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

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

DECEMBER 31, 2010 AND 2009

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of plan net assets of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) as of December 31, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial status of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago at December 31, 2010, and the changes in financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Schedule of Funding Progress and the Schedule of Employer Contributions, and Notes to the Schedules on pages 27 and 28 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The additional information presented on pages 29 and 30 has not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we express no opinion on it.

Calibre CPA Group PLLC

Chicago, Illinois
April 19, 2011

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

Statements of Plan Net Assets

December 31, 2010 and 2009

	2010	2009
Assets		
Receivables		
Employer	$ 19,616,491	$ 21,998,162
Plan member	620,201	498,990
Interest and dividends	2,625,191	2,595,228
Other receivables	47,667	119,193
Total receivables	22,909,550	25,211,573
Investments - at fair value		
Cash and short-term investments	76,371,331	69,764,327
Equities	859,975,771	780,906,976
Equities loaned to third parties	113,523,079	128,729,335
Total equities	973,498,850	909,636,311
Fixed income	222,408,647	203,416,413
Fixed income loaned to third parties	35,561,803	35,396,055
Total fixed income	257,970,450	238,812,468
Private equity	47,068,095	38,701,454
Real estate	34,591,721	32,109,854
Hedge funds	55,804,446	43,353,751
Subtotal	1,445,304,893	1,332,378,165
Securities lending cash collateral	151,718,173	169,346,248
Total investments - fair value	1,597,023,066	1,501,724,413
Property and Equipment	2,225,275	2,833,438
Total assets	1,622,157,891	1,529,769,424
Liabilities and Net Assets		
Liabilities		
Due to brokers - net	37,483,168	20,169,319
Refunds, professional fees payable and other liabilities	4,794,189	6,695,382
OPEB liability	948,186	629,063
Securities lending cash collateral	151,718,173	169,346,248
Total liabilities	194,943,716	196,840,012
Net assets held in trust for pension benefits	$ 1,427,214,175	$ 1,332,929,412

See accompanying notes to financial statements.

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

Statements of Changes in Plan Net Assets

Years Ended December 31, 2010 and 2009

	2010	2009
Additions		
Contributions		
Employer	$ 17,938,810	$ 17,189,811
Plan member	16,319,992	17,538,297
Total contributions	34,258,802	34,728,108
Investment income		
Net appreciation in fair value of investments	174,438,935	211,581,778
Interest	10,605,613	15,140,956
Dividends	11,835,279	10,904,307
Private equity income - net	1,473,332	619,143
Real estate operating income - net	294,536	(82,454)
Hedge fund income - net	923,693	175,960
	199,571,388	238,339,690
Less investment expenses	(7,694,236)	(6,966,777)
Investment income - net	191,877,152	231,372,913
Securities lending		
Income	1,710,031	7,045,915
Expenses		
Borrower rebates	(72,820)	116,110
Management fees	(327,349)	(1,432,341)
Total securities lending expenses	(400,169)	(1,316,231)
Securities lending income - net	1,309,862	5,729,684
Total additions	227,445,816	271,830,705
Deductions		
Benefits	127,028,997	120,998,446
Refunds	2,267,769	2,818,420
Administrative and OPEB expenses	3,864,287	3,664,916
Total deductions	133,161,053	127,481,782
Net increase	94,284,763	144,348,923
Net assets held in trust for pension benefits		
Beginning of year	1,332,929,412	1,188,580,489
End of year	$ 1,427,214,175	$ 1,332,929,412

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is administered in accordance with Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes. The costs of administering the Plan are financed by employer contributions in conformance with state statutes.

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

Investments - Investments are reported at fair value which generally represents reported market value as of the last business day of the year. Quoted market prices, when available, have been used to value investments. For equities, fair value is determined by using the closing price listed on the national securities exchanges as of December 31. Fair value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. Cash and short-term investments are valued at fair value which approximates cost. Alternative investments, which include real estate, private equity investments and hedge funds, are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as cash flow analysis, recent sales prices of investments, comparison of comparable companies' earnings multiples, withdrawal restrictions, annual audits, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. The reported values of real estate and private equity are current values unless that information was unavailable in which case the reported value will lag one quarter behind the date of these financial statements. The difference between the current value and the lag has been evaluated and determined not to be material.

