LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
A FIDUCIARY UNIT OF THE CITY OF CHICAGO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
A FIDUCIARY UNIT OF THE CITY OF CHICAGO

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

CALIBRE
CPA GROUP
230 W. MONROE STREET | SUITE 310
CHICAGO, IL 60606
312.655.0037 PHONE | 312.655.9145 Fax

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan), a fiduciary unit of the City of Chicago, which comprise the statements of fiduciary net position as of December 31, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the fiduciary net position of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of December 31, 2021 and 2020, and the changes in fiduciary net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's ability to continue as a going concern for twelve months beyond the financial statement date, including any currency known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, Schedules of Changes in Net Pension Liability and Related Ratios Multiyear, Schedule of the Net Pension Liability Multiyear, Schedule of Contributions Multiyear, Schedule of Investment Returns Multiyear, Schedule of Changes in Total OPEB Liability for the Plan's Employer and Employer Related Ratios Multiyear, and Notes to the Schedules on pages 44 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's basic financial statements. The supplementary information such as the Schedules of Invested Assets, Schedules of Administrative Expenses, Investment Expenses and Professional Services and Schedules of Investment Expenses on pages 52 through 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in relation to the basic financial statements taken as a whole.

Calibre CPA Group, PLLC

Chicago, IL
May 13, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This discussion and analysis is prepared by the management staff of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) for the purpose of providing an overview of the Plan's financial activities for the years ended December 31, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the Plan's financial statements and actuarial report.

Financial Highlights

- The net position for the Plan at December 31, 2021 was $1.33 billion, a $64 million increase from the Plan's net position at December 31, 2020. The net position for the Plan at December 31, 2020 was $1.27 billion, a $82 million increase from the Plan's net position at December 31, 2019. The net position is restricted for future benefit obligations. The increase in both years is largely attributable to an appreciation in the value of invested assets.

- The investment portfolio recorded gains of $138.1 million and $163.1 million for fiscal years 2021 and 2020, respectively. During 2021, the Plan's portfolio generated a preliminary rate of return, net of fees, of 11.6%. The rate of return, net of fees, for 2020 was 15.7%.

- Based on the actuarial valuations as of December 31, 2021 and 2020, the overall funded ratios for the Plan were 44.5% and 43.0%, respectively. For accounting purposes pursuant to GASB 67 and 68, which uses a Single Discount Rate and shorter amortization periods to measure the total pension liability, the funded ratio of the Plan was 45.9% for 2021 and 44.4% for 2020.

- Contribution revenue for 2021 totaled $102.6 million, representing an increase of 11.8% from 2020. This increase is due to the recognition of larger employer contributions resulting from the passage of P.A. 100-0023 in 2017. This legislation provides for predetermined increases in employer contributions over a five-year period followed by actuarially determined employer contribution in subsequent years. The 2020 contribution revenue of $91.8 million represents an increase of 18.5% from 2019.

- Total benefits and refunds paid in 2021 were $172.5 million, reflecting an increase of 2.0% over the $169.1 million of benefits and refunds paid in 2020. The 2020 benefits and refunds reflect an increase of 2.5% from 2019. The variances between years are primarily due to cost of living adjustments, fluctuations in the annuity roll each year, and the amount of refund applications in any given year.

Financial Highlights (continued)

- Administrative and OPEB expenses were $3.8 million in 2021 compared to $3.6 million in 2020 and $3.7 million in 2019. Fluctuations in legal expenses, personnel costs, Other Postemployment Benefits (OPEB) expenses, system development costs, and rent expense account for the variances from year to year.

Overview of the Financial Statements of the Plan

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

1. Basic Financial Statements: The two basic financial statements are the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. The Statements of Fiduciary Net Position reports the balance of net assets restricted for payment of future pension benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statements of Changes in Fiduciary Net Position reports the net increase/(decrease) in net position for the fiscal year, with comparative values reported for the previous fiscal year. This increase/(decrease), when added to the previous year's net position, supports the total net position as reported in the Statements of Fiduciary Net Position.

2. Notes to the Financial Statements: Notes to the Financial Statements provide additional valuable information that assists the reader to better understand the Plan's financial position. The notes are an integral part of basic financial statements.

