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

ACTUARIAL STATEMENT

December 31, 1997

Prepared by

Donald F. Campbell
Consulting Actuaries

INDEX

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BOOK VALUE SUMMARY	Amount Increase	Percent Increase	1996	1997
Income [1]				
Investment Before Expenses	$ 38,523,264	32.72%	$ 117,752,240	$ 156,275,504
Employer and Miscellaneous	(294,736)	(1.50)%	19,623,717	19,328,981
Employee	475,505	3.20%	14,856,703	15,332,208
Total	38,704,033	25.42%	152,232,660	190,936,693
Outgo [1]				
Refunds, Benefits, Expense	$ 4,624,880	8.18%	$ 56,571,784	$ 61,196,664
Excess of Income Over Outgo	34,079,153	35.62%	95,660,876	129,740,029
Active Participants [2]	91	2.40%	3,785	3,876
Inactive Participants	23	1.35%	1,708	1,731
Beneficiaries				
Employee	(80)	(3.15)%	2,537	2,457
Spouse	(4)	(0.28)%	1,417	1,413
Disabilities	(2)	(1.36)%	147	145
Children	(1)	(1.35)%	74	73
Actuarial Funding-Going Concern				
Liability to Date	$ 104,026,815	11.11%	$ 936,623,719	$ 1,040,650,534
Assets-Amortized Cost	129,740,029	12.07%	1,074,699,269	1,204,439,298
Unfunded Liability	(25,713,214)	18.62%	(138,075,550)	(163,788,764)
Funded Ratio	1.00%	0.87%	114.74%	115.74%
Actuarial Requirement	(1,857,687)	(17.86)%	10,402,274	8,544,587
Deficiency (Excess)	(2,766,414)	11.99%	(23,066,354)	(25,832,768)
Required Employer Multiple	0.00	0.00%	0.00	0.00
Termination				
Liability	$ 62,813,202	10.61%	$ 592,051,378	$ 654,864,580
Cost (Excess) on Termination	(66,926,826)	13.87%	(482,647,891)	(549,574,717)
Quick Ratio	2.40%	1.32%	181.52%	183.92%
Investment [3]				
Invested Assets (Amortized Cost)	$ 98,418,450	9.93%	$ 990,690,164	$ 1,089,108,614
Invested Assets (Market Value)	160,361,334	14.22%	1,127,759,026	1,288,120,360
Invested Assets (Actuarial Value)	124,447,295	11.43%	1,088,307,820	1,212,755,115
Miscellaneous				
Salary Roll	$ 8,899,104	5.48%	$ 162,276,840	$ 171,175,944
Average Salary	1,289	3.01%	42,874	44,163
Present Value of Benefits	$ 78,882,110	6.79%	$ 1,162,260,103	$ 1,241,142,213

1 Investment income is not net of investment expense. Investment expense is included under outgo.
2 1997 active participants does not include 300-400 seasonal employees.
3 Invested assets listed after excluding Cash and Cash Equivalents

Book asset values are shown at amortized cost.

MARKET VALUE SUMMARY	Amount Increase	Percent Increase	1996	1997
Income [1]				
Investment Before Expenses	$ 88,759,835	68.56%	$ 129,458,553	$ 218,218,387
Employer and Miscellaneous	(294,736)	(1.50)%	19,623,717	19,328,981
Employee	475,505	3.20%	14,856,703	15,332,208
Total	88,940,604	54.25%	163,938,973	252,879,576
Outgo [1]				
Refunds, Benefits, Expense	$ 4,624,880	8.18%	$ 56,571,784	$ 61,196,664
Excess of Income Over Outgo	84,315,724	78.53%	$ 107,367,189	191,682,912
Active Participants [2]	91	2.40%	3,785	3,876
Inactive Participants	23	1.35%	1,708	1,731
Beneficiaries				
Employee	(80)	(3.15)%	2,537	2,457
Spouse	(4)	(0.28)%	1,417	1,413
Disabilities	(2)	(1.36)%	147	145
Children	(1)	(1.35)%	74	73
Actuarial Funding-Going Concern				
Liability to Date	$ 104,026,815	11.11%	$ 936,623,719	$ 1,040,650,534
Assets-Market Value	191,682,912	15.82%	1,211,768,131	1,403,451,043
Unfunded Liability	(87,656,097)	31.86%	(275,144,412)	(362,800,509)
Funded Ratio	5.48%	4.24%	129.38%	134.86%
Actuarial Requirement	0	0.00%	0	0
Deficiency (Excess)	(7,764,862)	22.75%	(34,127,055)	(41,891,917)
Required Employer Multiple	0.00	0.00%	0.00	0.00
Termination				
Liability	$ 62,813,202	10.61%	$ 592,051,378	$ 654,864,580
Cost (Excess) on Termination	(128,869,710)	20.79%	(619,716,753)	(748,586,463)
Quick Ratio	9.64%	4.71%	204.67%	214.31%
Investment [3]				
Invested Assets (Amortized Cost)	$ 98,418,450	9.93%	$ 990,690,164	$ 1,089,108,614
Invested Assets (Market Value)	160,361,334	14.22%	1,127,759,026	1,288,120,360
Invested Assets (Actuarial Value)	124,447,295	11.43%	1,088,307,820	1,212,755,115
Miscellaneous				
Salary Roll	$ 8,899,104	5.48%	$ 162,276,840	$ 171,175,944
Average Salary	1,289	3.01%	42,874	44,163
Present Value of Benefits	$ 78,882,110	6.79%	$ 1,162,260,103	$ 1,241,142,213

1 Investment income is not net of investment expense. Investment expense is included under outgo.
2 1997 active participants does not include 300-400 seasonal employees.
3 Invested assets listed after excluding Cash and Cash Equivalents

Market asset values are shown at "pure market" value.

ACTUARIAL ASSET VALUE SUMMARY	Amount Increase	Percent Increase	1996	1997
Income [1]				
Investment Before Expenses	$ 51,157,300	39.01%	$ 131,147,049	$ 182,304,349
Employer and Miscellaneous	(294,736)	(1.50)%	19,623,717	19,328,981
Employee	475,505	3.20%	14,856,703	15,332,208
Total	51,338,069	31.00%	165,627,469	216,965,538
Outgo [1]				
Refunds, Benefits, Expense	$ 4,624,880	8.18%	$ 56,571,784	$ 61,196,664
Excess of Income Over Outgo	46,713,189	42.83%	109,055,685	155,768,874
Active Participants [2]	91	2.40%	3,785	3,876
Inactive Participants	23	1.35%	1,708	1,731
Beneficiaries				
Employee	(80)	(3.15)%	2,537	2,457
Spouse	(4)	(0.28)%	1,417	1,413
Disabilities	(2)	(1.36)%	147	145
Children	(1)	(1.35)%	74	73
Actuarial Funding-Going Concern				
Liability to Date	$ 104,026,815	11.11%	$ 936,623,719	$ 1,040,650,534
Assets-Actuarial Value	155,768,874	13.29%	1,172,316,925	1,328,085,799
Unfunded Liability	(51,742,059)	21.95%	(235,693,206)	(287,435,265)
Funded Ratio	2.46%	1.97%	125.16%	127.62%
Actuarial Requirement	(2,525,068)	(100.00)%	2,525,068	0
Deficiency (Excess)	(3,433,795)	11.10%	(30,943,560)	(34,377,355)
Required Employer Multiple	0.00	0.00%	0	0.00
Termination				
Liability	$ 62,813,202	10.61%	$ 592,051,378	$ 654,864,580
Cost (Excess) on Termination	(92,955,671)	16.02%	(580,265,547)	(673,221,218)
Quick Ratio	4.79%	2.42%	198.01%	202.80%
Investment [3]				
Invested Assets (Amortized Cost)	$ 98,418,450	9.93%	$ 990,690,164	$ 1,089,108,614
Invested Assets (Market Value)	160,361,334	14.22%	1,127,759,026	1,288,120,360
Invested Assets (Actuarial Value)	124,447,295	11.43%	1,088,307,820	1,212,755,115
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1 Investment income is not net of investment expense. Investment expense is included under outgo.
2 1997 active participants does not include 300-400 seasonal employees.
3 Invested assets listed after excluding Cash and Cash Equivalents

Actuarial asset values are calculated using a five year smoothed average between book and market asset values.

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June 6, 1998

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

Dear Members of the Board:

This is to certify that the annual statement as of December 31, 1997, of the Laborers' & Retirement Board Employees' Annuity and Benefit Fund of Chicago is, to the best of our knowledge and belief, a true and correct statement of the affairs and conditions of said Fund for the calendar year 1997. This statement has been prepared from the unaudited books of the Fund as substantiated by our letters of recommendation to the Retirement Board.

GASB

The Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*, is effective for periods beginning after June 15, 1996. The purpose of the Statement is to make the pension information more understandable and more useful. In the past, the measures of a plan's funded status and the employer's required contributions have been reported consistent with GASB Statement 5. This statement is measuring the plan's funded status in accordance with the plan's funding policy under the GASB Statement No. 25 rules as well as under the traditional book and market valuation methods.

The Actuarial Asset Value, a smoothed market related value of assets technique, is calculated by taking the asset cost times the average ratio of the market value to cost for the invested assets for the current year and the prior four years.

A level dollar amortization of the actuarial unfunded liability with an open amortization period of 40 years is the method used for computing the amortization requirements.

The accounting procedure is outlined in Article 11 of the Illinois Pension Code.

The method of financing the system and the actuarial assumptions and methods used in the valuation are shown in a separate exhibit. The attempt is made to give effect to realistic valuation factors which affect costs. This statement has been prepared in accordance with generally accepted actuarial principles and practice.

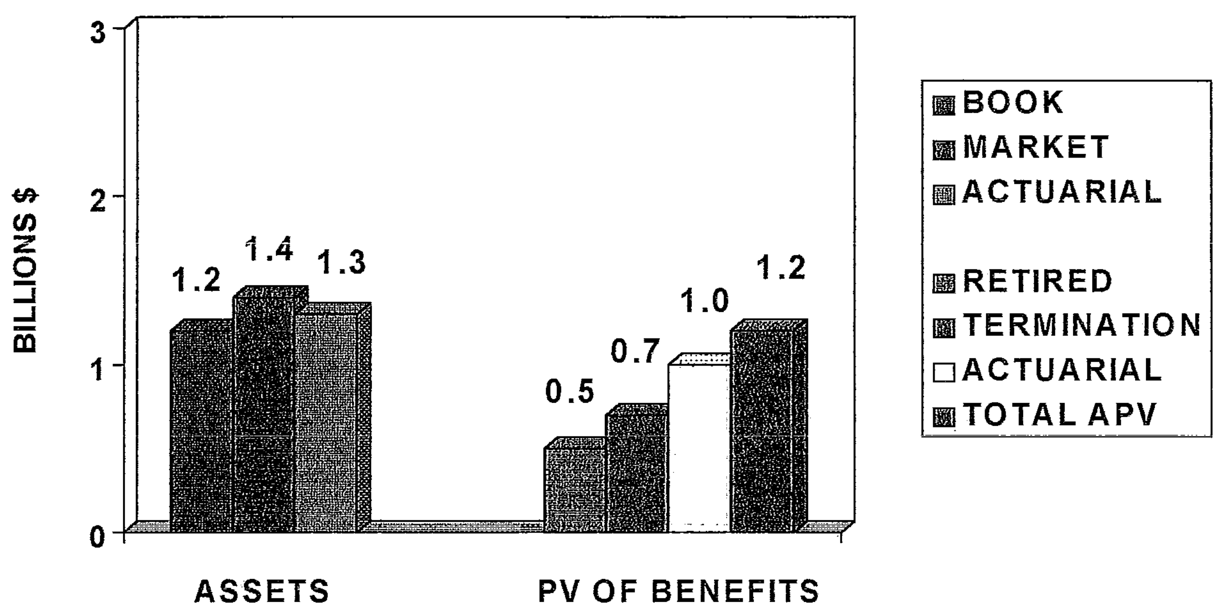
The costs for each of the alternative methods of funding the unfunded accrued liability, as required by the Illinois Pension Code Section 5/1A-102, are shown in this report. These include:

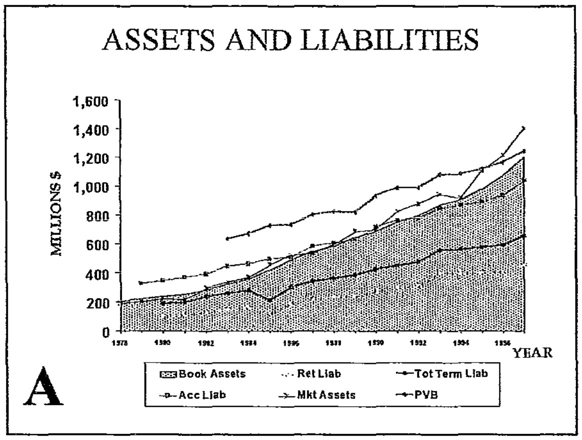
1. interest only on the unfunded liability;
2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years; and
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage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

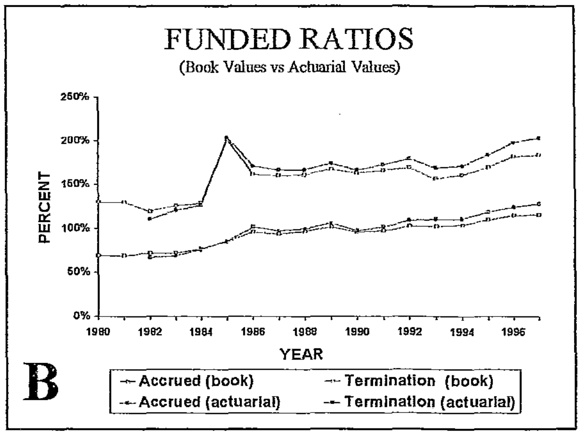
The actuarial present value of "Credited Projected Benefits" required by the old GASB No. 5 (used for reporting to the Illinois Department of Insurance, but not funding) has been moved to its own exhibit. The "Entry Age Normal" method has been retained for funding. This report contains no liability for the 1998 experience during the open ERI window. The liability will be included next year. This year contains a change in actuarial assumptions and a change in benefits. We have restated last year's numbers using the same methods (but not assumptions) for comparability.

This report contains results with assets valued at Book, Market, and Actuarial values. It is intended to meet the Insurance Department requirements, the statutory reporting requirements, and the GASB No. 25 reporting requirements.

LABORERS'

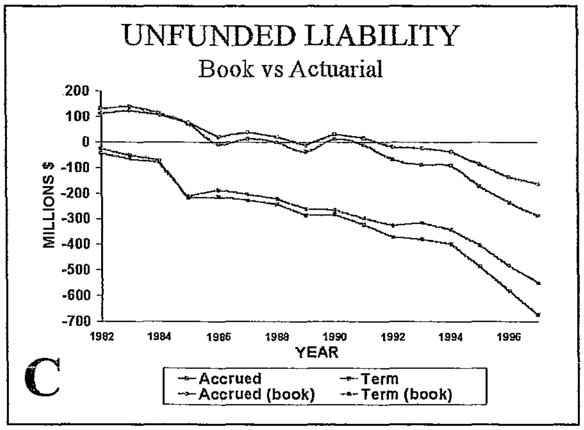


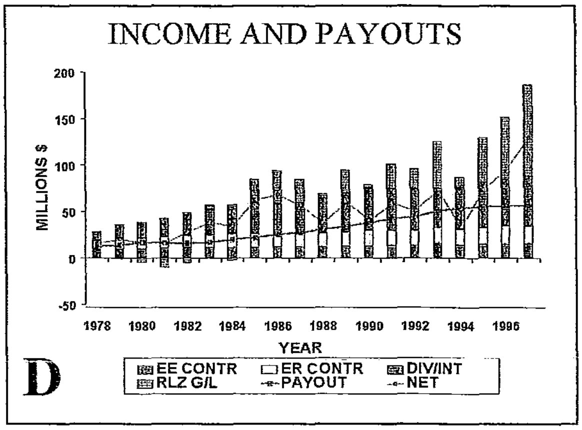




Graph A, the graph of actuarial assets and actuarial accrued liabilities, illustrates the fund's position with respect to asset growth and liability growth for the various ways of measuring the liabilities. Please note that the difference between the assets and the actuarial accrued liability is what one calls the unfunded actuarial accrued liability. This fund has no unfunded liability.

Graph B, the graph of funded ratios, displays the ratio of actuarial assets to actuarial accrued liabilities for the various measures of liability.





Graph C, the graph of unfunded actuarial accrued liabilities, displays the liabilities for the different measures of liability with actuarial assets.

Graph D illustrates the income of the Fund--investment income, plus employer contributions, plus employee contributions--and the current payouts of the Fund benefits, refunds, and expenses. The excess or net of income over payouts goes to build reserves for future benefit payments.

Actuarial Assumptions

Actuarial assumptions required by GASB No. 25 must take into consideration anticipated future experience as well as past experience. As a guide to our thinking, we consulted two recent studies in an attempt to learn what interest and salary scale assumptions are being used to anticipate the future in other public and private pension fund valuations.

Greenwich Reports' 1998 survey shows that the mean actuarial interest rate assumption for public funds (based on 329 public funds) was 8.1% for 1995, 8.2% for 1996, and 8.2% for 1997. The corresponding salary increase assumption for public funds was 5.4% for 1995, 5.3% for 1996 and 5.1% for 1997. For 1997, the average monthly benefit paid to all public retirees was $1,066.

Another report was consulted, the *1998 Yearbook of Stocks, Bonds, Bills and Inflation* published by Ibbotson Associates, Chicago, Illinois. We find the following results based on historical data for the past 72 years for the period 1926 through 1997.

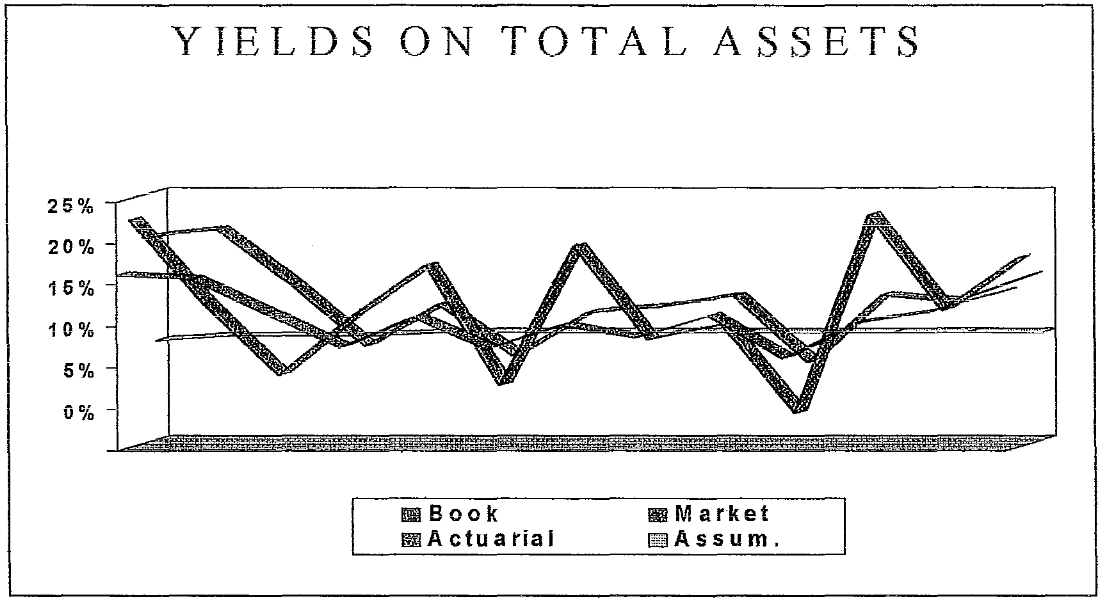
Stocks, Bonds, or Bills		Total Annual Return	Inflation	Net
Common Stocks		11.0%	3.1%	7.9%
Small Stocks		12.7	3.1	9.6
Long-Term Corporate Bonds		5.7	3.1	2.6
Long-Term Government Bonds		5.2	3.1	2.1
Intermediate Term Government Bonds		5.3	3.1	2.2
U.S. Treasury Bills		3.8	3.1	0.7
Inflation for the past:	10 years	1988-1997	3.4%	
	1990's	1990-1997	3.1	
	1980's	1980-1989	5.1	
	1970's	1970-1979	7.4	
	1960's	1960-1969	2.5	
	1950's	1950-1959	2.2	
	1940's	1940-1949	5.4	
	1930's	1930-1939	(2.0)	
	1920's	1926-1929	(1.1)	

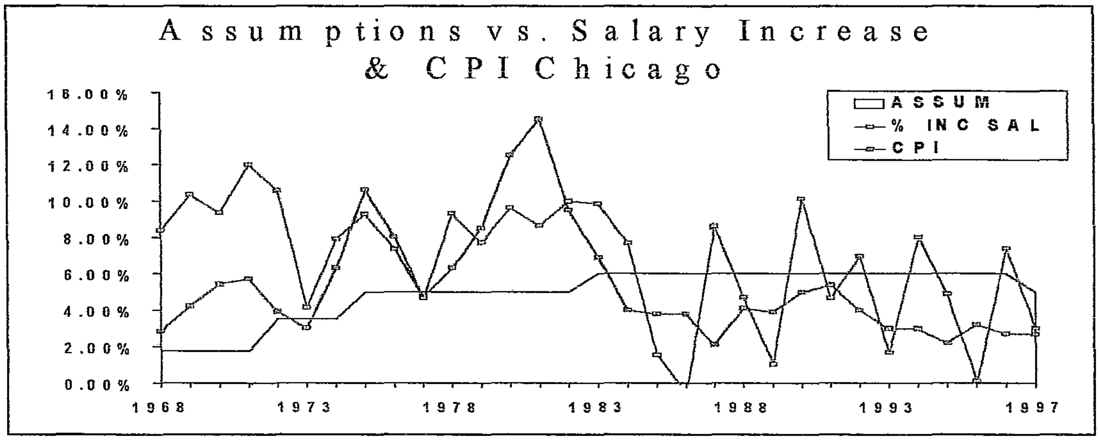
Based on a portfolio made up of 40% in long-term corporate bonds and 60% in common stocks, the annual return for the 72-year period would be approximately 8.9% with a net return after inflation of 5.8%.

Based on these studies, it is our opinion that, for this Fund, an 8% future interest assumption would be a reasonable rate for valuation purposes and a 5% per year salary scale would also be reasonable. These assume an underlying 3% inflation. These assumptions take into consideration generally expected future investment earnings and the generally accepted views on future salary increases for our national economy. They could be characterized as being middle of the road.

The liabilities and costs in this report are based in part on an 8% per year interest assumption (net of investment expense) and a 5% per year salary scale assumption. We have revised the mortality assumption to the Group Annuity Mortality Table (1983 GAM) set forward two years to more accurately reflect anticipated mortality. We also revised our estimated employee contributions to include anticipated salary increases. All other assumptions are the same as those used for the last report. We have included market yield figures (net of investment expense) and actuarial asset yields in a separate exhibit.

In our opinion, each of these actuarial assumptions is reasonable, taking into account fund experience and future expectations, and represents the best estimate of anticipated experience.





Laborers' Expectation of Life (Years)				
Age	Old Mortality Table		New Mortality Table	
	Male	Female	Male	Female
30	44.32	49.07	46.16	52.33
65	14.68	18.14	15.22	19.59
80	6.78	8.99	6.80	9.09

Actuarial Asset Value, now required for GASB disclosure

Actuarial Asset Values are computed as a five year smoothed average ratio of market over book value of invested assets (excluding cash and cash equivalents) are based on unaudited figures.

See schedule elsewhere in the report for the methodology used.

Date	Total Assets at Book Value	Total Assets at Market Value	Actuarial Asset Value
12/31/96	$ 1,074,699,269	$ 1,211,768,131	$ 1,172,316,925
12/31/97	$ 1,204,439,298	$ 1,403,451,043	$ 1,328,085,799

Actuarial Obligations of the Fund

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

1. Retired Lives

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

Group	Number	Present Value of Future Benefits
Employee Annuity	2,457	$ 281,791,053
Annuity Increase	2,364	46,772,924
Future Widow/er Benefit	1,675	46,770,956
Lump Sum Death Benefit	0	0
Health Insurance Supplement	2,403	10,787,831
Widow/er Annuity	1,413	69,734,050
Total Retired Reserve		$ 455,856,814

[1] Includes future employee annuity, future increase, and future widow/er benefits.

2. Active Lives

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

Benefit		Present Value of Benefits		
Employee Annuity	$	512,973,385		
Annuity Increase		101,193,545		
Future Widow/Widower Benefit		56,358,861		
Lump Sum Death Benefit		0		
Health Insurance Supplement		10,425,436		
Widow/Widower of Employees, Dying in Service		16,512,435		
Widow/Widower of Employees, Duty Death		0		
Miscellaneous: Refunds, Children, etc.		87,821,737		
Total Active	$	785,285,399		
Total Active and Retired Present Value of Benefits	$	1,241,142,213		
Less Present Value of Future Normal Costs			$	200,491,679
Net Active Reserve				584,793,720
Net Active Reserve and Retired				1,040,650,534
Less Present Actuarial Asset Values				1,328,085,799
Surplus			$	(287,435,265)

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

Actuarial Balance

For the pension fund to be in actuarial balance, the present value of all benefits payable in the future must equal the sum of present assets plus present value of all future contributions.

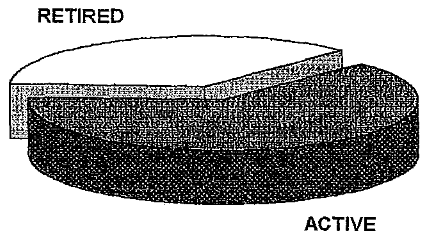
Future contributions from the employee and employer must provide for the payment of normal costs and for amortization of the unfunded liability on some reasonable basis.

Future Contributions		Present Value	% of Total
Present Actuarial Assets	$	1,328,085,799	107.01 %
Future Employee Contributions		143,178,749	11.54 %
Future Employer Contributions		188,308,691	15.17 %
Deficiency (Excess)		(418,431,026)	(33.72)%
Total	$	1,241,142,213	100.00 %

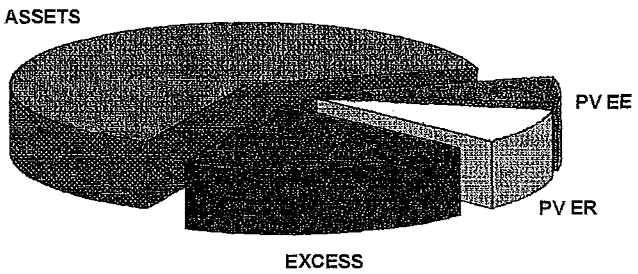
Present Value of		Actuarial Assets	% of Total		Actuarial Liabilities	% of Total
Benefits						
Retired Lives				$	455,856,814	37%
Active Lives					785,285,399	63%
Present Actuarial Assets	$	1,328,085,799	107%			
Normal Costs		200,491,679	16%			
Unfunded Liability (Surplus)		(287,435,265)	(23%)			
Total	$	1,241,142,213	100%	$	1,241,142,213	100%

Graph E (below) illustrates:

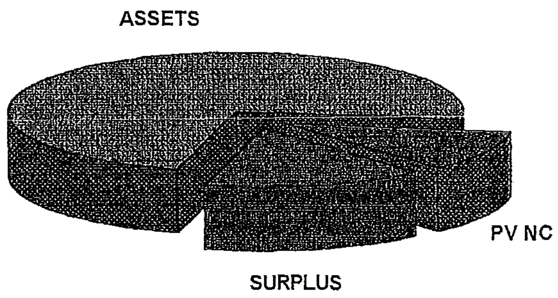
1. Actuarial Present Value of Future Benefits
2. Actuarial Assets
3. Actuarial Cost Method



Actuarial Present Value of Benefits



Actuarial Assets



Actuarial Cost Method

Three Methods of Financing the Unfunded Liability

1. Normal Cost Plus Interest Method

This is the method of valuation that was used in previous reports. It is intended to continue the current provisions of the Article governing the fund in full force and effect on a permanent basis, and in the amount required each year to keep the unfunded liability from increasing if all assumptions are realized.

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

2. Normal Cost Plus 40 Year Amortization Method, used to compute the GASB No. 25 Annual Required Contribution

GASB No. 25 now requires an amortization of the unfunded liability as does ERISA's minimum funding standards which require the initial unfunded liability existing on January 1, 1976 be amortized over a 40 year period. We have calculated the cost of amortizing the existing unfunded liability.

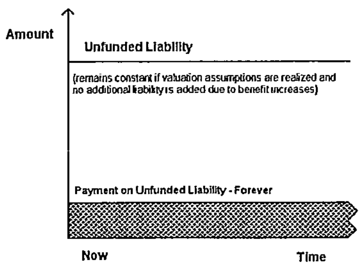
Both of these cost methods, the normal cost plus interest method and the normal cost plus 40 year amortization method, express the past service costs as a level annual dollar amount. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

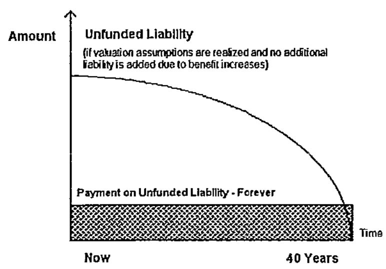
Under both methods, level dollar amounts represent a greater percent of payroll initially and a decreasing percent of payroll as future payrolls increase.