Unsettled trades as of the end of the year are recorded net as due to broker. At December 31, 2010 and 2009, $42,684,202 and $36,151,235, respectively, were due to broker, and $5,201,034 and $15,981,916, respectively, were due from broker for unsettled trades.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses - Administrative expenses are budgeted and approved by the Plan's Board of Trustees. Funding for these expenses is included in the employer contributions as mandated in Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes.

Subsequent Events Review - Subsequent events have been evaluated through April 19, 2011, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

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

New Accounting Pronouncements – GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was adopted during the year ended December 31, 2010. The Statement requires that all identifiable intangible assets, such as easements, water rights, patents and computer software be classified as capital assets. The Plan shows its internally-generated computer software under Property and Equipment. This asset is capitalized over the expected useful life of ten years. Additional outlays would be capitalized if it extends the useful life of the software beyond its originally established useful life, or if it increases the functionality or efficiency of the software. Otherwise, such outlays would be considered maintenance and be expensed as incurred.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was adopted during the year ended December 31, 2010. The Statement establishes the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement has no impact on the Plan's financial statements.

NOTE 2. PLAN DESCRIPTION

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

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

NOTE 2. PLAN DESCRIPTION (CONTINUED)

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

Any employee of the City of Chicago or the Board of Education of the City employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the City is covered by the Plan. Covered employees are required to contribute 8.5% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. The City of Chicago, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Plan. The City's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the current year, multiplied by 1.00. The source of funds for the City's contribution has been designated by State Statutes and is derived from the City's annual property tax levy, or from any source legally available for this purpose, including but not limited to, the proceeds of city borrowings. The City of Chicago payroll for employees covered by the Plan for the years ended December 31, 2010 and 2009 was $199,863,410 and $208,626,493, respectively. The Plan is considered by the City to be a component unit of the City of Chicago and is included in the City's financial statements as a pension trust fund.

The Plan provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service, multiplied by the final average salary (highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by 1/4 of 1% for each month the employee is under age 60, unless the employee is 50 or over with at least 30 year of service or 55 or over with at least 25 years of service. The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a)(17) and §415 limitations. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month. The monthly annuity is increased by 3% of the current annuity beginning the January of the first payment date following the earlier of 1) the later of the third anniversary of retirement and age 53 and 2) the later of the first anniversary of retirement and age 60, and each year thereafter.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

At December 31, 2010 and 2009, plan members consisted of the following:

	2010	2009
Retiree and beneficiaries currently receiving benefits	3,996	3,996
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,446	1,460
Active plan members (including plan members receiving disability benefits)		
Vested	2,412	2,392
Non-vested	544	732
Total plan members	8,398	8,580

NOTE 3. INVESTMENTS

Investment Policies

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

Investment Risk Factors

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

NOTE 3. INVESTMENTS (CONTINUED)

Investment Summary

All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes. The composition of investments, by investment type, as of December 31, 2010 and 2009, is as follows:

	2010	2009
Cash and short-term investments	$ 76,371,331	$ 69,764,327
Equities		
U.S. equities	550,319,188	525,791,967
U.S. equity funds	144,962,298	143,411,653
Foreign equities	241,978,016	215,432,691
Foreign equity funds	36,239,348	25,000,000
Total equities	973,498,850	909,636,311
Fixed income		
U.S. Government obligations and municipal bonds	128,775,076	109,068,435
U.S. Corporate bonds	118,744,539	121,752,445
Foreign fixed income securities	10,450,835	7,991,588
Total fixed income	257,970,450	238,812,468
Private equity	47,068,095	38,701,454
Real estate	34,591,721	32,109,854
Hedge funds	55,804,446	43,353,751
Subtotal	1,445,304,893	1,332,378,165
Securities lending cash collateral	151,718,173	169,346,248
Total investments at fair value	$ 1,597,023,066	$ 1,501,724,413

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

Given the extreme illiquidity in the market in the last quarter of 2008, our custody bank felt it prudent to make a change to the short term collective pool. Slightly over half of the Plan's short term investments were removed from the collective pool and placed in a separate account, in effect separating illiquid investments from liquid investments. While the market value of these investments was currently below cost, the Plan fully expected these securities to attain par value at maturity date. Throughout 2010, the Plan did receive the expected par value on the remaining securities that had reached maturity date and the separate account has been closed.

