total liabilities	266,721,966	335,025,123
Net assets held in trust for pension benefits	$ 1,782,817,538	$ 1,739,660,664

See accompanying notes to financial statements.

(Schedules of funding progress are presented on pages 37 and 38).

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Statements of Changes in Plan Net Assets

Years Ended December 31, 2007 and 2006

	2007	2006
Additions		
Contributions		
Employer	$ 15,458,982	$ 106,270
Plan member	18,413,407	18,791,442
Total contributions	33,872,389	18,897,712
Investment income		
Net appreciation in fair value of investments	87,862,711	135,594,197
Interest	32,424,736	32,038,194
Dividends	11,628,158	11,173,647
Venture capital income - net	1,576,462	1,316,818
Real estate operating income - net	789,456	1,212,173
	134,281,523	181,335,029
Less investment expenses	(8,067,835)	(7,595,432)
Investment income - net	126,213,688	173,739,597
Securities lending		
Income	11,465,401	12,570,071
Expenses		
Borrower rebates	(12,811,224)	(11,509,189)
Management fees	336,469	(265,123)
Total securities lending expenses	(12,474,755)	(11,774,312)
Securities lending income - net	(1,009,354)	795,759
Total additions	159,076,723	193,433,068
Deductions		
Benefits	108,806,307	106,862,912
Refunds	3,761,121	3,139,938
Administrative and litigation expenses	3,352,421	2,830,920
Total deductions	115,919,849	112,833,770
Net increase	43,156,874	80,599,298
Net assets held in trust for pension benefits		
Beginning of year	1,739,660,664	1,659,061,366
End of year	$ 1,782,817,538	$ 1,739,660,664

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is administered in accordance with Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes.

Method of Accounting - The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

New Accounting Pronouncements - GASB Statement 25, *Financial Reporting for Defined Benefit Plans*, now requires an amortization of the unfunded liability over a 30 year period for the year ended December 31, 2006 (40 year period in prior years).

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was adopted during the year ended December 31, 2006. It requires reporting of the long term financial obligation of other post employment benefits earned by employees.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was adopted during the year ended December 31, 2007. It establishes standards of accounting and financial reporting for the employer's long term financial obligation of other post employment benefits earned by employees.

Investments - Investments are reported at fair value which generally represents reported market value as of the last business day of the year. Cash and short-term investments are valued at cost which approximates fair value. Pooled funds are carried at fair value as estimated by the applicable investment managers. Alternative investments, which include real estate and venture capital are valued based on amounts estimated by the fund managers and are subject to an annual audit. The reported values of real estate and venture capital are current values unless that information was unavailable in which case the reported value will lag one quarter behind the date of these financial statements.

Unsettled trades as of the end of the year are recorded net as due to broker. At December 31, 2007 and 2006, $70,903,272 and $81,338,988, respectively, were due to broker, and $8,673,515 and $6,056,247, respectively, were due from broker for unsettled trades.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by using the straight line method over an estimated useful life of five years, except for the custom software package development which is depreciated over 10 years.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1935 and is governed by legislation contained in Illinois Compiled Statutes, particularly Chapter 40, Act 5, Article 11 which specifically and exclusively refers to the Plan. The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago (City) who may be employed in a laboring capacity and for the dependents of such employees.

The Statutes authorize a Board of Trustees of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, two are to be elected by the employee members of the Plan, one is to be elected by the retired members of the Plan, one is to be appointed by the local labor union and two are to be appointed by the Department of Personnel. The two ex officio members are the City Comptroller or someone chosen from the Comptroller's office and the City Treasurer or someone chosen from the Treasurer's office. All members of the Board of Trustees are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the City Council of the City of Chicago a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Insurance, as well as another detailed annual report, the form and content of which is specified by the IDFPR's Division of Insurance.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Any employee of the City of Chicago or the Board of Education of the City 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 Plan. Covered employees are required to contribute 8.5% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. The City of Chicago, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Plan. The City's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the current year, multiplied by 1.00. The source of funds for the City's contribution has been designated by State Statutes and is derived from the City's annual property tax levy. The City of Chicago payroll for employees covered by the Plan for the years ended December 31, 2007 and 2006 was $192,847,482 and $193,176,272, respectively. The Plan is considered to be a component unit of the City of Chicago and is included in the City's financial statements as a pension trust fund.

The Plan 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% per year of service, multiplied by the final average salary (highest average annual salary for any four 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 1/4 of 1% 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% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a)(17) and §415 limitations. 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% of the current annuity beginning the January 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, and each year thereafter.

At December 31, 2007 and 2006, plan members consisted of the following:

	2007	2006
Retirees and beneficiaries currently receiving benefits	4,005	4,070
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,760	1,837
Active plan members (including plan members receiving disability benefits)		
Vested	2,117	2,075
Non - vested	1,021	1,140
Total plan members	8,903	9,122

NOTE 3. INVESTMENTS

Investment Policies

Investments are governed by Sections 5/1 and 5/11, Chapter 40, of the Illinois Compiled Statutes. The prudent person rule, which establishes a standard of care for all fiduciaries, is an important aspect of the Statutes. The prudent person rule states that fiduciaries must discharge their duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the State Statutes.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risk and risk associated with changes in interest rates.

Investment Summary

All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes. The composition of investments, by investment type, as of December 31, 2007 and 2006 is as follows:

	2007	2006
Cash and short-term investments	$ 76,097,351	$ 144,765,606
Equities		
U.S. equities	703,375,703	704,413,202
U.S. equity funds	214,526,741	185,982,471
Foreign equities	172,894,016	136,422,293
Total equities	1,090,796,460	1,026,817,966
Fixed income		
U.S. Government obligations and municipal bonds	317,507,991	305,046,977
U.S. Corporate bonds	236,922,100	237,982,768
Foreign fixed income securities	19,008,524	13,051,460
Total fixed income	573,438,615	556,081,205
Venture capital	43,227,235	44,331,947
Real estate	38,993,633	34,471,302
Total investments at fair value	$ 1,822,553,294	$ 1,806,468,026

Short-term investments include commercial paper or notes having maturity of less than 90 days or pooled short-term investment funds managed by the Northern Trust. Under the terms of the investment agreement for these funds, the Northern Trust may invest in a variety of short-term investment securities.

NOTE 3. INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. As of December 31, 2007 and 2006, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Plan's name.

	2007	2006
Amount exposed to custodial credit risk -		
Investments in foreign currency	$ 155,841	$ 10,810

Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to pay interest or principal in a timely manner, or that negative perception of the issuer's ability to make payments will cause a decline in the security's price. Some fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are not considered to have credit risk.

The fixed income portfolio of the Plan is managed by professional investment management firms. These firms are required to maintain diversified portfolios. The Plan does not have a formal policy on concentration of credit risk. Each investment manager complies with risk management guidelines individually assigned to them as part of their Investment Management Agreement. There were no investments from a single issuer that exceeded 5% of the total net assets of the Plan.

A bond's credit quality is a standard used by the investment community to assess the issuer's ability to make interest payments and to ultimately make principal payments. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investor Service (Moody's) or Standard and Poor's (S&P). In the rating agency's opinion, the lower the rating, the greater the chance that the bond issuer will default, or fail to meet its payment obligations. The following table presents the credit risk profile, based on Moody's Investor Service for fixed income securities held by the Plan as of December 31, 2007 and 2006.

NOTE 3. INVESTMENTS (CONTINUED)

Concentration of Credit Risk (continued)

Quality Rating	2007	2006
Aaa	$ 215,667,073	$ 208,490,819
Aa	22,897,954	23,303,291
A	30,736,252	29,180,111
Baa	46,461,108	43,915,918
Ba	6,516,473	4,003,325
B	5,759,507	6,881,917
Caa	890,940	555,303
Not rated or unavailable	54,642,090	50,773,754
Total credit risk debt - securities	383,571,397	367,104,438
US Government guaranteed	189,867,218	188,976,767
Total fixed income	$ 573,438,615	$ 556,081,205

Interest Rate Risk

Interest rate risk is the risk that, changes in interest rates will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, the investment managers have diversified the portfolio to reduce the impact of losses in an individual investment and typically align the portfolio's duration with that of the benchmark.

At December 31, 2007, the following table shows the investments by investment type and maturity (expressed in thousands).

Investment Type	Fair Value	Less than 1 Year	1-6 Years	6-10 Years	10+ Years	Unknown
Asset backed securities	$ 38,585	$ 260	$ 17,262	$ 1,286	$ 19,777	$ -
Commercial mortgage backed	30,626	-	11	-	30,615	-
Corporate bonds	146,338	6,871	48,966	27,500	31,168	31,833
Corporate convertible bonds	-	-	-	-	-	-
Government agencies	99,228	-	17,621	11,508	3,777	66,322
Government bonds	90,329	1,055	43,077	20,473	25,724	-
Government mortage backed	125,047	-	141	2,475	72,610	49,821
Index linked govt bonds	6,895	-	55	1,617	5,223	-
Municipal bonds	412	-	187	79	146	-
Non-government backed CMO's	35,979	-	243	676	35,060	-
Other fixed income	-	-	-	-	-	-
Total fixed income	$ 573,439	$ 8,186	$ 127,563	$ 65,614	$ 224,100	$ 147,976

NOTE 3. INVESTMENTS (CONTINUED)

Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Risk of loss arises from changes in currency exchange rates. While not having a formal investment policy governing foreign currency risk, the Plan does manage its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios to limit foreign currency and security risk. The Plan's exposure to foreign currency risk as of December 31, 2007 and 2006, is presented in the following table.

Currency	2007	2006
Australian dollar	$ 1,441,868	$ 2,191,635
Canadian dollar	745,478	1,528,302
Swiss franc	14,264,929	14,366,482
Danish krone	1,338,508	1,268,742
Euro	43,038,446	40,053,022
British pound sterling	31,252,792	32,579,707
Hong Kong dollar	4,803,595	3,996,300
Japanese yen	29,254,875	29,038,014
Norwegian krone	1,042,662	504,268
Swedish krona	1,278,314	1,927,162
United States dollar	44,432,549	8,968,659
Subtotal foreign equities	172,894,016	136,422,293
Japanese yen	3,568,883	-
United States dollar	15,439,641	13,051,460
Subtotal foreign fixed income securities	19,008,524	13,051,460
Total foreign securities	$ 191,902,540	$ 149,473,753

Investment Results

During 2007 and 2006, net realized gains on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were $91,745,340 and $109,232,488, respectively. These amounts are included in the net appreciation in fair value of investments as reported on the Statement of Changes in Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of the Plan's investments. Investments purchased in a previous year and sold in the current year results in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current and the previous year(s).

NOTE 4. SECURITIES LENDING

State Statutes and the Board of Trustees permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan receives 75% of the net revenue derived from the securities lending activities, and the bank receives the remainder of the net revenue.

The Plan is not restricted as to the type or amount of securities it may loan. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults.

The average term of securities loaned was 122 days in 2007 and 104 days in 2006; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 44 days as of December 31, 2007 and an average weighted maturity of 65 days as of December 31, 2006. Cash collateral may also be invested in term loans, in which the investments (term loans) match the term of the securities loaned. These loans can be terminated on demand by either the lender or the borrower.

In accordance with Statement of Financial Accounting Standard No. 140, the Plan has segregated securities on loan to third parties from other investments on the Statement of Plan Net Assets and has also reported the cash collateral held for securities on loan, and a corresponding liability to return the collateral.

At December 31, 2007 and 2006, the Plan had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts owed to the Plan. At December 31, 2007 and 2006, the fair value of securities loaned was $212,097,177 and $266,136,799, respectively. At December 31, 2007 and 2006, the securities loaned were collateralized as follows:

	2007	2006
Collateralized by cash	$ 200,893,526	$ 257,139,049
Collateralized by other than cash	16,447,391	16,179,581
Total	$ 217,340,917	$ 273,318,630

During 2007 and 2006, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

NOTE 5. MORTGAGE-BACKED SECURITIES

The Plan invests in mortgage-backed securities, representing interests in pools of mortgage loans, as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies, such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

The financial instruments are carried at fair value and included in investments on the Statement of Plan Net Assets. The gain or loss on financial instruments is recognized and recorded on the Statement of Changes in Plan Net Assets as part of investment income.

NOTE 6. RELATED PARTY TRANSACTIONS

At December 31, 2007 and 2006, the Plan held securities in four of its investment management companies with a fair value of $25,950,217 and $26,590,527, respectively.

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis; that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value of the security, which may vary with market fluctuations, is not reflected in the value of investments. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment take place. As of December 31, 2007 and 2006, the Plan contracted to acquire securities on a when-issued basis with total principal amounts of $68,045,000 and $72,785,000 and fair values of $67,815,604 and $71,676,049, respectively.

NOTE 8. COMMITTED CASH

The Plan has entered into investment arrangements for real estate and venture capital. As of December 31, 2007 and 2006, the Plan had $45,651,507 and $49,342,844 in outstanding capital commitments, respectively.