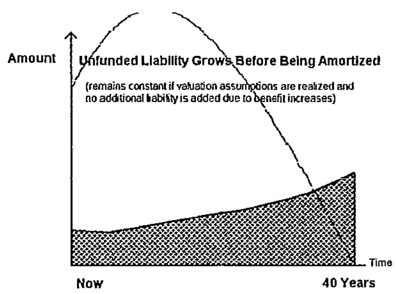
3. Level Annual Percent of Payroll Method

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

This constant percent of payroll method is not an acceptable method under ERISA, but is permitted under GASB No. 25. It may be more acceptable in the future in view of the presumably permanent nature of public retirement systems with a constant flow of new entrants and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers. Please note that if this amount is recomputed each year with the same "open" amortization period, the unfunded liability will never be amortized.







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

Actuarial Assets with Various Amortization Methods	Required 1998 Tax Levy	Ultimate Required Multiple [1]	Unfunded Liability Will [1]	Portion Required for Amortization of Unfunded Liability [1]
1. Normal Cost Plus Interest Only	N/A	N/A	Remain constant at $0	$0
2. GASB No. 25 40-year level dollar amortization	N/A	N/A	Remain constant at $0	$0
3. Normal Cost Plus 40-Year Level % of Payroll Increasing 3% a Year (Inflation Only)	N/A	N/A	Remain constant at $0	$0
4. Present Law	$19,762,000	1.37		

[1] Assuming all valuation assumptions are realized and no future benefit liberalization.

The preceding comparative table shows than no employer contribution is needed under any of the three methods.

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

Actuarially Required Contribution and Employer Required Contribution

Based on the normal cost plus 40 year level dollar open period method of funding of the unfunded liability determined using actuarial assets, we find that the City tax levy for 1998 should not be necessary. This amount is based on an annual payroll (as of December 31, 1997) of $171,175,944 and an active membership of 3,876 persons. The detail is shown in the table that follows. The 1996 results have been restated for consistency using the same GASB method. The estimated employee contributions assume salary increases.

Detail of Annual City Contribution		Last Year Projection for 1997 Old Assumptions	This Year Projection for 1998 New Assumptions	Last Year % of Salary	This Year % of Salary	Last Year Dollars Per Active Member	This Year Dollars Per Active Member
1.	Normal Cost for Current Service	$ 21,544,208	$ 21,761,436	13.28%	12.71%	$ 5,692	$ 5,616
2.	40-Yr Level Dollar Amortization of the Unfunded Liability	(19,019,140)	(23,194,439)	(11.72)%	(13.55)%	(5,025)	(5,984)
3.	Total Actuarial Requirement (1+2)	2,525,068	0	1.56%	0.00%	667	0
4.	Employee Contributions (est)	14,604,916	15,405,835	9.00%	9.00%	3,859	3,975
5.	Employer Actuarial Requirement (3-4)	0	0	0	0	0	0
6.	Expected Net Employer Contribution from Tax Levy of:	19,649,700	19,762,000				
	After a 4% Loss	18,863,712	18,971,520	11.62%	11.08%	4,984	4,895
7.	Expected Net Annual Deficiency (Excess)	$(30,943,560)	$(34,377,355)	(19.07)%	(20.08)%	$ (8,175)	$ (8,869)
8.	Tax Levy Required (Assume 4% Loss)	0	0				
9.	Required Multiple*	0.00	0.00				
10.	Present Authorized Multiple	1.37	1.37				

* No employer contribution is necessary.

The "Illinois Public Employees Pension Laws Commission Impact Statement," appended to this report, illustrates both the present financial position and the direction of the financial condition.

*** Actuarially Required Contribution and Employer Required Contribution, This Fund is Unique as it is Fully Funded, no Employer Contribution is required.**

The actuarial cost method used in this valuation and previous valuations is the entry age normal cost method, which provides the annual cost consisting of:

1. normal cost for current service (including expenses); and
2. an amount to amortize the unfunded accrued liability.

GASB now requires the negative unfunded liability (the surplus) to be amortized and credited against the normal cost. Therefore, under GASB No. 25, no employer contribution for the year would be required as shown above.

Article 5/11-178 of the Illinois Compiled Statutes also provides conditions under which no City contributions are required to be made to the fund.

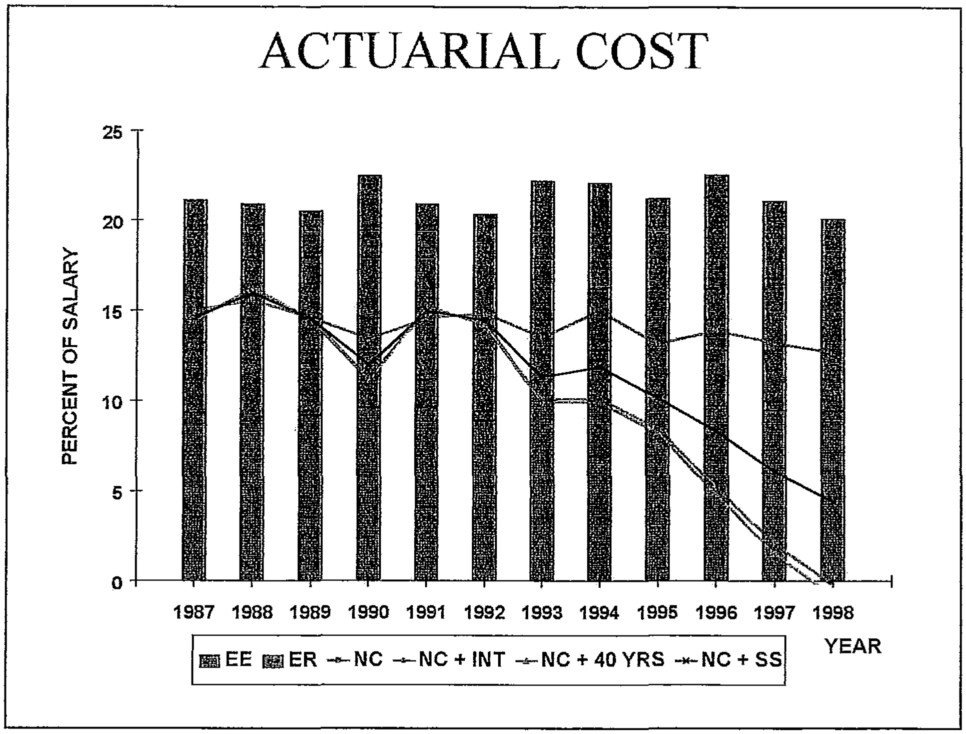
Article 5/11-178 states in part:

" All such contributions shall be credited to the prior service annuity reserve. When the balance of this reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to the applicable mortality tables and rates of interest), the City shall cease to contribute the sum stated in this section."

The present value of annuities as of December 31, 1997, based on the Combined Annuity Mortality Table at an interest rate of 3% (defined in the statute for money purchase annuities), is $2,347,784,237 vs. an actuarial asset value of $1,328,085,799. Since the assets do not exceed the present value of annuities, then contributions should not cease. If the valuation assumptions are used to project a more realistic liability of $1,241,142,213, contributions could cease.

A plan that has characteristics of both a defined benefit pension plan and a defined contribution plan requires careful analysis. If the substance of the plan is to provide a defined benefit in some form, the provisions of this Statement for defined benefit pension plans apply, according to GASB.

The chart illustrates the history of the annual actuarial cost (composed of current service cost, or normal costs, and past service cost), on the three different funding methods, to be paid for by the employee and the employer. The contributions are greater than the actuarial costs.



Detail of Normal Cost	Last Year % of Salary	This Year % of Salary	Last Year $/Active Member	This Year $/Active Member
Retirement Annuity	6.72%	6.34%	$ 2,881	$ 2,798
Post-retirement Annuity Increase	1.41%	1.27%	607	559
Post-retirement Spouse Annuity	0.66%	0.70%	281	307
Spouse Annuity for Death in Service	0.51%	0.38%	220	168
Health Insurance	0.13%	0.11%	52	50
Child's Annuity	0.07%	0.10%	32	42
Ordinary Disability	0.53%	0.59%	227	260
Disability	0.62%	0.39%	266	173
Refunds	1.64%	1.85%	703	818
Expense of Administration	0.80%	0.82%	343	364
Reciprocal Benefits	0.19%	0.17%	80	77
Total	13.28%	12.72%	$ 5,692	$ 5,616

[1] Net of Investment Expense.

Change in the Unfunded Liability

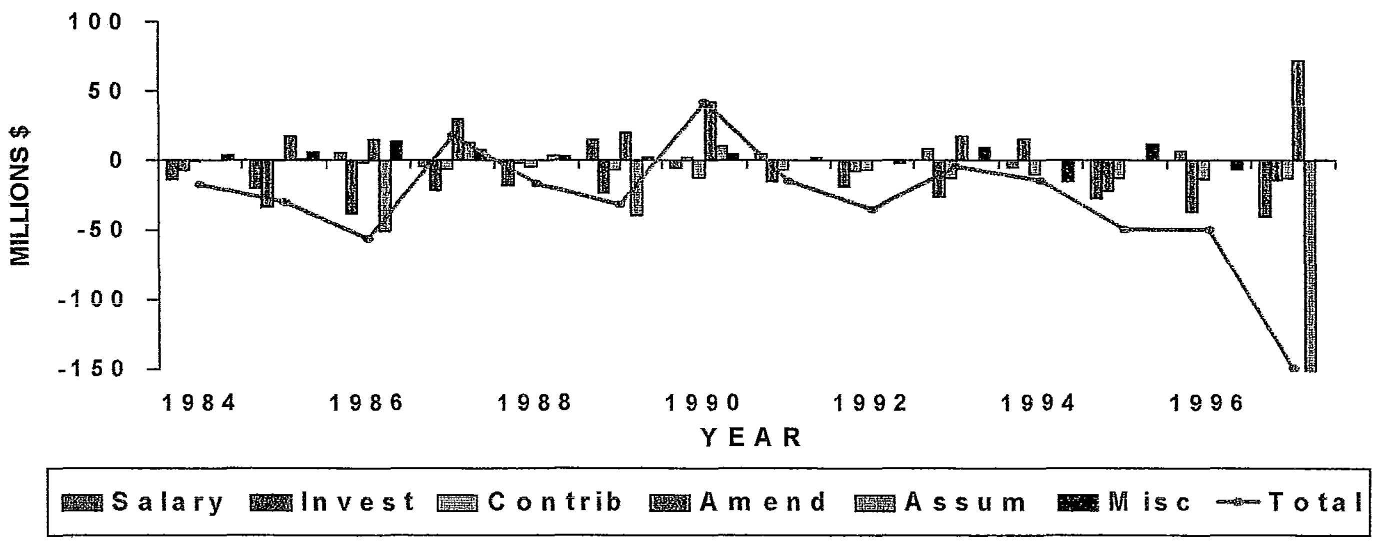
The total unfunded liability (GASB valued actuarial assets), as of December 31, 1997, is $(287,435,265). As of December 31, 1996, the total unfunded liability (book valued assets) was $(138,075,550).

Detail of Change in Unfunded Liability

Detail of Change in Unfunded Liability				
Increase in Salaries under 5.0% Assumed		$	(40,624,317)	Decrease
Investment Yield over 8.0% Assumed			(14,097,083)	Decrease
Annual Contribution:				
1997 Normal Cost plus Interest Only	$ 21,544,208			
Less Employer Net to Fund 1997 Tax Levy	19,328,981			
Less Employee Contributions for 1997	15,332,208	$	(13,116,981)	Decrease
Miscellaneous Experience:				
Retirement, Death, Withdrawal			1,160,373	Increase
Changes in Asset Valuation Method			(123,646,501)	Decrease
Change in Assumptions: Salary Scale			(49,977,814)	Decrease
Change in Assumptions: Mortality			19,144,297	Increase
Amendments: Health Insurance, Ad hoc minimums			71,798,312	Increase
Net Change in Unfunded Liability		$	(149,359,714)	Decrease

See the historical tabulation in the back of this report.

Change in the Unfunded Liability



Funded Ratio

The ratio of assets to accrued liabilities (GASB valued actuarial assets) is 127.62% as of December 31, 1997, and (book valued assets) was 114.74% as of December 31, 1996. This ratio represents the extent to which present and future benefit promises are secured by present assets.

Ratio of Active Employees to Annuitants and Beneficiaries

The ratio of active employees to annuitants and beneficiaries is 0.95 as of December 31, 1997, and was 0.91 as of December 31, 1996. This ratio illustrates the relationship between the contributors and the beneficiaries.

Termination Liability

A measure of plan funding is a comparison of the assets to liabilities for present annuitants and the amount of refundable contributions for active and inactive employees. This amount would be a minimum measure of the cost to terminate the plan as of the valuation date. Beginning in 1994 the ordinary and duty disability benefits are valued as lifetime benefits and are included with the retired liability. Their salary deductions have not been included with the active members

Termination Liability	1996	1997
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	$ 405,010,948	$ 455,856,814
Salary Deductions Contributed by Active Fund Members (with Interest)	187,040,430	199,007,766
Total	592,051,378	654,864,580
Actuarial Asset Value	1,172,316,925	1,328,085,799
Excess Upon Termination	$ 580,265,547	$ 673,221,219
Quick Ratio	198.01%	202.80%

GASB Disclosure

GASB No. 25 requires the financial statements to include a "Statement of Net Assets" and a "Statement of Changes In Plan Assets".

GASB No. 25 requires supplementary information to include a "Schedule of Funding Progress" and a "Schedule of Employer Contributions" containing the pension disclosure information.

Schedule of Funding Progress Restated to Actuarial Asset Values for GASB No. 25

Year	Actuarial Assets (GASB)	Actuarial Accrued Liability	Percentage Funded	Unfunded (Surplus) Actuarial Accrued Liability	Annual Covered Payroll	Unfunded (Surplus) as a % of Covered Payroll
1996	$1,172,316,925	$ 936,623,719	125.16%	$(235,693,206)	$162,276,840	(145.24%)
1997 [a,b]	$1,328,085,799	$1,040,650,534	127.62%	$(287,435,265)	$171,175,944	(167.92%)

[a] Change in actuarial assumptions. [b] Change in benefits.

Employer Required Contributions

Year	Employer Required Contribution, Normal Cost Plus 40 Year Level Dollar Amortization (ARC)	Required Statutory Basis[1]	Actual[2]	Percent of ARC Contributed
1996	$ 0	$ 19,242,432	$ 19,623,717	N/A
1997	$ 0	$ 18,863,712	$ 19,328,981	N/A

[1] Tax levy after 4% overall loss. [2] Net tax levy plus miscellaneous.

Please refer to the GASB section in Exhibit V of this report.

The Future

A continuous review of the Fund's operating experience is needed, just as it has been needed in the past. The rates of salary increases, rates of retirement and investment earnings are of critical importance in cost estimates. Costs will need to be adjusted as these factors vary.

For example, for every $1 increase in salary over the 5% increases assumed in the salary scale, the unfunded liability will be increased by about $3.42. This will be in addition to the additional current annual service cost for every dollar in salary over the 5% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 8.0% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

The disadvantage of funding methods that use the level percent of payroll funding of past service is that the unfunded liability will continually increase if salaries continue at the predicted rates and if the amortization period is reestablished each year. Subject to projections of contributions and disbursements for potential cash flow problems, the level percent of payroll method would appear to provide a long-range level funding method on a minimum funding basis.

Respectfully submitted,

Donald P. Campbell, F.S.A., M.C.A., M.A.A.A.
Enrolled Actuary No. 96-1498

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

Actuarial Balance Sheet

as of

December 31, 1997

Assets and Liabilities

ASSETS

Actuarial Balance Sheet as of December 31, 1997

	Book	Market
Invested Cash	$ **90,099,296.48**	$ **90,099,296.48**
Investments		
Bonds - Par Value	608,169,082.39	627,518,761.50
Bonds - Premium/Discount	8,039,155.35	0.00
Common and Preferred Stocks	442,745,388.86	625,035,037.75
Venture Capital	11,226,500.00	14,240,380.00
Real Estate	20,617,520.85	21,326,181.00
Reserve for Trust Account Loss	(1,689,033.00)	0.00
Total Investments	**1,089,108,614.45**	**1,288,120,360.25**
Invested Securities Lending Collateral	**355,277,379.00**	**355,277,379.00**
Interest Receivable		
Accrued Interest	7,784,655.28	7,784,655.28
Accrued Dividends	770,538.54	770,538.54
Total Interest Receivable	**8,555,193.82**	**8,555,193.82**
Taxes Receivable (See Exhibit D)		
Tax Extension	18,269,718.29	18,269,718.29
Replacement Tax from State	2,750,000.00	2,750,000.00
Less Estimate for Loss on Collection	2,097,743.75	2,097,743.75
Net Taxes Receivable	**18,921,974.54**	**18,921,974.54**
Other Accounts Receivable		
Salary Deductions Accrued	1,110,586.46	1,110,586.46
Active Employee Accounts	265,702.45	265,702.45
Inactive Employee Accounts	79,135.45	79,135.45
Miscellaneous Account Receivable	384.09	384.09
Total Accounts Receivable	**1,455,808.45**	**1,455,808.45**
Other Assets		
Furniture and Equipment	180,952.72	180,952.72
Accumulated Depreciation	(138,132.93)	(138,132.93)
Prepaid Insurance	571.25	571.25
Total Other Assets	**43,391.04**	**43,391.04**
Gross Ledger Assets	**1,563,461,657.78**	**1,762,473,403.58**
Less Accounts Payable		
Investment Manager Fees Payable	454,031.53	454,031.53
Miscellaneous Employee Accounts	1,335,298.22	1,335,298.22
Professional Fees Payable	42,156.15	42,156.15
Due to Broker	1,913,495.27	1,913,495.27
Securities Lending Liability	355,277,379.00	355,277,379.00
Total Accounts Payable	**359,022,360.17**	**359,022,360.17**
Net Ledger Assets	**$ 1,204,439,297.61**	**$ 1,403,451,043.41**

LIABILITIES AND FUND BALANCES Actuarial Balance Sheet as of December 31, 1997	Book	Market
Annuity Payment Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	$ 106,072,207.80	$ 106,072,207.80
Spouse Annuitants	39,466,918.08	39,466,918.08
Spouses' Annuities Fixed	34,192,360.19	34,192,360.19
Total Annuity Payment Fund	**179,731,486.07**	**179,731,486.07**
Salary Deduction Fund Account		
Employees	154,173,308.49	154,173,308.49
Spouses of Employees	35,432,663.87	35,432,663.87
Total Salary Deduction Fund	**189,605,972.36**	**189,605,972.36**
City Contribution Fund Account		
Employees	142,628,281.24	142,628,281.24
Spouses of Employees	47,364,370.24	47,364,370.24
Total City Contribution Fund	**189,992,651.48**	**189,992,651.48**
Other Reserves		
Supplementary Payment Reserve	78,782.47	78,782.47
Annuity Payment Fund Account	0.00	0.00
Total Other Reserves	**78,782.47**	**78,782.47**
Prior Service Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	278,184,225.84	278,184,225.84
Spouse Annuitants	36,737,946.84	36,737,946.84
Spouses' Annuities Fixed	28,540,629.73	28,540,629.73
Salary Deductions 3% Annuity	16,114,064.33	16,114,064.33
Estimated Excess Liability (Note 1)	121,664,775.88	121,664,775.88
Total Prior Service Fund Account	**481,241,642.62**	**481,241,642.62**
Total Liabilities	**1,040,650,535.00**	**1,040,650,535.00**
Obligations of Fund for Prior Service Liabilities[1]	**163,788,762.61**	**362,800,508.41**
Total Net Liabilities and Fund Balances December 31, 1997	**$ 1,204,439,297.61**	**$ 1,403,451,043.41**

[1] The attached letter of transmittal describes how this liability was determined.

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

Income - Year 1997

Income and Expenditures

INCOME FOR YEAR OF 1997

	Book	Market
Salary Deductions		
Total Contributions by Employee		
Employee	$ 10,799,296.93	$ 10,799,296.93
Spouse	2,492,143.02	2,492,143.02
Automatic Increase	830,420.95	830,420.95
Temporary Service Payments	297,623.19	297,623.19
Military Service	4,056.72	4,056.72
Miscellaneous Accounts Receivable	30,058.96	30,058.96
Other Service Payments	15,154.45	15,154.45
Ordinary Disability Deductions in Lieu	208,565.18	208,565.18
Total	**14,677,319.40**	**14,677,319.40**
Laborers' Service Payments	194,474.64	194,474.64
Total Contributed by Employee	**14,871,794.04**	**14,871,794.04**
Total Contributed by City for:		
Duty Disability Deductions in Lieu	460,413.56	460,413.56
Total Salary Deductions	**15,332,207.60**	**15,332,207.60**
City Contributions[1]		
Employees	10,917,667.62	10,917,667.62
Spouses of Employees	3,637,659.60	3,637,659.60
Child's Annuity Payment Fund	162,940.00	162,940.00
Ordinary Disability Fund	1,213,865.39	1,213,865.39
Duty Disability Fund	1,208,235.17	1,208,235.17
Expense Fund	1,430,067.65	1,430,067.65
Health Insurance Fund	1,496,482.50	1,496,482.50
Interest on Income	206,928.52	206,928.52
Prior Service Annuity Fund	(1,469,511.45)	(1,469,511.45)
Total City Contributions	**18,804,335.00**	**18,804,335.00**
Investment Income		
Interest on Bonds	43,178,966.44	43,178,966.44
Dividends	8,115,865.84	8,115,865.84
Income on Venture Capital	83,415.00	83,415.00
Real Estate Investment Income	3,743,786.03	3,743,786.03
Gain (Loss) on Sale of Bonds	6,826,768.15	6,826,768.15
Gain (Loss) on Sale of Stocks	93,171,564.84	93,171,564.84
Gain (Loss) on Sale of Real Estate	(2,042,594.16)	(2,042,594.16)
Gain (Loss) on Sale of Venture Capital	985,862.00	985,862.00
Amortization	1,446,705.68	0.00
Unrealized gain on investments	0.00	63,389,589.74
Less: Investment Custodial Fees	(207,635.80)	(207,635.80)
Less: Investment Management Fees	(3,431,317.89)	(3,431,317.89)
Net Investment Income	**151,871,386.13**	**213,814,270.19**
From Securities Lending Activities		
Securities Lending Income	16,399,817.00	16,399,817.00
Less: Securities Lending Rebates	(15,634,653.00)	(15,634,653.00)
Less: Securities Lending Management Fees	(229,628.90)	(229,628.90)
Net Income from Securities Lending Activities	**535,535.10**	**535,535.10**
Net Investment Income	**152,406,921.23**	**214,349,805.29**
Interest On Real Estate Taxes	**8,613.66**	**8,613.66**
Miscellaneous Income	**27,586.05**	**27,586.05**
Total Income Forwarded	**$ 186,579,663.54**	**$ 248,522,547.60**

[1] 1997 taxes of $16,895,000 City and $4,300 Park less 5% for loss of collection of $844,965 plus replacement tax from State of $2,750,000.

EXPENDITURES FOR YEAR 1997	Book	Market
Total Income Forwarded	**$ 186,579,663.54**	**$ 248,522,547.60**
Annuities and Benefits Paid		
Employee Annuities	40,529,671.81	40,529,671.81
Spouse Annuities	8,165,380.47	8,165,380.47
Children's Annuities	162,940.00	162,940.00
Ordinary Disability	1,213,865.39	1,213,865.39
Duty Disability	1,208,235.17	1,208,235.17
Supplementary Payments	11,292.48	11,292.48
Hospitalization Benefit Payments	1,496,482.50	1,496,482.50
Total Benefits	**52,787,867.82**	**52,787,867.82**
Reciprocal Act Reimbursement	(3,616.68)	(3,616.68)
Net Benefits Paid	**52,784,251.14**	**52,784,251.14**
Operating Expense		
Salaries		
Employees	581,343.72	581,343.72
Payroll taxes	10,013.53	10,013.53
Group Health Insurance	85,542.14	85,542.14
Life Insurance	2,850.65	2,850.65
Services:		
Actuarial consulting	16,119.43	16,119.43
Annuity computation and certification	211,941.21	211,941.21
Employee accounts and data processing	70,356.71	70,356.71
Check production	57,266.10	57,266.10
Legal expense	48,139.00	48,139.00
Medical expense	30,264.00	30,264.00
Auditing	25,293.00	25,293.00
Consulting	8,488.00	8,488.00
Conference, membership and education	14,596.01	14,596.01
Election	560.30	560.30
Printing and stationery	34,077.75	34,077.75
Office supplies and equipment	15,945.31	15,945.31
Postage	28,279.29	28,279.29
Rent and electricity	118,969.27	118,969.27
Telephone	5,146.97	5,146.97
Depreciation expense	32,877.20	32,877.20
Miscellaneous	5,467.76	5,467.76
Expenses	**1,403,537.35**	**1,403,537.35**
Litigation Expense	5,549.00	5,549.00
Net Expenses	**1,409,086.35**	**1,409,086.35**
Refunds	**3,171,093.20**	**3,171,093.20**
Total Expenditures	**57,364,430.69**	**57,364,430.69**
Excess Income Over Expenditures	**129,215,232.85**	**191,158,116.91**
Net Change in Reserve for Loss and Cost of Collecting Taxes Receivable for Prior Years	**488,446.14**	**488,446.14**
Net Change In Reserve For Payable And Receivables	**36,349.27**	**36,349.27**
Increase in Net Assets for Year	**$ 129,740,028.26**	**$ 191,682,912.32**

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

Comparative Analysis - Year 1997

Assets and Liabilities

COMPARATIVE ANALYSIS - ASSETS (at market value)	1996	1997	Increase (Decrease)
Cash and Equivalents	**$ 70,229,222.14**	**$ 90,099,296.48**	**$ 19,870,074.34**
Investments			
Bonds	558,739,789.00	627,518,761.50	68,778,972.50
Stocks	525,983,366.00	625,035,037.75	99,051,671.75
Real Estate	27,589,507.00	21,326,181.00	(6,263,326.00)
Venture Capital	15,446,364.00	14,240,380.00	(1,205,984.00)
Total Investments	**1,127,759,026.00**	**1,288,120,360.25**	**160,361,334.25**
Securities Lending Collateral	**257,396,034.00**	**355,277,379.00**	**97,881,345.00**
Interest Receivable:			
Accrued Interest	6,841,467.43	7,784,655.28	943,187.85
Accrued Dividends	737,397.58	770,538.54	33,140.96
Total Investment Income Receivable	**7,578,865.01**	**8,555,193.82**	**976,328.81**
Accounts Receivable - Taxes			
Tax Extension (City & Park)	18,904,221.64	18,269,718.29	(634,503.35)
Replacement Tax From State	2,805,000.00	2,750,000.00	(55,000.00)
Less: Est. for Loss on Collection	2,012,374.01	2,097,743.75	85,369.74
Net Taxes Receivable	**19,696,847.63**	**18,921,974.54**	**(774,873.09)**
Other Accounts Receivable			
Salary Deductions Accrued	702,820.36	1,110,586.46	407,766.10
Active Employee Accounts	255,360.76	265,702.45	10,341.69
Inactive Employee Accounts	89,725.26	79,135.45	(10,589.81)
Miscellaneous Accounts Receivable	1,530.42	384.09	(1,146.33)
Total Fixed Assets	**1,049,436.80**	**1,455,808.45**	**406,371.65**
Other Assets			
Furniture	155,844.82	180,952.72	25,107.90
Accumulated Depreciation	(107,824.73)	(138,132.93)	(30,308.20)
Prepaid Expenses	1,142.50	571.25	(571.25)
Deferred Compensation Plan	114,500.76	0.00	(114,500.76)
Net Other Assets	**163,663.35**	**43,391.04**	**(120,272.31)**
Gross Ledger Assets	**1,483,873,094.93**	**1,762,473,403.58**	**278,600,308.65**
Less Accounts Payable			
Investment Manager Fees	525,528.17	454,031.53	(71,496.64)
Miscellaneous Employee Accounts	1,255,487.37	1,335,298.22	176,590.20
Professional Fees	21,274.27	42,156.15	20,881.88
Due to Broker	12,792,139.27	1,913,495.27	(10,878,644.00)
Deferred Compensation Trust Fund	114,500.76	0.00	(114,500.76)
Securities Lending Liability	257,396,034.00	355,277,379.00	97,881,345.00
Total Accounts Payable	**272,104,963.84**	**359,022,360.17**	**86,917,396.33**
Total Net Ledger Assets	**$ 1,211,768,131.09**	**$ 1,403,451,043.41**	**$ 191,682,912.32**

COMPARATIVE ANALYSIS - LIABILITIES AND FUND BALANCES			
Liability Reserves	**1996**	**1997**	**Increase (Decrease)**
Annuity Payment Fund			
Employee Annuitants	$ 107,517,068.28	$ 106,072,207.80	$ (1,444,860.48)
Spouse Annuitants	37,580,145.84	39,466,918.08	1,886,772.24
Spouses' Annuities Fixed	34,059,211.83	34,192,360.19	133,148.36
Total Annuity Payment Fund	**179,156,425.95**	**179,731,486.07**	**575,060.12**
Salary Deduction Fund Account			
Employees	144,698,296.67	154,173,308.49	9,475,011.82
Spouses of Employees	33,223,896.54	35,432,663.87	2,208,767.33
Total Salary Deduction Fund	**177,922,193.21**	**189,605,972.36**	**11,683,779.15**
City Contribution Fund Account			
Employees	133,895,379.33	142,628,281.24	8,732,901.91
Spouses of Employees	44,423,639.68	47,364,370.24	2,940,730.56
Total City Contribution Fund	**178,319,019.01**	**189,992,651.48**	**11,673,632.47**
Other Reserves			
Supplementary Payment Reserve	90,074.95	78,782.47	(11,292.48)
Annuity Payment Fund Account	0.00	0.00	0.00
Total Other Reserves	**90,074.95**	**78,782.47**	**(11,292.48)**
Prior Service Fund Account			
Employee Annuitants	272,553,292.92	278,184,225.84	5,630,932.92
Spouse Annuitants	18,947,857.20	36,737,946.84	17,790,089.64
Spouses' Annuities Fixed	14,613,345.13	28,540,629.73	13,927,284.60
Salary Deductions 3% Annuity Increase	15,144,884.64	16,114,064.33	969,179.69
Estimated Excess Liability	79,876,626.48	121,664,775.88	41,788,149.40
Total Prior Service Fund Account	**401,136,006.37**	**481,241,642.62**	**80,105,636.25**
Total Liabilities	**936,623,719.49**	**1,040,650,535.00**	**104,026,815.51**
Unfunded Obligations	**275,144,411.60**	**362,800,508.41**	**87,656,096.81**
Total Net Liabilities	**$ 1,211,768,131.09**	**$1,403,451,043.41**	**$ 191,682,912.32**

TAXES RECEIVABLE

December 31, 1997

Year	Uncollected Taxes 12/31/97	Estimate for Loss 12/31/96	Additional Est. Setup 12/31/97	Total Est. for Loss 12/31/97	Taxes Collectible 12/31/97
City					
1993	$ 276,266.68	$ (242,855.43)	$ (33,411.25)	$ (276,266.68)	$ 0.00
1994	211,074.25	(181,514.15)	(25,760.76)	(207,274.91)	3,799.34
1995	256,950.61	(483,120.00)	231,308.40	(251,811.60)	5,139.01
1996	625,410.45	(861,600.00)	344,640.00	(516,960.00)	108,450.45
1997	16,895,000.00	(0.00)	(844,750.00)	(844,750.00)	16,050,250:00
Total City	$ 18,264,701.99	$ (1,769,089.58)	$ (327,973.61)	$ (2,097,063.19)	$ 6,167,638.80
Park					
1993	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1994	0.00	(600.00)	600.00	0.00	0.00
1995	120.56	(475.00)	354.44	(120.56)	0.00
1996	595.74	(345.00)	0.00	(345.00)	250.74
1997	4,300.00	0.00	(215.00)	(215.00)	4,085.00
Total Park	$ 5,016.30	$ (1,420.00)	$ 739.44	$ (680.56)	$ 4,335.74
Total City and Park	$ 18,269,718.29	$ (1,770,509.58)	$ (327,234.17)	$ (2,097,743.75)	$ 16,171,974.54
			Replacement Tax Due from State	1997	$ 2,750,000.00
					$ 18,921,974.54

Note: The loss on the 1997 tax levy was 5%. Due to the 100% collection of the personal property replacement tax, the overall loss is 4%. The statutory requirement of $19,649,300.00 is the sum of $16,895,000.00 City and $4,300.00 Park plus $2,750,000.00. For 1998, the tax levy of $19,762,000.00 is assumed to have a 4% loss.