NOTE 3. INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. The Plan does not have a formal deposit policy for custodial credit risk. As of December 31, 2010 and 2009, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Plan's name.

	2010	2009
Amount exposed to custodial credit risk -		
Investments in foreign currency	$ 209,180	$ 265,459

Concentration of Credit Risk

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

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

A bond's credit quality is a standard used by the investment community to assess the issuer's ability to make interest payments and to ultimately make principal payments. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investor Service (Moody's) or Standard and Poor's (S&P). In the rating agency's opinion, the lower the rating, the greater the chance that the bond issuer will default, or fail to meet its payment obligations. The following table presents the credit risk profile, based on Moody's Investor Service for fixed income securities held by the Plan as of December 31, 2010 and 2009.

NOTE 3. INVESTMENTS (CONTINUED)

Concentration of Credit Risk (continued)

Quality Rating	2010	2009
Aaa	$ 71,198,244	$ 63,143,492
Aa	12,333,032	10,541,385
A	18,624,339	20,519,441
Baa	25,357,557	26,710,547
Ba	3,437,687	3,714,975
B	3,507,967	4,430,449
Caa	7,892,614	4,824,837
Ca	2,026,301	1,274,053
C	13,095	23,846
Not rated or unavailable	44,927,868	43,321,395
Total credit risk debt - securities	189,318,704	178,504,420
U.S. government and agencies*	68,651,747	60,308,048
Total fixed income	$ 257,970,450	$ 238,812,468

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Interest Rate Risk

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

NOTE 3. INVESTMENTS (CONTINUED)

Interest Rate Risk (continued)

At December 31, 2010, the following table shows the investments by investment type and maturity (expressed in thousands).

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years	Variable
Asset backed securities	$ 10,728	$ -	$ 4,455	$ 300	$ 5,973	$ -
Commercial mortgage backed	15,203	369	-	-	14,834	-
Corporate bonds	89,046	1,721	18,431	18,713	16,685	33,496
Government agencies	23,638	3,457	10,103	6,340	3,738	-
Government bonds	32,359	1,000	8,527	10,631	12,201	-
Government mortgage backed	66,177	-	377	3,745	43,859	18,196
Gov't-issued commercial mortgage-backed	272	-	-	272	-	-
Guaranteed fixed income	154	153				
Index linked gov't bonds	5,565	-	-	4,333	1,232	-
Municipal bonds	1,505	-	-	-	1,505	-
Non-government backed CMO's	13,323	-	-	1,824	11,499	-
Total fixed income	$ 257,970	$ 6,700	$ 41,893	$ 46,158	$ 111,526	$ 51,692

Investment Results

During 2010 and 2009, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were $39,740,593 and $(67,226,457), respectively. These amounts are included in the net appreciation in fair value of investments as reported on the Statement of Changes in Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation in the fair value of the Plan's investments. Investments purchased in a previous year and sold in the current year results in their realized gains and losses being reported in the current year and their net appreciation in Plan assets being reported in both the current and the previous year(s).

NOTE 3. INVESTMENTS (CONTINUED)

Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Risk of loss arises from changes in currency exchange rates. While not having a formal investment policy governing foreign currency risk, the Plan does manage its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios to limit foreign currency and security risk. The Plan's exposure to foreign currency risk as of December 31, 2010 and 2009, is presented in the following table.

Currency	2010	2009
Foreign equities		
Australian dollar	$ 9,590,511	$ 6,951,254
Brazalian dollar	13,201,084	9,692,186
Canadian dollar	4,069,456	2,409,688
Swiss franc	11,178,644	10,404,313
Danish krone	1,935,919	2,196,153
Euro	38,739,288	37,633,385
British pound sterling	40,333,605	35,099,267
Hong Kong dollar	15,132,515	12,248,397
Indonesian rupiah	2,059,649	2,120,028
New Israeli shekel	1,317,639	279,250
Japanese yen	24,924,474	25,819,212
South Korean won	7,276,029	4,737,881
Mexican peso	4,808,421	3,401,008
Malaysian ringgit	2,417,850	1,487,911
Norwegian krone	927,755	1,484,420
Pakistan Rupee	780,295	-
Polish zloty	295,283	266,695
Swedish krona	8,698,080	5,686,974
Singapore dollar	5,071,832	4,239,524
Thai baht	416,935	520,424
Turkish lira	1,842,005	458,721
South African rand	7,741,792	4,796,074
United States dollar	75,458,301	68,499,926
Subtotal foreign equities	278,217,364	240,432,691
Foreign fixed income		
United States dollar	10,450,835	7,991,588
Total foreign securities	$ 288,668,199	$ 248,424,279