NOTE 9. SUMMARY OF EMPLOYER FUNDING POLICIES

The City shall levy a tax annually 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.

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 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.

As a result of Public Act 093-0654, 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) of 2004, are 100 percent funded by the Actuarial Value of Assets.

The current actuarial studies of the Plan as of December 31, 2007 (2008 Tax Levy) and as of December 31, 2006 (2007 Tax Levy) indicated that a minimum annual contribution was required by the City to maintain the Plan on a minimum valuation basis. The recommended minimum annual contribution based on an annual payroll of $192,847,482 for 3,138 active members for the 2008 tax levy and $193,176,272 for 3,215 active members for the 2007 tax levy is computed as follows:

	2008 Tax Levy	2007 Tax Levy
Normal cost	$ 29,956,187	$ 29,530,195
30 year level dollar amortization of unfunded liability (surplus)	6,593,265	10,964,051
Interest adjustment for semimonthly payment	1,424,335	1,584,611
Total minimum contribution	37,973,787	42,078,857
Less estimated plan member contributions	(16,756,798)	(16,785,367)
Annual required contribution (ARC) to be financed by tax levy	$ 21,216,989 *	$ 25,293,490 *
Required tax levy multiple for the Plan	1.19	1.64

*Value for 2008 and 2007 ARC includes GASB No. 43 ARC of $3,564,966 and $3,567,685, respectively.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. Net assets held in trust for pension benefits as of December 31, 2007 and 2006 were comprised of the following Plan surplus (deficit) balances:

	2007	2006
Prior Service Fund	$ 1,051,231,482	$ 1,031,790,060
City Contribution Fund	236,335,030	226,475,721
Salary Deduction Fund	236,263,389	226,408,044
Annuity Payment Fund and Reserve	325,807,055	324,492,756
Supplementary Payment Reserve	69,562	69,562
Fund Reserve - (deficit)	(66,888,980)	(69,575,479)
Total net assets held in trust for pension benefits	$ 1,782,817,538	$ 1,739,660,664

The Prior Service Fund is a reserve account for the accumulation of City contributions to provide for: 1) employee and spouse annuities that are based on service performed before the Plan's effective date of July 1, 1935, and 2) any excess in minimum annuity formula requirements over the amounts required for age and service annuities and for spouse annuities.

The City Contribution Fund is used to accumulate amounts contributed by the City to provide for annuities based on age and service of each employee and spouse. An individual account is to be kept for each employee and spouse until the employee retires, at which time the individual account balances are transferred to the Annuity Payment Fund.

The Salary Deduction Fund is similarly used to accumulate deductions made from employee salaries for age and service annuities for the employee and spouse. Individual accounts are kept until the employee retires or withdraws from service before qualifying for an annuity. At retirement, account balances are transferred to the Annuity Payment Fund. In case an eligible employee elects to take a refund of contributions instead of an annuity, the contribution refund is charged to this reserve fund.

The Annuity Payment Fund receives the amounts transferred from the individual accounts in the City Contribution Fund and the Salary Deduction Fund when an employee retires and qualifies for an annuity. All age and service annuity payments are charged to this fund.

The Supplementary Payment Reserve was established in 1969 to fund postretirement benefit increases for future and current annuitants who elected to pay into the Plan the amount necessary to receive the postretirement benefit.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The Fund Reserve represents the difference between the actuarially determined present value of all future pension payments and the value of the Fund's present assets plus the present value of future contributions. A surplus indicates that present assets and future contributions exceed the expected requirements for future pension payments, while a deficit indicates that additional assets will be needed to provide for future benefits.

During the years ended December 31, 2007 and 2006, the Plan's actuary has determined that an increase in actuarial reserves of $40,470,375 for 2007 and an increase in actuarial reserves of $66,935,655 for 2006 are required. The excess or shortage of revenue over expenses for the years ended December 31, 2007 and 2006 have been applied to the actuarial reserves as noted above, which has resulted in an increase in the Plan surplus of $53,182,493 for the year ended December 31, 2007 and a decrease of $38,473,012 for the year ended December 31, 2006.

As reported by the actuary, the changes in the Plan surplus (deficit) during the years ended December 31, 2007 and 2006, consisted of the following:

	2007	2006
Fund surplus (deficit) at the beginning of the year	$ (145,178,063)	$ (106,705,051)
Gains (losses) during the year attributable to:		
Salaries under assumed rate	17,040,232	(810,157)
Investment yield over/under 8.0% assumed	45,794,443	(4,763,777)
Annual required contributions from levy and employee contributions	(8,305,636)	(19,287,480)
Miscellaneous actuarial experience	(530,616)	(13,458,675)
Change in Methodology	-	-
Change in Assumptions	-	-
Gain (Loss) from Data Corrections	(815,930)	(152,923)
Net Gain / (Loss)	53,182,493	(38,473,012)
Fund deficit at the end of the year	$ (91,995,570)	$ (145,178,063)

The above detail denotes the change in the Plan surplus (deficit) based on assets valued using a Five Year Smoothed Average Market, a market related actuarial asset value as required by Governmental Accounting Standards Board Statement No. 25.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

Some of the more significant actuarial assumptions used in the valuations for 2007 and 2006 were as follows:

The actuarial method used in the valuation was the Entry Age Normal Actuarial Cost Method.

Life expectancy of participants:
1994 Group Annuity Mortality sex distinct Tables set forward 2 years

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

Retirement age assumptions (based on actual past experience): All retire by age 70

Investment rate of return (net of expenses): 8% compounded annually

Salary increase:
4.5% compounded annually, plus a service based increase in the first five years

A Schedule of Funding Progress is located in the Required Supplementary Information on page 37. This schedule provides information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE 11. EMPLOYER (TAXES) RECEIVABLE (PAYABLE) - NET

	2007	2006
Employer contribution	$ 15,460,000	$ -
Less allowance for uncollectibe accounts	-	-
Total	15,460,000	-

The City of Chicago did not levy a tax for the benefit of the Plan in 2006.

NOTE 12. LEASE AGREEMENTS

The Plan leases its office and storage facilities under extended noncancelable agreements in effect through February 28, 2011. The lease currently requires monthly payments of $20,338. Monthly lease payments are subject to an escalation clause for increases in real estate taxes and maintenance charges. Rental expense (including electricity) for the years ended December 31, 2007 and 2006 was $252,259 and $237,007, respectively. Future minimum rental payments required under noncancelable operating leases are as follows:

NOTE 12. LEASE AGREEMENTS (CONTINUED)

Year ending December 31,

2008	$ 244,056
2009	244,056
2010	244,056
2011	40,676
Total	$ 772,844

NOTE 13. DISASTER RECOVERY

The disaster recovery site establishes proactive measures to ensure the continuity of Plan operations during emergencies. Five Chicago pension funds (Laborers', Municipal, Police, Fire, and Cook County) are jointly participating in this project. The goal is to possess the capability to access the Plan's main information technology systems at a remote location within 36 hours of any emergency. Toward that goal, the five funds lease office and storage facilities under an extended noncancelable agreement in effect through August 31, 2016. Monthly lease payments have been agreed upon for the length of the lease. Disaster recovery expense for the years ended December 31, 2007 and 2006 was $27,438 and $62,014, respectively. The Plan's share of future minimum rental payments, required under noncancelable operating leases, are as follows:

Year ending December 31,

2008	$ 9,172
2009	9,449
2010	9,735
2011	10,030
2012	10,335
2013 through 2016	40,652
Total	$ 89,373

NOTE 14. RISKS OF LOSS

In order to protect itself against liabilities and losses, the Plan purchases multi-peril, fidelity bond, fiduciary liability, and health insurance. The cost of the health insurance is borne by both the Plan and employees established on the basis of coverage provided.

The Plan has elected to self-insure against the risk of loss due to a breach in workmen's compensation claims and errors or omissions by Plan employees. There have been no claims or settlements in the last three years.

NOTE 15. PROPERTY AND EQUIPMENT

Property and equipment detail for the years ended December 31, 2007 and 2006 is as follows:

	2007	2006
Office equipment	$ 218,559	$ 185,213
Custom software package	5,957,667	5,517,667
	6,176,226	5,702,880
Accumulated depreciation	(2,219,147)	(1,613,594)
Property and equipment - net	$ 3,957,079	$ 4,089,286

Depreciation expense for the years ended December 31, 2007 and 2006 was $617,564 and $567,820, respectively.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Plan Description - Effective July 1, 2003, the Plan and the City of Chicago agreed for a ten year period to share in the cost of providing health care coverage to the annuitants or their surviving spouses who elect to participate in the City of Chicago's Annuitant Medical Benefits Program. This single employer plan provides medical and prescription drug benefits to eligible retirees, spouses, and dependent children.

Funding Policy - The Plan's contribution requirement is established by the state legislature and may be amended. Through June 30, 2008, the Plan is allowed, in accordance with State Statutes, to subsidize the cost of monthly group health care premiums up to $85 per month for non-Medicare recipients and $55 per month for Medicare recipients. From July 1, 2008 through June 30, 2013, the amount of Fund paid health care premiums will increase to $95 per month for non-Medicare recipients and $65 per month for Medicare recipients. The remaining cost to participate in the Program is borne by the City of Chicago and the annuitant.

In this report, the Plan, in accordance with GASB No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pensions*, includes disclosures of a separate annual required contribution (ARC) for Other Postemployment Benefits (OPEB) beginning with the Plan's 2006 fiscal year. It also 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 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.

Annual OPEB Cost - For 2007, The Plan's annual OPEB cost of $2,202,835 was equal to the required contribution. The Plan's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2005	2,293,118	100%	-
12/31/2006	2,237,641	100%	-
12/31/2007	2,202,835	100%	-

At December 31, 2007, the number of annuitants or surviving spouses whose cost to participate in the Program was subsidized, totaled 2,755; at December 31, 2006, the total was 2,794.

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2007 is as follows:

Actuarial accrued liability (AAL)	$ 41,411,164
Net Plan Actuarial Assets	-
Unfunded actuarial accrued liability (UAAL)	$ 41,411,164
Funded ratio	0.0%
Covered payroll	$ 192,847,482
UAAL as a % of covered payroll	21.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on page 38, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES (CONTINUED)

In the December 31, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 0% due to the fact that the OPEB is a fixed dollar subsidy and trend is not applicable. The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2007 was 30 years.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER

Plan Description – The Plan, as an employer, administers a single-employer defned benefit postemployment healthcare plan ("Retiree Health Plan"). The Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plan, which covers both active and retired members. Currently, 5 retirees are in the plan and 19 active employees could be eligible at retirement. Benefit subsidy provisions have been established by the Plan's Board of Trustees. The amount of the subsidy varies based upon the retiree's years of service with the Plan. These benefit subsidy provisions can be modified or terminated at the sole discretion of the Plan's Board.

Funding Policy – The contributions requirements of plan members and the Plan are established by the Plan's Board of Trustees, within the provisions of the Illinois statutes. The required contribution is based on projected pay-as-you-go financing requirements. For 2007, the Plan contributed $292,920 to the plan for current premiums, including a $25,146 subsidy in 2007 for retiree health and dental care premiums (86.4% of total premiums this year.) Plan members receiving benefits contributed $46,254 in 2007 or 13.6% of the total premiums for each year, through their required contributions of between $44 and $369 per month based on coverage. The premium rates paid by the retirees are the same rates as those paid by City of Chicago retirees.

Annual OPEB Cost and Net OPEB Obligation – The Plan's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 requiring a valuation every three years. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The calculations assume an opening transition liability of zero as of December 31, 2006. The following table shows the components of the Plan's annual OPEB cost, the amount actually contributed to the plan, and changes in the Plan's net OPEB obligation to the Retiree Health Plan:

	2007
Annual required contribution	$229,900
Interest on net OPEB obligation	0
Adjustment to ARC	0
Annual OPEB expense	229,900
Contributions made	(25,146)
Increase in net OPEB obligation	204,754
Net OPEB obligation – beg. of year	0
Net OPEB obligation – end of year	$204,754

In 2007, the Plan contributed 10.9% of the annual required OPEB contribution to the plan.

Actuarial Valuation Information

Actuarial Valuation Date	Actuarial Value of Plan Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Liability (UAL) (c)	Funding Ratio (a/b)	Actuarial Covered Annual Payroll (d)	AAL as a Percentage of Covered Payroll (c/d)
12/31/2006	$0	$1,874,900	$1,874,900	$1,874,900	$1,220,500	153.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on page 38, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the Entry Age Normal Actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 0% due to the fact that the OPEB is a fixed dollar subsidy and trend is not applicable. The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2006 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Required Supplementary Information

December 31, 2007

Schedule of Funding Progress for GASB 25
(dollar amounts in thousands)

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2002	$1,715,073	$ 1,540,604	$ (174,469)	111.32%	$207,404	-84.12%
2003	1,679,796	1,628,563	(51,233)	103.15	205,692	-24.91
2004	1,649,959	1,674,615	24,656	98.53	171,477	14.38
2005 [1]	1,635,595	1,742,300	106,705	93.88	182,809	58.37
2006 [2]	1,664,058	1,767,682	103,624	94.14	193,176	53.64
2007 [2]	1,757,711	1,808,295	50,584	97.20	192,847	26.23

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

[2] OPEB liabilities are excluded beginning in 2006.