Total City Contributions from Tax Levy = $18,804,335.00 (see Income page).

MEMBERSHIP STATISTICS
Year 1997

Changes in Active Participants	Number at Beginning of Year	New	Increases Inactive to Active	Total	Decreases	Number at End of Year
Males	3,524	79	158	237	211	3,550
Females	261	43	34	77	12	326
Total	3,785	122	192	314	223	3,876
Changes in Inactive Participants						
Males	1,577	180	107	287	274	1,590
Females	131	52	5	57	47	141
Total	1,708	232	112	344	321	1,731

Changes in Annuitants and Beneficiaries	Number at Beginning of Year	Increases	Decreases	Number at End of Year
Employee Annuitants	2,378	74	156	2,296
Spouse Annuitants	1,374	77	86	1,365
Child Annuities	74	9	10	73
Ordinary Disability Benefits	38	122	106	54
Duty Disability Benefits	109	320	338	91
Reciprocal:				
Employee [1]	159	10	8	161
Spouse	43	6	1	48
Total	4,175	618	705	4,088
Ratio of Active Participants to Annuitants and Beneficiaries	0.91			0.95

[1] Includes Revisionary Beneficiaries

SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 1997

Age	Number	Annual Salaries	Average Annual Salary
Male			
Under 20	3	$ 133,152	$ 44,384
20-24	70	2,541,192	36,303
25-29	160	6,953,856	43,462
30-34	306	13,419,288	43,854
35-39	534	24,103,512	45,138
40-44	702	31,925,088	45,477
45-49	585	26,666,856	45,584
50-54	425	19,310,352	45,436
55-59	395	18,262,704	46,235
60-64	222	9,544,128	42,992
65-69	94	4,210,440	44,792
70 +	54	2,383,128	44,132
Without Record	0	0	0
Total Male	3,550	$ 159,453,696	$ 44,917
Female			
Under 20	1	$ 24,960	$ 24,960
20-24	35	722,112	20,632
25-29	28	996,408	35,586
30-34	40	1,639,272	40,982
35-39	54	2,233,632	41,364
40-44	54	2,198,064	40,705
45-49	40	1,599,192	39,980
50-54	19	697,536	36,712
55-59	22	776,520	35,296
60-64	15	435,552	29,037
65-69	12	260,616	21,718
70 +	5	98,928	19,786
Without Record	1	39,456	39,456
Total Female	326	$ 11,722,248	$ 35,958
Male and Female	3,876	$ 171,175,944	$ 44,163

SALARY AND AGE STATISTICS
Year 1997

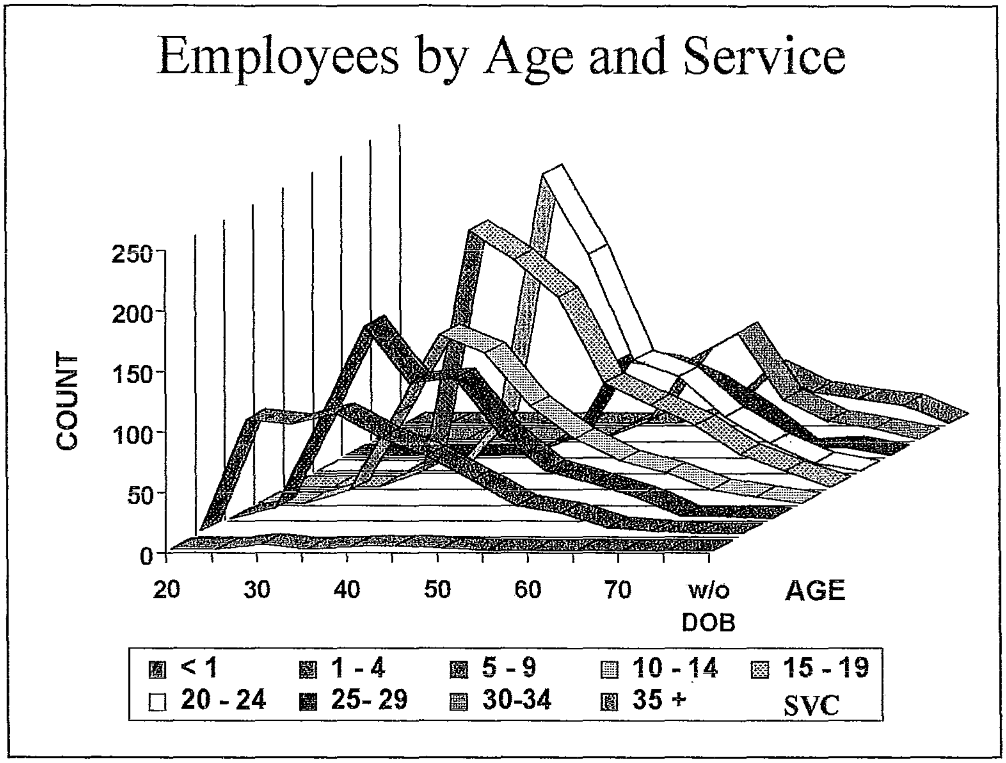
Ages at Entrance

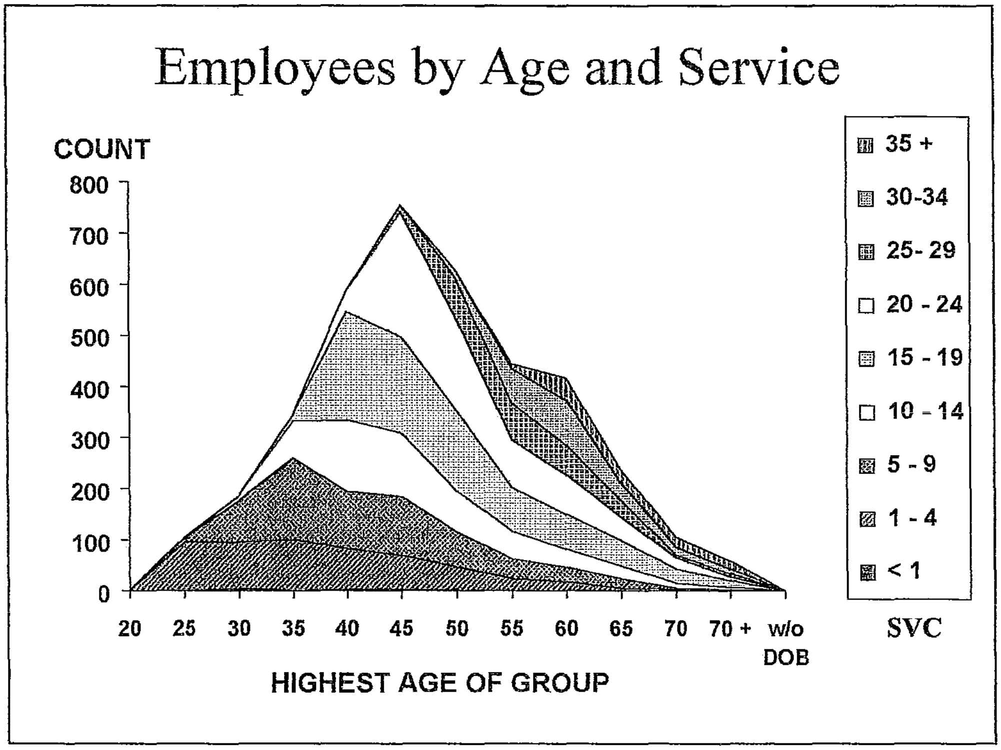
	Male			Female		
Age	Number	Annual Salaries		Number	Annual Salaries	
Under 25	1,364	$	63,150,024	93	$	2,942,760
25-29	781		35,443,344	52		2,007,816
30-34	560		24,643,968	67		2,593,320
35-39	345		15,058,656	48		1,759,680
40-44	251		10,743,480	32		1,202,928
45-49	130		5,491,128	19		758,496
50-54	75		3,111,384	8		253,416
55-59	35		1,426,776	4		111,312
60-64	9		384,936	1		39,456
65 +	0		0	1		13,608
W/O Record	0		0	1		39,456
Totals	3,550	$	159,453,696	326	$	11,722,248
Average Annual Salary		$	44,917		$	35,958
Average Attained Age			45.4			40.9
Average Service			16.3			9.1
Average Age at Entrance			29.1			31.8

AGE AND SERVICE DISTRIBUTION - ACTIVES
Year 1997

Average Salaries by Age and Service Grouping (Showing the Number of Active Members and the Average Salaries of Male and Female Combined)

	Years of Service									
Age	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
< 20	1	3								4
	$47,208	$36,968								$39,528
20-24	1	95	9							105
	$46,488	29,448	$46,584							$31,079
25-29	5	91	82	10						188
	$46,488	41,638	$42,976	$40,466						$42,289
30-34	1	100	159	73	13					346
	$39,456	$42,384	$43,293	$45,076	$46,663					$43,522
35-39	3	80	112	139	212	42				588
	$44,384	$42,810	$42,855	$43,512	$46,769	$48,005				$44,791
40-44	4	65	116	124	188	245	14			756
	$51,372	$41,342	$42,530	$43,920	$46,390	$46,637	$50,234			$45,136
45-49	2	45	69	80	157	179	78	15		625
	$46,848	$41,049	$41,423	$42,242	$45,781	$47,320	$47,365	$49,024		$45,226
50-54		24	40	53	86	92	73	67	9	444
		$41,723	$42,749	$39,807	$43,989	$45,437	$48,467	$48,499	$48,448	$45,063
55-59		18	29	35	68	78	57	88	44	417
		$37,763	$41,382	$42,236	$43,423	$45,993	$46,397	$49,053	$49,539	$45,658
60-64		6	18	25	51	45	33	33	26	237
		$35,660	$39,233	$39,569	$41,543	$44,957	$42,053	$40,662	$46,114	$42,108
65-69		3	2	11	27	23	5	15	20	106
		$45,976	$42,192	$39,393	$42,195	$43,823	$36,259	$35,445	$47,764	$42,180
70+		1	2	5	13	7	7	9	15	59
		$13,608	$36,384	$36,955	$45,319	$44,259	$50,074	$39,853	$40,182	$42,069
w/o		1								1
DOB		$39,456								$39,456
Number	17	532	638	555	815	711	267	227	114	3,876
Salary	$46,937	$39,438	$42,620	$42,818	$45,415	$46,443	$46,817	$46,404	$47,129	$44,163
Age	33.8	34.9	39.0	43.4	46.4	48.3	53.1	56.8	62.0	45.0
Service	8.0	3.0	7.0	11.9	17.3	21.6	26.6	31.7	38.3	15.7


Employees by Age and Service
COUNT
250
200
150
100
50
0
20
30
40
50
60
70
w/o DOB
AGE
< 1
1 - 4
5 - 9
10 - 14
15 - 19
20 - 24
25- 29
30-34
35 +
SVC


Employees by Age and Service
COUNT
800
700
600
500
400
300
200
100
0
20
25
30
35
40
45
50
55
60
65
70
70 +
w/o DOB
HIGHEST AGE OF GROUP
35 +
30-34
25- 29
20 - 24
15 - 19
10 - 14
5 - 9
1 - 4
< 1
SVC

AGE AND SERVICE DISTRIBUTION - INACTIVES
Year 1997

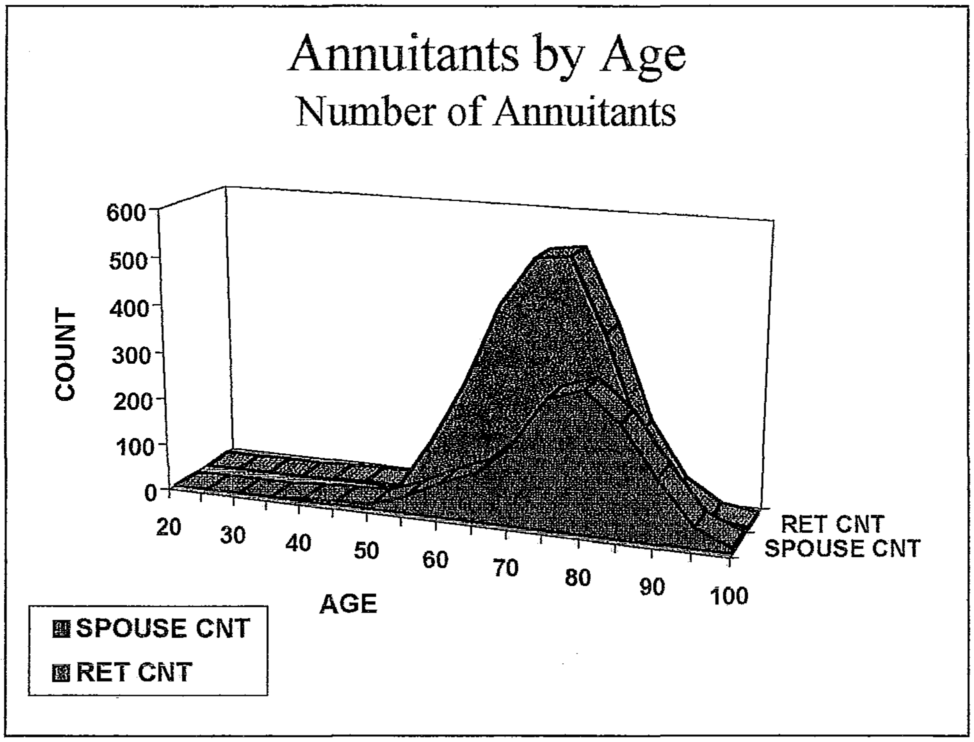
Average Salaries by Age and Service Grouping (Showing the Number of Inactive Members and the Average Salaries of Male and Female Combined)

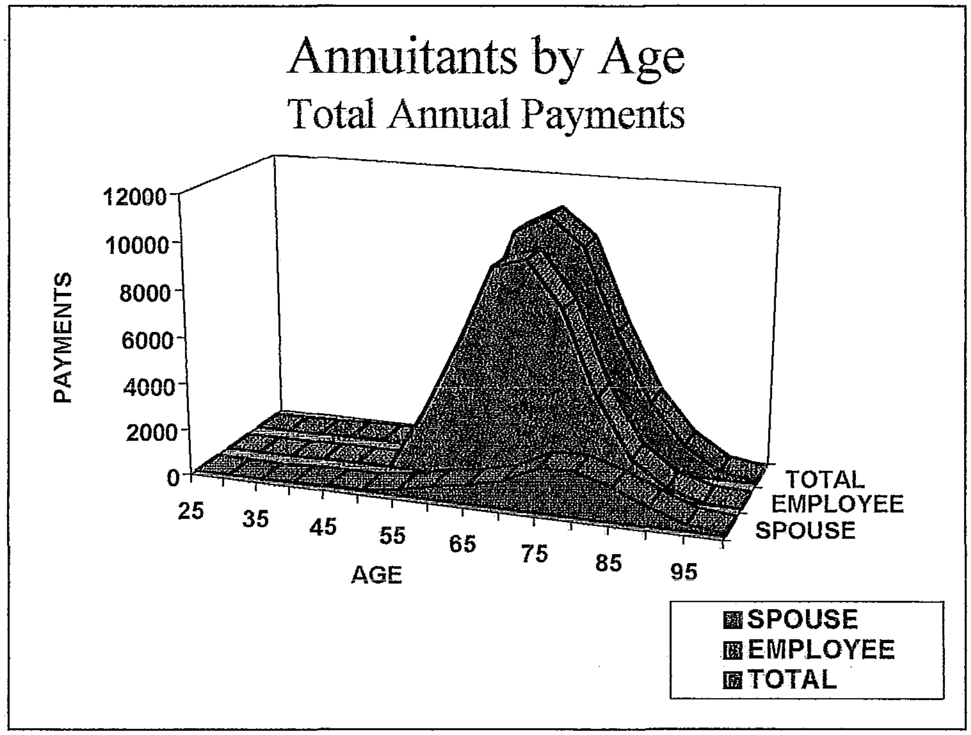
	Years of Service									
Age	**< 1**	**1-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
< 20	19	2								21
	$46,360	$46,488								$46,373
20-24	28	74								102
	$21,865	$34,997								$31,392
25-29	33	80	4							117
	$14,583	$28,824	$34,764							$25,010
30-34	90	64	12	3	2					171
	$5,258	$25,616	$27,600	$15,496	$23,868					$14,843
35-39	247	96	16	11	14					384
	$1,768	$15,275	$10,916	$18,277	$18,965					$6,626
40-44	161	102	17	13	12	19				324
	$2,783	$13,092	$17,722	$12,070	$17,270	$24,599				$9,001
45-49	105	59	9	7	9	14	8	1		212
	$1,704	$12,825	$12,979	$33,600	$27,605	$7,315	$32,148	$0		$8,942
50-54	44	41	10	11	8	8	9	7	1	139
	$2,655	$6,663	$4,493	$8,036	$11,754	$17,400	$13,576	$24,185	$42,120	$7,843
55-59	19	34	8	2	4	4	3	1		75
	$0	$6,285	$0	$38,964	$36,048	$40,434	$8,968	$0		$8,326
60-64	26	19	4	4	5	4	1		1	64
	$0	$2,447	$0	$9,474	$14,112	$16,728	$0		$0	$3,467
65-69	19	13	4		1	4	3	1		45
	$0	$6,491	$23,244		$47,640	$21,774	$13,152	$0		$7,812
70+	23	24	8	9	2	4	3	1		74
	$1,110	$1,872	$0	$0	$0	$0	$0	$0		$952
w/o	1	2								3
DOB	$0	$23,244								$15,496
Number	815	610	92	60	57	57	27	11	2	1,731
Salary	$4,483	$17,862	$13,053	$14,064	$19,743	$17,978	$16,508	$15,390	$21,060	$11,208
Age	41.1	40.0	47.1	50.5	47.0	51.0	55.8	56.8	56.5	42.3
Service	0.5	1.8	6.8	11.8	16.9	21.4	27.0	31.3	35.0	3.6

ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 1997

Retirement Annuities (Including Reciprocal)

Age	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
Employee Annuitants						
30-34	1	$ 6,600	$ 6,600	0	$ 0	$ 0
35-39	0	0	0	0	0	0
40-44	2	15,396	7,698	0	0	0
45-49	5	35,057	7,011	0	0	0
50-54	3	24,351	8,117	1	6,600	6,600
55-59	106	2,526,500	23,835	6	101,154	16,859
60-64	232	5,417,353	23,351	14	240,196	17,157
65-69	365	8,485,525	23,248	51	609,453	11,950
70-74	426	8,603,124	20,195	92	928,340	10,091
75-79	372	6,193,065	16,648	156	1,410,270	9,040
80-84	209	2,771,720	13,262	165	1,288,644	7,810
85-89	85	968,667	11,396	91	627,283	6,893
90-94	19	233,992	12,315	41	282,310	6,886
95-99	3	15,159	5,053	10	66,000	6,600
100+	0	0	0	2	13,200	6,600
Totals	1,828	$ 35,296,509	$ 19,309	629	$ 5,573,450	$ 8,861
Average Age			71			78
Spouse Annuitants (Not Including Compensation)						
20-24	0	$ 0	$ 0	1	$ 1,200	$ 1,200
25-29	0	0	0	1	6,000	6,000
30-34	0	0	0	1	6,000	6,000
35-39	1	6,000	6,000	6	36,000	6,000
40-44	0	0	0	9	57,563	6,396
45-49	0	0	0	11	71,343	6,486
50-54	0	0	0	38	241,461	6,354
55-59	0	0	0	75	585,999	7,813
60-64	0	0	0	104	810,931	7,797
65-69	2	12,000	6,000	165	1,145,820	6,944
70-74	9	54,000	6,000	263	1,851,859	7,041
75-79	6	37,896	6,316	292	1,895,548	6,492
80-84	8	49,496	6,187	230	1,415,362	6,154
85-89	0	0	0	135	821,189	6,083
90-94	0	0	0	44	261,568	5,945
95+	0	0	0	12	72,000	6,000
Totals	26	$ 159,391	$ 6,130	1,387	$ 9,279,843	$ 6,691
Average Age			74			73


Annuitants by Age
Number of Annuitants
COUNT
600
500
400
300
200
100
0
20
30
40
50
60
70
80
90
100
AGE
RET CNT
SPOUSE CNT
SPOUSE CNT
RET CNT


Annuitants by Age
Total Annual Payments
PAYMENTS
12000
10000
8000
6000
4000
2000
0
25
35
45
55
65
75
85
95
AGE
TOTAL
EMPLOYEE
SPOUSE
SPOUSE
EMPLOYEE
TOTAL

HEALTH INSURANCE SUPPLEMENT
CLASSIFIED BY AGE AS OF DECEMBER 31, 1997

Age	Single Coverage	Family Coverage	Total Participants	Total Non-Participants	Total Annuitants	% Part/ Annuitants
Retirement Annuitants						
30-39	1	0	1	0	1	100.00%
40-49	3	2	5	2	7	71.43%
50-59	32	46	78	38	116	67.24%
60-69	207	293	500	162	662	75.53%
70-79	362	386	748	298	1,046	71.51%
80-89	210	111	321	229	550	58.36%
Over 90	29	5	34	41	75	45.33%
Total	844	843	1,687	770	2,457	68.66%
Spouse Annuitants						
Under 30	0	2	2	0	2	100.00%
30-39	2	4	6	2	8	75.00%
40-49	4	6	10	10	20	50.00%
50-59	49	9	58	55	113	51.33%
60-69	155	1	156	115	271	57.56%
70-79	309	1	310	260	570	54.39%
80-89	156	0	156	217	373	41.82%
Over 90	18	0	18	38	56	32.14%
Total	693	23	716	697	1,413	50.67%

NEW ANNUITIES GRANTED DURING 1997

	Male Annuitants	Female Annuitants	Widows/ Widowers of Deceased Employees	Widows/ Widowers of Deceased Annuitants
Number Retired	74	9	14	68
Average Age Attained	62.1	66.9	50.9	71.8
Number with Spouses	54	2	---	---
Average Spouse Age	59.4	72.5	---	---
Percentage with Spouse	72.97%	22.22%	---	---
Average Length of Service	23.4	29.4	19.7	26.4
Average Years on Pension	---	---	---	10.81
Average Final Salary	$ 41,645	$ 27,779	$ 39,627	$ ---
Total Final Salary	3,081,708	250,008	554,784	---
Average Annual Salary	36,723	27,778	---	---
Total Annual Annuity	1,384,999	137,133	140,473	534,777
Average Annual Annuity	18,716	15,237	10,034	7,864
Total Liability (8% 1983 GAM)	16,400,401	1,567,389	1,562,530	4,460,324
Average Liability	221,627	174,154	111,609	65,593
Total Contributed by EE[1]	3,132,356	127,403	570,814	---
Average Contribution	$ 42,329	$ 14,156	$ 40,772	$ ---
Expected Future Lifetime (yrs.)	17.45	18.76	33.03	14.81
Payback Period (yrs.)	2.2616	0.9290	4.0635	---
Replacement Ratio	44.94%	54.85%	25.32%	---
Liability/Salary	5.32	6.27	2.82	---
Liability/Contributions	5.24	12.30	2.74	---

[1] Includes "Pickup."

NEW RECIPROCALS GRANTED DURING 1997

	Reciprocal		Reciprocal/Last with Laborers'	
	Male Annuitants	Female Annuitants	Male Annuitants	Female Annuitants
Number Retired	9	1	2	3
Average Age Attained	61.3	60.0	59.0	74.0
Number with Spouses	6	0	2	3
Average Spouse Age	60.7	---	62	73
Percentage with Spouse	66.67%	---	100.00%	100.00%
Average Length of Service	27.2	35.0	31.5	27.4
Average Service with this Fund	10.4	12.6	26.3	20.9
Total Final Salary	$ 429,048	$ 32,244	$ 84,240	$ ---
Average Annual Salary	47,672	32,244	42,120	---
Total Annual Annuity	83,005	8,928	47,416	23,432
Average Annual Annuity	9,223	8,928	23,708	7,811
Total Liability (8% 1983 GAM)	1,002,023	117,197	607,428	---
Average Liability	111,336	117,197	303,714	---
Total Contributed by EE[1]	162,038	11,345	114,528	---
Average Contribution	$ 18,004	$ 11,345	$ 57,264	$ ---
Expected Future Lifetime (yrs.)	18.23	23.89	19.83	---
Payback Period (yrs.)	1.9521	1.2708	2.4154	---
Replacement Ratio	19.35%	27.69%	56.29%	---
Liability/Salary	2.34	3.63	7.21	---
Liability/Contributions	6.18	10.33	5.30	---

[1] Includes "Pickup."

RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Year	A	B	C	D	E	F	G	H
1981	2,420	1,154	137	136	26	2	49	11
1982	2,419	1,175	109	113	25	2	56	11
1983	2,363	1,198	112	110	57	3	56	13
1984	2,386	1,213	96	111	77	2	83	15
1985	2,343	1,191	104	108	110	2	76	19
1986	2,406	1,205	93	119	155	2	81	21
1987	2,416	1,209	84	82	152	2	82	31
1988	2,405	1,232	79	90	172	1	89	33
1989	2,384	1,261	80	79	138	1	92	34
1990	2,391	1,279	86	70	145	1	90	38
1991	2,397	1,296	88	75	143	1	104	39
1992	2,416	1,322	88	70	156	1	118	37
1993	2,534	1,359	79	42	103	0	142	39
1994	2,534	1,362	75	55	106	0	146	41
1995	2,445	1,388	72	49	93	0	155	39
1996	2,378	1,374	74	38	109	0	159	43
1997	2,296	1,365	73	54	91	0	161	48

Legend

A Employee Annuitants (including old law employees)
B Spouse Annuitants
C Children's Annuities
D Ordinary Disability Benefits
E Duty Disability Benefits
F Widow/Widower Compensation Annuities
G Reciprocal Employees
H Reciprocal Widows/Widowers

AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Year Ended	Average Annual Benefit	Percent Increase	Average Annual Benefit at Retirement Current Year	Percent Increase	Average Current Age of Retirees	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1981	$ 4,112	9.20%	$ 5,757	9.60%	71.0	64.9	22.3
1982	4,434	7.80%	7,129	23.80%	72.1	64.6	23.8
1983	4,775	7.70%	7,520	5.50%	72.1	65.3	24.0
1984	5,315	11.30%	9,227	22.70%	72.7	65.9	25.3
1985	5,868	10.40%	10,456	13.30%	72.4	64.8	25.5
1986	6,730	14.70%	12,485	19.40%	72.4	64.9	27.0
1987	7,935	17.90%	13,823	10.70%	72.3	65.0	28.0
1988	8,516	7.30%	13,048	(5.60)%	72.6	65.0	27.5
1989	9,036	6.10%	12,582	(3.60)%	72.6	64.7	26.4
1990	10,045	11.20%	15,732	25.00%	72.6	64.6	28.1
1991	10,807	7.60%	16,444	4.50%	73.0	64.2	27.0
1992	11,586	7.20%	17,010	3.40%	73.2	65.2	27.1
1993	13,515	16.60%	21,804	28.20%	72.2	63.6	30.4
1994	14,059	4.00%	15,866	(27.20)%	72.7	63.3	23.2
1995	14,797	5.20%	20,634	30.00%	72.9	64.0	27.7
1996	15,476	4.60%	21,019	1.90%	73.3	61.4	25.9
1997	$ 16,634	7.50%	$ 18,339	(12.80)%	72.8	62.6	24.1

HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service[1]	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
1968	8,102	1.34%	$ 52,268,304	9.81%	$ 6,451	8.36%	1.75%	2.80%
1969	7,891	(2.60)%	56,165,136	7.46%	7,118	10.33%	1.75%	4.20%
1970	7,777	(1.44)%	60,523,296	7.76%	7,782	9.34%	1.75%	5.40%
1971	7,220	(7.16)%	62,916,768	3.95%	8,714	11.97%	1.75%	5.70%
1972	6,864	(4.93)%	66,142,320	5.13%	9,636	10.58%	3.50%	3.90%
1973	6,971	1.56%	69,950,692	5.76%	10,035	4.13%	3.50%	3.00%
1974	6,752	(3.14)%	73,108,848	4.51%	10,828	7.90%	3.50%	6.30%
1975	6,638	(1.69)%	78,526,728	7.41%	11,830	9.26%	5.00%	10.60%
1976	7,032	5.94%	89,276,280	13.69%	12,696	7.32%	5.00%	8.00%
1977	6,811	(3.14)%	90,487,008	1.36%	13,285	4.64%	5.00%	4.70%
1978	6,752	(0.87)%	98,029,296	8.34%	14,519	9.28%	5.00%	6.30%
1979	6,613	(2.06)%	103,399,152	5.48%	15,636	7.69%	5.00%	8.50%
1980	6,175	(6.62)%	105,825,264	2.35%	17,138	9.61%	5.00%	12.50%
1981	5,847	(5.31)%	108,854,496	2.86%	18,617	8.63%	5.00%	14.50%
1982	5,765	(1.40)%	118,054,512	8.45%	20,478	9.99%	5.00%	9.50%
1983	5,970	3.56%	134,293,920	13.76%	22,495	9.85%	6.00%	6.90%
1984	5,424	(9.15)%	131,355,840	(2.19)%	24,218	7.66%	6.00%	4.00%
1985[2]	5,341	(1.53)%	131,327,856	(0.02)%	24,589	1.53%	6.00%	3.80%
1986	5,138	(3.80)%	125,594,688	(4.37)%	24,444	(0.59)%	6.00%	3.80%
1987	4,844	(5.72)%	128,601,816	2.39%	26,549	8.61%	6.00%	2.10%
1988	4,873	0.60%	135,453,096	5.33%	27,797	4.70%	6.00%	4.10%
1989	4,725	(3.04)%	132,685,608	(2.04)%	28,082	1.03%	6.00%	3.90%
1990	4,592	(2.81)%	142,024,296	7.04%	30,929	10.14%	6.00%	5.00%
1991	4,498	(2.05)%	145,612,704	2.53%	32,373	4.67%	6.00%	5.40%
1992	4,304	(4.31)%	149,054,136	2.36%	34,632	6.98%	6.00%	4.00%
1993	4,022	(6.55)%	141,618,648	(4.99)%	35,211	1.67%	6.00%	3.00%
1993	3,867	(3.85)%	147,076,752	3.85%	38,034	8.02%	6.00%	3.00%
1994	3,891	0.62%	155,213,016	5.53%	39,890	4.88%	6.00%	2.20%
1995	3,832	(1.52)%	152,996,856	(1.43)%	39,926	0.09%	6.00%	3.20%
1996[3]	3,785	(1.23)%	162,276,840	6.07%	42,874	7.38%	6.00%	2.70%
1997	3,876	2.40%	$ 171,175,944	5.48%	$ 44,163	3.01%	5.00%	2.70%
Average Increase (Decrease) for the Last 5 Years		**(0.71%)**		**3.90%**		**4.68%**		**2.76%**

[1] Includes those members who were on disability.

[2] Total salaries include the 7% Board of Education "pick up" for the first time due to a change in the law.

[3] Average annual increase in average salary 1966-1997, about 6.8% compounded. The average annual increase in the annual average Chicago CPI for the same period is about 5.4%.

HISTORY OF NEW ANNUITIES GRANTED
1976 - 1997

Year	A	B	C	D	E	F	G
1976	139	69	208	34	41	75	283
1977	133	87	220	43	36	79	299
1978	182	86	268	39	41	80	348
1979	141	73	214	29	64	93	307
1980	187	81	268	34	60	94	362
1981	156	77	233	32	51	83	316
1982	120	53	173	38	52	90	263
1983	128	46	174	35	68	103	277
1984	169	54	223	24	56	80	303
1985	146	29	175	36	59	95	270
1986	188	53	241	29	51	80	321
1987	155	35	190	26	64	90	280
1988	121	33	154	13	70	83	237
1989	98	34	132	23	65	88	220
1990	123	32	155	21	66	87	242
1991	148	22	170	19	70	89	259
1992	166	22	188	22	65	87	275
1993	399	40	439	15	80	95	534
1994	44	7	51	7	62	69	120
1995	85	19	104	12	75	87	191
1996	76	11	87	11	66	77	164
1997	74	9	83	14	68	82	165

Legend of Headings

A: Male Annuitants
B: Female Annuitants
C: Total Annuitants
D: Widows/Widowers of Deceased Employees
E: Widows/Widowers of Deceased Annuitants
F: Total Widows/Widowers
G: Total New

HISTORY OF TOTAL ANNUITIES
Employee Annuitants

Year End	Number of Annuitants	Total Annuities	Average Annuities
1977	2,087	$ 6,287,310	$ 3,013
1978	2,188	7,162,866	3,274
1979	2,227	7,976,776	3,582
1980	2,379	8,958,700	3,766
1981	2,420	9,950,080	4,112
1982	2,419	10,725,716	4,434
1983	2,419	11,550,456	4,775
1984	2,469	13,123,860	5,315
1985	2,419	14,194,488	5,868
1986	2,487	16,737,498	6,730
1987	2,498	19,820,563	7,935
1988	2,494	21,240,063	8,516
1989	2,476	22,372,931	9,036
1990	2,481	24,922,371	10,045
1991	2,501	27,029,083	10,807
1992	2,534	29,359,490	11,586
1993	2,802	37,868,791	13,515
1994	2,680	37,679,445	14,059
1995	2,600	38,471,969	14,797
1996	2,537	39,261,371	15,476
1997	2,457	$ 40,869,959	$ 16,634
Widow/Widower Annuitants (Not Including Compensation)			
1977	1,059	$ 1,267,194	$ 1,197
1978	1,075	1,381,263	1,285
1979	1,111	1,523,370	1,371
1980	1,154	1,689,076	1,464
1981	1,153	1,768,868	1,534
1982	1,174	1,927,743	1,642
1983	1,211	2,128,737	1,758
1984	1,228	2,304,994	1,877
1985	1,210	2,462,519	2,035
1986	1,226	2,610,422	2,129
1987	1,240	3,654,798	2,947
1988	1,265	3,820,665	3,020
1989	1,295	4,039,290	3,119
1990	1,317	5,292,391	4,019
1991	1,335	5,502,954	4,122
1992	1,359	5,743,428	4,226
1993	1,398	6,077,755	4,347
1994	1,403	6,264,691	4,465
1995	1,427	6,586,402	4,616
1996	1,417	6,777,664	4,783
1997	1,413	$ 9,439,234	$ 6,680

HISTORY OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Widow/er Annuities	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hosp. Benefits	Other [1]	Total Benefits
1979	$ 7,502,177	$1,462,651	$ 118,710	$1,317,124	$ 329,057	$ 0	$ 65,448	$ 10,795,167
1980	8,591,787	1,614,326	118,864	1,408,837	365,269	0	62,208	12,161,291
1981	9,310,966	1,713,058	122,200	1,385,606	297,087	0	51,974	12,880,891
1982	10,193,364	1,832,665	110,911	1,284,329	382,788	0	47,378	13,851,435
1983	10,909,532	2,035,247	98,840	1,214,325	522,071	0	48,947	14,828,962
1984	12,236,436	2,229,432	91,720	1,257,938	726,190	0	40,592	16,582,308
1985	13,493,966	2,447,498	102,680	1,419,709	977,159	45,502	29,735	18,516,249
1986	15,582,979	2,571,348	95,080	1,285,079	1,032,647	283,945	30,394	20,881,472
1987	17,927,108	2,702,842	92,200	1,208,314	1,211,599	298,674	24,860	23,465,597
1988	20,682,766	3,743,668	127,950	1,191,429	1,370,321	309,744	41,810	27,467,688
1989	21,953,375	3,931,392	117,030	1,140,845	1,354,436	435,236	33,869	28,966,183
1990	23,449,216	4,276,814	136,620	1,186,935	1,173,540	1,784,878	21,180	32,029,183
1991	26,291,859	5,410,449	142,200	1,162,249	1,213,782	1,191,367	23,531	35,435,437
1992	28,557,579	5,668,669	140,310	1,176,769	1,317,890	1,218,448	21,610	38,101,275
1993	33,538,008	5,964,160	125,579	923,850	1,206,785	1,564,869	18,302	43,341,553
1994	37,739,455	6,170,546	119,708	968,551	1,056,507	1,581,929	11,720	47,648,416
1995	38,163,745	6,477,852	112,560	931,696	1,054,608	1,546,446	5,943	48,292,850
1996	38,961,283	6,661,485	121,102	860,543	1,005,569	1,516,537	2,646	49,129,165
1997	$40,529,672	$8,165,380	$ 162,940	$1,213,865	$1,208,235	$1,496,483	$ 7,676	$52,784,251

[1] Includes compensation annuities, supplemental annuities, and Reciprocal Act reimbursements.

HISTORY OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Widow/er Annuities	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hosp. Benefits	Other	Total Benefits
Percent of Total Benefits								
1979	69.50%	13.55%	1.10%	12.20%	3.05%	0.00%	0.61%	100.00%
1980	70.65%	13.27%	0.98%	11.58%	3.00%	0.00%	0.51%	100.00%
1981	72.29%	13.30%	0.95%	10.76%	2.31%	0.00%	0.40%	100.00%
1982	73.59%	13.23%	0.80%	9.27%	2.76%	0.00%	0.34%	100.00%
1983	73.57%	13.72%	0.67%	8.19%	3.52%	0.00%	0.33%	100.00%
1984	73.79%	13.44%	0.55%	7.59%	4.38%	0.00%	0.24%	100.00%
1985	72.88%	13.22%	0.55%	7.67%	5.28%	0.25%	0.16%	100.00%
1986	74.63%	12.31%	0.46%	6.15%	4.95%	1.36%	0.15%	100.00%
1987	76.40%	11.52%	0.39%	5.15%	5.16%	1.27%	0.11%	100.00%
1988	75.30%	13.63%	0.47%	4.34%	4.99%	1.13%	0.15%	100.00%
1989	75.79%	13.57%	0.40%	3.94%	4.68%	1.50%	0.12%	100.00%
1990	73.21%	13.35%	0.43%	3.71%	3.66%	5.57%	0.07%	100.00%
1991	74.20%	15.27%	0.40%	3.28%	3.43%	3.36%	0.07%	100.00%
1992	74.95%	14.88%	0.37%	3.09%	3.46%	3.20%	0.06%	100.00%
1993	77.38%	13.76%	0.29%	2.13%	2.78%	3.61%	0.04%	100.00%
1994	79.20%	12.95%	0.25%	2.03%	2.22%	3.32%	0.02%	100.00%
1995	79.03%	13.41%	0.23%	1.93%	2.18%	3.20%	0.01%	100.00%
1996	79.30%	13.56%	0.25%	1.75%	2.05%	3.09%	0.01%	100.00%
1997	76.78%	15.47%	0.31%	2.30%	2.29%	2.84%	0.02%	100.00%
Percent Increase from Year to Year								
1980	14.52%	10.37%	0.13%	6.96%	11.00%	0.00%	(4.95%)	12.65%
1981	8.37%	6.12%	2.81%	(1.65%)	(18.67%)	0.00%	(16.45%)	5.92%
1982	9.48%	6.98%	(9.24%)	(7.31%)	28.85%	0.00%	(8.84%)	7.53%
1983	7.03%	11.05%	(10.88%)	(5.45%)	36.39%	0.00%	3.31%	7.06%
1984	12.16%	9.54%	(7.20%)	3.59%	39.10%	0.00%	(17.07%)	11.82%
1985	10.28%	9.78%	11.95%	12.86%	34.56%	0.00%	(26.75%)	11.66%
1986	15.48%	5.06%	(7.40%)	(9.48%)	5.68%	524.03%	2.22%	12.77%
1987	15.04%	5.11%	(3.03%)	(5.97%)	17.33%	5.19%	(18.21%)	12.38%
1988	15.37%	38.51%	38.77%	(1.40%)	13.10%	3.71%	68.18%	17.06%
1989	6.14%	5.01%	(8.53%)	(4.25%)	(1.16%)	40.51%	(18.99%)	5.46%
1990	6.81%	8.79%	16.74%	4.04%	(13.36%)	310.09%	(37.46%)	10.57%
1991	12.12%	26.51%	4.08%	(2.08%)	3.43%	(33.25%)	11.10%	10.63%
1992	8.62%	4.77%	(1.33%)	1.25%	8.58%	2.27%	(8.16%)	7.52%
1993	17.44%	5.21%	(10.50%)	(21.49%)	(8.43%)	28.43%	(15.31%)	13.75%
1994	12.53%	3.46%	(4.68%)	4.84%	(12.45%)	1.09%	(35.96%)	9.94%
1995	1.12%	4.98%	(5.97%)	(3.81%)	(0.18%)	(2.24%)	(49.29%)	1.35%
1996	2.09%	2.83%	7.59%	(7.64%)	(4.65%)	(1.93%)	(55.48%)	1.73%
1997	4.02%	22.58%	34.55%	41.06%	20.15%	(1.32%)	326.78%	7.44%

HISTORY OF INVESTMENT YIELDS
(Amortized Cost)

	Investment Yield on Total Assets				Investment Yield on Invested Assets			
Year	Excluding Gain/Loss		Including Gain/Loss		Excluding Gain/Loss		Including Gain/Loss	
1981	8.46%	---	3.99%	---	9.11%	---	4.29%	---
1982	9.88%	---	7.64%	---	10.47%	---	8.09%	---
1983	9.37%	9.30%	11.14%	11.07%	9.79%	9.72%	11.64%	11.57%
1984	9.67%	9.58%	8.88%	8.79%	10.12%	10.03%	9.30%	9.21%
1985	8.89%	8.72%	16.34%	16.17%	9.27%	9.10%	17.07%	16.89%
1986	7.44%	7.14%	16.06%	15.74%	7.72%	7.41%	16.69%	16.35%
1987	6.50%	6.20%	11.90%	11.59%	6.70%	6.39%	12.28%	11.95%
1988	6.81%	6.55%	7.78%	7.52%	6.97%	6.70%	7.96%	7.69%
1989	7.06%	6.71%	11.50%	11.14%	7.21%	6.85%	11.75%	11.38%
1990	7.05%	6.69%	7.67%	7.31%	7.22%	6.85%	7.85%	7.48%
1991	6.45%	6.11%	10.53%	10.18%	6.61%	6.27%	10.80%	10.44%
1992	5.93%	5.56%	9.00%	8.63%	6.06%	5.69%	9.21%	8.83%
1993	5.14%	4.75%	11.72%	11.31%	5.23%	4.84%	11.95%	11.53%
1994	5.20%	4.85%	6.52%	6.17%	5.30%	4.94%	6.64%	6.28%
1995	5.30%	4.95%	10.79%	10.43%	5.38%	5.03%	10.96%	10.60%
1996	4.98%	4.62%	12.16%	11.78%	5.02%	4.66%	12.27%	11.88%
1997	5.16%	4.84%	14.72%	14.38%	5.46%	5.12%	15.61%	15.24%
5-Year Average	**5.15%**	**4.80%**	**11.18%**	**10.81%**	**5.28%**	**4.92%**	**11.49%**	**11.10%**

					Market Value [1]		Actuarial Asset Value [1]	
Year	Actuarial Assum.	Average Insurance Company	30 Year Treasury	3-Month Treasury Bills	Investment Yield on Tot. Assets	Investment Yield on Inv. Assets	Investment Yield on Tot. Assets	Investment Yield on Inv. Assets
1981	6.00%	8.57%	13.44%	14.03%	---	---	---	---
1982	6.75%	8.91%	12.76%	10.69%	---	---	---	---
1983	6.75%	8.96%	11.18%	8.52%	34.07%	35.86%	13.70%	14.38%
1984	6.75%	9.45%	12.39%	9.57%	7.35%	7.68%	11.78%	12.38%
1985	7.00%	9.63%	10.79%	7.47%	22.41%	23.37%	19.86%	20.79%
1986	7.50%	9.35%	7.80%	5.97%	12.33%	12.77%	20.87%	21.70%
1987	7.50%	9.10%	8.59%	5.82%	3.67%	3.78%	14.17%	14.62%
1988	7.50%	9.03%	8.96%	6.69%	10.84%	11.09%	6.72%	6.87%
1989	8.00%	9.10%	8.45%	8.12%	16.95%	17.32%	11.74%	11.99%
1990	8.00%	8.89%	8.61%	7.51%	2.46%	2.52%	5.57%	5.69%
1991	8.00%	8.63%	8.14%	5.42%	19.28%	19.77%	10.80%	11.04%
1992	8.00%	8.08%	7.67%	3.45%	7.94%	8.11%	11.51%	11.74%
1993	8.00%	7.52%	6.59%	3.02%	9.81%	9.99%	12.81%	13.05%
1994	8.00%	7.14%	7.37%	4.29%	-0.91%	-0.92%	4.79%	4.87%
1995	8.00%	7.34%	6.05%	5.15%	23.03%	23.39%	12.91%	13.11%
1996	8.00%	7.17%	6.71%	5.02%	11.50%	11.59%	12.11%	12.22%
1997	8.00%	N/A	6.02%	5.26%	17.90%	18.13%	15.41%	15.63%
5-Year Average		**7.45%**	**6.55%**	**4.55%**	**12.27%**	**12.43%**	**11.60%**	**11.77%**

[1] Investment income is net of investment expense.

Notes: Yield = Investment Income/.5(Beginning Assets + End Assets - Investment Income)
Bonds valued at amortized cost, stocks at cost. Market values considered only in Market Value section.

LEGISLATIVE CHANGES

1984 Session

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

1985 Session

HB 398
- 1.80, 2.00, 2.20, 2.40% benefit accrual rate for those born before January 1, 1936 and retiring after August 16, 1985.
- Reduction in age discount factor (employee and widow) from 0.5% to 0.25% for employees born before January 1, 1936 and retiring or dying in service after August 16, 1985.
- Health insurance supplement up to $25 per month if the employee is age 65 or older with at least 15 years of service (for each employee annuitant in receipt of annuity and for each employee who retires on annuity in the future).
- Disability provisions extended to age 70 in certain cases.
- Unisex money purchase factors for widows/widowers.
- Membership provisions extended to age 70.
- Board of Education employee contribution "pick up" included in the definition of salary for contribution and benefit purposes.

1986 Session

HB 2630
- Cap removed on spouse maximum annuity.
- Automatic post-retirement increase to begin on first anniversary of retirement following attainment at age 60.

1987 Session

HB 2715
- 1.80, 2.00, 2.20, 2.40% benefit accrual rate for those born on or after January 1, 1936 and retiring on or after January 1, 1988.
- Reduction in age discount factor (employee and widow) from .5% to .25% for employees born on or after January 1, 1936 and retiring or dying in service on or after January 1, 1988. No discount for employee age less than 60 if employee has at least 35 years of service.
- Minimum employee annuity of $250 and minimum spouse annuity of $200 under certain conditions.
- Change amount of children's benefits to $120 or $150 effective January 1, 1988.
- Provide for certain "Good Government" initiatives.
- Remove chronic alcoholism restriction for ordinary disability.

1988 Session

- No changes.

LEGISLATIVE CHANGES

1989 Session

SB 95
- Signed August 23, 1989. Changed the amount of fund paid health insurance "supplement" from January 1, 1988 until December 31, 1992 to $65 per month for each annuitant not qualified to receive Medicare benefits (and $35 if qualified) and from January 1, 1993 until December 31, 1997 the amounts are $75 and $45, respectively. Widows will now be supplemented and employee annuitants will no longer be required to meet the age 65 and 15 years of service requirements. The City will be required to pay 50% of the aggregated cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1997 for the retired group.

HB 332
- Signed August 23, 1989. Eliminated age related discriminatory provisions as required by Federal law or regulation. Provided for Age Discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.
- Eliminated the $300, $400 or $500 maximum spouse annuity limitation for spouses of employees who retired before January 23, 1987 but die after January 23, 1987.
- Allow for local labor officials on a leave of absence from the Fund to contribute for their current service as a local labor official.

1990 Session

SB 136
- Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

SB 1951
- Signed January 14, 1991. Beginning for withdrawals on or after January 1, 1991, annuity payments will be made as of the first day of the calendar month during the annuity payment period.
- 2.2% benefit accrual rate for employees retiring on or after July 1, 1990.
- No discount for employee age less than 60 if employee has at least 30 years of service and retires on or after July 1, 1990.
- Minimum employee annuity of $350 and minimum spouse of $300 under certain conditions.
- Spouses and widows of employees retiring or dying in service on or after July 1, 1990 with 20 or more years of service at age 55 or over will be eligible for half of the employee's annuity discounted .25% for each month the spouse or widow is less than 55.
- Retroactive eligibility for 35 years no discount and spouse and widow annuities computed as half of employee annuity.

LEGISLATIVE CHANGES

- Refund in lieu of $300 annuity.
- Disability benefit retroactive one year from application; duty disability deductions in lieu for heart attack or stroke; 10% increase in duty disability benefit January 1 of the sixth year.
- Collateral for securities lending expanded.
- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

- No changes.

1992 Session

SB 1650

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

1993 Session

- No changes.

1994 Session

- No changes.

1995 Session

SB 114

- Approved July 14, 1995.
- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.
- The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

LEGISLATIVE CHANGES

SB 424
- Approved July 7, 1995.
- The Pension Laws Commission was created as a legislative support services agency.

1996 Session

SBJPA
- On August 20, 1996 the Small Business Job Protection Act was signed by President Clinton.
- Treatment of governmental plans under Code Section 415:
  - Rule limiting annual benefit to 100% of the average of the highest 3 year compensation no longer applies.
  - Excess benefit plans are permitted to provide participants with benefits in excess of the Code Section 415 limits.
  - Early retirement reduction does not apply to certain survivor and disability benefits.
  - The definition of compensation now includes elective deferrals.
- Taxation of distributions:
  - $5,000 death benefit exclusion was repealed for deaths after August 20, 1996.
  - 5 year averaging for lump sum distributions was repealed effective January 1, 2000.
  - Annuity payments will be taxed according to a simplified general rule which uses investment and age as of annuity starting date for annuities which start on or after November 19, 1996.

1997 Session

HB 15
- Approved June 27, 1997.
- For withdrawals from service occurring on or after July 1, 1990, an alternate method of calculating salary using the annual equivalent of average salary instead of the salary rate applicable for the greatest part of the year is allowed.
- Annuities effective on or after January 1, 1998 will be payable on the first day of the calendar month.
- The prudent person rule for investing is allowed.
- An eligible employee is allowed to contribute for all periods of temporary service while still in City service, for up to 90 days after withdrawal from City service, or while in reciprocal service.
- The Board is allowed to adopt rules prescribing the manner of repaying refunds and purchasing any optional credit including accepting rollovers for payments.
- The City is allowed to use deposits from any legal source (including borrowing) in lieu of all or part of the tax levy on or after June 27, 1997.
- The requirement that any person employed by a retirement board of any other annuity and benefit fund in the City apply for participation in the fund is eliminated.
- Payment is allowed for service as a police officer, firefighter, or public school teacher in the City.

HB 313
- Approved June 27, 1997.
- For withdrawals from service occurring on or after June 27, 1997, an employee (and spouse) age 50 or over with at least 30 years of service is eligible to receive an annuity based on the minimum annuity formula.

LEGISLATIVE CHANGES

- For withdrawals from service occurring on or after June 27, 1997, an employee under age 60 with at least 25 years of service is not subject to an age discount
- The spouse of an employee dying on or after June 27, 1997, while receiving an annuity is eligible for one half of the employee's annuity at death, discounted for the spouse's age under 55 at the time of employee's death.
- Beginning June 27, 1997, employees already receiving annuity will receive a minimum annuity of $550 for life (reciprocal annuitants must have at least 5 years of Laborers' service). Any future employee annuitant withdrawing from service after attainment of age 60 with 10 or more years of service would qualify for this minimum.
- Beginning June 27, 1997, widow(er)s already receiving annuity will receive a minimum annuity of $500 for life (reciprocal annuitants must have at least 5 years of Laborers' service). For future spouses of retirees, 10 years of service is required. For spouses of employees dying in service in the future, 5 years of service is required.
- Beginning June 27, 1997, the child's annuity will be increased to $220 per month if the spouse of the deceased employee parent survives or $250 per month if no such spouse survives.
- Coverage in the City group health insurance is extended through June 30, 2002, with some modification in the plans offered. Pension fund supplement remains $45 and $75 for Medicare eligible and non-Medicare eligible annuitants respectively.

HB 1641

- Approved August 22, 1997.
- Beginning August 22, 1997, for spouses of employees who retired or died in service before January 23, 1987, the previous $300, $400, or $500 maximum spouse annuity limitation is removed. If an excess spouse refund was paid, it must be repaid with interest.
- Service paid under Section 11-221 can be counted for ordinary disability purposes for periods of disability on or after August 22, 1997.
- Early Retirement Incentive was created for withdrawals from December 31, 1997 to June 30, 1998.
    - Requires a total of 20 years of service (with at least 10 in this fund, up to 5 in a Reciprocal fund, and up to 5 purchased under ERI) and age 55 or older.
    - Requires a total of 30 years of service (with at least 10 years of that service in this fund and without including any service purchased under the ERI provisions) and age 50 or older.
    - Requires an election form to be filed before June 1, 1998.
    - Requires a member to be a current contributor on November 1, 1997 and have not previously retired under this Article.
    - Provides for elimination of the age discount for employees age 55 to 60.
    - Provides for 80% maximum final average salary compared to the present 75%.
    - Provides for an optional purchase of up to 5 years of service credit for 4.25% of the November 1, 1997 salary.
    - Provides for a 24 month option to pay for ERI service.
    - Provides for a tax levy derived from ERI contributions.

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40 Year Amortization	Normal Cost Plus 40 Year % of Salary Amortization
1982 [a,b]	1.37	1.34	1.40	1.03
1983 [a,b]	1.37	1.54	1.60	1.21
1984	1.37	1.58	1.63	1.30
1985 [b]	1.37	1.60	1.64	1.33
1986 [a]	1.37	0.99	1.00	0.94
1987 [a]	1.37	1.13	1.15	1.03
1988	1.37	1.03	1.04	0.98
1989 [a, b]	1.37	0.56	0.56	0.56
1990 [a, b]	1.37	1.01	1.02	0.93
1991	1.37	0.93	0.94	0.90
1992 [b]	1.37	0.80	0.80	0.80
1993 [b]	1.37	0.83	0.83	0.83
1994 [a,b]	1.37	0.64	0.64	0.64
1995 [b]	1.37	0.75	0.75	0.75
1996	1.37	0.66	0.66	0.66
1997 [a,b,c]	1.37	N/A	N/A	N/A

[a] Change in actuarial assumptions. [b] Change in benefits. [c] Change in asset valuation method to GASB.
[a] No employer contribution is required under these valuation methods.