NOTE 4. SECURITIES LENDING

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

The Plan receives 80% of the net revenue derived from the securities lending activities, and the bank receives the remainder of the net revenue.

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

The average term of securities loaned was 108 days for 2010 and 64 days for 2009; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 50 days as of December 31, 2010 and an average weighted maturity of 65 days as of December 31, 2009. Cash collateral may also be invested in term loans, in which the investments (term loans) match the term of the securities loaned. These loans can be terminated on demand by either the lender or the borrower.

At December 31, 2010 and 2009, the Plan had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts owed to the Plan. At December 31, 2010 and 2009, the fair value of securities loaned was $149,084,882 and $164,125,390, respectively. At December 31, 2010 and 2009, the securities loaned were collateralized as follows:

	2010	2009
Collateralized by cash	$ 151,718,173	$ 169,346,248
Collateralized by other than cash	1,200,312	170,951
Total	$ 152,918,485	$ 169,517,199

During 2010 and 2009, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

Due to the volatile financial markets of late 2008, the securities lending program had produced significant negative income in 2008 unlike any year in the history of securities lending. The Plan recorded a corresponding liability and the custodial bank has agreed to continue to carry forward the liability and post future securities lending earnings against the current liability.

NOTE 5. MORTGAGE-BACKED SECURITIES

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

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

NOTE 6. RELATED PARTY TRANSACTIONS

At December 31, 2010, the Plan held securities of its custodial bank and its insurance provider with a fair value of $2,838,588. At December 31, 2009, the Plan held securities in three of its investment managers with a fair value of $3,235,261.

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis; that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value of the security, which may vary with market fluctuations, is not reflected in the value of investments. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment take place. As of December 31, 2010 and 2009, the Plan contracted to acquire securities on a when-issued basis with total principal amounts of $35,125,000 and $19,730,000 and fair values of $36,720,389 and $20,640,335, respectively.

NOTE 8. COMMITTED CASH

The Plan has entered into investment arrangements for real estate and private equity. As of December 31, 2010 and 2009, the Plan had $51,787,866 and $31,833,312, in outstanding capital commitments, respectively.

NOTE 9. SUMMARY OF EMPLOYER FUNDING POLICIES

The City shall levy a tax annually which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them, will be sufficient for the requirements of the Plan. The tax will produce an amount that does not exceed the amount of contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.00 for the year 1999, and each year thereafter.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits.

As a result of Public Act 093-0654, the City is not required to make a contribution for the plan year if the accrued liabilities, excluding the liabilities that arose from the early retirement incentive (ERI) of 2004, are 100 percent funded by the Actuarial Value of Assets.

The current actuarial studies of the Plan as of December 31, 2010 (2011 Tax Levy) and as of December 31, 2009 (2010 Tax Levy) indicated that a minimum annual contribution was required by the City to maintain the Plan on a minimum valuation basis. The recommended minimum annual contribution based on an annual payroll of $199,863,410 for 2,956 active members for the 2011 tax levy and $208,626,493 for 3,124 active members for the 2010 tax levy is computed as follows:

	2011 Tax Levy	2010 Tax Levy
Normal cost	$ 31,568,760	$ 32,544,629
30 year level dollar amortization of unfunded liability (surplus)	43,604,779	33,245,314
Interest adjustment for semimonthly payment	2,994,459	2,611,958
Total minimum contribution	78,167,998	68,401,901
Less estimated plan member contributions	(17,366,423)	(18,127,860)
Annual required contribution (ARC) to be financed by tax levy*	$ 60,801,575	$ 50,274,041
Required tax levy multiple for the Plan	3.89	2.76