Schedule of Employer Contributions
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution [1]	Required Statutory Basis [2]	Actual Contribution [3]	Percentage of ARC Contributed
2002	$ -	$ 16,216	$ 83	N/A
2003	-	18,653	367	N/A
2004	8,513	18,788	203	2.38%
2005	12,774	18,212	40	0.32%
2006	17,600	16,506	106	0.60%
2007	21,726	14,841	15,459	71.15%

[1] Under Normal Cost plus Level Dollar Amortization. Amortization period of 30 years beginning in 2007 and 40 years prior to 2007. Negative ARC values are set to zero, as no contribution is then required.

[2] Tax levy after 4% overall loss.

[3] Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

Note: The City of Chicago did not levy a tax for the Plan for payments in 2000, 2001, 2002, 2003, 2004, 2005, or 2006.

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2007

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR GASB 43
(dollar amounts in thousands)

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 41,554	$ 41,554	0.00%	$ 193,176	21.51%
2007	-	41,411	41,411	0.00%	192,847	21.47%

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 43
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2006	$ 3,543	0.00%
2007	3,568	61.74%

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR GASB 45
(dollar amounts in thousands)

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2007	$ -	$ 1,875	$ 1,875	0.00%	$ 1,221	153.62%

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 45
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2007	$ 230	10.94%

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB 25

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return	8% *
Projected base salary increases	4.5% 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

* includes 3.0% inflation assumption

Postretirement benefit increase

3.0% per year for employee annuitants 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 1st of January of the year after the second anniversary of retirement and age 53

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2007

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 43 & 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	No Assets (Pay-as-you-go)
Actuarial assumptions	
OPEB investment rate of return[1]	4.5%
Projected base salary increases[1]	4.5% 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

[1] includes inflation at 3% per year

Healthcare cost trend rate	0.0% (Trend not applicable – Fixed dollar subsidy)

ADDITIONAL INFORMATION

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Schedules of Administrative and Litigation Expenses

Years Ended December 31, 2007 and 2006

	2007	2006
Administrative expense		
Salaries:		
Employees	$ 1,256,372	$ 1,196,875
Payroll taxes	18,479	18,112
Group health insurance	267,690	260,420
OPEB expense for Staff Retirees	229,900	-
Life insurance	4,584	4,359
Transit Program	213	208
Services:		
Actuarial consulting	40,000	3,801
Actuarial valuation	55,149	54,248
Check production	89,275	96,449
Legal expense	63,732	61,860
Medical expense	35,112	34,080
Auditing	33,500	32,000
Consulting	16,700	16,700
Conference, membership and education	8,674	8,550
Election expense	513	591
Printing and technical services	56,728	60,936
Computer equipment and service	8,207	29,464
Office supplies and equipment	28,786	14,805
Postage	18,516	17,813
Insurance premiums	165,000	-
Rent and electricity	252,259	237,007
Department of Insurance compliance fee	8,000	8,000
Telecommunications	8,291	6,068
Disaster recovery site	27,438	62,014
Miscellaneous	5,866	4,506
Total administrative expense	2,698,984	2,228,866
Depreciation expense	617,563	567,820
Litigation expense		
Legal expense	28,710	31,006
Actuarial and data processing	7,164	3,228
Total litigation expense	35,874	34,234
Total administrative and litigation expenses	$ 3,352,421	$ 2,830,920

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

SCHEDULES OF INVESTMENT EXPENSES AND PROFESSIONAL SERVICES

YEARS ENDED DECEMBER 31, 2007 AND 2006

INVESTMENT EXPENSES:	2007 Assets under management*	2007 Fees	2006 Assets under management	2006 Fees
Balanced	$ 254,139,543	$ 673,752	$ 245,299,750	$ 696,226
Equity	984,586,357	3,868,827	925,285,595	3,552,567
Bonds	425,509,175	958,573	412,313,826	975,619
Real Estate	38,993,633	820,758	34,471,302	584,351
Venture Capital	43,227,235	1,259,203	44,331,947	1,308,991
Subtotal	1,746,455,943	7,581,113	1,661,702,420	7,117,754
Custodial Management	76,097,351	339,597	144,765,606	342,178
Investment/Custodial Management	$ 1,822,553,294	7,920,710	$ 1,806,468,026	7,459,932
Investment Consultant Fee		147,125		135,500
Total Fees		$ 8,067,835		$ 7,595,432

* Securities lending cash collateral is not included in assets under management.

PROFESSIONAL SERVICES	2007	2006
Actuarial Valuation	$ 55,149	$ 54,248
Actuarial consultation	40,000	3,801
Auditing	33,500	32,000
Benefit check production	89,275	96,449
Legal / Legislative	80,432	78,560
Medical	35,112	34,080
Total professional services	$ 333,468	$ 299,138

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Investment Section

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
(312) 630-6000

Northern Trust

To the Board of Trustees and the Executive Director:

The Northern Trust Company as custodian ("Master Custodian") of assets of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") held by it in a custodial account (the "Account") has provided annual Statements of Account for the Account to the Fund which provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Account for the period January 1, 2007 through December 31, 2007.

In addition to the custody of assets in the Account, pursuant to and in accordance with the terms of the Master Custody Agreement among the Board of Trustees of the Fund and The Northern Trust Company dated December 21, 1995 as amended (the "Custody Agreement"), The Northern Trust Company provided and continues to provide the following services as Master Custodian:

1. Receive and hold all amounts paid to the Account by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in the Account in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Lend Securities in the Account pursuant to a Securities Lending Agreement entered into by and between the Board of Trustees and The Northern Trust Company.
6. Invest cash balances held from time to time in the individual investment management accounts of the Account in short term-cash equivalent securities.
7. Facilitate the exercising of rights of ownership, including but not limited to, proxy voting, stock subscriptions and conversion rights as directed by the Fund or its appointed investment managers.
8. Hold securities in the Account in the name of the Fund or nominee form or other means as provided in the Custody Agreement.
9. Use the Federal Book Entry Account System for deposit of Treasury securities and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of securities.
10. Employ agents to the extent provided in the Custody Agreement.
11. Provide disbursement services.
12. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY

By: Rita M. Curtin

Rita M. Curtin
Senior Vice President

INVESTMENT POLICY

The Board of Trustees of the Plan are entrusted with the responsibility of investing the Fund's assets for the sole purpose of providing benefits to the system's participants and their beneficiaries. Historically, the Fund has been guided by the parameters established by the Illinois State Statutes for various investment classes. During 1997 the "Prudent Person Rule" was adopted and signed into law. This rule states that the trustees, as fiduciaries, must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

The Trustees are responsible for establishing the investment policy that is to guide the investment of the Plan assets. The Plan invests in different types of assets and uses multiple investment managers with specific selection styles and methodologies as a method to ensure overall fund diversification. Over the long term, the investment policy has provided a very favorable risk/return profile with returns around the median with risk well below average. The policy is monitored by the Trustees and the asset allocation periodically reviewed to evaluate the targets and ranges for each asset class in order to achieve overall risk and return objectives. The most recent study was completed in early 2007 and resulted in slight changes in our asset classes so as to enhance both the diversification and performance of the assets. Our target asset allocations adopted by the Board of Trustees in February 2007 are shown below.

Asset Category	Target	Actuals at 12/31/07
US Bonds	30.0 %	31.4 %
US Equities	53.0	50.4
International	10.0	9.5
Real Estate	3.0	2.1
Venture Capital	4.0	2.4
Cash & Short Term	0.0	4.2
Total	100.0 %	100.0 %

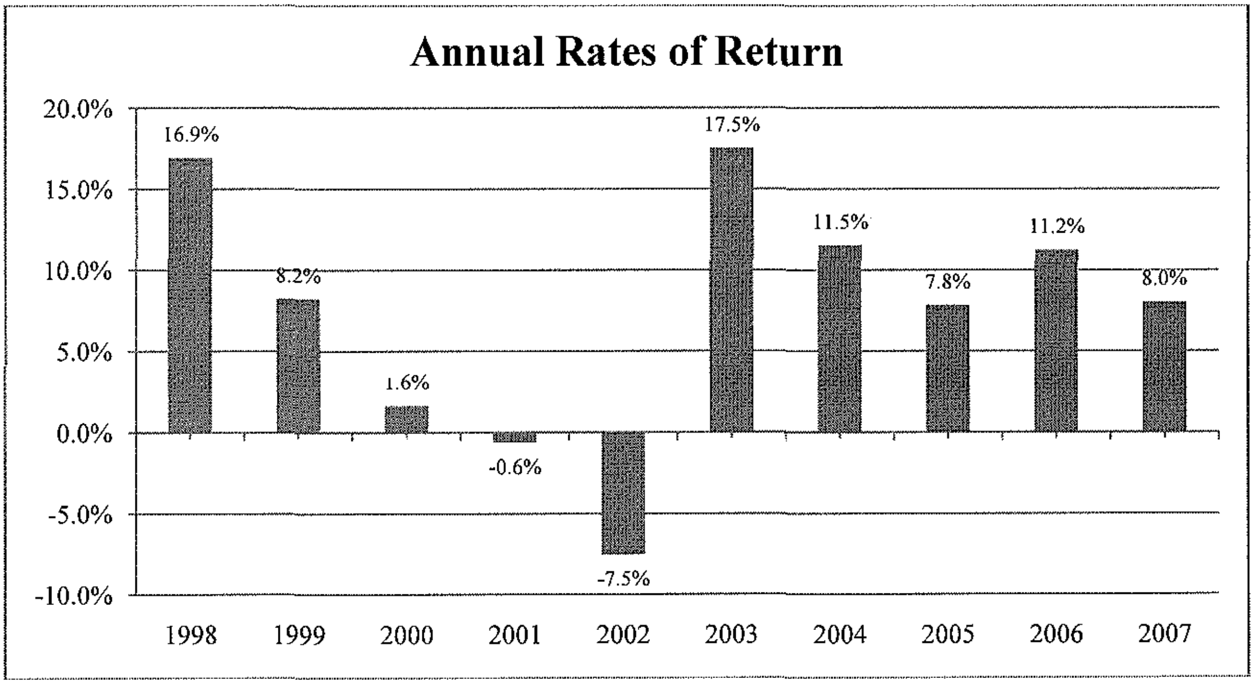
Asset allocation remains very defensive with equity commitment below the long term target. The Plan is rebalancing to increase the equity portion in order to achieve the target long-term returns. The considerable cash & short term investment balance includes monies held for benefit payments and committed real estate and venture capital investments. The Northern Trust Company, as master custodian, provides the detailed financial reports for all investment activity and transactions related to the Plan's portfolio. Using a time-weighted rate of return based on the fair value of assets, Becker, Burke Associates calculates performance rates of return by portfolio and composite for all respective indices used in this section. The data provided in this section is reported at fair value and was prepared by the Plan's staff in collaboration with Becker, Burke Associates.

INVESTMENT RESULTS

The overall portfolio of the Plan returned 8.0% in 2007, an average return compared to its solid 2006 performance of 11.2%. Volatility returned to the market as a worsening housing recession, sizable loan losses, high energy prices, and worries about the strength of consumer spending reintroduced the concept of risk into the investing environment. By the end of 2007, despite three rate cuts by the Federal Reserve, the markets remained volatile as investors reacted to mixed economic data, a weakening U.S. dollar, and crude oil prices that had soared by yearend. For the year, the U.S. equity market yielded subdued results for investors. In general, large cap stocks outpaced small caps, and growth stocks outperformed their value counterparts. In terms of the major economic sectors, eight of the ten sectors posted positive returns while the Consumer Discretionary and Financials sectors declined by double digits in 2007. Both the S&P Index and the Russell 1000 Index delivered modest returns at 5.5% and 5.8% respectively. Our own equity portfolio outpaced the benchmark with a return of 8.9%.

Fixed income returns remained modest due to the fallout from the subprime lending crisis. Investors grew wary of risk and showed a preference for higher quality corporate and government bonds. As a result of the Federal Reserve lowering rates three times in the second half of the year, the yield curve steepened with the 10 year Treasury note yielding a full percentage point over the 2 year Treasury bond. The Lehman Government Index led with a strong return of 8.7% outpacing the Lehman Aggregate Bond Index return of 7.0%. Our own fixed income portfolio posting 4.1% trailed the broad market index.