Tax Levy Year	City	Park
1982	$ 13,073,000	$ 27,000
1983	14,231,000	29,000
1984	15,606,000	32,000
1985	15,618,000	29,000
1986	15,373,000	25,000
1987	15,260,000	21,000
1988	15,380,000	20,000
1989	15,442,000	14,000
1990	15,261,000	12,000
1991	16,382,000	10,000
1992	16,835,000	11,000
1993	18,036,000	11,000
1994	17,069,000	12,000
1995	18,726,000	9,500
1996	20,037,300	6,900
1997	19,645,400	4,300
1998	19,762,000	N/A

HISTORY OF FINANCIAL INFORMATION

History of Change in Unfunded Liability

Year	Salary Scale	Investment	Contribution	Amendments	
1982	$ 13,090,805	$ (4,232,954)	$ (249,949)	$ 0	
1983	4,185,219	(12,540,094)	(805,111)	28,057,130	HB 380, HB 1144
1984	(13,893,652)	(6,915,903)	(708,947)	0	
1985	(20,313,749)	(33,560,632)	(404,023)	17,491,073	HB 398
1986	5,125,287	(38,156,363)	(1,490,690)	15,144,096	HB 2630
1987	(4,287,957)	(21,518,841)	(6,348,853)	29,787,872	HB 2715
1988	(17,739,334)	(1,525,244)	(4,261,332)	0	
1989	15,101,648	(23,284,941)	(6,570,202)	20,350,471	SB 95, HB 332
1990	(5,117,094)	2,118,850	(12,015,013)	42,423,925	SB 1951
1991	4,169,961	(14,867,104)	(6,632,943)	341,496	SB 1951,
1992	(18,990,267)	(7,386,966)	(6,577,262)	0	
1993	7,962,153	(26,152,154)	(12,818,511)	17,246,336	SB 1650
1994	(5,006,319)	15,775,880	(9,930,961)	0	
1995	(27,371,677)	(21,760,538)	(12,471,281)	0	
1996	6,691,153	(36,656,357)	(13,139,522)	0	
1997	(40,624,317)	(14,097,083)	(13,116,981)	71,798,312	HB 15, HB 313, HB 1641
Totals	$ (97,018,140)	$ (244,760,444)	$ (107,541,581)	$ 242,640,711	

Year	Change in Assumptions	Miscellaneous	Total
1982 i,s	$ (10,209,470)	$ (2,498,897)	$ (4,100,465)
1983 r	0	(5,235,581)	13,661,563
1984	0	3,858,364	(17,660,138)
1985	806,348	5,624,931	(30,356,052)
1986 i, s	(50,944,726)	13,613,438	(56,708,958)
1987 r,w	12,677,781	7,445,130	17,755,132
1988	3,593,768	3,136,595	(16,795,547)
1989 i	(39,817,812)	2,260,506	(31,960,330)
1990 r,w	10,229,489	4,280,144	41,920,301
1991	0	2,282,873	(14,705,717)
1992	0	(2,097,210)	(35,051,705)
1993	0	9,414,432	(4,347,744)
1994 r,d	0	(15,131,496)	(14,292,896)
1995	0	11,837,154	(49,766,342)
1996	0	(6,307,818)	(49,412,544)
1997 s,a,q	(154,480,018)	1,160,373	(149,359,714)
Totals	$ (228,144,640)	$ 33,642,938	$ (401,181,156)

i= interest; s = salary; r = retirement; w = withdrawal; d = health insurance;
a = asset valuation method; q = mortality.

HISTORY OF FINANCIAL INFORMATION

Actuarial Accrued and Unfunded Liabilities (Book Value)

Year End	Actuarial Accrued Liability (AAL)	Assets at Amortized Cost	Funded Ratio	Unfunded AAL (Surplus)	Payroll	Unfunded AAL as % Payroll (Surplus)
1980	$ 345,364,820	$ 238,242,772	69.00%	$ 107,122,048	$ 105,825,264	101.20%
1981[a]	367,980,498	254,234,605	69.10%	113,745,893	108,854,496	104.50%
1982[a,b]	391,353,993	281,708,565	72.00%	109,645,428	118,054,512	92.90%
1983[a,b]	444,711,069	321,404,079	72.30%	123,306,990	134,293,920	91.80%
1984	462,455,964	356,809,111	77.20%	105,646,853	131,355,840	80.40%
1985[b]	495,844,974	420,554,173	84.80%	75,290,801	131,327,856	57.30%
1986[a]	507,984,848	489,403,006	96.30%	18,581,842	125,594,688	14.80%
1987[a]	583,284,026	546,947,052	93.80%	36,336,974	128,601,816	28.30%
1988	604,440,661	584,899,234	96.80%	19,541,427	135,453,096	14.40%
1989[a, b]	633,894,540	646,313,443	102.00%	(12,418,903)	132,685,608	(9.40%)
1990[a, b]	716,604,604	687,103,206	95.90%	29,501,398	142,024,296	20.80%
1991	761,056,602	746,260,920	98.10%	14,795,682	145,612,704	10.20%
1992[b]	777,385,162	797,641,186	102.60%	(20,256,024)	149,054,136	(13.60%)
1993[b]	847,293,445	871,897,213	102.90%	(24,603,768)	141,618,648	(17.40%)
1994[a,b]	866,493,209	905,389,874	104.50%	(38,896,665)	155,213,016	(25.10%)
1995[b]	890,375,387	979,038,393	110.00%	(88,663,006)	152,996,856	(58.00%)
1996	936,623,719	1,074,699,269	114.70%	(138,075,550)	162,276,840	(85.10%)
1997[a,b]	$ 1,040,650,534	$ 1,204,439,298	115.70%	$ (163,788,764)	$ 171,175,944	(95.70%)

Solvency (Termination) Test (Book Value)

Year End	Retired Liability	Active Member Salary Deductions	Total Termination Liability	Assets at Amortized Cost Value	Termination Cost (Excess)	Quick Ratio Assets to Termination Liability
1980	$ 97,598,923	$ 85,989,360	$ 183,588,283	$ 238,242,772	$ (54,654,489)	129.80%
1981[a]	107,291,048	88,378,748	195,669,796	254,234,605	(58,564,809)	129.90%
1982[a,b]	128,901,825	106,730,627	235,632,452	281,708,565	(46,076,113)	119.60%
1983[a,b]	142,713,639	111,888,474	254,602,113	321,404,079	(66,801,966)	126.20%
1984	158,514,452	117,882,073	276,396,525	356,809,111	(80,412,586)	129.10%
1985[b]	113,743,284	94,516,563	208,259,847	420,554,173	(212,294,326)	201.90%
1986[a]	179,881,434	122,432,246	302,313,680	489,403,006	(187,089,326)	161.90%
1987[a]	215,483,599	126,554,299	342,037,898	546,947,052	(204,909,154)	159.90%
1988	229,024,543	133,793,756	362,818,299	584,899,234	(222,080,935)	161.20%
1989[a,b]	241,519,125	143,445,325	384,964,450	646,313,443	(261,348,993)	167.90%
1990[a,b]	271,401,625	150,398,932	421,800,557	687,103,206	(265,302,649)	162.90%
1991	291,757,778	156,649,525	448,407,303	746,260,920	(297,853,617)	166.40%
1990[b]	311,642,762	161,298,914	472,941,676	797,641,186	(324,699,510)	168.70%
1993[b]	403,591,438	152,059,845	555,651,283	871,897,213	(316,245,930)	156.90%
1994[a,b]	395,721,090	166,182,247	561,903,337	905,389,874	(343,486,537)	161.10%
1995[b]	401,047,985	175,400,781	576,448,766	979,038,393	(402,589,627)	169.80%
1996	405,010,948	187,040,430	592,051,378	1,074,699,269	(482,647,891)	181.50%
1997[a,b]	$ 455,856,814	$ 199,007,766	$ 654,864,580	$ 1,204,439,298	$ (549,574,717)	183.90%

[a] Change in valuation assumptions
[b] Change in benefits Quick ratio is defined as assets divided by the termination liability.

DEPARTMENT OF INSURANCE DISCLOSURE

Pension Benefit Obligation (PBO)

		1996		1997
APV of Credited Projected Benefits				
Payable to Retirees and Beneficiaries	$	405,010,948	$	455,856,814
Current Employees:				
Accumulated Employee Contributions		187,040,430		199,007,766
Payable to "Vested" and "Non-vested" Employees		241,821,851		278,221,581
Total APV		833,873,229		933,086,161
Net Assets Available for Benefits, Actuarial Assets		1,172,316,925		1,328,085,799
Unfunded (Assets in Excess of) APV of Credited Projected Benefits	$	(338,443,695)	$	(394,999,637)
Percentage Funded		140.59%		142.33%
Unfunded APV as Percent of Payroll		(208.56)%		(230.76)%
Payroll	$	162,276,840	$	171,175,944

GASB DISCLOSURE

Plan Description

Any employee of the City of Chicago or the Board of Education employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the City is covered by the Laborers' Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers' Plan) which is a defined benefit single employer pension plan with a defined contribution minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in Illinois State Statutes (Chapter 40, Pensions, Article 5/11) and may be amended only by the Illinois legislature. The City of Chicago accounts for the plan as a pension trust fund. The City of Chicago payroll for employees covered by the Laborers' Plan for the year ended December 31, 1997 was $171,175,944. At December 31, 1997 the Laborers' Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes disabilities)	4,088
Terminated employees entitled to benefits or a refund of contributions but not yet receiving them	1,731
Current employees	3,876

The Laborers' Fund provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service are entitled to receive a minimum formula annuity of 2.2% per year service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1% for each month the employee is under age 60 if the employee has less than 30 years of service. The original annuity is limited to 75% of the highest average annual salary. The monthly annuity is increased by 3% of the original annuity at the first payment date following the later of age 60 or the first anniversary of retirement, and by 3% of the original annuity annually thereafter.

Covered employees are required to contribute 8.5% of their salary to the Laborers' Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when employee became a participant). The City of Chicago is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the fund. It is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.37 annually.

GASB DISCLOSURE

GASB Disclosure	
Actuarial Valuation Date	December 31, 1997
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	40 Years (Open period)
Actuarial Asset Valuation Method	5 Year Average Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	
Inflation	3.0%
Seniority Merit	2.0%
Post Retirement Benefit Increases	3.0% per year for employee annuitants beginning at age 60

Actuarial Accrued Liability (AAL)

Actuarial Accrued Liability (AAL)	1996	1997
Payable to Retirees and Beneficiaries	$ 405,010,948	$ 455,856,814
Current Employees:		
Accumulated Employee Contributions including statutory interest	187,040,430	199,007,766
Payable to Vested and Non-Vested Employees (not split)	344,572,341	385,785,954
Total Actuarial Accrued Liability	936,623,719	1,040,650,534
Net Plan Actuarial Assets, GASB values	1,172,316,925	1,328,085,799
Unfunded AAL (In Excess of AAL)	$ (235,693,205)	$ (287,435,265)
Percentage Funded	125.16%	127.62%
Unfunded AAL as Percent of Payroll	(145.24)%	(167.92)%
Payroll	$ 162,276,840	$ 171,175,944

GASB DISCLOSURE

Schedule of Employer Contributions

Schedule of Employer Contributions	1996	1997
Contribution multiplier	1.37	1.37
City of Chicago contribution, net of reserve for loss in tax collection [1]	$ 19,623,717	$ 19,328,981
City of Chicago contribution as a percent of covered payroll	12.83%	11.91%
Employee contributions	$ 14,856,703	$ 15,332,208
Employee contributions as a percent of covered payroll	9.71%	9.45%
Annual Actuarial Requirement	$ 7,389,940	$ 2,525,068
Actuarial Requirement as a percent of covered payroll	4.83%	1.56%
Current year normal cost	$ 21,340,898	$ 21,544,208
Normal cost as a percent of covered payroll	13.95%	13.28%
40 year level dollar amortization of the unfunded liability	$ 0	$ 0
40 year level dollar amortization as a percent of covered payroll	0.00%	0.00%

1 Includes miscellaneous income.

For the year 1997 (based on a 1997 multiple of 1.37) the City contributed (after tax levy losses of 4%) $19,328,981 or 11.91% of payroll. For 1997, the employee contributions were $15,332,208 or 9.45% of payroll. As the Annual Required Contribution was Not Applicable, there was an excess of contributions over payroll of 19.80% or $32,136,120.

It is estimated for 1998 that the contributions will be enough to meet (and exceed) the Annual Required Contribution.

Schedule of Funding Progress Restated to Actuarial Asset Values for GASB No. 25

Year	Actuarial Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (Surplus)	Annual Covered Payroll	UAAL (Surplus) as a % of Payroll
1985 [b]	$ 425,851,845	$ 495,844,974	85.88%	$ 69,993,129	$ 131,327,856	53.30%
1986 [a]	517,040,712	507,984,848	101.78%	(9,055,864)	125,594,688	(7.21%)
1987 [a]	571,065,219	583,284,026	97.91%	12,218,807	128,601,816	9.50%
1988	606,321,849	604,440,661	100.31%	(1,881,188)	135,453,096	(1.39%)
1989 [a,b]	671,449,305	633,894,540	105.92%	(37,554,765)	132,685,608	(28.30%)
1990 [a,b]	705,841,707	716,604,604	98.50%	10,762,897	142,024,296	7.58%
1991	772,520,978	761,056,602	101.51%	(11,464,376)	145,612,704	(7.87%)
1992 [b]	844,916,889	777,385,162	108.69%	(67,531,727)	149,054,136	(45.31%)
1993 [b]	937,094,502	847,293,445	110.60%	(89,801,057)	141,618,648	(63.41%)
1994 [a,b]	960,327,842	866,493,209	110.83%	(93,834,633)	155,213,016	(60.46%)
1995 [b]	1,063,261,239	890,375,387	119.42%	(172,885,852)	152,996,856	(113.00%)
1996	1,172,316,925	936,623,719	125.16%	(235,693,206)	162,276,840	(145.24%)
1997 [a,b]	$ 1,328,085,799	$ 1,040,650,534	127.62%	$ (287,435,264)	$ 171,175,944	(167.92%)

[a] Change in actuarial assumptions. [b] Change in benefits.

GASB DISCLOSURE

Employer Required Contributions

Year	Actuarial Required Contribution [1,2] (ARC)	Required Statutory Basis [3]	Actual [4]	Percent of ARC Contributed
1986	$ 14,190,554	$ 14,765,250	$ 14,765,250	104.05%
1987	7,123,405	14,659,550	14,745,709	207.00%
1988	9,276,456	14,784,800	15,157,663	163.40%
1989	8,290,572	14,843,700	15,257,738	184.04%
1990	2,717,433	14,668,000	17,029,493	626.68%
1991	9,159,274	15,736,320	15,989,678	174.57%
1992	7,987,976	16,172,160	16,574,721	207.50%
1993	2,774,135	17,278,850	17,734,532	639.28%
1994	1,568,675	16,346,450	16,954,372	1080.81%
1995	0	17,976,768	18,311,622	N/A
1996	0	19,242,432	19,623,717	N/A
1997	$ 0	$ 18,863,712	$ 19,328,981	N/A

1 Restated to actuarial asset value and adjusted for full funding.
2 ARC is the Actuarial Required Employer Contribution, restated to Normal Cost plus 40 year amortization. Normal cost plus 40 year amortization has been adjusted to accommodate negative amortization as defined in GASB 25. Negative ARC values are eliminated, and ARC is set to zero.
3 Tax levy after 4% overall loss.
4 Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

Trend Information

Year	Assets Available for Benefits as a % of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus) as a % of Covered Payroll End of Year	Employer Contributions as a % of Covered Payroll Beginning of Year
1986	101.78%	(7.21)%	0.00%
1987	97.91%	9.50%	11.74%
1988	100.31%	(1.39)%	11.79%
1989	105.92%	(28.30)%	11.26%
1990	98.50%	7.58%	12.83%
1991	101.51%	(7.87)%	11.26%
1992	108.69%	(45.31)%	11.38%
1993	110.60%	(63.41)%	11.90%
1994	110.83%	(60.46)%	11.97%
1995	119.42%	(113.00)%	11.80%
1996	125.16%	(145.24)%	12.83%
1997	127.62%	(167.92)%	11.91%

GASB DISCLOSURE

Annual Actuarial Requirements (Actuarial Asset Values)

	A	B	C	D	A	B	C	D
	Normal Cost	NC Plus Interest	NC Plus GASB 40-Year Amortization	NC Plus Increasing % of Salary	Expressed as a Percentage of Salary Year Beginning of Year			
1987[a]	$ 18,826,921	$ 18,171,852	$ 18,133,421	$ 18,410,399	14.99%	14.47%	14.44%	14.66%
1988[a]	20,008,465	20,892,329	20,944,184	20,570,466	15.56%	16.25%	16.29%	16.00%
1989	19,803,585	19,658,771	19,651,783	19,710,637	14.62%	14.51%	14.51%	14.55%
1990[a,b]	17,819,965	14,929,002	14,789,498	15,964,410	13.43%	11.25%	11.15%	12.03%
1991[a,b]	20,777,427	21,605,954	21,645,935	21,309,214	14.63%	15.21%	15.24%	15.00%
1992	21,637,649	20,755,122	20,712,536	21,071,202	14.86%	14.25%	14.22%	14.47%
1993[b]	20,261,167	15,062,580	14,811,720	16,924,471	13.59%	10.11%	9.94%	11.35%
1994[b]	21,316,661	14,403,782	14,070,199	16,879,653	15.05%	10.17%	9.94%	11.92%
1995[a,b]	20,451,183	13,227,800	12,879,233	15,814,878	13.18%	8.52%	8.30%	10.19%
1996[b]	21,340,898	8,032,158	7,389,940	12,798,727	13.95%	5.25%	4.83%	8.37%
1997	21,544,208	3,400,537	2,525,068	9,898,787	13.28%	2.10%	1.56%	6.10%
1998[a,b]	$ 21,761,436	$ (365,341)	$ (1,433,003)	$ 7,559,480	12.71%	(0.21)%	(0.84)%	4.42%

Actual Employer and Employee Contribution

	E	F	E	F
Year	Employer (plus misc.)	Total Employee	Expressed as a Percentage of Salary Beginning of Year	
1987	$ 14,745,709	$ 11,774,209	11.74%	9.37%
1988	15,157,663	11,740,621	11.79%	9.13%
1989	15,257,738	12,529,606	11.26%	9.25%
1990	17,029,493	12,805,486	12.83%	9.65%
1991	15,989,678	13,691,711	11.26%	9.64%
1992	16,574,721	13,025,003	11.38%	8.94%
1993	17,734,532	15,345,146	11.90%	10.30%
1994	16,954,732	14,293,250	11.97%	10.09%
1995	18,311,622	14,610,842	11.80%	9.41%
1996	19,623,717	14,856,703	12.83%	9.71%
1997	19,328,981	15,332,208	11.91%	9.45%
1998 est	$ 18,971,520	$ 15,405,835	11.08%	9.00%

Deficiency (Excess) in Annual Contribution

	G	H	I	G	H	I
Year	NC Plus Interest	NC Plus GASB 40-Year Amortization	NC Plus Increasing % of Salary	Expressed as a Percentage of Salary Beginning of Year		
1987[a]	$ (8,348,066)	$ (8,386,497)	$ (8,109,519)	(6.65)%	(6.68)%	(6.46)%
1988[a]	(6,005,955)	(5,954,100)	(6,327,818)	(4.67)%	(4.63)%	(4.92)%
1989	(8,128,573)	(8,135,561)	(8,076,707)	(6.00)%	(6.01)%	(5.96)%
1990[a,b]	(14,905,977)	(15,045,481)	(13,870,569)	(11.23)%	(11.34)%	(10.45)%
1991[a,b]	(8,075,435)	(8,035,454)	(8,372,175)	(5.69)%	(5.66)%	(5.89)%
1992	(8,844,602)	(8,887,188)	(8,528,522)	(6.07)%	(6.10)%	(5.86)%
1993[b]	(18,017,098)	(18,267,958)	(16,155,207)	(12.09)%	(12.26)%	(10.84)%
1994[b]	(16,844,200)	(17,177,783)	(14,368,329)	(11.89)%	(12.13)%	(10.15)%
1995[a,b]	(19,694,664)	(20,043,231)	(17,107,586)	(12.69)%	(12.91)%	(11.02)%
1996[b]	(26,448,262)	(27,090,480)	(21,681,693)	(17.29)%	(17.71)%	(14.17)%
1997	(31,260,651)	(32,136,120)	(24,762,401)	(19.26)%	(19.80)%	(15.26)%
1998 est	$ (34,377,355)	$ (34,377,355)	$ (26,817,875)	(20.08)%	(20.08)%	(15.67)%

[a] Change in actuarial assumptions. [b] Change in benefits. All asset values restated.

GASB DISCLOSURE

History of Financial Information

Year End	Employee Contributions [1]	Employer Contributions [2]	Investment Income [3]	Total Income
1979	$ 9,571,764	$ 11,108,298	$ 13,547,589	$ 34,227,651
1980	9,729,912	11,791,330	12,626,861	34,148,103
1981	10,522,389	12,392,694	9,631,793	32,546,876
1982	11,546,286	12,589,417	19,729,269	43,864,972
1983	11,608,537	13,681,225	31,809,924	57,099,686
1984	11,531,243	14,996,619	28,832,621	55,360,483
1985	11,569,775	15,035,039	58,720,209	85,325,023
1986	11,691,095	14,765,250	67,653,382	94,109,727
1987	11,774,209	14,745,709	58,220,924	84,740,842
1988	11,740,621	15,157,663	42,386,313	69,284,597
1989	12,529,606	15,257,738	66,965,633	94,752,977
1990	12,805,485	17,029,493	49,265,200	79,100,178
1991	13,691,711	15,989,678	71,677,465	101,358,854
1992	13,025,003	16,574,721	66,508,987	96,108,711
1993	15,345,146	17,734,532	92,440,444	125,520,122
1994	14,293,250	16,954,372	56,083,250	87,330,872
1995	14,610,842	18,311,622	96,491,994	129,414,458
1996	14,856,703	19,623,717	117,752,240	152,232,660
1997 [4]	$15,332,208	$ 19,328,981	$ 156,275,504	$ 190,936,693

1 Includes deductions in lieu for disability.
2 Net tax levy and miscellaneous income. Includes prior year adjustments for taxes beginning in 1991.
3 Includes realized net gain or loss on sale of assets. Unrealized appreciation has not been included.

Year	Benefits	Administrative and Investment Expense	Refunds [5]	Total	Income Less Pay Outs [6,7]
1979	$ 10,795,166	$ 438,914	$ 2,821,593	$ 14,055,673	$ 20,171,978
1980	12,161,292	440,591	4,195,056	16,796,939	17,351,164
1981	12,880,890	640,795	3,074,561	16,596,246	15,950,630
1982	13,851,434	626,772	1,860,636	16,338,842	27,526,130
1983	14,828,962	641,349	1,936,538	17,406,849	39,692,837
1984	16,582,310	766,485	3,124,454	20,473,249	34,887,234
1985	18,516,249	1,266,552	2,273,021	22,055,822	63,269,201
1986	20,881,472	2,006,912	2,886,317	25,774,701	68,335,026
1987	23,465,597	2,223,312	2,012,475	27,701,384	57,039,458
1988	27,467,689	2,264,746	1,756,290	31,488,725	37,795,872
1989	28,966,184	2,973,149	1,832,628	33,771,961	60,981,016
1990	32,029,184	3,340,152	3,064,232	38,433,568	40,666,610
1991	35,435,437	3,414,439	3,351,263	42,201,139	59,157,715
1992	38,101,275	3,911,716	2,715,455	44,728,446	51,380,265
1993	43,341,553	4,307,840	3,614,702	51,264,095	74,256,027
1994	47,648,416	4,166,122	2,023,674	53,838,212	33,492,660
1995	48,292,850	4,272,012	3,201,077	55,765,939	73,648,519
1996	49,129,165	4,801,526	2,641,093	56,571,784	95,660,876
1997 [7]	$ 52,784,251	$ 5,277,669	$ 3,134,744	$ 61,196,664	$ 129,740,029

4 Investment expense withheld from investments. Net securities lending included under investment income.
5 Includes adjustments for payables and receivables after 1990.
6 Does not include prior year adjustments for taxes for years before 1991.
7 Does not include adjustments for payables and receivables after 1990.

GASB DISCLOSURE

Actuarial Accrued Liability Prioritized Solvency Test Restated to Actuarial Asset Values for GASB No. 25

The prioritized solvency test is another means of checking a system's progress under its funding program, based on the Actuarial Accrued Liability. In this test the plan's present assets (cash and investments) are compared with obligations in order of priority: (1) active member contributions on deposit; (2) the present value of future benefits to present retired lives; (3) the Actuarial Accrued Liability 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 (except in rare circumstances). In addition, the Actuarial Accrued Liability for present active members (present value 3) will be partially 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.

Actuarial Accrued Liability Prioritized Solvency Test Restated to Actuarial Asset Values for GASB No. 25

Valuation Date Dec. 31	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (ER Financed Portion)	Actuarial Asset Values for GASB [c]	Portion (%) of Present Value Covered by Assets		
					(1)	(2)	(3)
1985 [a,b]	$ 94,516,563	$ 113,743,284	$ 287,585,127	$ 425,851,845	100.00%	100.00%	75.70%
1986 [a,b]	122,432,246	179,881,434	205,671,168	517,040,712	100.00%	100.00%	100.00%
1987 [a, b]	126,554,299	215,483,599	241,246,128	571,065,219	100.00%	100.00%	94.90%
1988	133,793,756	229,024,543	241,622,362	606,321,849	100.00%	100.00%	100.00%
1989 [a,b]	143,445,325	241,519,125	248,930,090	671,449,305	100.00%	100.00%	100.00%
1990 [a,b]	150,398,932	271,401,625	294,804,047	705,841,707	100.00%	100.00%	96.30%
1991 [b]	156,649,525	291,757,778	312,649,299	772,520,978	100.00%	100.00%	100.00%
1992	161,298,914	311,642,762	304,443,486	844,916,889	100.00%	100.00%	100.00%
1993 [b]	152,059,845	403,591,438	291,642,162	937,094,502	100.00%	100.00%	100.00%
1994	166,182,247	395,721,090	304,589,872	960,327,842	100.00%	100.00%	100.00%
1995 [b]	175,400,781	401,047,985	313,926,621	1,063,261,239	100.00%	100.00%	100.00%
1996	187,040,430	405,010,948	344,572,341	1,172,316,925	100.00%	100.00%	100.00%
1997 [a,b]	$199,007,766	$ 455,856,814	$ 385,785,954	$1,328,085,799	100.00%	100.00%	100.00%

[a] Change in actuarial assumptions.
[b] Change in benefits.
[c] Change in asset valuation method for all years.
Note: Active Members (ER Financed Portion) was based on credited projected value of benefits prior to 1997.

GASB DISCLOSURE

Actuarial Asset Calculation Method

The Investment Asset Value is valued at cost times the average ratio of the market to cost for the current year and the prior four years. Cash and Cash equivalents are valued at market value for the total actuarial assets, while all other assets are valued at market value.