3. Required Supplementary Information: The required supplementary information consists of the Schedules of Changes in Net Pension Liability and Related Ratios Multiyear and Additional Notes; Schedule of the Net Pension Liability Multiyear; Schedule of Contributions Multiyear and related Notes; and Schedule of Investment Returns Multiyear. Also included are Schedules of Changes in Total OPEB Liability for the Plan as Employer and Employer Related Ratios Multiyear. These schedules and related notes emphasize the long-term nature of pension funds and show the Plan's progress in accumulating sufficient assets to pay benefits when due. Actuarial trend information is presented for OPEB liabilities that are associated with the Plan as employer who offers its retirees and their eligible dependents a postemployment group health care plan.

4. Supplementary Information: Schedules of Invested Assets; Schedules of Administrative Expenses, Investment Expense, and Professional Services; and Schedules of Investment Expenses comprise the supplementary information.

Financial Analysis

The summarized comparison shown below indicates that the Net Position - Restricted for Pension Benefits at December 31, 2021 amounted to $1.33 billion, which was an increase of $64 million, or 5.1%, from $1.27 billion at December 31, 2020. This increase in Net Position compares to an increase of $82 million, or 6.9%, in Net Position that occurred between December 31, 2019 and December 31, 2020.

Assets

An increase or decrease in invested assets is dependent upon both the performance of the Plan's investment portfolio as well as the need to liquidate from the portfolio to pay benefits and other operating expenses in any given year. Total assets increased in 2021 by $77 million, or 5.8%, compared to an increase of $69 million, or 5.6%, in assets in 2020 from the prior year level. For 2021, the increase was largely attributed to appreciation in the value of invested assets as well as higher receivables of employer contributions and securities lending cash collateral. For 2020, the increase was largely attributed to appreciation in the value of invested assets as well as higher receivables of employer contributions.

As of December 31, 2021, receivables were 18.6% higher than 2020 mainly due to the higher statutorily required employer contributions accrued but not yet received as determined by P.A. 100-0023. In 2020, for the same reason, total receivables were up 21.8% from 2019.

CONDENSED COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION

	December 31,			Net Change	
	2021	2020	2019	2020 to 2021	2019 to 2020
Assets					
Receivables	$ 92,577,522	$ 78,033,151	$ 64,076,313	$ 14,544,371	$ 13,956,838
Investments, at fair value	1,248,671,107	1,204,953,061	1,133,895,471	43,718,046	71,057,590
Invested securities lending cash collateral	49,234,232	30,989,521	46,815,031	18,244,711	(15,825,510)
Property and equipment	-	-	-	-	-
Total assets	1,390,482,861	1,313,975,733	1,244,786,815	76,507,128	69,188,918
Deferred outflows:					
Accumulated decrease in fair value of hedging derivatives	502,909	2,098,053	1,053,906	(1,595,144)	1,044,147
Liabilities	56,588,811	46,331,353	58,291,252	10,257,458	(11,959,899)
Deferred inflows:					
Accumulated increase in fair value of hedging derivatives and resources related to OPEB	295,195	-	-	295,195	-
Net position - restricted for pension benefits	$ 1,334,101,764	$ 1,269,742,433	$ 1,187,549,469	$ 64,359,331	$ 82,192,964

Liabilities

In 2021, the Plan's liabilities consisted primarily of the securities lending cash collateral liability, unsettled trades and professional fees payable. The Plan's liabilities in 2021 were $10.3 million higher than in 2020 due mainly to higher values of securities lending cash collateral liability offset by unsettled trades. In 2020, the Plan's liabilities were $12.0 million less than in 2019 due mainly to lower values of securities lending cash collateral liability. The changes in liabilities over the past few years largely rests with activity in the securities lending program and unsettled trades at year end.

Deferred Outflows and Inflows

Derivative instruments are used by the Plan to manage specific risks and to make investments. Examples include forward and futures contracts. The net fair value of futures used for hedging activities are reported as either deferred outflows or deferred inflows of resources. Deferred inflows of $295 thousand for 2021 represent the net fair value of foreign currency forward contracts outstanding at December 31, 2021. For the year ended December 31, 2020, the Plan reported $1.6 million in net deferred outflows as compared to net outflows of $845 thousand the prior year. The outflow or inflow fluctuates depending on the net fair value of derivative contracts at year end.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan determined as of the beginning of the measurement period. For the years ended December 31, 2021 and 2020, the Plan reported $503 thousand and $481 thousand, respectively, in net deferred outflows of resources related to OPEB that will be recognized in future OPEB expenses. These net deferred outflows are due to assumption changes and differences between expected and actual non-investment experience. Further detail of OPEB is provided in Note 14 of the Notes to Financial Statements.

CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	December 31,			Net Change	
	2021	2020	2019	2020 to 2021	2019 to 2020
Additions					
Total contributions	$ 102,606,327	$ 91,808,034	$ 77,489,219	$ 10,798,293	$ 14,318,815
Total investment income (loss)	138,104,794	163,057,457	184,026,828	(24,952,663)	(20,969,371)
Total additions	240,711,121	254,865,491	261,516,047	(14,154,370)	(6,650,556)
Deductions					
Benefits and refunds	172,514,340	169,056,754	164,959,258	3,457,586	4,097,496
Admin & OPEB expense	3,837,450	3,615,773	3,691,171	221,677	(75,398)
Total deductions	176,351,790	172,672,527	168,650,429	3,679,263	4,022,098
Net increase (decrease)	64,359,331	82,192,964	92,865,618	(17,833,633)	(10,672,654)
Net position - restricted for pension benefits					
Beginning of year	1,269,742,433	1,187,549,469	1,094,683,851	82,192,964	92,865,618
Ending of year	$ 1,334,101,764	$ 1,269,742,433	$ 1,187,549,469	$ 64,359,331	$ 82,192,964

Additions

Member contributions, employer contributions, and investment income are the funding sources for benefit payments. In 2021 and 2020, employer contributions continued to be higher than previous years due to the 2017 passage of P.A. 100-0023 which provides for predetermined increases in employer contributions over a five-year period followed by actuarially determined employer contribution in subsequent years. Employee contributions for 2021 decreased modestly from the prior year. In the three years shown on the previous page, investment income rose and fell based on the performance of the financial markets.

A preliminary investment return of 11.6% in 2021 equated to an investment gain of $138 million. In 2020, a strong gain of 15.7% equated to an investment gain of $163 million as compared to a robust gain of 18.0% in 2019 resulting in an investment gain of $184 million. Dividend and interest income decreased moderately from 2020 to 2021 and from 2019 to 2020.

Deductions

Deductions consist primarily of annuity and disability benefit payments, contribution refunds, and administrative expenses (including office staff OPEB). Benefit and refund expense increased 2.0% in 2021 as compared to 2.5% in 2020 and 3.1% in 2019. The automatic annual increase in annuities for employee annuitants, overall fluctuations in annuity and refund payments, and the healthcare subsidy payments contributed to the variances from year to year.

Total administrative and OPEB expenses increased $222 thousand in 2021 while 2020 reflected a decrease of $75 thousand in expenses compared to 2019. For 2021, higher expenses in personnel, actuarial services, OPEB, and litigation, were offset by lower legal, rent, and computer equipment expenses.

Overall, Net Position - Restricted for Pension Benefits increased by approximately $64 million, or 5.1%, in 2021 as compared to the prior year. In 2020, Net Position - Restricted for Pension Benefits reflected a $82 million increase or 6.9% from 2019. As shown in the table on page 7, investment income fluctuations and the growing levels of benefit and refund expenses have the greatest impact on the Net Position at year end.

Investment Performance

Despite multiple covid variant outbreaks, supply chain disruptions and rising inflation in 2021, the Plan experienced solid returns from its investment portfolio largely due to the overall strong performance throughout the broad financial markets, as evidenced by the benchmark returns in the table on the next page. As reported by the Plan's investment consultant, the preliminary total investment return based on fair value, net of fees, was 11.6% in 2021 compared to 15.7% in 2020. In absolute terms, all asset classes positively contributed to performance except for international equity. In relative terms, fixed income, domestic equity, global equity, private debt, real estate and hedge funds exceeded their respective benchmarks.

Investment Performance (continued)

The following table provides preliminary performance, net of fees, by asset class for fiscal year 2021.