Volatility was not confined to the US markets as mortgage losses and the short-term liquidity squeeze injured a number of foreign financial services firms, particularly in Europe. International market returns were helped throughout the year by the declining value of the U.S. dollar, which helped boost foreign currency returns. Finland, Hong Kong, and Germany led the pack with stellar double digit returns for 2007. Our international portfolio returned 10.2%, just behind the EAFE index return of 11.2%. Overall, our invested assets increased in value by $16 million resulting in a market value of $1.823 billion. Our returns were achieved with a portfolio risk profile that is significantly lower than that of plans with similar returns. The Plan tends to perform very well when equities are out favor and lag in rising equity markets. The following graph depicts our Plan returns for the last ten years.



Schedule of Investment Results

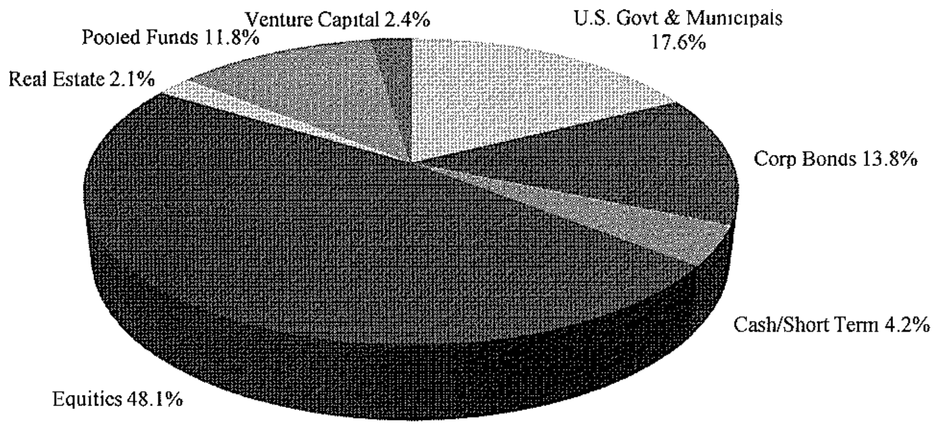
(Annualized percentage for periods ending December 31,)

	2007	2006	2005	2004	2003	3 Yr	5 Yr
Cash & Short Term Investments							
LABF	4.4	4.9	3.1	1.3	1.4	4.1	3.0
30 day T-Bills	4.5	4.8	3.0	1.3	1.0	4.1	2.9
Bonds							
LABF	4.1	4.4	2.2	4.6	5.1	3.6	4.1
Lehman Bros Aggregate	7.0	4.3	2.4	4.3	4.1	4.6	4.4
US Equities							
LABF	8.9	13.6	9.1	15.8	32.2	10.5	15.6
S & P 500	5.5	15.8	4.9	10.9	28.7	8.6	12.8
International Equities							
LABF	10.2	25.5	11.6	21.2	33.4	15.6	20.1
EAFE Index	11.2	26.3	13.5	20.2	38.6	16.8	21.6
Real Estate							
LABF	13.6	12.4	33.1	7.1	3.8	19.3	13.6
NCREIF Open End	15.9	16.3	19.0	13.3	9.0	17.0	14.6
Venture Capital							
LABF	32.6	11.0	29.3	14.5	-8.0	21.7	13.7
Bench	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Combined Investments	8.0	11.2	7.8	11.5	17.5	9.0	11.1

Returns are provided by Becker, Burke Associates.

These investment results are calculated and presented using standard performance evaluation methods in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a time-weighted return calculation.

Asset Allocation at December 31, 2007



INVESTMENT SUMMARY

Type of Investment	12/31/2007 Fair Value	12/31/2007 % of Total	12/31/2006 Fair Value	12/31/2006 % of Total
U.S. Government Obligations and Municipal Bonds	$321,911,059	17.6%	$307,701,035	17.0%
Corporate Bonds	251,527,556	13.8%	248,380,170	13.8%
Total Bonds	573,438,615	31.4%	556,081,205	30.8%
Equities	876,269,719	48.1%	840,835,495	46.5%
Pooled Funds	214,526,741	11.8%	185,982,471	10.3%
Total Equities	1,090,796,460	59.9%	1,026,817,966	56.8%
Real Estate	38,993,633	2.1%	34,471,302	1.9%
Venture Capital	43,227,235	2.4%	44,331,947	2.5%
Total Real Estate & Venture	82,220,868	4.5%	78,803,249	4.4%
Short term Investments	76,097,351	4.2%	144,765,606	8.0%
Total Portfolio	$1,822,553,294	100.0%	$1,806,468,026	100.0%

Top 10 Domestic Equity Holdings

December 31, 2007

Shares	Stock	Fair Value
310,350	Microsoft Corp	$11,048,460
155,371	Chicago Brdg & Iron Co	9,390,623
330,390	Intel Corp	8,808,197
136,297	McDermott Intl	8,045,612
48,100	Foster Wheeler Ltd	7,456,462
100,726	Johnson & Johnson	6,718,424
106,700	Merck & Co	6,200,337
61,630	Exxon Mobil Corp	5,774,115
155,425	General Elec Co.	5,761,605
28,400	Apple Inc.	5,625,472

Top 10 Domestic Bond Holdings

December 31, 2007

Par	Bond	Fair Value
16,500,000	FNMA Single Family Mtg 5.0% 30 Yr	$16,097,813
13,479,000	US Treas Nts 3.125% due 11/30/2009	13,493,746
11,265,000	US Treas Nts 3.375% due 11/30/2012	11,227,161
10,305,000	US Treas Nts 4.25% due 11/15/2017	10,484,534
9,110,000	FNMA 30 Yr Pass-throughs 5.5%	9,098,613
8,600,000	FNMA TBA 6.0%	8,798,875
8,360,000	FNMA 15 Yr Pass-throughs 5.0%	8,367,842
7,035,000	FNMA Single Family Mtg 5.0% 30 Yr	6,863,522
5,625,000	US Treas Bonds 6.25% due 8/15/2023	6,734,621
5,510,000	US Treas Bonds 4.75% due 2/15/2037	5,766,557

A complete listing of portfolio holdings is available upon req

ASSET MANAGEMENT

The Plan retains the services of many professional investment management firms who bring their particular expertise to the selection and retention of investments. The activities of each firm are reviewed by the Plan's staff and trustees to ensure compliance with guidelines provided by the Illinois statutes, our investment policy, and long term strategic plans. The firms employed by the Plan at December 31, 2007 are the following:

Balanced Managers
- UBS Global Asset Mgmt

Equity Managers
- Alliance Capital
- Ariel Capital
- Chase Investment Counsel
- Columbia Partners
- Harris Investment
- Holland Capital
- Keeley Asset Mgmt
- MFS Investment
- Navellier
- The Northern Trust

International Equity
- Invesco Global Asset Mgmt
- JP Morgan Asset Mgmt

Short Term Managers
- The Northern Trust

Bond Managers
- AFL-CIO Housing Trust
- Alliance Capital
- Dearborn Partners
- Lehman Brothers Asset Mgmt
- Taplin Canida & Habacht
- Western Asset
- Williams Capital

Real Estate Managers
- CAPRI Capital Advisors
- DV Urban Realty Group
- John Buck Company
- Russell Investment Group
- Shamrock Hostmark Hotel Fd

Venture Capital Managers
- Hopewell Ventures
- Mesirow Financial
- Midwest Mezzanine Partners
- SB Partners

BROKER COMMISSIONS FOR 2007

Name	Number of Shares Traded	Total Commissions
Lynch Jones & Ryan	2,071,975	$89,546
Jefferies & Company	1,299,390	64,590
Melvin Securities	1,514,563	63,712
Cabrera Capital Markets	1,000,229	36,932
Instinet	1,140,249	27,956
Goldman Sachs & Company	698,949	21,052
Northern Trust	35,049,000	17,453
Gardner Rich & Co	472,563	17,058
Podesta and Company	425,000	17,000
Lambright Financial Services	588,855	16,266
All Other	13,326,679	354,684
Total	60,44,051	$726,249

SECURITIES LENDING

The Plan participates in a securities lending program with our custodian, The Northern Trust Company. The Northern Trust, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest. The income earned from this program is invested back into the Plan. In 2007, negative earnings resulted due to the fact that the reinvestment rates (earnings of lenders) were lower than the rates paid to borrowers of securities. The Securities Lending Summary table below outlines the net loss from securities lending activity, the securities on loan as of December 31, 2007, and the amount of collateral for these securities.

Securities Lending Summary (Net of Borrower Rebates) as of December 31, 2007

Equity Income Loss	($890,226)
Fixed Income Loss	(455,598)
Custodial Fee	336,469
Net Securities Lending Loss	($1,009,354)
Total Collateral Market Value	$217,340,917
Total Market Value of Securities on Loan	$212,097,177
Total Collateralized Percentage	102.5%

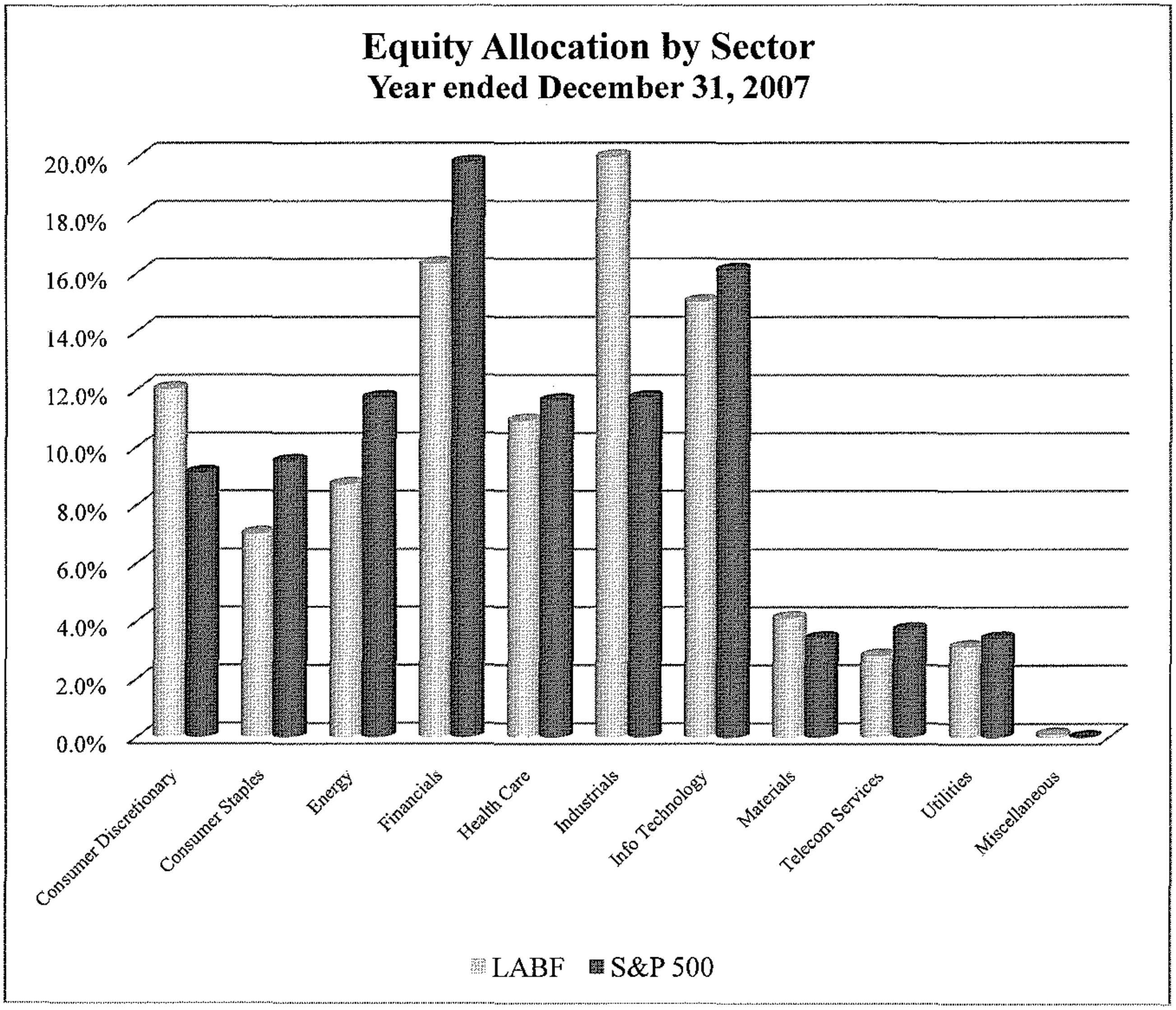
COMMISSION RECAPTURE

The Plan also utilizes a commission recapture program. Commission recapture is a form of institutional discount brokerage that rebates back a portion of trading commissions directly to the pension fund. This helps to reduce expenses to save money for the Plan. For the year ended December 31, 2007, the Plan recaptured $81,123 in commissions. These commissions were reinvested back into the Plan. The table below details the brokers we use for this program and their respective income for the year.