Year	Invested Assets Book	Invested Assets Market	Ratio	5-Year Average	Other Assets (Including Cash &Equivalents) Book	Other Assets (Including Cash &Equivalents) Market
1983	$ 302,037,653	$ 317,391,059	1.050833	0.952121	$ 19,366,426	$ 19,366,426
1984	334,880,492	346,678,153	1.035229	0.980330	21,928,619	21,928,619
1985	399,372,114	436,253,673	1.092349	1.013265	21,182,059	21,182,059
1986	467,263,563	500,210,957	1.070511	1.059148	22,139,443	22,139,443
1987	527,622,835	516,875,715	0.979631	1.045711	19,324,217	19,324,217
1988	567,787,313	573,994,403	1.010932	1.037730	17,111,921	17,111,921
1989	550,369,896	591,525,222	1.074778	1.045640	95,943,547	95,960,527
1990	608,259,812	619,281,491	1.018120	1.030794	78,843,394	78,851,142
1991	636,021,563	714,240,017	1.122981	1.041288	110,239,357	110,239,357
1992	706,524,926	782,655,419	1.107753	1.066913	91,116,260	91,116,260
1993	785,433,810	857,229,837	1.091409	1.083008	86,463,403	86,463,403
1994	777,073,849	787,228,647	1.013068	1.070666	128,316,025	128,341,293
1995	882,284,158	1,007,646,707	1.142089	1.095460	96,754,235	96,754,235
1996	990,690,164	1,127,759,026	1.138357	1.098535	84,009,105	84,009,105
1997	$1,089,108,614	$1,288,120,360	1.182729	1.113530	$ 115,330,683	$ 115,330,683

Year	Total Assets at Book	Total Assets at Market	Total Actuarial Asset Value
1983	$ 321,404,079	$ 336,757,485	$ 306,942,818
1984	356,809,111	368,606,772	350,222,012
1985	420,554,173	457,435,732	425,851,845
1986	489,403,006	522,350,400	517,040,712
1987	546,947,052	536,199,932	571,065,219
1988	584,899,234	591,106,324	606,321,849
1989	646,313,443	687,485,749	671,449,305
1990	687,103,206	698,132,633	705,841,707
1991	746,260,920	824,479,374	772,520,978
1992	797,641,186	873,771,679	844,916,889
1993	871,897,213	943,693,240	937,094,502
1994	905,389,874	915,569,940	960,327,842
1995	979,038,393	1,104,400,942	1,063,261,239
1996	1,074,699,269	1,211,768,131	1,172,316,925
1997	$ 1,204,439,298	$ 1,403,451,043	$ 1,328,085,799

GASB DISCLOSURE

Reconciliation of Assets -- December 31, 1997

	Market	GASB	Book
Additions:			
Contributions:			
Employer *	$ 19,301,395	$ 19,301,395	$ 19,301,395
Plan Member	15,332,207	15,332,207	15,332,207
Total Contributions	34,633,602	34,633,602	34,633,602
Investment Income:			
Interest	43,178,966	43,178,966	43,178,966
Dividends	8,115,866	8,115,866	8,115,866
Venture Capital Income, net	83,415	83,415	83,415
Real Estate Operating Income, net	3,743,786	3,743,786	3,743,786
Amortization	0	0	1,446,706
Net Appreciation	162,331,191	126,417,153	98,941,602
Total Investment Income	217,453,224	181,539,186	155,510,341
Less: Investment Expenses	(3,638,954)	(3,638,954)	(3,638,954)
Net Investment Income	213,814,270	177,900,232	151,871,387
From Securities Lending Activities			
Securities Lending Income	16,399,817	16,399,817	16,399,817
Securities Lending Expenses:			
Borrower Rebates	(15,634,653)	(15,634,653)	(15,634,653)
Management Fees	(229,629)	(229,629)	(229,629)
Net Securities Lending Expenses	(15,864,282)	(15,864,282)	(15,864,282)
Total Securities Lending Income **	535,535	535,535	535,535
Miscellaneous	27,586	27,586	27,586
Total Additions:	249,010,993	213,096,955	187,068,110
Deductions:			
Benefits:	52,784,251	52,784,251	52,784,251
Refunds of contributions	3,134,744	3,134,744	3,134,744
Administrative Expenses	1,409,086	1,409,086	1,409,086
Total Deductions	57,328,081	57,328,081	57,328,081
Net Increase (Decrease)	$ 191,682,912	$ 155,768,874	$ 129,740,029
Net assets:			
Beginning of year	$ 1,211,768,131	$ 1,172,316,925	$ 1,074,699,269
End of Year	$ 1,403,451,043	$ 1,328,085,799	$ 1,204,439,298

* Employer Contributions include City contributions of $18,804,335.00, Net Change in Reserve for Loss and Collection of Taxes of $488,446.14, and Interest on Real Estate of $8,613.66. Miscellaneous income of $27,586.05 is not included with Employer Contributions, but is listed separately.

** Total Securities Lending Income includes Security Lending Income less Borrower Rebates. (includes Manager Fees).

GASB DISCLOSURE

NET PENSION OBLIGATION

Year ending December 31:	1987 [1]	1988	1989	1990
Assumptions and Method				
Interest Rate	7.50%	7.50%	7.50%	8.00%
Amortization period (years)	40	40	40	40
Cost Method	EAN	EAN	EAN	EAN
Annual Pension Cost				
Actuarially Determined Contr.				
Normal Cost	$ 18,826,921	$ 20,008,465	$ 19,803,585	$ 17,819,965
40 year amortization	(693,500)	935,719	(151,802)	(3,030,467)
Total ADC	18,133,421	20,944,184	19,651,783	14,789,498
Interest on NPO	0	(628,987)	(1,146,199)	(1,796,270)
Adjustment to ADC	0	642,102	1,155,863	1,811,417
Annual Pension Cost	18,133,421	20,957,299	19,661,448	14,804,644
Contributions for Year				
Employer	14,745,709	15,157,663	15,257,738	17,029,493
Employee	11,774,209	11,740,621	12,529,606	12,805,486
Total Contributions	26,519,918	26,898,284	27,787,344	29,834,979
Net Pension Obligation (NPO)				
NPO at Beginning of Year	0	(8,386,497)	(14,327,482)	(22,453,378)
Annual Pension Cost	18,133,421	20,957,299	19,661,448	14,804,644
Total Contributions	26,519,918	26,898,284	27,787,344	29,834,979
NPO at End of Year	$ (8,386,497)	$ (14,327,482)	$ (22,453,378)	$ (37,483,714)

1 GASB 27 states that employers should have all necessary information to calculate NPO beginning after the effective date of GASB 5, December 15, 1986. NPO calculations begin for first statement year following that effective date.

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
1997	$ 0	N/A	$ (156,765,971)
1996	0	N/A	(136,709,699)
1995	0	N/A	(109,693,214)

For 1998, changes were made to actuarial assumptions, employee benefits, and the method of valuation of assets.

GASB DISCLOSURE

NET PENSION OBLIGATION

1991	1992	1993	1994	1995	1996
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
40	40	40	40	40	40
EAN	EAN	EAN	EAN	EAN	EAN
$ 20,777,427	$ 21,637,649	$ 20,261,167	$ 21,316,661	$ 20,451,183	$ 21,340,898
868,508	(925,113)	(5,449,447)	(7,246,462)	(7,571,950)	(13,950,958)
21,645,935	20,712,536	14,811,720	14,070,199	12,879,233	7,389,940
(2,998,697)	(3,639,511)	(4,348,031)	(5,806,534)	(7,176,840)	(8,775,457)
3,023,982	3,670,199	4,384,694	5,855,495	7,237,356	8,849,453
21,671,220	20,743,224	14,848,383	14,119,160	12,939,749	7,463,935
15,989,678	16,574,721	17,734,532	16,954,732	18,311,622	19,623,717
13,691,711	13,025,003	15,345,146	14,293,250	14,610,842	14,856,703
29,681,389	29,599,724	33,079,678	31,247,982	32,922,464	34,480,420
(37,483,714)	(45,493,882)	(54,350,382)	(72,581,677)	(89,710,499)	(109,693,214)
21,671,220	20,743,224	14,848,383	14,119,160	12,939,749	7,463,935
29,681,389	29,599,724	33,079,678	31,247,982	32,922,464	34,480,420
$ (45,493,882)	$ (54,350,382)	$ (72,581,677)	$ (89,710,499)	$ (109,693,214)	$ (136,709,699)

Net Pension Obligation (NPO)	1997 Expected
Annual Required Contribution	$ 0
Interest on Net Pension Obligation	(10,936,776)
Adjustment to Annual Required Contribution *	10,936,776
Annual Pension Cost	0
Contributions made	20,056,272
Increase (decrease) in Net Pension Obligation	(20,056,272)
Net Pension Obligation - beginning of year	(136,709,699)
Net Pension Obligation - end of year	$ (156,765,971)

* In accordance with GASB statement number 27, for an employer that has no net pension obligation (this included an NPO that is a negative balance) the annual pension cost (APC) is equal to the annual required contribution (ARC).

GASB DISCLOSURE

History of Retirees and Beneficiaries Added to & Removed from Benefit Payroll

Yr.	Added to Payroll		Removed from Payroll		Payroll, End of Year		Average Annual Benefits	Increase to Avg. Benefits
	No.	Ann. Ben.	No.	Ann. Benefits	No.	Ann. Benefits		
Employee Annuitants (Male and Female)								
1982	182	$ 1,233,344	176	$ 457,708	2,475	$ 10,698,716	$ 4,323	7.60%
1983	174	1,308,499	230	483,759	2,419	11,523,456	4,764	10.20%
1984	223	2,057,564	173	484,160	2,469	13,096,860	5,305	11.40%
1985	170	1,829,800	220	759,172	2,419	14,167,488	5,857	10.40%
1986	248	3,008,908	180	465,898	2,487	16,710,498	6,719	14.70%
1987	190	3,546,317	179	463,252	2,498	19,793,563	7,924	17.90%
1988	154	2,009,373	158	589,873	2,494	21,213,063	8,506	7.30%
1989	133	1,660,782	151	527,914	2,476	22,345,931	9,025	6.10%
1990	157	3,080,832	152	531,392	2,481	24,895,371	10,034	11.20%
1991	170	2,795,428	150	688,716	2,501	27,002,083	10,797	7.60%
1992	188	3,197,921	155	867,514	2,534	29,332,490	11,576	7.20%
1993	439	9,572,020	171	1,062,719	2,802	37,841,791	13,505	16.70%
1994	52	1,676,720	174	1,866,066	2,680	37,652,445	14,049	4.00%
1995	106	3,056,851	186	2,264,327	2,600	38,444,969	14,787	5.20%
1996	91	2,762,022	154	1,972,620	2,537	39,234,371	15,465	4.60%
1997	84	$ 3,589,997	164	$1,981,409	2,457	$ 40,842,959	$ 16,623	7.50%
Widow/Widower Annuitants (Not Including Compensation)								
1982	94	$ 236,034	72	$ 77,159	1,186	$ 1,927,743	$ 1,625	7.00%
1983	104	288,113	79	87,119	1,211	2,128,737	1,758	8.10%
1984	81	250,957	64	74,700	1,228	2,304,994	1,877	6.80%
1985	95	307,723	113	150,198	1,210	2,462,519	2,035	8.40%
1986	83	240,415	67	92,512	1,226	2,610,422	2,129	4.60%
1987	90	1,140,315	76	104,939	1,240	3,645,798	2,940	38.10%
1988	84	323,567	59	148,700	1,265	3,820,665	3,020	2.70%
1989	88	367,359	58	148,734	1,295	4,039,290	3,119	3.30%
1990	87	1,419,786	65	166,685	1,317	5,292,391	4,019	28.80%
1991	89	472,698	71	262,135	1,335	5,502,954	4,122	2.60%
1992	87	490,172	63	249,698	1,359	5,743,428	4,226	2.50%
1993	95	548,635	56	214,308	1,398	6,077,755	4,347	2.90%
1994	71	446,490	66	259,554	1,403	6,264,691	4,465	2.70%
1995	88	586,632	64	264,921	1,427	6,586,402	4,616	3.40%
1996	77	549,825	87	358,563	1,417	6,777,664	4,783	3.60%
1997	83	$ 3,034,013	87	$ 372,443	1,413	$ 9,439,234	$ 6,680	39.70%

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Method: The actuarial funding method used is the **entry age normal 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.

It should be emphasized that the actuarial assumptions do not directly affect the cost of the pension plan. Benefits are fixed by statute and will become payable as various members and their dependents satisfy the contingencies covered. The actual cost of the plan can only be determined after all benefits have been paid and is equal to the total benefits paid, plus total administrative expenses, minus total investment income.

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 up 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.

An amount of money is required each year to keep the **unfunded liability** from increasing if all assumptions are realized. This amount is called **interest only** on the **unfunded liability**.

The required total **annual required contribution** to the fund is equal to the **current service costs** plus **a 40 year level dollar amortization** of the **unfunded liability**. The old funding policy of interest only has been strengthened. It was often referred to as the middle of the road method. It evolved over the years and seeks to satisfy the ideologies of all interested groups, including opinions often expressed by the Civic Federation. Under the new GASB No. 25 standard, a 40 year level dollar amount is provided for amortization of the **unfunded liability**.

Reserves for employees' retirement annuities, spouses' retirement annuities, and death benefit annuities and health insurance are valued on the entry age normal method. Grouped ages of entry, 22, 27, 32, 37, 42, 47, 52, 57, 62 and 67, are used.

The costs for the following items are valued on an actuarial cost basis. No reserves are set up, as these items tend to stabilize on a cash basis. The statutory accounting requires that these items be subtracted from the tax levy before other allocations are made.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

1. Duty disability benefits
2. Ordinary disability benefits
3. Children's annuities
4. Refunds, including refunds for no spouse
5. Expense of administration (net of investment expense)

Reserves are set up for duty and ordinary disability recipients as if they were in active service.

Actuarial Assumptions

Actuarial assumptions are selected by the actuary, but the statute calls for certain reserves to be computed with specified assumptions.

Mortality
Active members, present and future retired members and spouses: 1983 GAM mortality table set forward two years. This mortality assumption was adopted in 1997. A history of the mortality experience is shown in Exhibit Y.

Interest: 8% a year (net of investment expense), compounded annually. Exhibit Q details the investment yields the Fund actually realized over the past few years. This assumption, adopted in 1989, contains a 3% inflation assumption and a 5% real rate of return assumption. A history of the investment experience is also shown in Exhibit Q.

Interest earnings over the assumed rated can be used to reduce losses that may result from variations in other cost factors, such as increased costs resulting from salary increases greater than the assumed rate.

It must be realized that the interest assumption is a long-range assumption; it must cover a period as long as perhaps 50 years, which would be the period of time, for example, that the youngest employee in the Fund will work before retiring on pension for the rest of his or her life. There is no guarantee that current interest rates will continue over this period.

Salary Increase: 5% a year, compounded annually. Exhibit M details the annual increase in the average salary over the past years. The salary assumption, adopted in 1997, includes a 3% inflation assumption and 2% merit and longevity assumptions.

It should be remembered that pensions are based directly upon salary. It is believed that if the recent pattern continues in the long-range future, the salary scale assumption will need to be adjusted.

Increased costs will necessarily result, with the extent of the increase in cost depending on the extent of the increase in salary over the assumed time period.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Rates of Retirement: The rates of retirement used in this valuation are shown in Exhibit X,and are grouped by age of entrance into the service and are based on 1985, 1986, and 1987 experience of this Fund for males and on experience of the Municipal Fund for females. These rates have been adjusted to reflect anticipated earlier retirements for employees under age 60 with at least 30 years of service.

Average Ages of Retirement

Year	Average Age at Retirement
1980	65.4
1981	64.9
1982	64.6
1983	65.3
1984	65.9
1985	64.8
1986	64.9
1987	65.0
1988	65.0
1989	64.7
1990	64.6
1991	64.2
1992	65.2
1993	63.6
1994	63.3
1995	64.0
1996	61.4
1997	62.6

Expected Average Age of Retirement

Present Membership	59.57
New Hires	61.14

Rates of Termination: These rates are shown in Exhibit X, and are based on the experience of the Fund.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Percent Married: It is assumed that about 85% of the participants are married at the time a spouse's annuity becomes available.

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. If future entrants to the Fund are older than the present group, then costs will tend to increase. Conversely, if new entrants are younger, then costs will tend to decrease.

Age of Spouse: The spouse of a male employee is assumed four years younger; the spouse of a female employee is assumed four years older.

Asset Value: GASB No. 25 requires a market related actuarial asset value. A 5 year average smoothed market value was used. For Insurance Department purposes, the bonds are amortized value; stocks are at cost; real estate separate accounts are at adjusted cost. Market value is shown for information only.

Reciprocal Benefits: Active life normal costs and reserves are loaded 2%.

Loss on Tax Levy: 4% overall loss on tax levy is assumed.

Group Health Insurance Premiums: It is assumed for valuation purposes that the current health insurance supplement will continue for life for all employee annuitants (and their future widow/widowers). The amount of the Fund paid health insurance from January 1, 1993 until June 30, 2002 is $75.00 per month for each annuitant (employees and widow/widowers) not qualified to receive Medicare benefits (and $45.00 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 widow/widowers of retirees are assumed to be eligible for Medicare. All active employees upon their retirement and their widow/widowers upon employee's death are assumed to receive the health care supplement.

Ultimate Required Multiple: Is computed using the actuarial requirement less expected employee contributions (increased to adjust for the loss on the tax levy), divided by the expected employee contributions computed two years prior (using the actuarial salary scale). If the actual contributions had been used, the result would be somewhat different. The method used approximates a steady condition of uniformly increasing salaries.

It is calculated for 1998 that no multiple will be needed, as employee contributions will be more than sufficient to cover the obligations of this Fund.

SERVICE TABLE FUNCTIONS

Rates of Retirement

Entry Ages - Male										
Age	**22**	**27**	**32**	**37**	**42**	**47**	**52**	**57**	**62**	**67**
55	0.30	0.03	0.01							
56	0.30	0.04	0.01							
57	0.30	0.30	0.02	0.07	0.01					
58	0.30	0.20	0.02	0.02	0.01					
59	0.35	0.20	0.03	0.04	0.01					
60	0.50	0.20	0.09	0.10	0.04	0.02	0.02	0.02		
61	0.50	0.22	0.09	0.12	0.04	0.02	0.02	0.05		
62	0.50	0.25	0.15	0.33	0.07	0.03	0.03	0.10		
63	0.75	0.30	0.24	0.40	0.09	0.05	0.03	0.10	0.02	
64	0.75	0.35	0.28	0.45	0.11	0.06	0.05	0.15	0.05	
65	1.00	0.50	0.40	0.65	0.08	0.08	0.30	0.20	0.10	
66		0.75	0.45	0.65	0.42	0.13	0.15	0.20	0.15	
67		1.00	0.50	0.70	0.46	0.22	0.20	0.50	0.20	
68			0.75	0.75	0.50	0.50	0.50	0.50	0.50	
69			0.75	0.75	0.75	0.75	0.75	0.75	0.75	
70			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Entry Ages - Female										
55	0.25	0.05	0.04							
56	0.25	0.07	0.04							
57	0.35	0.30	0.05	0.01	0.01	0.01				
58	0.10	0.20	0.06	0.02	0.01	0.01				
59	0.25	0.20	0.08	0.03	0.01	0.01				
60	0.40	0.28	0.12	0.10	0.02	0.02	0.02	0.02		
61	0.50	0.30	0.15	0.13	0.04	0.02	0.03	0.03		
62	0.50	0.33	0.30	0.14	0.08	0.03	0.03	0.03		
63	0.75	0.50	0.33	0.15	0.09	0.03	0.04	0.03	0.02	
64	0.75	0.50	0.22	0.15	0.10	0.03	0.05	0.04	0.04	
65	1.00	0.75	0.24	0.42	0.25	0.13	0.05	0.06	0.15	
66		0.75	0.27	0.20	0.27	0.15	0.06	0.08	0.18	
67		1.00	0.30	0.30	0.33	0.25	0.07	0.12	0.22	
68			0.50	0.50	0.50	0.50	0.50	0.50	0.50	
69			0.75	0.75	0.75	0.75	0.75	0.75	0.75	
70			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Expected Average Age of Retirement

Present Membership	60.57
New Hires	62.15

Exhibit X

SERVICE TABLE FUNCTIONS

Rates of Termination

Age at Entrance

Attained Age	22	27	32	37	42	47	52	57	62
Male									
22	0.223								
27	0.116	0.262							
32	0.050	0.100	0.219						
37	0.021	0.046	0.098	0.221					
42	0.012	0.025	0.022	0.088	0.176				
47	0.005	0.012	0.010	0.034	0.080	0.142			
52		0.005	0.005	0.017	0.028	0.076	0.120		
57							0.046	0.112	
62									0.148
Female									
22	0.140								
27	0.108	0.174							
32	0.052	0.085	0.108						
37	0.022	0.038	0.062	0.074					
42	0.008	0.022	0.033	0.051	0.054				
47		0.013	0.017	0.028	0.033	0.063			
52		0.005	0.009	0.015	0.020	0.033	0.054		
57							0.036		
62								0.027	
67									

Attained Age	Male Death Rate GAM 1983 Per Thousand	Female Death Rate GAM 1983 Per Thousand	Proportion Married Percent
22	.444	.239	81%
27	.572	.320	81%
32	.785	.443	81%
37	1.128	.617	80%
42	1.932	.919	83%
47	3.513	1.505	83%
52	5.660	2.315	84%
57	8.384	3.821	82%
62	13.868	6.386	80%
67	24.817	10.922	78%
70	33.337	16.160	74%

A history of the withdrawal experience is shown in **Exhibit Y**.

ACTUARIAL EXPERIENCE

The actuarial assumptions for retirement, withdrawal, and pre-retirement mortality determine when and if a benefit is expected to be paid. The post-retirement mortality determines how long the benefit is expected to be paid. Once the actives enter service, there is a probability that they will not be in the work force at the end of each year because of withdrawal, retirement, or death, at which time they may be eligible for a benefit to be paid. The withdrawal and retirement rates for the Laborers' Fund have been based on past experience of this Fund with adjustments for expected changes in the future. The pre-retirement and post-retirement mortality are based on a published table, the 1983 GAM set forward two years (adopted in 1997), and not on the experience of this Fund. The actual experience of the Fund is compared to the expected experience of the Fund each year and changes in the rates or tables are made when the future expectations differ from the expectations using the current rates.

Actuarial Experience: Actual to Expected Experience					
Year	Active Mortality	Retired Mortality	Widow (Widower) Mortality	Retirement	Withdrawal
1980	1.57	1.06	1.21	1.46	2.63
1981	1.47	1.25	2.06	1.38	2.11
1982[1]	1.00	1.41	1.72	0.95	1.08
1983[2]	0.98	1.49	1.66	0.99	1.02
1984	0.69	1.45	1.63	1.27	1.23
1985	1.52	1.65	2.70	0.98	1.32
1986	0.88	1.52	1.70	1.44	1.43
1987	1.90	1.45	1.87	1.11	0.63
1988[1]	1.34	1.26	1.37	0.75	0.68
1989	1.31	1.21	1.29	0.64	0.67
1990	1.47	1.23	1.48	0.73	0.49
1991[1]	0.92	1.31	1.52	0.87	0.64
1992	1.27	1.19	1.23	1.17	0.79
1993[3]	1.22	1.27	1.06	2.61	0.70
1994	1.36	1.23	1.13	0.51	0.44
1995	1.31	1.33	1.06	1.08	0.68
1996	1.06	1.10	1.41	0.87	0.77
1997[2,4]	1.24	1.17	1.33	0.75	0.82

[1] New retirement rates.
[2] New mortality rates.
[3] Early Retirement Incentive.
[4] New mortality rates for 1998.

ACTUARIAL EXPERIENCE

Attained Age at Retirement, 1997

Age at Entrance - Male

Age	22	27	32	37	42	47	52	57	62	67	Total
50											0
51											0
52											0
53											0
54	1										1
55	5	2	5	2	1						15
56											0
57	1										1
58		1		3							4
59	1	1									2
60	1	1	1		1						4
61			2	1	1						4
62	1	1	3		4	1					10
63				1	2		1				4
64			1				1				2
65		2	1	1	3	1	1				9
66				1	1						2
67					1	2					3
68					1						1
69			1			1					2
70							1	1			2
Total	10	8	14	9	15	5	4	1	0	0	66

Age at Entrance - Female

Age	22	27	32	37	42	47	52	57	62	67	Total
50											0
51											0
52											0
53											0
54											0
55											0
56											0
57	1	1									2
58											0
59	1										1
60											0
61											0
62		1									1
63			1								1
64											0
65											0
66											0
67											0
68											0
69											0
70				1							1
Total	2	2	1	1	0	0	0	0	0	0	6

IMPACT STATEMENT

Fund	Laborers'		
Annual Payroll	$ 171,175,944		
Active Members	3,876		
Valuation Date	December 31, 1997		
	Present Plan		
(1) Accrued Pension Liability	$ 1,040,650,534		
(2) Present GASB Assets	1,328,085,799		
(3) Unfunded Liability (Surplus) = (1)-(2)	$ (287,435,265)		
(4) Funded Ratio = (2)/(1)	127.62%		
Direction of Financial Condition		**Per Active**	**Percent of Salary**
(5) Minimum Recommended Annual Contribution	$ 0	$ 0	0%
(6) Estimated Annual Employer Contribution	18,971,520	4,895	11.08%
(7) Estimated Annual Employee Contribution	15,405,835	3,975	9.00%
(8) Deficiency (Excess) in Annual Contributions =(5)-(6)-(7)	$ (34,377,355)	$ (8,869)	(20.08)%

PLAN SUMMARY

Participant

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

Service

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

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

Retirement Annuity

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

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

Minimum Annuity Formula: Maximum is 75% of final average salary.

a. An employee age 55 or older withdrawing on or after July 1, 1990, with at least 20 years of service, or an employee age 50 or older withdrawing on or after June 27, 1997 with at least 30 years of service, is qualified for an annuity equal to 2.2% for each year of service of the final average salary during the four highest consecutive years within the last 10 years of service prior to retirement. This annuity is discounted 0.25% for each month the employee is younger than 60 unless he has at least 25 years of service, 30 years of service if employee withdrew before June 27, 1997. Employee could also choose the old factors (1.8%, 2.0%, 2.2%, 2.4%) for each 10 years of service credit if it is to his benefit.

b. An employee who is at least age 65 with 15 or more years of service is qualified for an annuity equal to 1% for each year of service multiplied by the final average salary added to the sum of $25 for each year of service.

c. The employee will receive a minimum annuity of $550 per month if the employee retires at age 60 or more with at least 10 years of service on or after June 27, 1997.

Reversionary Annuity: An employee may elect to reduce his or her annuity by an amount less than or equal to $200 to provide a reversionary annuity for a spouse, parent, child, brother, or sister, to begin upon the employee's death. The election must be made before retirement and have been in effect 2 years prior to death. The death of the employee before retirement voids this election. The reversionary annuity cannot exceed 80% 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.

PLAN SUMMARY

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

Automatic Increase in Annuity: An employee who is age 60 or more is entitled to receive 3% of the original annuity, such increase to begin in January of the year immediately following the year of the first anniversary of retirement. An employee who retires prior to age 60 will receive such increase beginning in January of the year following the year he attained age 60. Effective for retirements on or after January 1, 1987, the first increase shall begin upon the first annuity payment date following the first anniversary of retirement, or age 60 if later.

Spouse Annuity (payable until remarriage)

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

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

For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, widows'/widowers' single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), not depending upon sex.

Spouses' Minimum Annuity Formula: If the employee retires or dies in service before July 1, 1990 and is at least age 60 with 20 or more years of service, the spouse's annuity is equal to half the amount of annuity the employee was entitled to at the time of death, if death occurred before retirement, or was entitled to receive on the date of retirement, if the employee died after retirement. The spouse's annuity must then be discounted .25% for each month that the spouse is under age 60 at the time the annuity is fixed.

If the employee retires or dies in service after July 1, 1990 and is at least age 55 with 20 or more years of service, or if the employee retires or dies in service on or after June 27, 1997 and is at least age 50 with 30 or more years of service, the spouse's annuity is equal to half the amount of annuity the employee was entitled to at time of retirement or death in service. This annuity must then be discounted .25% for each month the spouse is under age 55 at the time the employee retires or dies in service.

If the employees dies on or after June 27, 1997 while receiving a retirement annuity, the spouse may choose an annuity of one half of the employees annuity at death, discounted for his/her age under 55 at the time of the employee's death.

In the case of the spouse of a female employee, the employee must have made contributions for her spouse for at least 20 years to qualify for the minimum annuity formula. Current female employees may elect to pay spouse contributions for their full service before October 1974.

The spouse will receive a minimum annuity of $500 per month if employee retires with at least 10 years of service or dies in service with at least 5 years on or after June 27, 1997.

Children's Annuity

Child's annuity is payable upon the death of the employee, either active or retired, if the child is unmarried, under age 18, born or *in esse* before his separation from service or legally adopted at least one year before child's annuity becomes payable. Annuity is $220 per month while spouse of deceased employee is alive and $250 per month if no spouse is alive. Except for duty death the deceased employee must have had 4 years of service or at least 2 years from latest re-entrance if he had previously resigned from service.

PLAN SUMMARY

Family Maximum

Non-Duty Death: 60% of final monthly salary.

Duty death: 70% of final monthly salary.

Disabilities

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

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary at date of injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease shall not be 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.

Duty disability benefit is payable to age 65 if disability begins before age 60. For an employee who begins disability on or after age 60, disability will continue for 5 years or to age 70, whichever occurs first. The age 70 limitation was removed beginning January 1, 1987. As of January 1, 1991, a duty disability benefit which continues for more than 5 years and which starts before the employee's age 60, will be increased by 10% on January 1st of the sixth year.

The City contributes salary deductions for annuity purposes for the duty disability benefit. Such amounts contributed by the City after December 31, 1983, while the employee is receiving duty disability benefits, are not refundable to the employee and will be used for annuity purposes only.

Ordinary Disability Benefit: This benefit is granted for disability other than in performance of an act of duty and is 50% of salary as of last day worked less the sum ordinarily deducted from salary for annuity purposes. The first payment shall be made one month after the disablement occurs. Disability is payable until age 65 and limited to a maximum of 25% of employee's total service or 5 years, whichever occurs first if disability begins before age 60. For an employee who begins disability on or after age 60, disability will continue for a period not greater than 25% of employee's total service, but no more than 5 years or age 70, whichever occurs first. The age 70 limitation was removed beginning January 1, 1987.

Group Health Hospital and Surgical Insurance Premiums

The pension fund may provide up to a maximum of $75 per month for non-Medicare eligible annuitants (employees or widows, without regard to age or years of service) and up to $45 per month for Medicare eligible annuitants until June 30, 2002.

Refunds

To Employee: Upon separation from service, employee is entitled to all salary deductions plus interest if employee is under age 55. If over age 55 employee is eligible for refund if he has less than 10 years of service or would be eligible for temporary rather than life annuity. Effective January 14, 1991, employee may choose a refund in lieu of annuity if the calculated annuity would be less than $300 per month.

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

PLAN SUMMARY

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses. Effective January 14, 1991, spouse may choose a refund in lieu of annuity if the calculated annuity would be less than $300 per month.