*Value for 2011 and 2010 ARC includes GASB No. 43 ARC of $3,542,982 and $3,609,337, respectively.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. Net assets held in trust for pension benefits as of December 31, 2010 and 2009, were comprised of the following Plan surplus (deficit) balances:

	2010	2009
Prior Service Fund	$ 1,249,715,620	$ 1,168,454,858
City Contribution Fund	241,693,154	242,928,611
Salary Deduction Fund	241,623,557	242,861,683
Annuity Payment Fund and Reserve	388,078,452	400,473,170
Supplementary Payment Reserve	69,562	69,562
Fund Reserve - (deficit)	(693,966,170)	(721,858,472)
Total net assets held in trust for pension benefits	$ 1,427,214,175	$ 1,332,929,412

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

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

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

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

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

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

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

During the years ended December 31, 2010 and 2009, the Plan's actuary has determined that an increase in actuarial reserves of $66,392,461 for 2010 and $60,099,243 for 2009 are required. The excess or shortage of revenue over expenses for the years ended December 31, 2010 and 2009, have been applied to the actuarial reserves as noted above, which has resulted in increases in the Plan deficit of $125,846,878 for the year ended December 31, 2010 and $157,174,618 for the year ended December 31, 2009.

As reported by the actuary, the changes in the Plan surplus (deficit) during the years ended December 31, 2010 and 2009, consisted of the following:

	2010	2009
Fund surplus (deficit) at the beginning of the year	$ (416,135,443)	$ (258,960,825)
Gains (losses) during the year attributable to:		
Salaries under assumed rate	19,309,030	13,437,593
Investment yield over/under 8.0% assumed	(97,274,017)	(136,557,090)
Annual required contributions from levy and employee contributions	(32,836,243)	(20,908,058)
Miscellaneous actuarial experience	(14,391,903)	(13,067,408)
Gain (loss) from data corrections	(653,745)	(79,655)
Net loss	(125,846,878)	(157,174,618)
Fund deficit at the end of the year	$ (541,982,321)	$ (416,135,443)

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

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The funded status of the Plan as of December 31, 2010, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
2010	$ 1,529,404	$ 2,030,025	$ 500,621	75.34%	$ 199,863	250.48%

The actuarial method used in the valuation was the Entry Age Normal Actuarial Cost Method. The life expectancy of participants were the 1994 Group Annuity Mortality sex distinct tables set forward two years. Disability cost was valued as a term cost of 1.50 percent of payroll. Retirement age assumptions (based on actual past experience) were that all retire by age 70. The investment rate of return (net of expenses) was 8% compounded annually. Salary increases were 4.5% compounded annually, plus a service based increase in the first five years.

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) on page 25 following the notes to the financial statements, presents multi-year trend information about whether the Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

	2010	2009
Employer contribution	$ 20,682,653	$ 22,817,022
Less allowance for uncollectable accounts	(1,066,162)	(818,860)
Total	$ 19,616,491	$ 21,998,162

NOTE 12. LEASE AGREEMENTS

The Plan leases its office and storage facilities under extended non-cancelable agreements in effect through February 28, 2011. The lease currently requires monthly base rent payments of $13,305. Real estate taxes and maintenance charges are additional costs to the base rent and are subject to an annual escalation. Rental expense for the years ended December 31, 2010 and 2009 was $230,194 and $218,208, respectively. At year end, the Plan had executed a new fifteen year lease for office in a new location effective March 1, 2011. This lease is a non-cancelable agreement in effect through February 28, 2026. The base rent has an abatement provision of 17 months. The Plan is amortizing the abated rent over the period covered by the agreement. Future minimum rental payments required under non-cancelable leases are as follows:

Year ending December 31,	
2011	$ 147,830
2012	332,551
2013	252,947
2014	256,690
2015	260,432
2016 through 2026	3,806,163
Total	$ 5,056,613

NOTE 13. DISASTER RECOVERY

The disaster recovery site establishes proactive measures to ensure the continuity of Plan operations during emergencies. Five Chicago pension funds (Laborers', Municipal, Police, Fire, and Cook County) are jointly participating in this project. The goal is to possess the capability to access the Plan's main information technology systems at a remote location within 36 hours of any emergency. Toward that goal, the five funds lease office and storage facilities under an extended noncancelable agreement in effect through August 31, 2016. Monthly lease payments have been agreed upon for the length of the lease. Disaster recovery expense for the years ended December 31, 2010 and 2009 was $30,744 and $29,709, respectively. The Plan's share of future minimum rental payments, required under noncancelable operating leases, are as follows:

Year ending December 31,	
2011	$ 10,030
2012	10,335
2013	10,648
2014	10,970
2015	11,301
2016	7,733
Total	$ 61,017

NOTE 14. INSURANCE COVERAGE

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Plan has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from $250 to $500 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The Plan has not had any insurance claims filed or paid in the past five fiscal years.