Commission Recapture Program For Year Ended December 31, 2007

Broker	Amount
Cabrera Capital Markets	$4,662
Capital Institutional Services	5,042
Lynch Jones & Ryan	62,024
Russell Securities	9,395
Total	$81,123

Investment returns for equities are commonly compared against the returns of the S&P 500 Index. The following graph conveys the diversification by industry sector of our equity portfolio compared to the industry diversification of the S&P 500 Index.



Actuarial Section

GRS

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April 10, 2008

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, 2007. 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, Statement No. 43, and Statement No. 45. 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
- Retirees 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 1.19 is needed to adequately finance the Fund; also, it should be noted that there is a non-zero Annual Required Contribution (ARC) for the fifth 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. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Gabriel, Roeder, Smith & Company

Michael R. Kivi, F.S.A.
Senior Consultant

Amy Williams, A.S.A.
Consultant

Actuarial Methods and Assumptions

All assumptions are agreed upon by the Fund's actuary and Board of Trustees.

- Method - The actuarial funding method used is the Entry Age Normal Actuarial Cost Method which reflects actuarial gains and losses immediately in the unfunded liability. This cost method assigns to each year of employment a constant percentage of an employee's salary, called the current service cost (sometimes referred to as normal cost), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, mortality and pension fund earnings, since the actual pension can be known only at the time of retirement. These are called actuarial assumptions.

  The actuarial accrued liability of the fund at any point in time is the accumulated value of all current service costs that should have been paid in at that time for active employees plus the full prospective cost of pensions for all retired employees. The extent that the actual plan assets are less than the accrued liability is called the unfunded liability. The unfunded liability may be positive (actuarial accrued liability greater than the actuarial value of the assets) or negative (actuarial accrued liability less than the value of assets, or funding excess). The term unfunded actuarial liability refers to either situation. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide all future benefits payable when added to the future normal costs.

  An amount of money is required each year to amortize the unfunded liability over a period of 30 years if all assumptions are realized. This amount is called 30 year level-dollar amortization of the unfunded liability.

  The required total annual required contribution to the Fund is equal to the current service costs plus a 30 year level dollar amortization of the unfunded liability. Under the GASB No. 25 standard, a 30 year level dollar amount is provided for amortization of the unfunded liability. Adopted 1997.

ASSUMPTIONS:	2007	2006
Life expectancy of participants	1994 Group Annuity Mortality sex distinct Tables set forward 2 years	1994 Group Annuity Mortality sex distinct Tables set forward 2 years *(adopted 2004)*
Retirement age assumptions	Rates are age & service based All retire by age 70	Rates are age & service based All retire by age 70 *(adopted 2004)*
Termination assumptions	Rates are service based	Rates are service based *(adopted 2004)*
Disability	Cost valued at a term cost of 1.5% of payroll	Cost valued at a term cost of 1.5% of payroll *(adopted 2004)*
Investment rate of return for pensions (net of expenses)	8% compounded annually	8% compounded annually *(adopted 1999)*
Investment rate of return for OPEB	4.5% per annum	4.5% per annum *(adopted 2005)*
Salary increase	4.5% compounded annually plus a service based increase in the first 5 years	4.5% compounded annually plus a service based increase in the first 5 years *(adopted 2004)*

- Rates of Retirement - Rates of retirement are based on an experience study using census information for the period from December 31, 1998 to December 31, 2003. Adopted 2004.

- Rates of Termination - Rates of termination are based on an experience study using census information for the period from December 31, 1998 to December 31, 2003. Adopted 2004.

- Investment Return - **2007:** 8% per year (net of investment expense) compounded annually. This assumption contains a 3% inflation assumption and a 5% real rate of return assumption. Adopted 1999. 4.5% per year for OPEB. Adopted 2005.

- Salary Increase - **2007:** 4.5% per year plus a service based increase in the first five years as shown below.

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

- Percent Married - It is assumed that about 85% of the active members are married.

- Post Retirement Benefit Increases - 3% per year compounded for employee annuitants beginning either three years after retirement or age 60, whichever occurs first. The employee must have received a pension for at least one year before he is granted his first increase. Beginning January 1, 2005, the automatic increases in annuities will take effect in the January of each year in which they are to be provided.

- Active Membership - It is assumed that the active membership will remain at the present level and that the average age of entrance into the service will be about the same in the future as it has been. The actuarial costs are based on the present group.

- Age of Spouse - The age of the female spouse is assumed four years younger than the employee while the male spouse is assumed four years older than the employee.

- Asset Value - GASB No. 25 requires a market related actuarial asset value. A five year smoothed average market value is used. The actuarial 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) over five years at the rate of 20% per year.

- Group Health Insurance Premiums - 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 spouse). The amount the Fund will pay for 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 the Fund will pay for health insurance from July 1, 2008 until June 30, 2013 is $95 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $65 if qualified. It is assumed that all annuitants age 65 or over 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. All employees upon their retirement and their surviving spouses upon employee's death are assumed to receive the health care 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 – A 4.0 percent overall loss on tax levy is assumed.

RATES OF RETIREMENT

Attained Age	Age-and-Service-Based Rates of Retirement Years of Service														
	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

Attained Age	Age-and-Service-Based Rates of Retirement Years of Service													
	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	Service	Rate
0	12.00%	16	5.00%
1	10.00	17	5.00
2	8.00	18	5.00
3	7.00	19	3.00
4	6.00	20	3.00
5	5.00	21	3.00
6	5.00	22	3.00
7	5.00	23	3.00
8	5.00	24	3.00
9	5.00	25	3.00
10	5.00	26	3.00
11	5.00	27	3.00
12	5.00	28	3.00
13	5.00	29	3.00
14	5.00	30	3.00
15	5.00	31+	0.00

ANNUITANTS ADDED TO AND REMOVED FROM ROLL

	Added to Rolls		Removed from Rolls		Rolls - End of Yr		% Increase in Annual Benefit	Average Annual Benefit
Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
Employee Annuities								
2002	152	$6,390,266	172	$3,568,213	2,461	$59,265,907	5.9%	$24,082
2003	150	6,731,957	139	2,773,616	2,472	63,224,248	6.2%	25,576
2004*	525	23,029,473	161	3,507,001	2,836	82,746,720	14.1%	29,177
2005	55	3,997,885	154	3,287,338	2,737	83,457,267	4.5%	30,492
2006	79	4,971,772	133	3,475,111	2,683	84,953,928	3.8%	31,664
2007	95	6,301,188	134	3,363,972	2,644	87,891,144	5.0%	33,242
Spouse Annuities								
2002	101	$1,329,509	84	$832,813	1,422	$14,613,052	2.3%	$10,276
2003	59	807,971	86	847,204	1,395	14,573,819	1.7%	10,447
2004	68	1,030,666	84	849,453	1,379	14,755,032	2.4%	10,700
2005	84	1,108,608	96	950,157	1,367	14,913,483	2.0%	10,910
2006	69	1,052,875	101	962,926	1,335	15,003,432	3.0%	11,239
2007	68	1,007,856	87	846,660	1,316	15,164,628	2.5%	11,523
Child's Annuities								
2002	17	$36,960	11	$32,400	65	$169,440	2.8%	$2,607
2003	11	39,480	9	27,480	67	181,440	7.1%	2,708
2004	4	11,280	9	21,840	62	170,880	-5.8%	2,756
2005	6	16,200	16	35,760	52	151,320	-11.5%	2,910
2006	12	33,120	12	41,400	52	143,040	-5.5%	2,751
2007	4	10,560	11	30,480	45	123,120	-13.9%	2,736

* New annuitants taking Early Retirement Incentive option: 452 employees in 2004

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	# of Members	Annual Payroll	Annual Average Pay	% Increase in Average pay
2002	3,828	$207,403,973	$54,181	4.5%
2003	3,719	205,691,917	55,308	2.1%
2004	3,135	171,476,937	54,698	-1.1%
2005	3,141	182,809,397	58,201	6.4%
2006	3,215	193,176,272	60,086	3.2%
2007	3,138	192,847,482	61,456	2.3%

ACTUARIAL RESERVE LIABILITIES
For Year Ended December 31, 2007

Accrued Liabilities for Active Participants	$775,126,511
Reserves For:	
Service Retirement Pension	861,914,421
Future Widows of Current Retirees	82,768,006
Surviving Spouse Pension	105,488,878
Health Insurance Supplement	24,039,959
Children Annuitants	368,743
Total Accrued Liabilities	1,849,706,518
Unfunded Actuarial Liabilities	91,995,570
Actuarial Net Assets	$1,757,710,948

HISTORY OF FINANCIAL INFORMATION

Solvency (Termination) Test

Year	Aggregate Accrued Liabilities For: Active and Inactive Member Contributions (1)	Retirees and Beneficiaries [c] (2)	Active and Inactive Member Employer Portion (3)	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
2002 a	$238,225,175	$676,418,854	$625,960,732	$1,715,073,438	100 %	100 %	100 %
2003 a	246,529,315	721,917,308	660,116,410	1,679,796,167	100	100	100
2004 a,b	213,524,642	1,055,408,468	405,681,541	1,649,959,130	100	100	94
2005 b	224,180,889	1,023,899,580	494,220,019	1,635,595,437	100	100	78
2006	237,321,146	1,046,426,600	525,488,397	1,664,058,080	100	100	72
2007	247,854,869	1,074,580,007	527,271,642	1,757,710,948	100	100	83

a = change in benefits
b = change in actuarial assumptions
c = before 2005, inactive vested member liability was included with the retirees and beneficiaries

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 are compared with obligations in order of priority: (1) active member contributions on deposit, (2) the present value of future benefits to present retired lives; (3) the employer financed portion for present active members. In a system that has been following the discipline of financing, the obligation for active 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. In addition, the Actuarial Accrued Liability for present active 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.

Analysis of Financial Experience

Reconciliation of Unfunded Actuarial Accrued Liability
(Gain/Loss Analysis)

Actuarial Gains or (Losses):	2007	2006	2005	2004
Fund surplus at the beginning of the year	($145,178,063)	($106,705,051)	($24,655,521)	$51,233,134
Gains (losses) during the year attributable to:				
Increases in salaries under assumed rate	17,040,232	(810,157)	(14,848,509)	18,649,117
Investment yield over (under) 8.0% assumed	45,794,443	(4,763,777)	(46,497,745)	(74,809,245)
Employer cost in excess of contributions	(8,305,636)	(19,287,480)	(11,781,133)	(8,944,477)
Miscellaneous actuarial experience	(530,616)	(13,458,675)	(12,543,768)	(22,774,401)
Data Corrections	(815,930)	(152,924)	0	0
Change in Methodology	0	0	(5,593,808)	0
Change in actuarial assumptions:				
Retirement Rates	0	0	9,215,433	82,523,758
Amendments - compounding, minimum increases and other legislative changes	0	0	0	(70,533,407)
Net gain	53,182,493	(38,473,012)	(82,049,530)	(75,888,655)
Fund surplus (loss) at the end of the year	($91,995,570)	($145,178,063)	($106,705,051)	($24,655,521)

PLAN SUMMARY

Participants Defined

Any person employed by the City of Chicago or the Board of Education in a position classified as labor service of the employer, or any person employed by the retirement board of any of the annuity and benefit funds which are in operation for employees of the City of Chicago.

Service Defined

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

For minimum formula annuity purposes, one half-year of credit is given for one complete month of service. A full year of 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.

Types of Retirement Annuities

Money Purchase Formula: The maximum amount for a money purchase formula annuity is 60% of highest salary. This formula is used in cases where an employee is age 55 or more and has 10 or more years of service. If the employee is age 55 to 60 with service of fewer than 20 years, the annuity is based on all employee deductions plus 1/10th of the employer contributions for each year over 10 years. In the case of withdrawal before age 55 and application after age 55, the annuity is based on the employee deductions plus 1/10th of the employer contributions for each year over 10, with interest to date of application or to age 55, whichever is later. The age factor for age 55 is used.

The annuity is based on all employee deductions and employer contributions in cases where the employee is: (A) age 55 to 60 with 20 years or more of service; (B) age 60 or over; (C) resigning at the time of disability credit expiration.

Minimum Annuity Formula: The maximum for this type of annuity is 80% of final average salary.

A. 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 2.4% for each year of service of the final average salary during the 4 highest consecutive years within the last 10 years of service prior to retirement. If the employee withdraws before age 60 with less than 20 years of service, he or she can begin to receive an unreduced 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% for each month the employee is younger than age 60 unless he or she has at least 25 years of service.

B. 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 up to $400 to provide a reversionary annuity for a spouse, parent, child, brother, or sister, which would begin upon the employee's death. Such an election must be made before the employee's retirement and must have been in effect for one year prior to the employee's death. The one-year requirement is waived if the reversionary annuitant is the employee's spouse. The death of the employee before retirement voids this election. The reversionary annuity for a spouse when added to the spouse's annuity cannot exceed 100% of the employee's reduced annuity. If the employee resigns after June 30, 1983, the 3% automatic annual increase in 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: The monthly annuity is increased by 3% 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% 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

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 amount of the spouse's annuity is fixed, based on a joint life factor and employee deductions and credit for employer contributions made for spouses' annuity purposes. (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 the employee's credit.