Remaining Amounts: Amounts contributed by employee excluding 0.5% deductions for annuity increase, which have yet not been paid out as annuity, are refundable to his estate with interest to his retirement or death if he died in service.

Deductions and Contributions

	Deductions	Contributions [1]
Employee	6.5%	6.0%
Spouse	1.5	2.0
Annuity Increase	0.5	0.0
Total	8.5%	8.0%

[1] Financing

The City shall levy a tax annually equal to the total amount of contributions in the 2 years prior, multiplied by 1.370 for 1978 and each year thereafter.

Tax Shelter of Employee Salary Deductions

Beginning January 1, 1982, the City employee salary deductions were designated for income tax purposes to be made by the employer. The W-2 salary is therefore reduced by the amount of contribution. 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, 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.

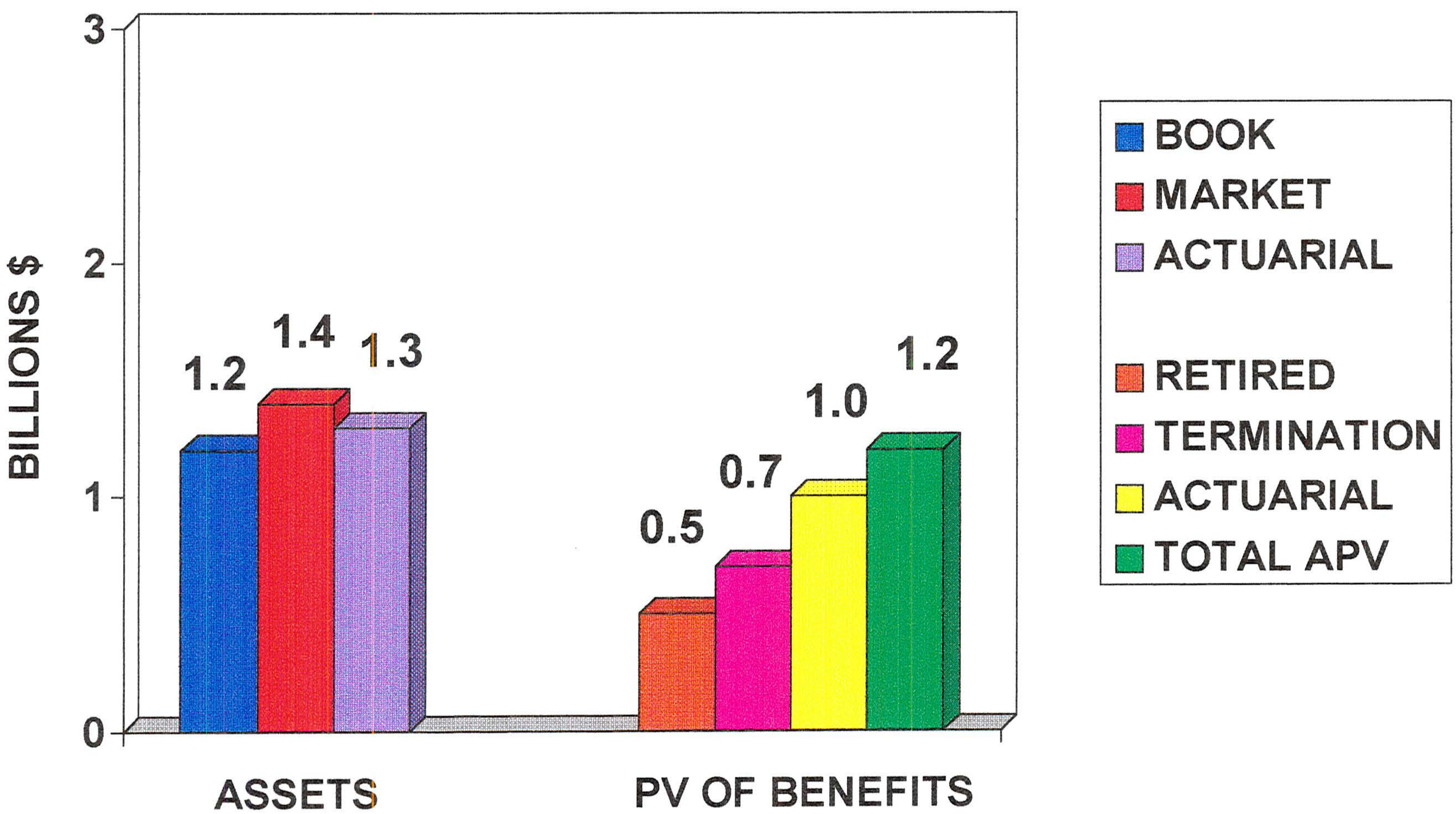
PLAN SUMMARY

Year	Actuarial Accrued Liability	Book Value of Total Assets (A)	Market Value of Total Assets (B)	Actuarial Value of Total Assets (C)
1984	$ 462,455,964	$ 356,809,111	$ 368,606,772	$ 350,222,012
1985	495,844,974	420,554,173	457,435,732	425,851,845
1986	507,984,848	489,403,006	522,350,400	517,040,712
1987	583,284,026	546,947,052	536,199,932	571,065,219
1988	604,440,661	584,899,234	591,106,324	606,321,849
1989	633,894,540	646,313,443	687,485,749	671,449,305
1990	716,604,604	687,103,206	698,132,633	705,841,707
1991	761,056,602	746,260,920	824,479,374	772,520,978
1992	777,385,162	797,641,186	873,771,679	844,916,889
1993	847,293,445	871,897,213	943,693,240	937,094,502
1994	866,493,209	905,389,874	915,569,940	960,327,842
1995	890,375,387	979,038,393	1,104,400,942	1,063,261,239
1996	936,623,719	1,074,699,269	1,211,768,131	1,172,316,925
1997	$ 1,040,650,534	$ 1,204,439,298	$ 1,403,451,043	$ 1,328,085,799

Year	Unfunded (Surplus) Actuarial Accrued Liability (UAAL) (Based on (A))	(Based on (B))	(Based on (C))
1985	$ 75,290,801	$ 38,409,242	$ 69,993,129
1986	18,581,842	(14,365,552)	(9,055,864)
1987	36,336,974	47,084,094	12,218,807
1988	19,541,427	13,334,337	(1,881,188)
1989	(12,418,903)	(53,591,209)	(37,554,765)
1990	29,501,398	18,471,971	10,762,897
1991	14,795,682	(63,422,772)	(11,464,376)
1992	(20,256,024)	(96,386,517)	(67,531,727)
1993	(24,603,768)	(96,399,795)	(89,801,057)
1994	(38,896,665)	(49,076,731)	(93,834,633)
1995	(88,663,006)	(214,025,555)	(172,885,852)
1996	(138,075,550)	(275,144,412)	(235,693,206)
1997	$ (163,788,764)	$ (362,800,509)	$ (287,435,264)

Year	Percentage Funded (A)/AAL	(B)/AAL	(C)/AAL
1985	84.82%	92.25%	85.88%
1986	96.34%	102.83%	101.78%
1987	93.77%	91.93%	97.91%
1988	96.77%	97.79%	100.31%
1989	101.96%	108.45%	105.92%
1990	95.88%	97.42%	98.50%
1991	98.06%	108.33%	101.51%
1992	102.61%	112.40%	108.69%
1993	102.90%	111.38%	110.60%
1994	104.49%	105.66%	110.83%
1995	109.96%	124.04%	119.42%
1996	114.74%	129.38%	125.16%
1997	115.74%	134.86%	127.62%

LABORERS'



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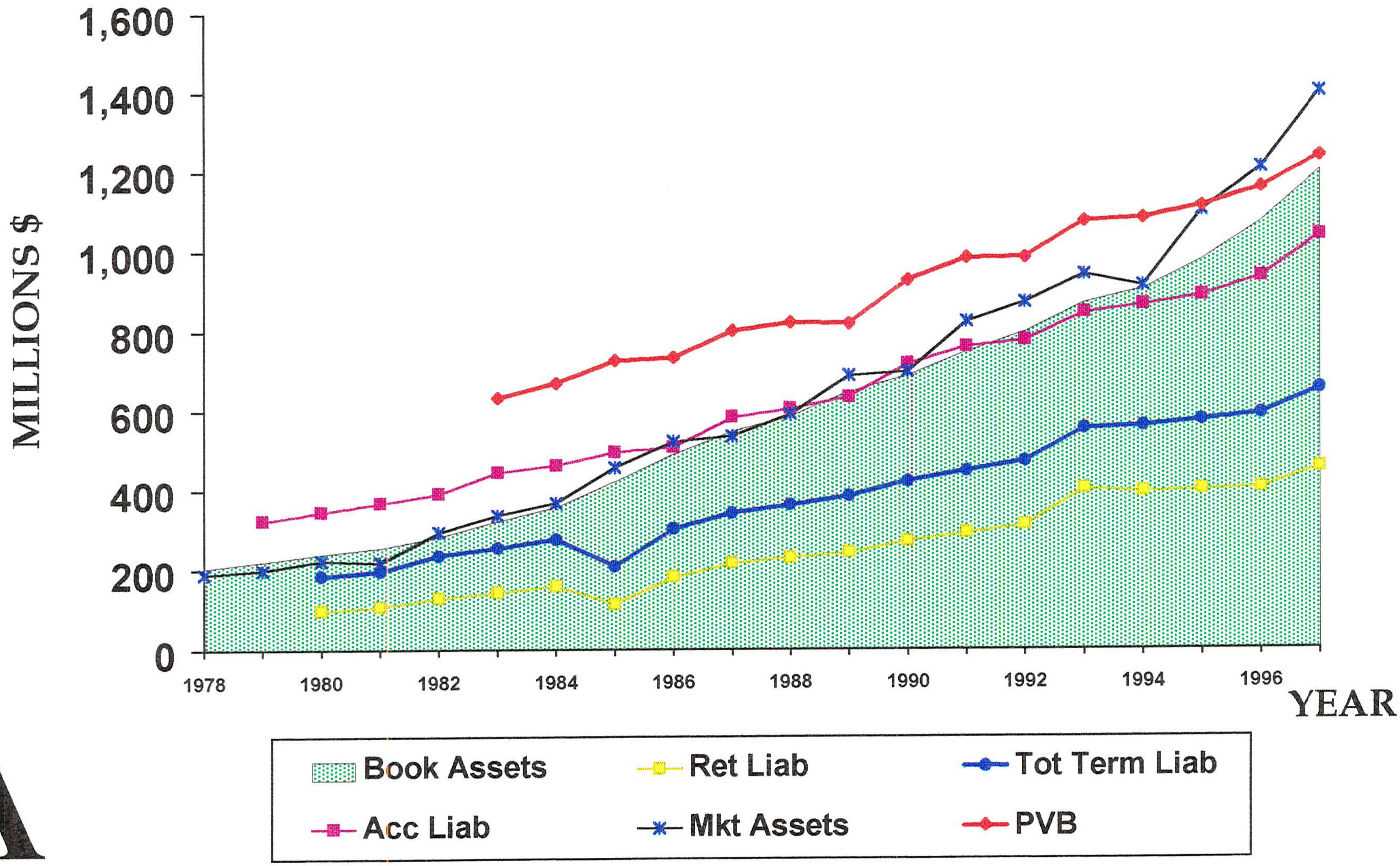
ASSETS AND LIABILITIES

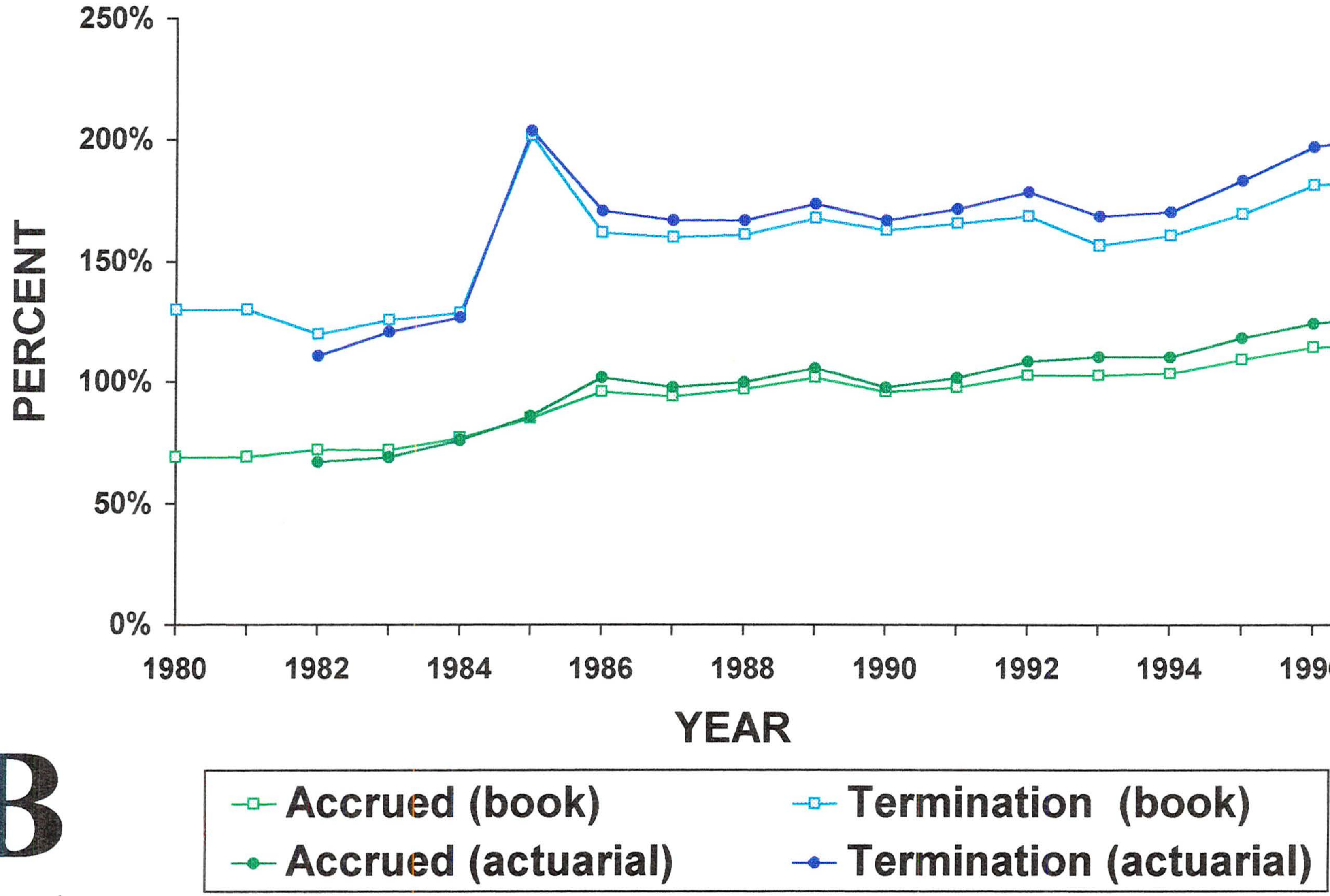


A

Laborers'

FUNDED RATIOS

(Book Values vs Actuarial Values)

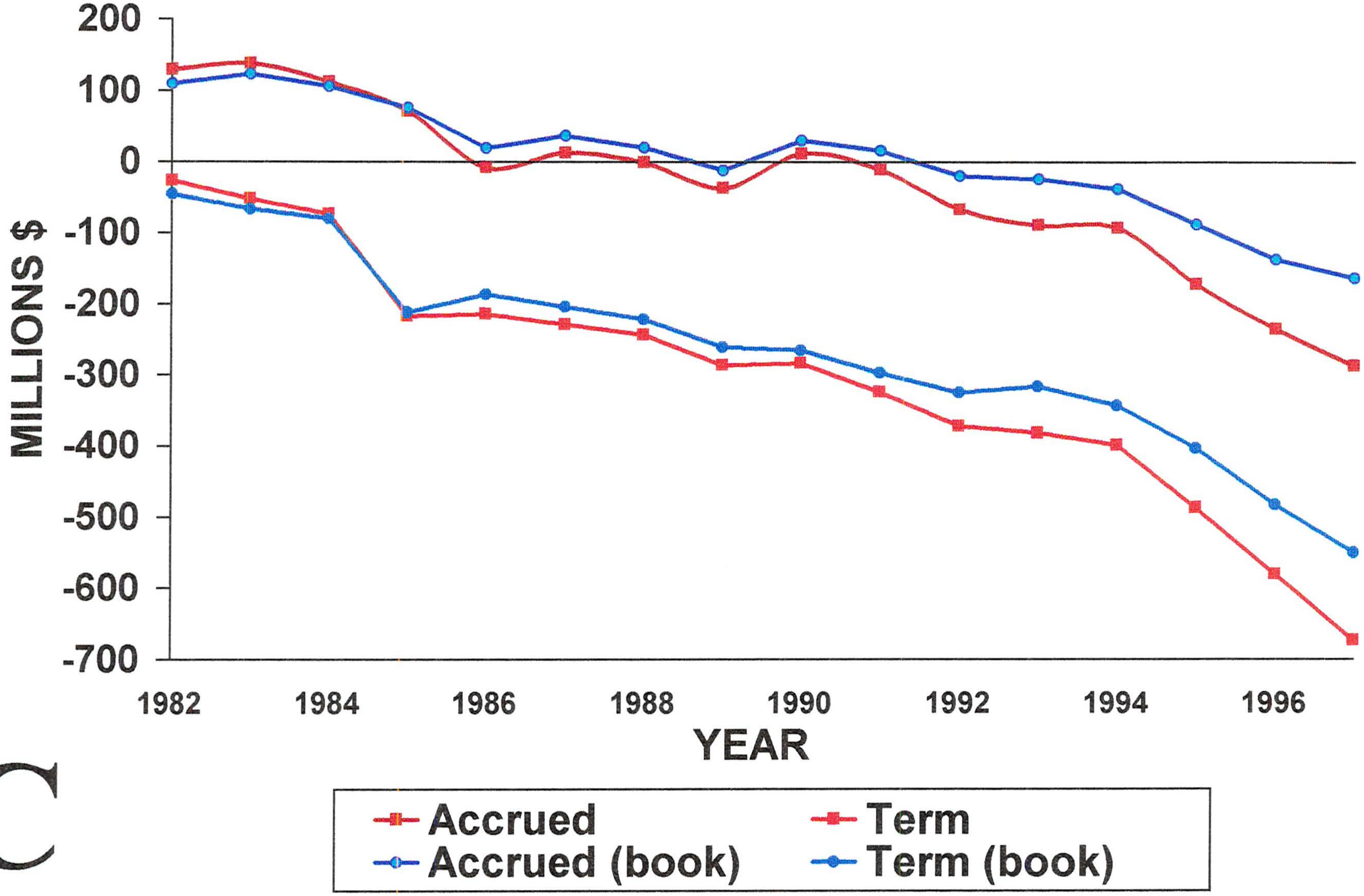


B

Laborers'

UNFUNDED LIABILITY

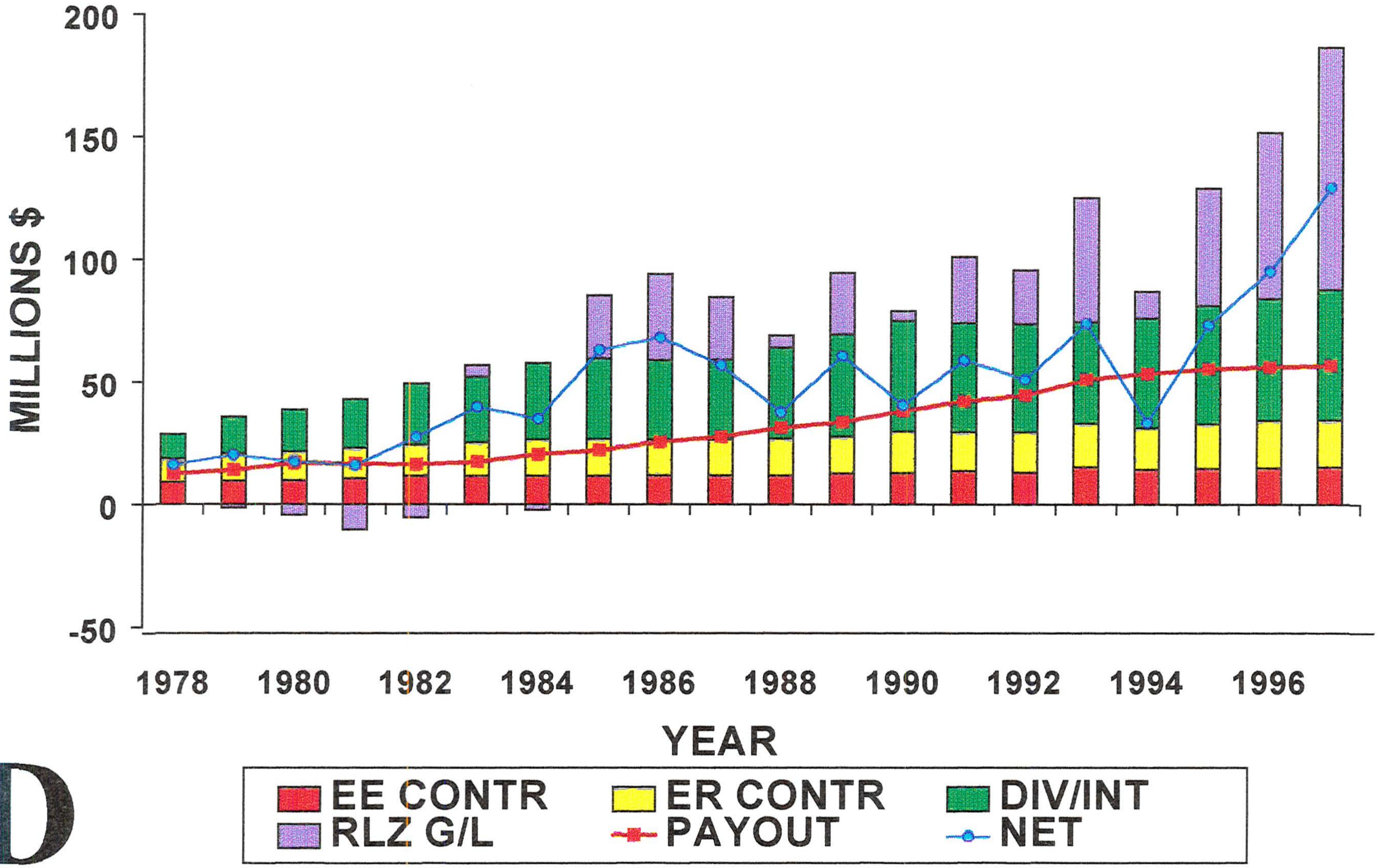
Book vs Actuarial



C

Laborers'

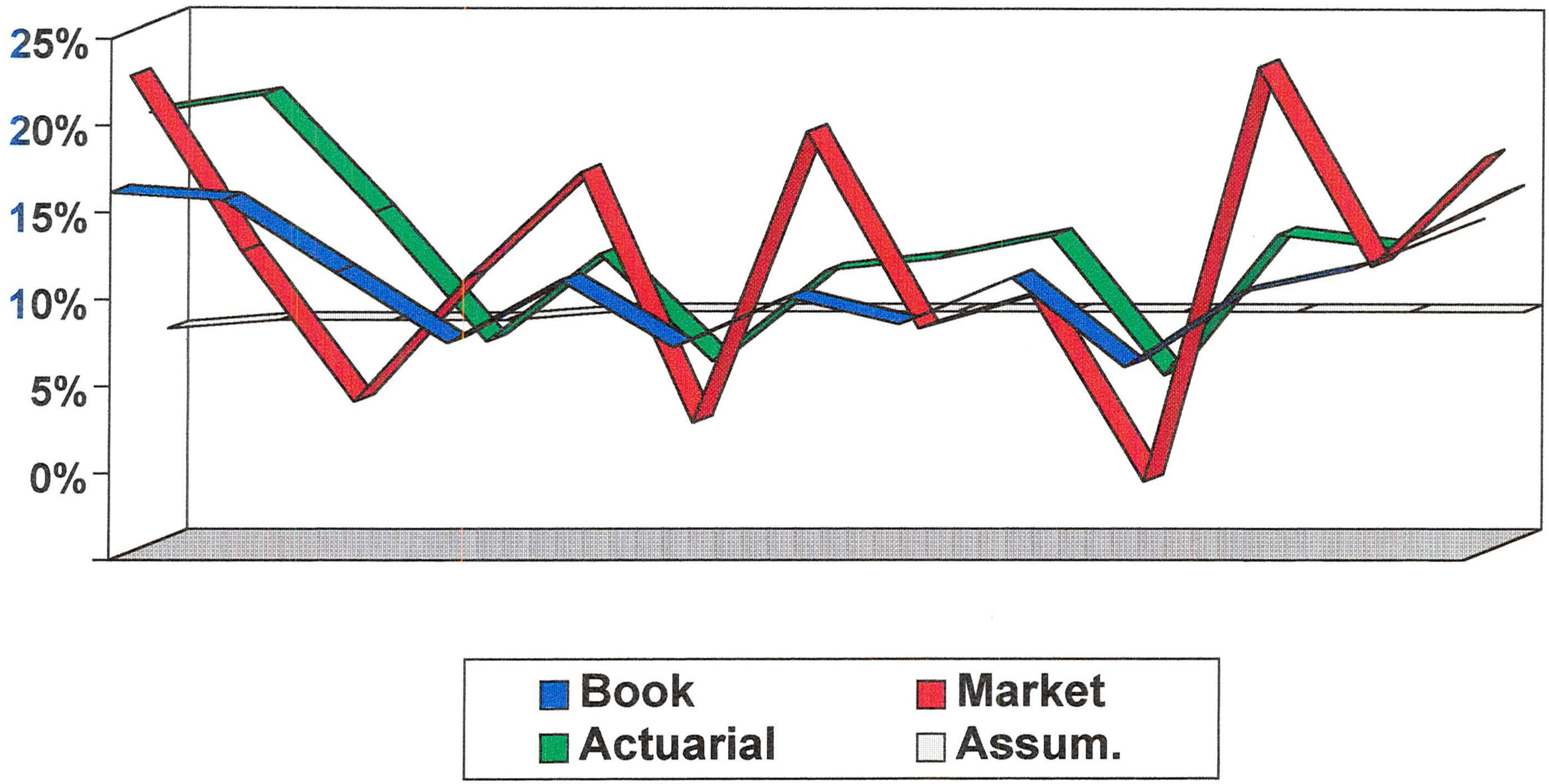
INCOME AND PAYOUTS



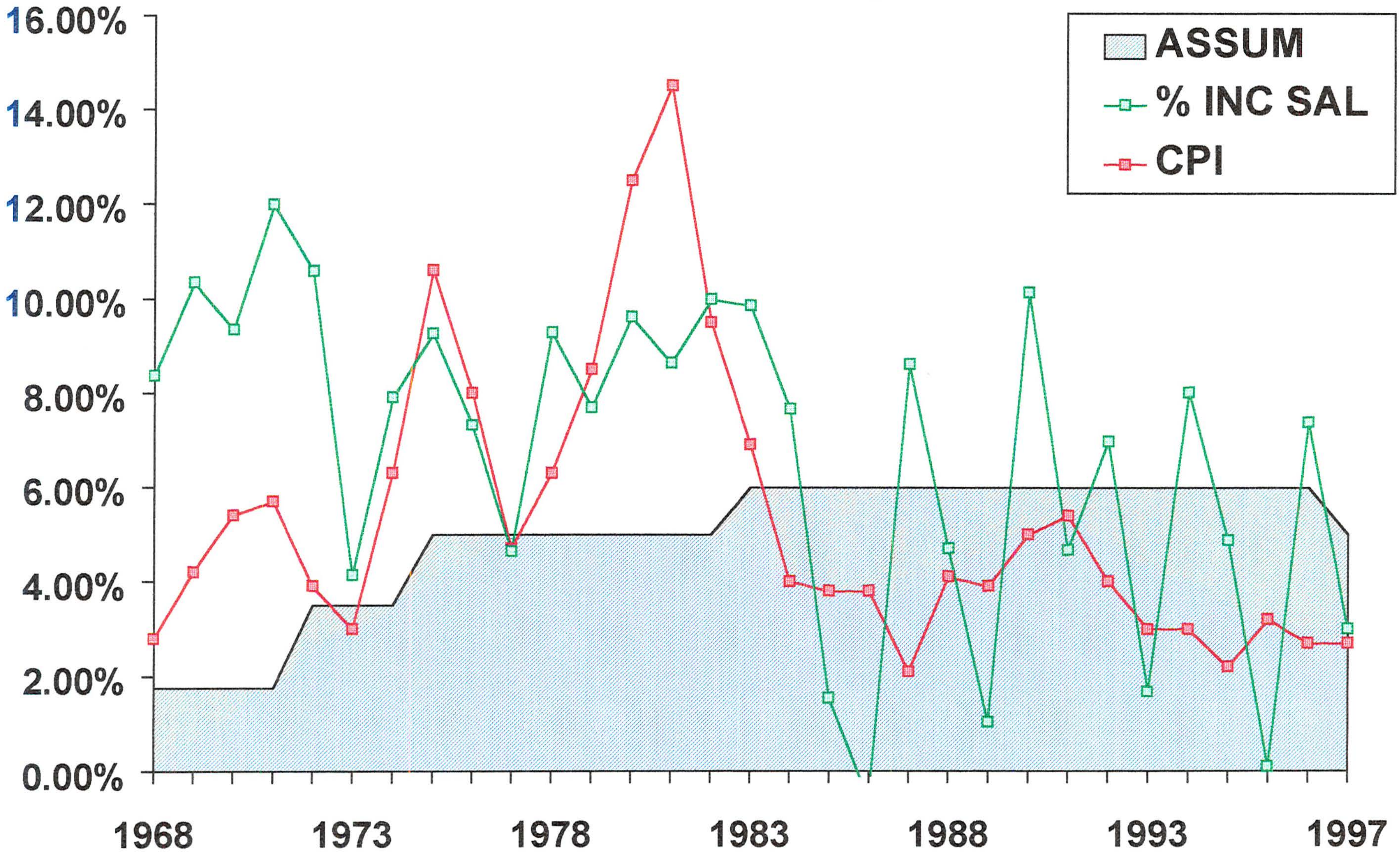
D

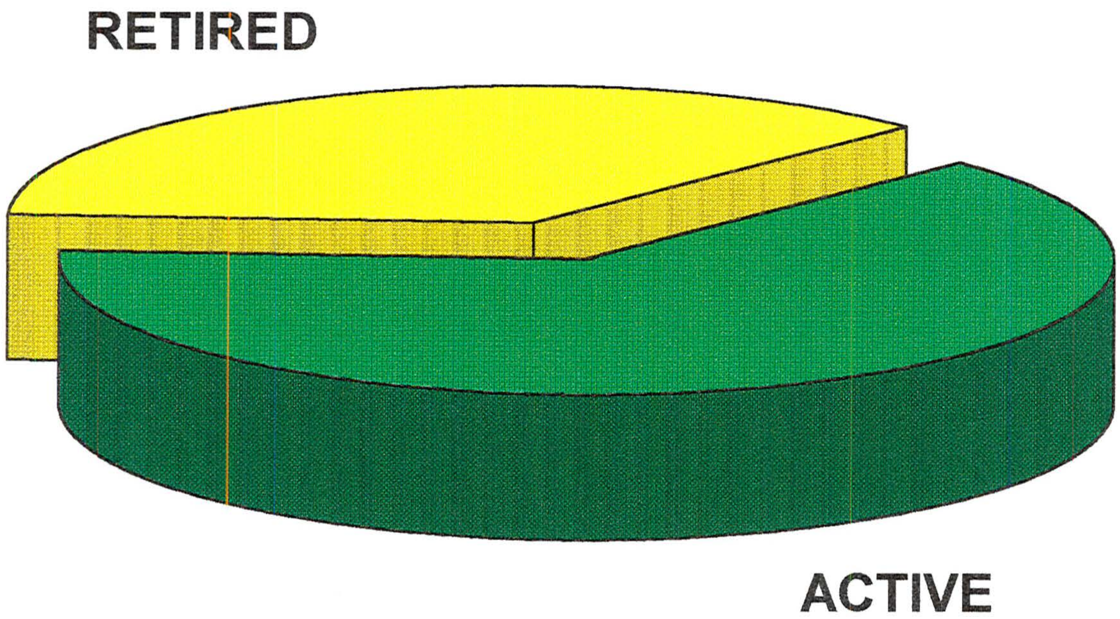
Laborers'