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

NOTE 15. PROPERTY AND EQUIPMENT

Property and equipment detail for the years ended December 31, 2010 and 2009, is as follows:

	2010	2009
Office equipment	$ 343,513	$ 325,779
Custom software package	6,059,702	6,026,102
	6,403,215	6,351,881
Accumulated depreciation	(4,177,940)	(3,518,443)
Property and equipment - net	$ 2,225,275	$ 2,833,438

Depreciation expense for the years ended December 31, 2010 and 2009, was $659,496 and $654,370, respectively.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Plan Description - Effective January 1, 1988, the Plan and the City of Chicago agreed for a ten year period to share in the cost of providing health care coverage to the annuitants or their surviving spouses who elect to participate in the City of Chicago's Annuitant Medical Benefits Program. This single employer plan provides medical and prescription drug benefits to eligible retirees, spouses, and dependent children.

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

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Funding Policy (continued)

In this report, the Plan, in accordance with GASB No. 43, *Financial Reporting for Post-employment Benefit Plans other than Pensions*, includes disclosures of a separate annual required contribution (ARC) for Other Postemployment Benefits (OPEB) beginning with the Plan's 2006 fiscal year. It also requires that the investment return assumption (or "discount rate") used to value OPEB liabilities be based on the estimated long-term yield on the investments expected to be used to finance the payment of benefits. The OPEB liabilities are considered to be funded on a pay-as-you-go basis. That is, the health insurance supplement is financed with current contributions, and no separate healthcare asset account exists to pay the health insurance supplement.

Annual Required Contribution - The Plan's annual required contribution, employer contribution, and the percentage of annual required contribution contributed to the Plan since Fiscal Year End 2006, are as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
12/31/2006	$ 3,542,974	$ -	0.0%
12/31/2007	3,567,685	2,202,835	61.7
12/31/2008	3,564,966	2,347,624	65.9
12/31/2009	3,681,620	2,563,040	69.6
12/31/2010	3,609,337	2,586,866	71.7

There was no ARC prior to 2006

At December 31, 2010, the number of annuitants or surviving spouses whose cost to participate in the Program was subsidized, totaled 2,828; at December 31, 2009, the total was 2,802.

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2010, is as follows:

Actuarial accrued liability (AAL)	$ 41,361,276
Net Plan Actuarial Assets	-
Unfunded actuarial accrued liability (UAAL)	$ 41,361,276
Funded ratio	0.0%
Covered payroll	$ 199,863,410
UAAL as a % of covered payroll	20.7%

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 25, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 0% due to the fact that the OPEB is a fixed dollar subsidy and trend is not applicable. The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2010 was 30 years.

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

Plan Description - The Plan, as an employer, administers a single-employer postemployment healthcare plan ("Retiree Health Plan") under the provisions of Illinois Statutes. The Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plan, which covers both active and retired members. Currently, 5 retirees are in the plan and 21 active employees could be eligible at retirement.

Funding Policy - The contributions requirements of plan members and the Plan are established by the Plan's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. For 2010 and 2009, the Plan contributed $51,766 and $37,770, respectively, to the plan. Plan members receiving benefits contributed $12,222 in 2010 or 25.7% of the total premiums for the year, through their required contributions of between $62 and $441 per month based on coverage. In 2009 Plan members contributed $11,550 or 28.7% of the total premiums for the year through their required contributions of between $62 and $406 per month. The premium rates paid by the retirees are the same rates as those paid by City of Chicago retirees.