For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" is used; however, widow/widower single life annuities and reversionary annuities are computed using the best factor (the factor producing the highest annuity), not depending upon the gender of the annuitant.

Spouses' Minimum Annuity Formula: If an employee 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 the annuity the employee was entitled to receive at the time of death in service. This annuity must be discounted .25% for each month that the spouse is under age 55 (or age 50 if the employee has 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 the spouse's 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 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 one-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 benefit of the employee is equal to 2.4% for each year of service of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% 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 employee retires with at least 10 years of service or dies in service with at least 5 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 born or *in esse,* or legally adopted before the employee's withdrawal from service. The annuity is $220 per month if the spouse of the deceased employee is alive, and $250 per month if the spouse is deceased.

Family Maximum: For a non-duty related death, the family maximum is 60% of final monthly salary. For duty related death, the maximum is 70% 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, has a right to receive a duty disability benefit in the amount of 75% of his or her salary at the date of injury, plus $10 a month for each unmarried child under the age of 18. Child's duty disability benefit is limited to 15% 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 the injury occurs, the duty disability benefit is 50% of salary at the date of the injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease is not considered to be 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 benefits.

A duty disability benefit is payable up to age 65 if the disability begins before age 60. For an employee who begins disability on or after age 60, the disability will continue for 5 years. A duty disability which continues for more than 5 years and which started before the employee attained age 60, will be increased by 10% on January 1st of the sixth year.

The City contributes the employee's portion of salary deductions for annuity purposes for the duty disability benefit. Such amounts contributed by the City after December 31, 1983 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 the performance of an act of duty and is 50% of salary as of the last day worked. The first payment is made one month after disablement occurs provided the employee is not in receipt of salary. Disability is limited to a maximum of 25% of the employee's total service or 5 years, whichever occurs first.

The Fund contributes salary deductions for annuity purposes for the ordinary disability benefit. Such amounts contributed by the Fund after December 31, 2000, while the employee is receiving ordinary disability benefits, are not refundable to the employee and will be used for annuity purposes only.

Group Health Hospital and Surgical Insurance Premiums

For annuitants enrolled in the City or Board of Education health care plans, the pension fund may provide supplementary payments up to a maximum of $85 per month for non-Medicare eligible annuitants (employees, widows, or children without regard to age or years of service) and up to $55 per month for Medicare eligible annuitants until June 30, 2008. Thereafter, the pension fund shall provide payments in the amount of $95 per month for non-Medicare eligible annuitants and $65 per month for Medicare eligible annuitants from July 1, 2008 through June 30, 2013.

Refunds

To Employee: An employee who withdraws before age 55, or before age 60 with less than 10 years of service, is entitled to a refund of all salary deductions for retirement annuity and spouse annuity accumulated with interest to the date of withdrawal. The employee may choose to receive a refund in lieu of an annuity, if the amount of the annuity would be less than $800 per month. Annuity deductions for a spouse's annuity are refundable if the employee is not currently married at the time of withdrawal.

To Spouse: A surviving spouse may choose to receive a refund in lieu of an annuity if the annuity would amount to less than $800 per month.

Remaining Amounts: Amounts contributed by an employee, excluding the 0.5% deduction for annuity increases, that have not yet been paid out as annuity, are refundable to the employee's estate, with interest to the date of retirement or death, if the employee died in service.

Deductions and Contributions

	Employee Deductions	**Employer Contributions**
Employee	6.5%	6.0%
Spouse	1.5	2.0
Annuity Increase	0.5	0.0
Total	8.5%	8.0%

The City contribution is derived from a property tax levied annually and is limited to a sum that is equal to the total amount of employee contributions made two years previously, multiplied by 1.0 for the years 1999 and following.

Tax Shelter of Employee Salary Deductions

Beginning January 1, 1982, salary deductions from employees in the fund 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. Beginning September 1, 1981, the Board of Education employee contributions were paid by the employer. 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

RECENT LEGISLATIVE CHANGES

The following legislation was approved in the 2007 session:

HB 49

- Approved August 17, 2007.

- Provides that, beginning on the effective date, legally adopted children shall be entitled to the same benefits as other children, and no child's or survivor benefit shall be disallowed because the child is an adopted child.

SB 1169

- Approved August 28, 2007.

- Provides that, in order for an Illinois finance entity to be eligible for investment or deposit of retirement system or pension fund assets, the Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to the Act that are applicable to that Illinois finance entity. Requires the retirement system or pension fund to divest its assets with the Illinois finance entity if the certification is not made. Provides that these certification requirements are severable.

Statistical Section

LABORERS' ANNUITY & BENEFIT FUND OF CHICAGO

SCHEDULE OF ADDITIONS BY SOURCE

Year	Employee Contributions	Employer Contributions	Employer Contributions as a % of Payroll	Investment Income	Total
1998	$18,687,316	$19,721,302	11.52	$242,791,644	281,200,262
1999	15,895,882	14,406,579	8.44	119,574,308	149,876,769
2000	17,011,363	625,233	0.39	27,260,089	44,896,685
2001	20,017,224	659,946	0.36	(19,125,166)	1,552,004
2002	20,189,214	82,865	0.04	(119,447,570)	(99,175,491)
2003	19,798,759	344,821	0.18	231,606,021	251,749,601
2004	22,591,435	197,034	0.10	171,049,929	193,838,398
2005	16,256,802	40,435	0.02	117,785,265	134,082,502
2006	18,791,442	106,270	0.06	174,535,356	193,433,068
2007	18,413,407	15,458,982	8.02	125,204,334	159,076,723

SCHEDULE OF DEDUCTIONS BY TYPE

Year	Benefits	Refunds	Administrative Expenses	Total	**CHANGES IN PLAN NET ASSETS**
1998	$63,014,998	$4,397,253	$1,498,347	$68,910,598	$212,289,664
1999	78,124,099	2,034,249	1,559,078	81,717,426	68,159,343
2000	75,186,874	3,121,175	1,669,793	79,977,842	(35,081,157)
2001	75,503,260	2,354,116	1,806,263	79,663,639	(78,111,635)
2002	78,260,481	3,368,053	1,814,283	83,442,817	(182,618,308)
2003	82,740,302	2,826,928	1,910,350	87,477,580	164,272,021
2004	99,260,643	6,697,268	2,872,450	108,830,361	85,008,037
2005	105,164,827	4,240,024	2,985,293	112,390,144	21,692,358
2006	106,862,912	3,139,938	2,830,920	112,833,770	80,599,298
2007	108,806,307	3,761,121	3,352,421	115,919,849	43,156,874

SCHEDULE OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Spouse/Child Annuities	Ordinary Disabilities	Duty Disabilities	Total
1998	$51,088,030	$9,869,891	$1,045,069	$1,012,008	$63,014,998
1999	61,296,023	14,883,638	924,626	1,019,811	78,124,099
2000	58,526,663	14,279,197	1,208,604	1,172,410	75,186,874
2001	58,031,741	14,358,135	1,501,106	1,612,278	75,503,260
2002	60,022,226	14,600,309	1,990,089	1,647,857	78,260,481
2003	63,925,164	14,792,914	2,272,328	1,749,896	82,740,302
2004	80,932,747	14,883,844	2,044,621	1,399,431	99,260,643
2005	86,125,245	15,164,982	2,278,159	1,596,441	105,164,827
2006	87,443,420	15,136,986	1,974,345	2,308,161	106,862,912
2007	87,671,824	15,194,447	2,014,351	1,722,850	106,603,472

RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

	Retirees & Beneficiaries			Actives Receiving Benefits		
At Year End:	Employee Annuities	Spouse Annuities	Child Annuities	Ordinary Disabilities	Duty Disabilities	Total
1998	2,808	1,414	83	35	77	4,417
1999	2,687	1,397	76	38	82	4,280
2000	2,569	1,406	67	57	100	4,199
2001	2,481	1,405	59	46	108	4,099
2002	2,461	1,422	65	59	144	4,151
2003	2,472	1,395	67	74	106	4,114
2004	2,836	1,379	62	63	92	4,432
2005	2,737	1,367	52	56	120	4,332
2006	2,683	1,335	52	42	129	4,241
2007	2,644	1,316	45	58	118	4,181

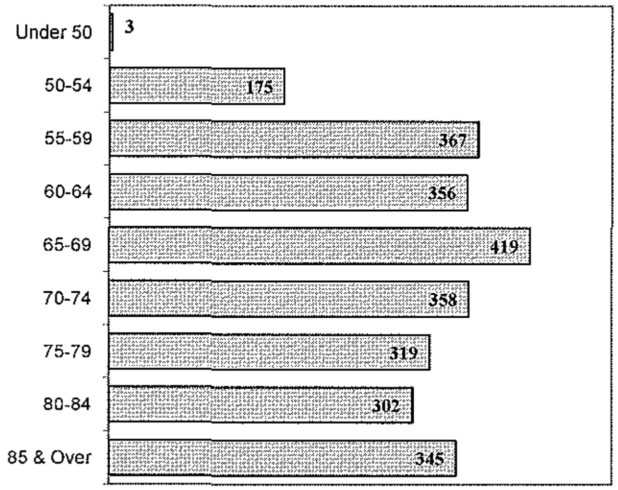
CHANGES IN ANNUITANTS & BENEFICIARIES

Benefit	Number at Start of 2007	Increases	Decreases	Number at End of 2007
Employee Annuitants	2,683	95	134	2,644
Spouse Annuitants	1,335	68	87	1,316
Child Annuitants	52	4	11	45
Ordinary Disabilities	42	126	110	58
Duty Disabilities	129	238	249	118
Total	4,241	531	591	4,181