YIELDS ON TOTAL ASSETS

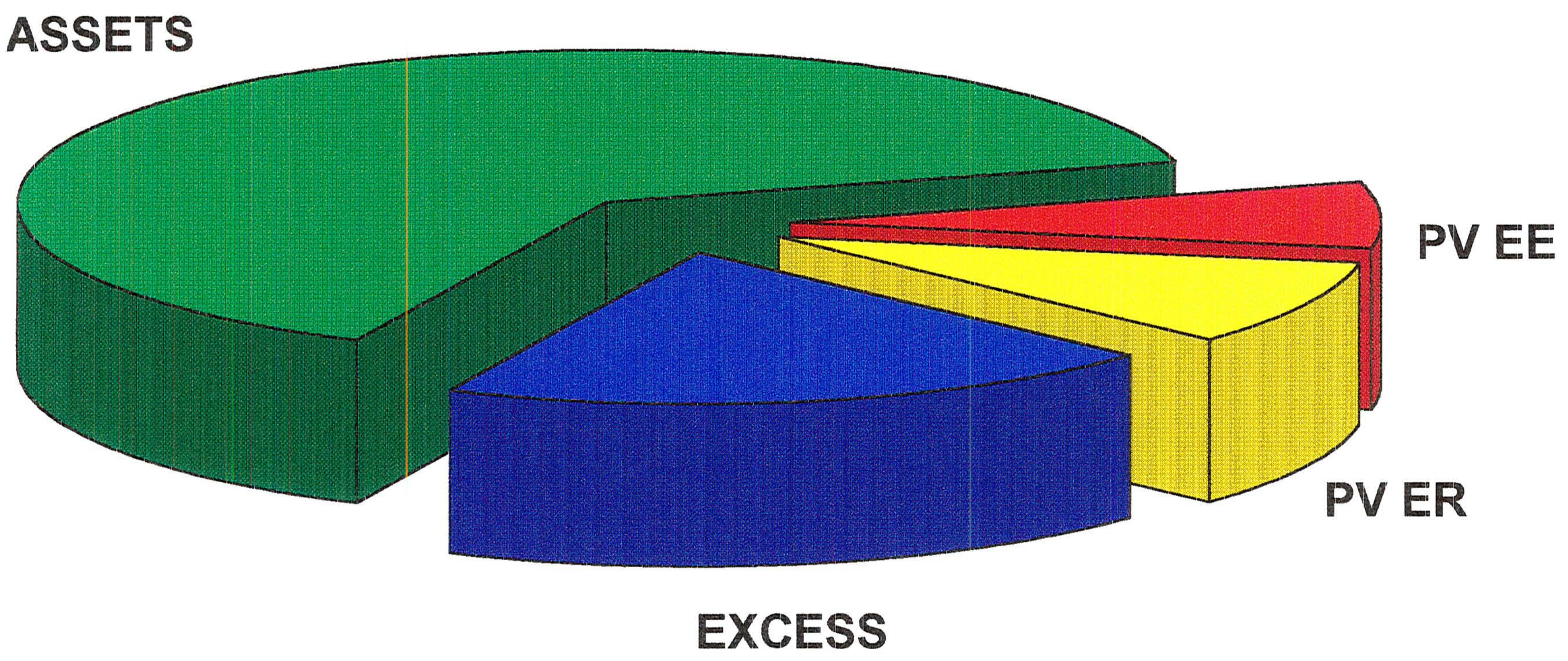


Assumptions vs. Salary Increase & CPI Chicago

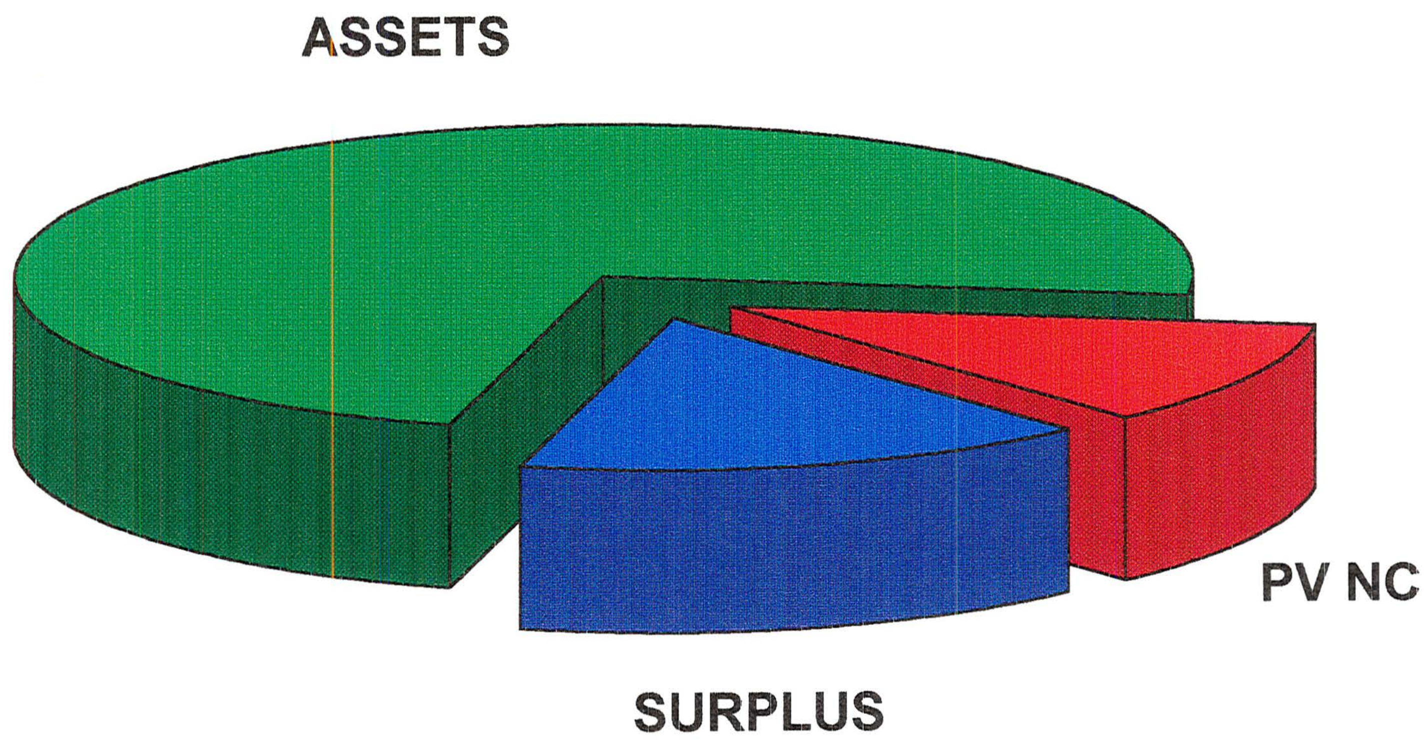




Actuarial Present Value of Benefits

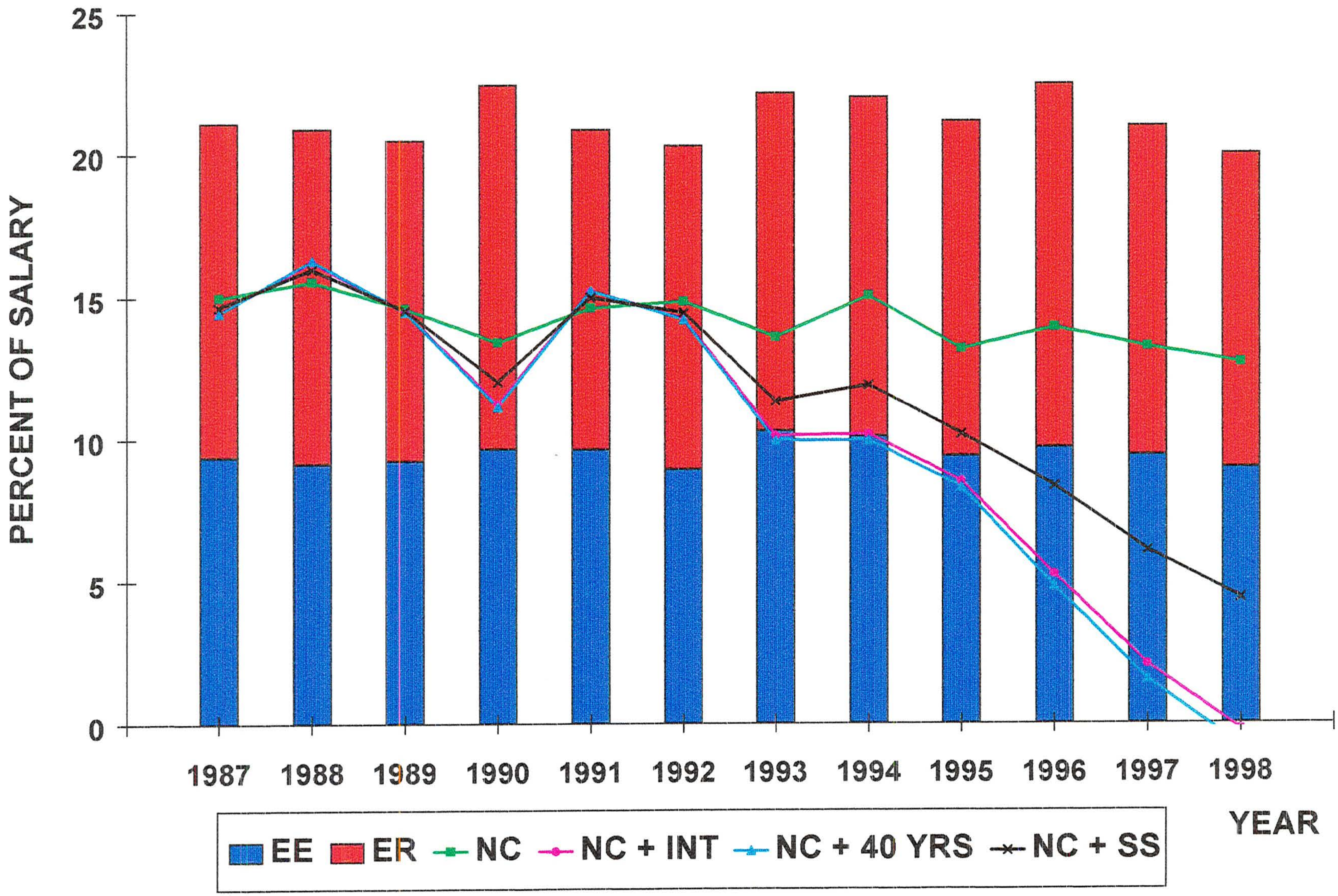


Actuarial Assets



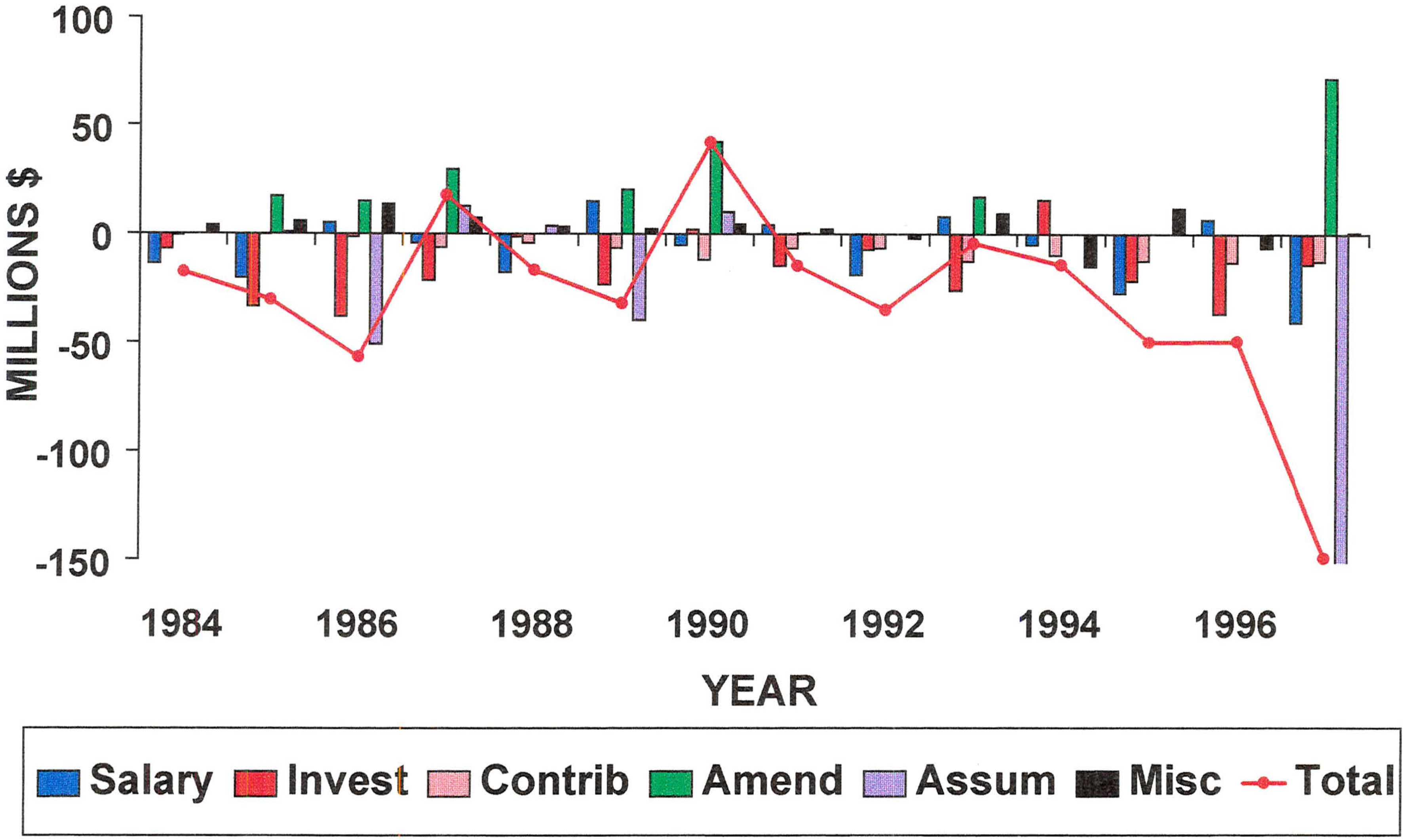
Actuarial Cost Method

ACTUARIAL COST

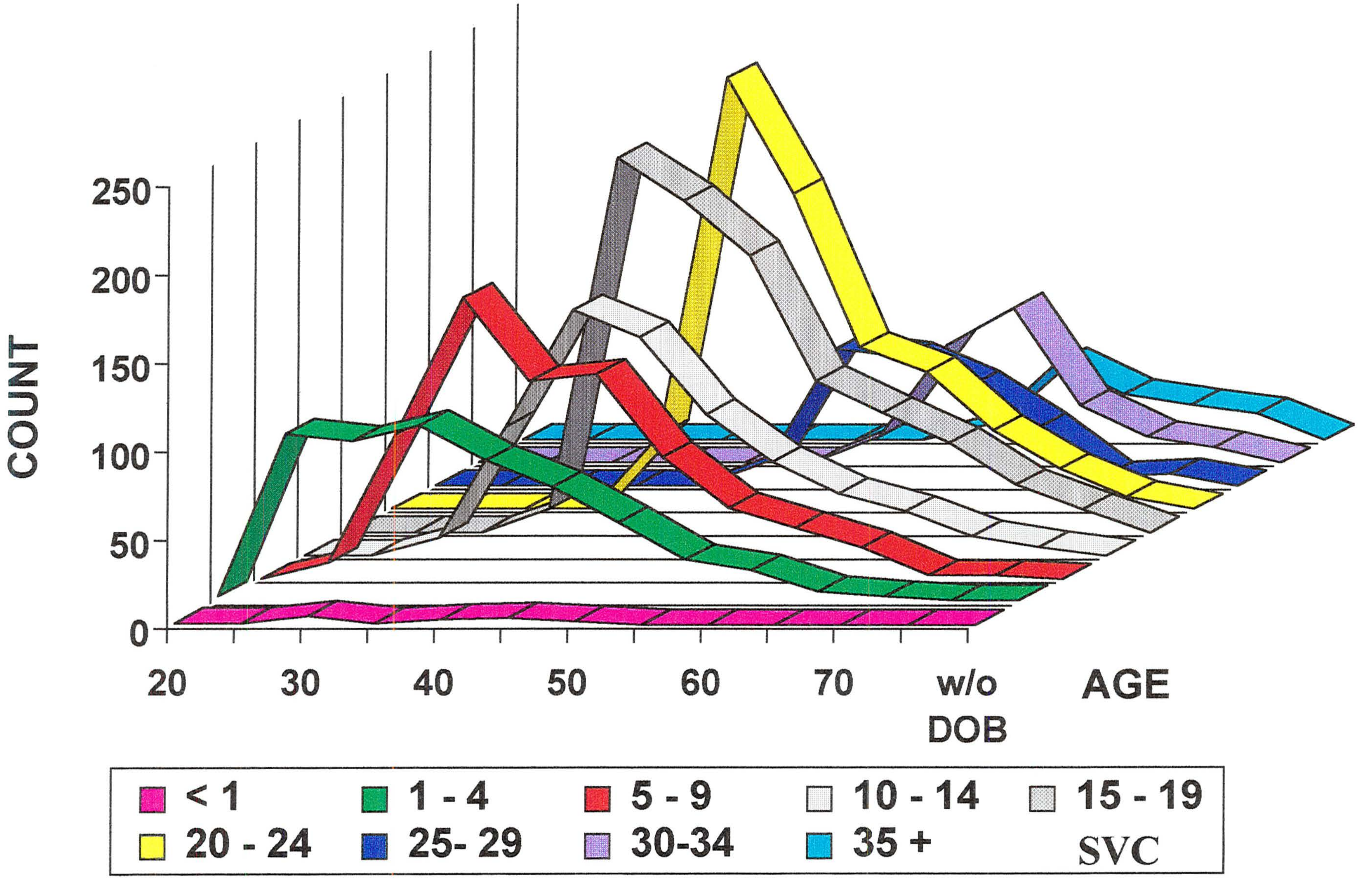


Laborers'

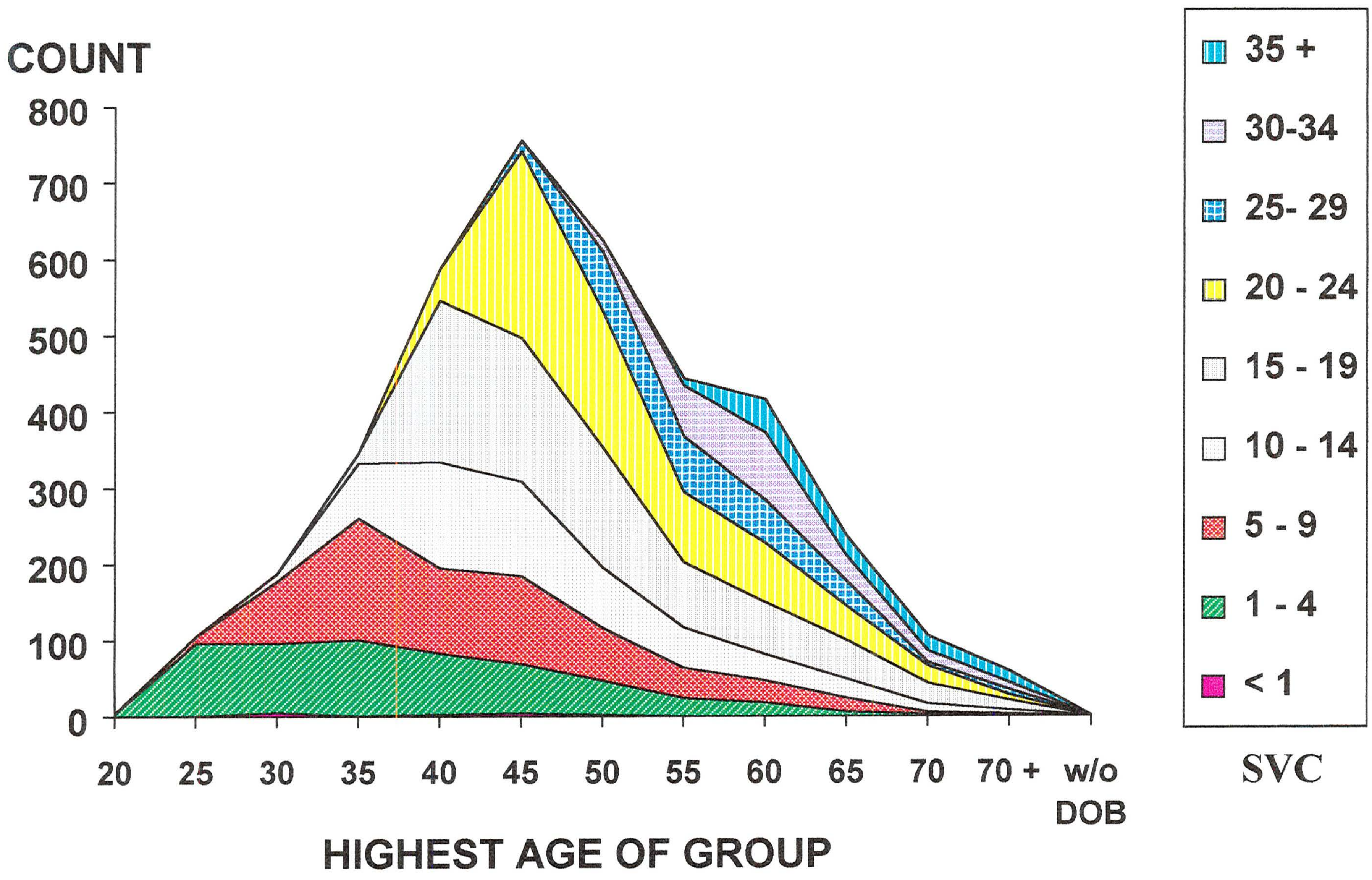
Change in the Unfunded Liability



Employees by Age and Service



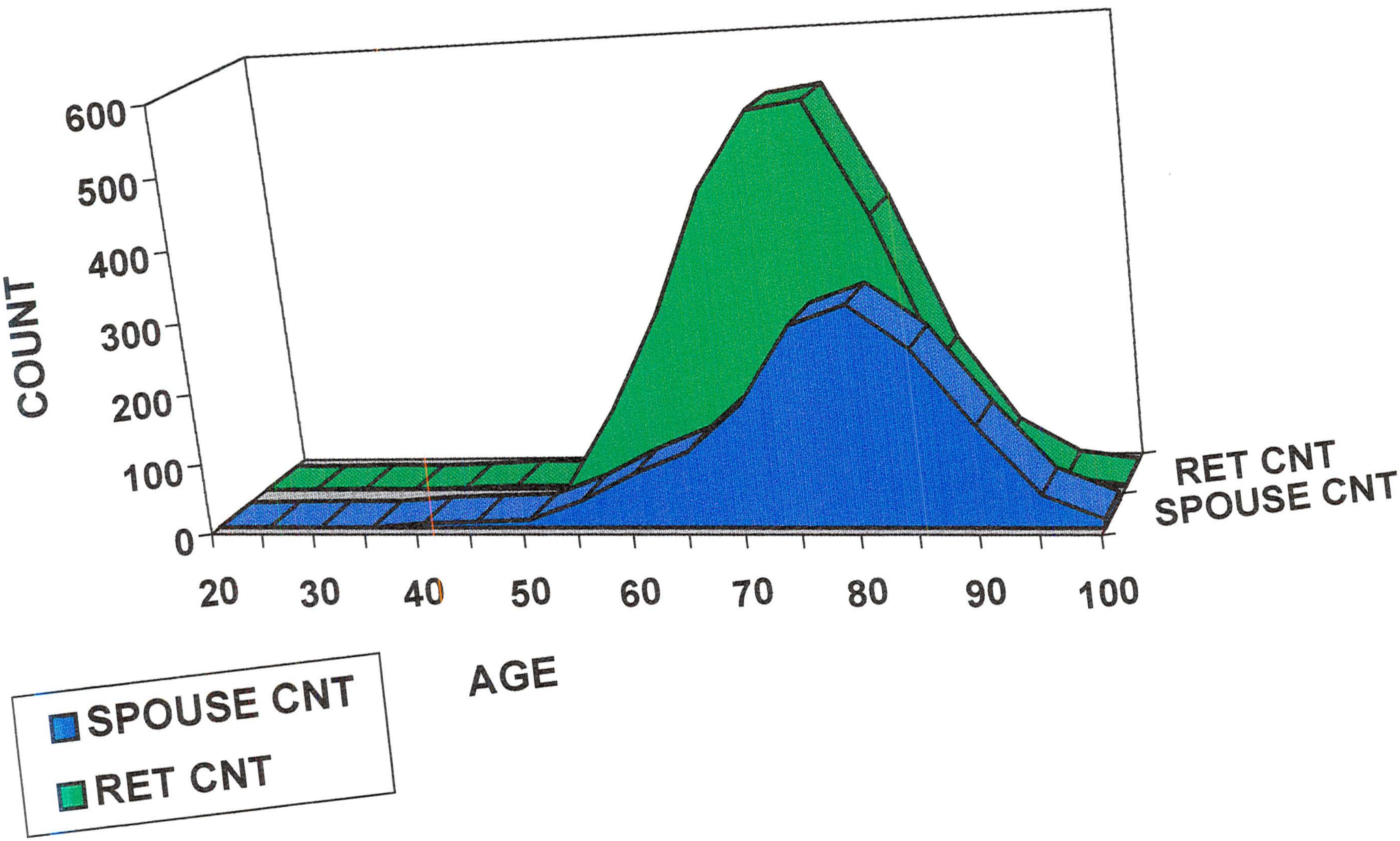
Employees by Age and Service



Laborers'

Annuitants by Age

Number of Annuitants



Annuitants by Age

Total Annual Payments