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

	2010	2009
Annual required contribution	$ 379,537	$ 262,012
Interest on net OPEB obligation	28,308	18,471
Adjustment to ARC	(36,956)	(24,114)
Annual OPEB expense	370,889	256,369
Contributions made	(51,766)	(37,770)
Increase in net OPEB obligation	319,123	218,599
Net OPEB obligation - beginning of year	629,063	410,464
Net OPEB obligation - end of year	$ 948,186	$ 629,063

In 2010 and 2009, the Plan contributed 13.6% and 14.4%, respectively, of the annual required OPEB contribution to the plan.

Actuarial Valuation Information

Actuarial Valuation Date*	Value of Plan Net Assets (a)	Accrued Liability (AAL) (b)	Actuarial Liability (UAL) (c)	Funding Ratio (a/b)	Covered Annual Payroll (d)	Percentage of Covered Payroll (c/d)
12/31/2009	$ -	$ 3,077,866	$ 3,077,866	$ -	$ 1,447,968	212.6%

* For a plan the size of the LABF as Employer plan, GASB allows a valuation report to be used for up to 3 years if there are not significant changes in plan design, premiums/claims, or demographics that would materially change the results. The next actuarial valuation will be performed as of December 31, 2012 which will be completed in 2013.

Actuarial Valuation Information (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 25, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate for medical of 9% per year graded down to 5% per year (ultimate trend in 0.5% increments) and a rate for dental of 6% per year graded down to a 4.5% per year (ultimate trend in 0.5% increments.) The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2009 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

December 31, 2010

Schedule of Funding Progress for GASB 25

(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2005 [1]	$ 1,635,595	$ 1,742,300	$ 106,705	93.88%	$ 182,809	58.37%
2006 [2]	1,664,058	1,767,682	103,624	94.14	193,176	53.64
2007 [2]	1,757,711	1,808,295	50,584	97.20	192,847	26.23
2008 [2]	1,698,427	1,915,324	216,897	88.68	216,744	100.07
2009 [2]	1,601,352	1,975,749	374,397	81.05	208,626	179.46
2010 [2]	1,529,404	2,030,025	500,621	75.34	199,863	250.48

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

[2] OPEB liabilities are excluded beginning in 2006.

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution [1,4]	Required Statutory Basis [2]	Actual Contribution [3]	Percentage of ARC Contributed
2005	$ 12,774	$ 18,212	$ 40	0.32 %
2006	17,600	16,506	106	0.60
2007	21,726	12,624	13,256	61.01
2008	17,652	14,894	15,233	86.30
2009	33,517	14,366	14,627	43.64
2010	46,665	15,003	15,352	32.89

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

[2] Tax levy after 4% overall loss.

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

[4] ARC excludes amount attributed to health insurance supplement beginning 2006.

Note: The City of Chicago did not levy a tax for the Plan for payments in 2000 through 2006.

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR CITY RETIREES

(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 41,554	$ 41,554	0.00%	$ 193,176	21.51%
2007	-	41,411	41,411	0.00	192,847	21.47
2008	-	42,064	42,064	0.00	216,744	19.41
2009	-	41,738	41,738	0.00	208,626	20.01
2010	-	41,361	41,361	0.00	199,863	20.69

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR CITY RETIREES

(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2006	$ 3,543	0.0%
2007	3,568	61.7
2008	3,565	65.9
2009	3,682	69.6
2010	3,609	71.7

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR LABF AS EMPLOYER

(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 1,875	$ 1,875	0.00%	$ 1,221	153.62%
2009*	-	3,078	3,078	0.00	1,448	212.57

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR LABF AS EMPLOYER

(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2007	$ 230	10.9%
2008	245	15.1
2009	262	14.4
2010	380	13.6

* Assuming no significant changes in the following three years, the next actuarial valuation will be as of December 31, 2012.