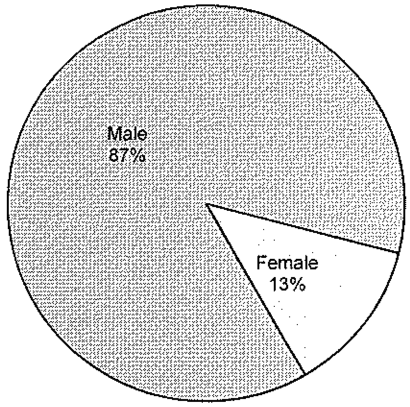
NUMBER AND GENDER OF ANNUITANTS

Employee Annuitants

By Age

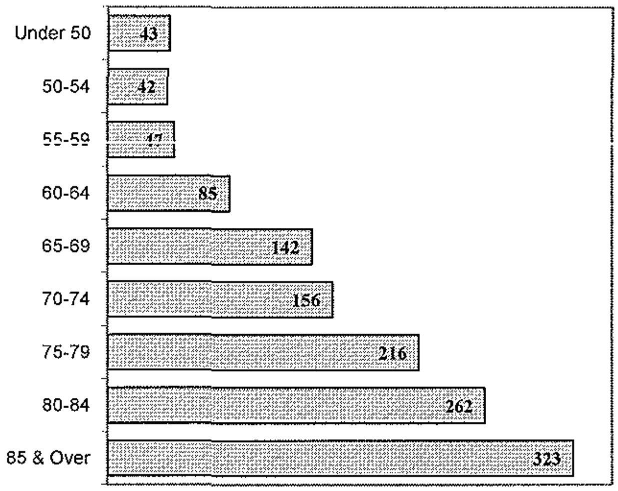


By Gender

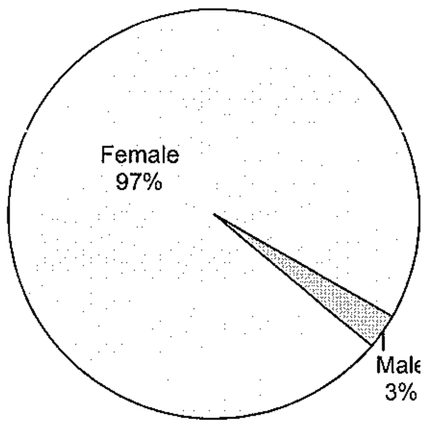


Spouse Annuitants

By Age



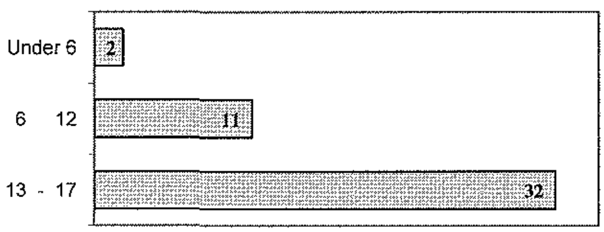
By Gender

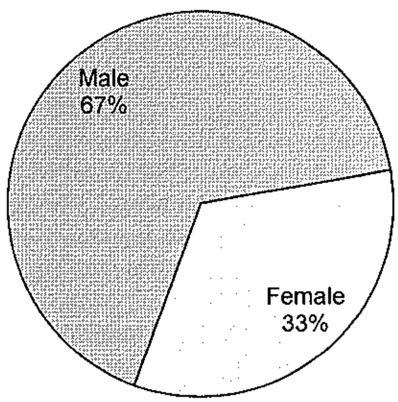


By Gender

Child Annuitants

By Age

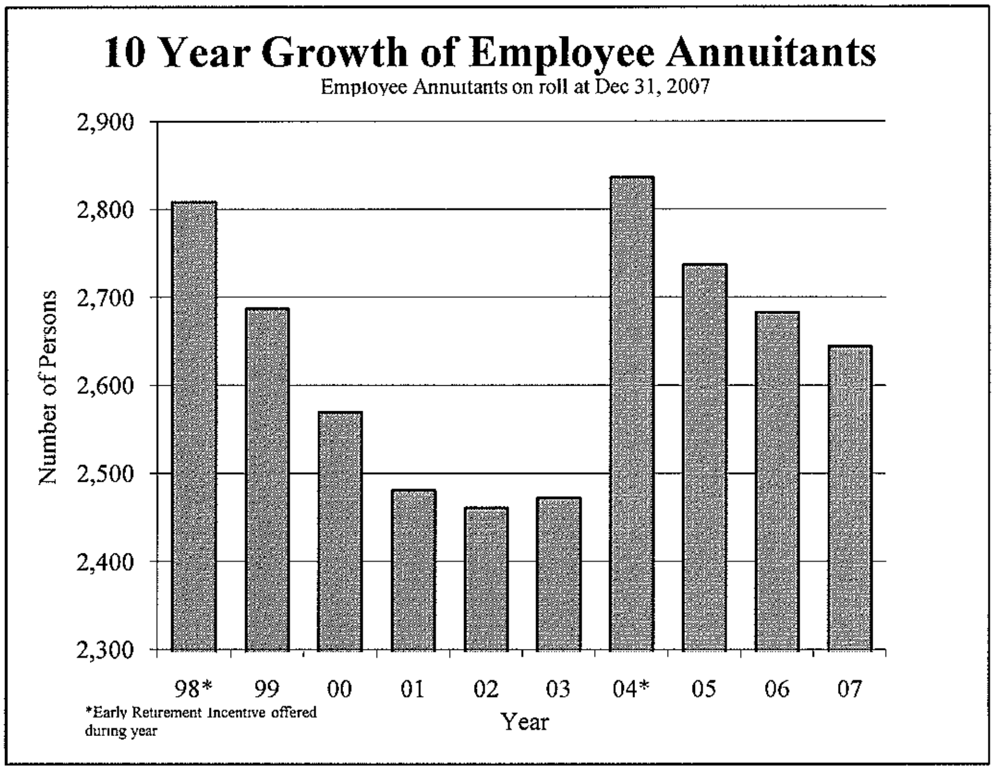




AVERAGE EMPLOYEE RETIREMENT BENEFITS

Year	Average Annual Retirement Benefit	Percent Increase	Average Annual Benefit at Retirement Current Year	Percent Increase (Decrease)	Average Current Age of Retirees	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1998*	$20,530	23.4%	$30,889	68.4%	71.2	60.6	32.0
1999	21,157	3.1	18,366	(40.5)	72.8	61.9	18.3
2000	21,872	3.4	20,938	14.0	73.3	61.1	20.0
2001	22,750	0.0	24,126	0.2	73.6	61.2	20.8
2002	24,082	5.9	31,865	32.1	73.3	60.6	27.6
2003	25,576	6.2	34,201	7.3	73.0	58.6	25.2
2004*	29,177	14.1	40,825	19.4	70.6	57.3	30.9
2005	30,492	4.5	39,105	(4.2)	70.8	57.0	30.4
2006	31,664	3.8	38,015	(2.8)	70.9	56.6	28.9
2007	33,242	5.0	42,234	11.1	70.9	57.0	29.8

* Early Retirement Incentive Program



Analysis of Initial Retirement Benefits for Employees*

	Years of Credited Service								
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
2003									
Avg Monthly Annuity	$ 405	$ 357	$ 1,079	$ 1,412	$ 2,135	$ 2,879	$ 3,606	$ 4,011	$2,850
Avg Monthly FAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of Retirees	9	5	6	7	17	31	51	24	150
2004									
Avg Monthly Annuity	$ 283	$ 860	$0	$ 1,802	$ 2,172	$ 3,111	$ 3,808	$ 4,164	$3,397
Avg Monthly FAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of Retirees	9	8	-	20	37	100	324	27	525
2005									
Avg Monthly Annuity	$ 96	$ 1,001	$ 1,224	$ 972	$ 2,254	$ 3,471	$ 3,974	$ 3,409	$3,264
Avg Monthly FAS	$ 2,666	$ 4,511	$ 4,539	$ 4,118	$ 4,808	$ 5,143	$ 5,218	$ 4,269	$4,887
Number of Retirees	1	2	2	3	3	10	26	8	55
2006									
Avg Monthly Annuity	$ 324	$ 1,607	$ 1,212	$ 1,507	$ 2,246	$ 3,482	$ 4,010	$ 4,119	$3,167
Avg Monthly FAS	$ 4,564	$ 6,925	$ 4,418	$ 4,136	$ 4,987	$ 5,261	$ 5,292	$ 5,149	$5,084
Number of Retirees	5	1	8	4	5	10	39	7	79
2007									
Avg Monthly Annuity	$ 361	$ 1,378	$ 1,480	$ 2,498	$ 2,690	$ 2,474	$ 4,180	$ 4,799	$3,515
Avg Monthly FAS	$ 5,451	$ 7,168	$ 4,921	$ 5,641	$ 5,339	$ 3,873	$ 5,520	$ 6,048	$5,444
Number of Retirees	3	2	10	2	9	5	54	10	95

* Monthly data prior to 2003 is unavailable

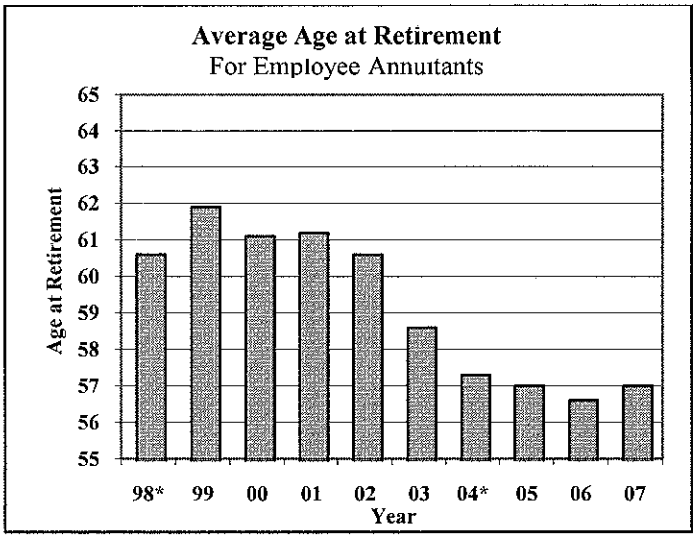
ANNUITANTS CLASSIFIED BY AGE
AS OF DECEMBER 31, 2007

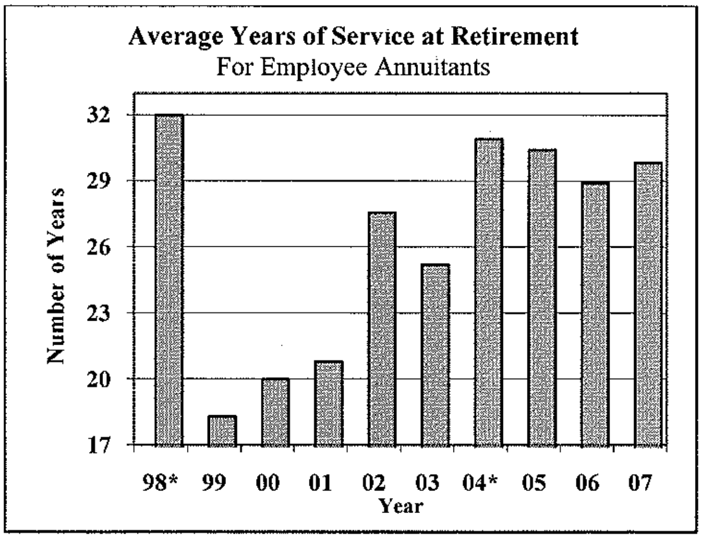
Retirement Annuities

Age	MALES Count	MALES Annual Payments	MALES Average Annual Payments	FEMALES Count	FEMALES Annual Payments	FEMALES Average Annual Payments
Under 50	2	$12,276	$6,138	1	$1,488	$1,488
50 - 54	174	7,700,340	44,255	1	1,200	1,200
55 - 59	358	15,043,140	42,020	9	281,376	31,264
60 - 64	350	13,828,860	39,511	6	153,816	25,636
65 - 69	398	14,909,208	37,460	21	436,080	20,766
70 - 74	331	10,813,224	32,668	27	591,072	21,892
75 - 79	276	8,866,152	32,124	43	837,600	19,479
80 - 84	238	6,911,748	29,041	64	1,000,452	15,632
85 & Over	182	4,238,052	23,286	163	2,265,060	13,896
Total	2,309	$82,323,000	$35,653	335	$5,568,144	$16,621
		Average Age is 70			Average Age is 83	

Spouse Annuities (not including compensation)

Age	MALES Count	MALES Annual Payments	MALES Average Annual Payments	FEMALES Count	FEMALES Annual Payments	FEMALES Average Annual Payments
Under 30	-	-	-	1	$1,200	$1,200
30 - 34	-	-	-	2	19,200	9,600
35 - 39	-	-	-	1	9,600	9,600
40 - 44	1	1,200	1,200	10	111,288	11,129
45 - 49	2	17,184	8,592	26	310,728	11,951
50 - 54	-	-	-	42	515,652	12,277
55 - 59	1	9,600	9,600	46	688,236	14,962
60 - 64	1	10,068	10,068	84	1,070,256	12,741
65 - 69	1	9,600	9,600	141	1,843,068	13,071
70 - 74	2	19,200	9,600	154	1,999,584	12,984
75 - 79	4	29,508	7,377	212	2,440,176	11,510
80 - 84	12	111,624	9,302	250	2,771,340	11,085
85 & Over	13	124,800	9,600	310	3,051,516	9,844
Total	37	$332,784	$8,994	1,279	$14,831,844	$11,596
		Average Age is 80			Average Age is 77	





*Early Retirement Incentive offered during the year

Schedule of Retired Members by Type of Benefit

at December 31, 2007

Amount of Monthly Benefit	Employee Annuitant	Spouse Annuitant	Child Annuitant	Total
\$1 - 250	45	14	45	104
251 - 500	35	4	-	39
501 - 750	21	12	-	33
751 - 1,000	47	976	-	1,023
1,001 - 1,250	347	110	-	457
1,251 - 1,500	99	86	-	185
1,501 - 1,750	108	59	-	167
1,751 - 2,000	137	25	-	162
2,001 - 2,250	121	10	-	131
2,251 - 2,500	127	8	-	135
2,501 - 2,750	147	3	-	150
2,751 - 3,000	155	2	-	157
3,001 - 3,250	218	2	-	220
3,251 - 3,500	207	-	-	207
3,501 - 3,750	225	2	-	227
3,751 - 4,000	198	-	-	198
4,001 - 4,250	105	2	-	107
4,251 - 4,500	72	1	-	73
4,501 - 4,750	67	-	-	67
4,751 - 5,000	53	-	-	53
Over \$5,000	110	-	-	110
Totals	2,644	1,316	45	4,005

NEW ANNUITIES GRANTED

Male Employees

	2007[1]	2006	2005[1]	2004*	2003	2002	2001	2000	1999	1998*
Number retired	90	78	51	505	145	149	49	52	42	463
Average Age	56.8	56.6	56.6	57.3	58.6	60.5	61.2	60.4	61.9	60.5
Average Length of Service	30.1	28.9	30.3	31.1	27	27.7	20.6	20.6	19	32.1
Average Annual Final Salary	$67,250	$63,800	$60,828	$53,378	$60,516	$58,159	$46,126	$42,844	$43,477	$46,275
Total Annual Annuity	$3,824,304	$2,961,828	$2,073,032	$20,871,228	$5,060,484	$4,802,907	$1,231,590	$1,132,243	$785,274	$14,517,147
Average Annual Annuity	$42,492	$37,972	$40,648	$41,329	$34,900	$32,234	$25,134	$21,774	$18,697	$31,355
Total actuarial liability	$53,384,184	$40,009,917	$28,251,758	$281,030,404	$66,126,137	$60,832,155	$14,602,006	$13,749,715	n/a	n/a
Average actuarial liability	$593,158	$512,948	$553,956	$556,496	$456,042	$408,269	$298,000	$264,418	n/a	n/a
Total contributed by EE	$6,954,680	$5,548,293	$3,840,240	$46,273,925	$9,702,986	$9,312,597	$3,444,582	$2,638,123	n/a	n/a
Expected Future Lifetime (years)	23.10	23.25	23.24	22.69	19.02	17.45	17.45	18.23	16.69	18.63
Payback Period (years)	1.82	1.87	1.85	2.22	1.92	1.94	2.01	2.04	2.11	1.93
Replacement Ratio	63.2%	59.5%	66.8%	77.4%	57.7%	55.4%	54.5%	50.8%	43.0%	67.8%

* Early Retirement Incentive offered during the year

[1] Does not include one employee who was no longer on annuity at the end of the year

NEW ANNUITIES GRANTED
Female Employees

	2007	2006	2005	2004*	2003	2002	2001	2000	1999	1998*
Number retired	4	1	3	15	5	3	4	4	2	15
Average Age	60 8	59 3	63.8	60.1	60 6	65	60 7	63.3	62.3	64.6
Average Length of Service	24 5	28	32 3	21.9	13 3	20.7	23 8	11.8	10	29.5
Average Annual Final Salary	$66,176	$62,962	$31,903	$43,782	$45,347	$33,205	$26,287	$35,798	$23,928	$27,906
Total Annual Annuity	$145,704	$41,352	$38,622	$357,600	$69,661	$40,550	$47,096	$40,306	$22,848	$247,687
Average Annual Annuity	$36,426	$41,352	$12,874	$23,840	$13,932	$13,517	$11,774	$10,076	$11,424	$16,512
Total actuarial liability	$1,975,124	$582,267	$461,446	$4,875,554	$880,560	$499,684	$553,130	$451,750	n/a	n/a
Average actuarial liability	$493,781	$582,267	$153,815	$325,037	$176,112	$166,561	$138,283	$112,938	n/a	n/a
Total contributed by EE	$246,235	$69,508	$83,554	$853,199	$146,561	$75,584	$107,217	$117,960	n/a	n/a
Expected Future Lifetime (years)	23 31	24 74	20 97	24.00	22.15	18.76	22.15	20 43	21 29	19.93
Payback Period (years)	1.69	1 68	2.16	2.39	2.10	1.86	1.18	2 05	2 87	1.30
Replacement Ratio	55.0%	65.7%	40.4%	54.5%	30.7%	40.7%	44.8%	28.1%	47.7%	59.2%

* Early Retirement Incentive offered during the year

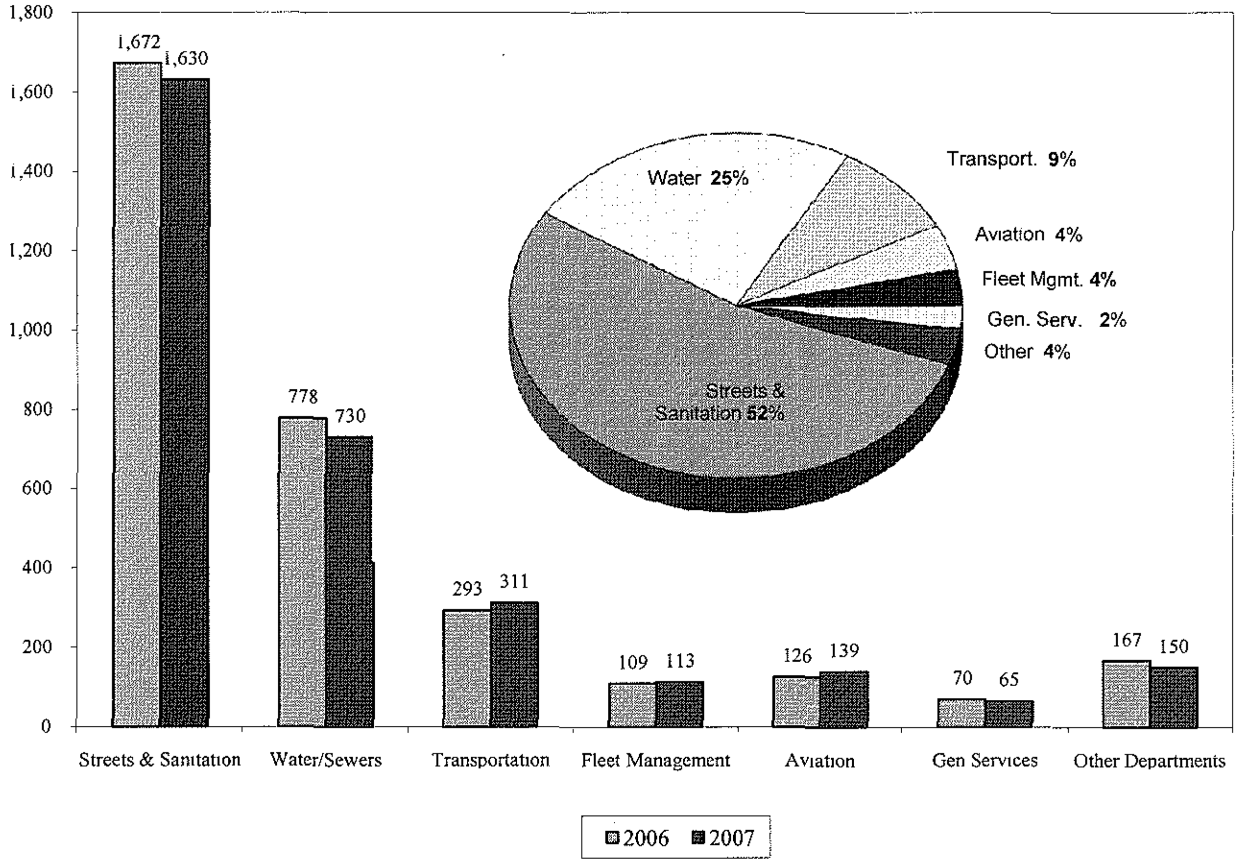
ACTIVE PARTICIPANTS
AS OF DECEMBER 31, 2007

Years of Service	Males	Females	Total
Under 1	5	-	5
1 - 4	203	93	296
5 - 9	573	147	720
10 - 14	600	122	722
15 - 19	374	75	449
20 - 24	254	42	296
25 - 29	408	4	412
30 - 34	208	-	208
35 & Up	28	2	30
Total	2,653	485	3,138

INACTIVE PARTICIPANTS
AS OF DECEMBER 31, 2007

Years of Service	Males	Females	Total
Under 1	815	73	888
1 - 4	370	65	435
5 - 9	212	35	247
10 - 14	64	8	72
15 - 19	43	8	51
20 - 24	28	1	29
25 - 29	27	-	27
30 - 34	10	-	10
35 & Up	-	1	1
Total	1,569	191	1,760

Number of Active Members by Department
As of December 31, 2007



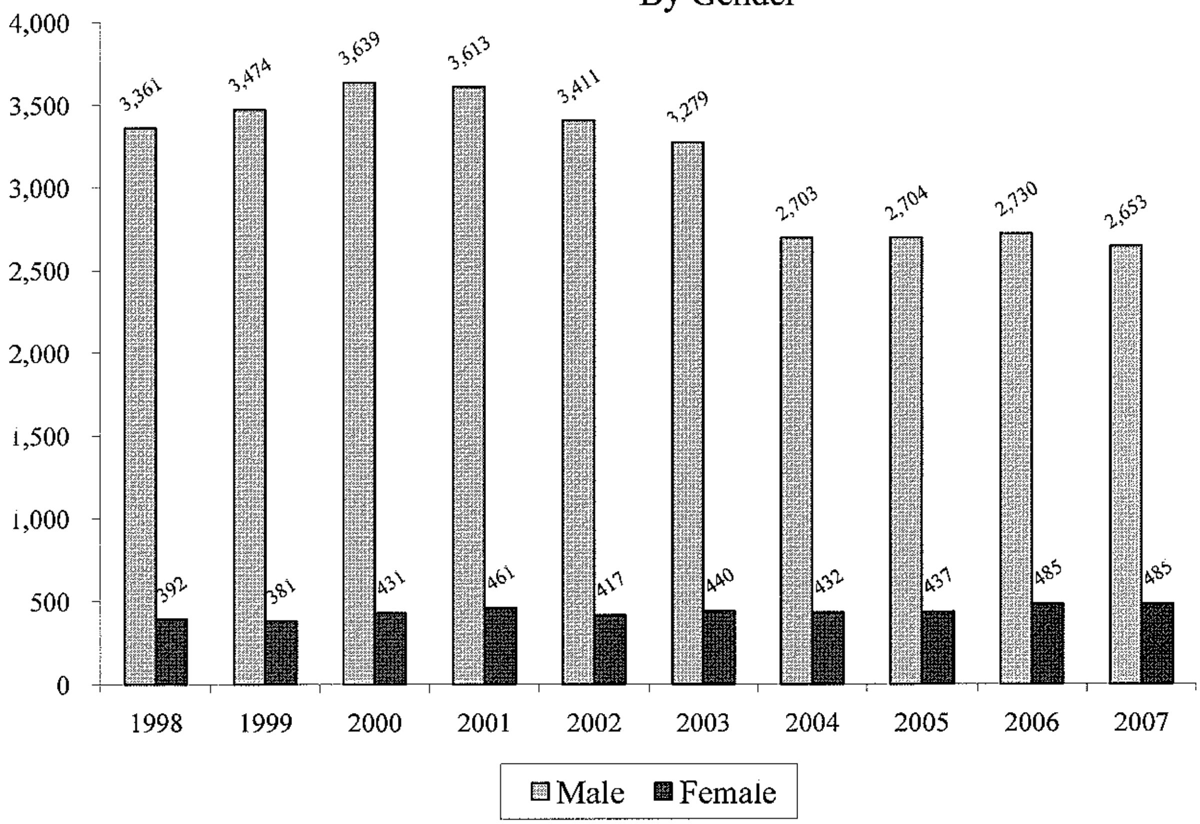
ACTIVE MEMBERS CLASSIFED BY AGE

as of December 31, 2007

Age	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Under 20	1	3	0	0	0	0	4	6	7	7
20 - 24	20	31	13	19	45	70	108	137	153	149
25 - 29	133	159	149	186	214	242	287	277	237	223
30 - 34	266	295	298	300	329	368	409	416	381	378
35 - 39	406	413	422	413	460	467	497	572	567	582
40 - 44	465	505	559	607	653	701	770	789	787	802
45 - 49	707	749	747	775	832	816	811	747	703	673
50 - 54	626	593	520	443	598	584	583	554	493	440
55 - 59	299	264	241	227	333	326	322	307	288	269
60 - 64	138	128	126	110	174	173	190	172	152	150
65 - 70	51	54	47	41	59	58	65	62	56	49
Over 70	26	21	19	14	22	23	28	31	31	31
	3,138	3,215	3,141	3,135	3,719	3,828	4,074	4,070	3,855	3,753

ACTIVE MEMBERS

By Gender



PARTICIPANTS RECEIVING DISABILITY BENEFITS

AS OF DECEMBER 31, 2007

	Duty Disability					
	Males		Females		Totals	
Years of Service	Count	Annual Payments	Count	Annual Payments	Count	Annual Payments
Under 1	-	$ -	-	$ -	-	$ -
1 - 4	6	246,157	3	95,458	9	341,615
5 - 9	27	1,207,820	6	241,689	33	1,449,509
10 - 14	30	1,378,137	4	175,968	34	1,554,105
15 - 19	8	332,554	1	47,034	9	379,588
20 & Over	33	1,489,692	0	-	33	1,489,692
Total	104	$ 4,654,360	14	$ 560,149	118	$ 5,214,509

	Ordinary Disability					
	Males		Females		Totals	
Years of Service	Count	Annual Payments	Count	Annual Payments	Count	Annual Payments
Under 1	-	$ -	-	$ -	-	$ -
1 - 4	1	32,814	2	50,287	3	83,101
5 - 9	6	153,684	7	191,480	13	345,164
10 - 14	8	238,291	5	164,981	13	403,272
15 - 19	4	121,214	6	179,578	10	300,792
20 & Over	17	502,688	2	60,477	19	563,165
Total	36	$ 1,048,691	22	$ 646,803	58	$ 1,695,494

NUMBER OF REFUND PAYMENTS MADE DURING 2007

	Length of Service at Date of Refund						
Age 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	1	-	1	-	-	-	2
25 to 29	1	-	1	1	2	3	8
30 to 34	1	5	-	-	-	4	10
35 to 39	1	1	-	1	1	12	16
40 to 44	-	2	-	1	-	11	14
45 to 49	2	3	1	-	-	16	22
50 to 54	4	-	-	1	1	5	11
55 to 59	1	1	-	-	1	1	4
60 & Over	1	1	-	-	-	-	2
Totals	12	13	3	4	5	52	89