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010

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

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

Amortization method — Level Dollar; Open

Amortization period — 30 Years

Actuarial cost method — Entry Age Normal

Asset valuation method — Five Year Smoothed Average Market

Actuarial assumptions

- Investment rate of return [1] — 8%
- Projected base salary increases [1] — 4.5% per year, plus a service based increase in the first five years

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

[1] includes 3.0% inflation assumption

Postretirement benefit increase — 3.0% per year for employee annuitants beginning at the earlier of

1) the later of the 1st of January of the year after retirement and age 60
2) the later of 1st of January of the year after the second anniversary of retirement and age 53

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES

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

Amortization method — Level Dollar; Open

Amortization period — 30 Years

Actuarial cost method — Entry Age Normal

Asset valuation method — No Assets (Pay-as-you-go)

Actuarial assumptions

- OPEB investment rate of return[1] — 4.5%
- Projected base salary increases[1] — 4.5% per year, plus a service based increase in the first five years

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

[1] includes inflation at 3% per year

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

OPEB-LABF as employer: Medical: 9% per year graded down to 5% per year; ultimate trend in 0.5% increments
Dental: 6% per year graded down to 4.5 % per year; ultimate trend in 0.5% increments

ADDITIONAL INFORMATION

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

SCHEDULES OF INVESTED ASSETS
COST AND FAIR VALUE
(IN THOUSANDS)

	2010				2009			
	Cost Value		Fair Value		Cost Value		Fair Value	
Cash and short-term investments	$ 76,370	6.0%	$ 76,371	5.3%	$ 69,744	5.4%	$ 69,764	5.2%
U.S. equities	432,423	34.1	550,319	38.1	465,106	36.1	525,792	39.5
U.S. equity funds	140,013	11.1	144,962	10.0	158,947	12.3	143,412	10.8
Foreign equities	203,261	16.0	241,978	16.7	204,892	15.9	215,433	16.2
Foreign equity funds	29,500	2.3	36,240	2.5	25,000	1.9	25,000	1.9
U.S. government obligations and municipal bonds	126,346	10.0	128,775	8.9	106,782	8.3	109,068	8.2
U.S. corporate bonds	119,586	9.4	118,745	8.2	131,348	10.2	121,752	9.1
Foreign fixed income securities	11,487	0.9	10,451	0.7	9,291	0.7	7,992	0.6
Private equity	43,481	3.4	47,068	3.3	40,340	3.1	38,701	2.9
Real estate	37,635	3.0	34,592	2.4	38,407	3.0	32,110	2.4
Hedge funds	48,245	3.8	55,804	3.9	40,000	3.1	43,354	3.2
Invested assets at cost/fair value	$ 1,268,347	100.0%	$ 1,445,305	100.0%	$ 1,289,857	100.0%	$ 1,332,378	100.0%

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

PERFORMANCE SUMMARY
FAIR VALUE RETURNS

ANNUALIZED PERCENT FOR PERIODS PRESENTED

	2010	2009	2008	2007	2006	3-Yr.	5-Yr.
Cash and short-term investments							
LABF	6.5 %	-0.6 %	2.8 %	4.4 %	4.9 %	-3.2 %	0.3 %
90 Day T- Bills	0.1	0.2	1.3	4.5	4.8	0.8	2.4
Fixed income							
LABF	9.1	12.1	-5.0	4.1	4.4	6.2	5.8
BC Aggregate	6.5	5.9	5.2	7.0	4.3	5.9	5.8
Domestic equities							
LABF	18.9	29.2	-39.3	8.9	13.6	-2.3	2.1
S&P 500	15.1	26.5	-37.0	5.5	15.8	-2.9	2.3
International developed equities							
LABF	15.2	40.1	-46.7	10.2	25.5	-4.1	4.0
MSCI EAFE Net	7.8	31.8	-43.4	11.2	26.3	-7.0	2.5
Emerging markets equities[1]							
LABF	28.2	-	-	-	-	n/a	n/a
MSCI EMF Net	18.9						
Private equity							
LABF	14.5	-10.4	-10.8	32.6	11.0	-1.8	6.6
Real estate							
LABF	3.9	-36.6	-0.7	13.6	12.4	-13.2	-3.4
NCREIF ODCE	16.4	-29.7	-10.0	16.0	16.3	-9.7	-0.1
Hedge funds[2]							
LABF	10.0	-	-	-	-	n/a	n/a
HFRI FOF	5.7						
Combined							
LABF	15.5 %	21.5 %	-29.2 %	8.0 %	11.2 %	-0.2 %	3.6 %

Performance figures provided by NEPC. Private Equity and Real Estate returns lag by one quarter.

[1] Asset class start date was 09/01/09. No annual return in 2009.

[2] Asset class start date was 07/01/09. No annual return in 2009.