Preliminary Rates of Return, Net of Fees, for Fiscal Year 2021			
Asset Class	Return %	Benchmark	Return %
Fixed income	0.1	BBgBarc Global Aggregate (Hedged)	-1.4
Domestic equity	27.3	Russell 3000	25.7
International equity	-0.6	MSCI ACWI ex USA	7.8
Global equity	18.8	MSCI ACWI Minimum Volatility	13.9
Private debt	9.6	Credit Suisse Leveraged Loans	5.4
Private equity	27.5	Cambridge Assoc. US Private Equity	36.0
Real estate	19.8	NCREIF Property Index	17.7
Hedge funds	9.0	HFRI Fund of Funds Composite	6.1
Real asset infrastructure fund	5.7	Libor + 4%	4.2

Actuarial Valuation

Each year, the Plan commissions an actuary to assess the financial strength of the Plan. The actuary compares the value of future benefits to the value of the Plan's assets. As prescribed by accounting standards, the actuary uses a valuation method different than fair value to determine the value of the Plan's assets. It differs in that the actuarial value of assets spreads investment gains and losses over a five-year period to smooth out market volatility. For fiscal year 2021, the consulting actuary reports the Plan's actuarial liability was $2.76 billion and the actuarial value of assets was $1.23 billion. For fiscal year 2020, the Plan's actuarial liability was $2.74 billion, and the actuarial value of assets was $1.18 billion.

The ratio of the assets to actuarial liabilities is termed the funded ratio and represents the percentage of assets available to pay the future benefits. The funded ratio, measured using the actuarial value of assets, which reflects smoothing of the investment gains and losses over a five-year period, increased to 44.5% in 2021 from 43.0% in 2020. The unfunded liability decreased to $1.53 billion at December 31, 2021 from $1.56 billion at December 31, 2020. Because the ratio of the increase in actuarial value of assets to the increase in actuarial lability is greater than the funded ratio of 2020, the Plan's funded ratio went up in 2021. If not for favorable investment experience, the increase in unfunded liability would have been even greater.

Actuarial Valuation (continued)

For accounting and financial reporting pursuant to GASB 67 and 68, which uses a Single Discount Rate and shorter amortization periods to measure the total pension liability, the funded ratio of the Plan was 45.9% for 2021 and 44.4% for 2020. The increase in the value of invested assets drove the 1.5 percentage point increase in the funding ratio from 2020 to 2021.

Future Outlook

The passage of P.A. 100-0023 in 2017 continues to be significant in that it has provided a funding policy that puts the Plan on a path toward long-term solvency. After receiving pre-determined amounts for the last five years, next year the Plan will begin receiving employer contributions that are actuarially determined with the goal of reaching a 90% funded status by 2058.

The Board of Trustees (the Board) and staff of the Plan are dedicated to preserving the Plan and are doing so with honesty, dedication, and integrity. We strive to provide responsible stewardship for the assets contributed by our members and the City of Chicago.

Request for Information

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

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
Attn: Executive Director
321 N Clark St Ste 1300
Chicago, IL 60654-4739

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

STATEMENTS OF FIDUCIARY NET POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets and Deferred Outflows		
Receivables		
Employer	$ 84,456,917	$ 72,926,904
Plan member	3,117,604	2,186,994
Interest and dividends	2,693,378	2,839,585
Other receivables	92,711	79,668
Due from broker - net	2,216,912	-
Total receivables	92,577,522	78,033,151
Investments - at fair value		
Cash and short-term investments	37,896,493	40,034,843
Equities	640,090,978	651,482,392
Fixed income	226,924,168	223,122,620
Private markets	52,368,836	41,694,991
Real estate	135,850,400	120,717,551
Hedge funds	124,862,650	99,566,934
Real asset infrastructure fund	30,382,387	28,333,730
Subtotal	1,248,375,912	1,204,953,061
Forward currency contracts - net	295,195	-
Securities lending cash collateral	49,234,232	30,989,521
Total investments - at fair value	1,297,905,339	1,235,942,582
Property and equipment - net	-	-
Total assets	1,390,482,861	1,313,975,733
Deferred outflows		
Accumulated decrease in fair value of hedging derivatives and resources related to OPEB	502,909	2,098,053
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Due to broker - net	-	7,848,499
Derivatives - net	1,293,563	1,672,372
Refunds, professional fees payable and other liabilities	2,258,817	2,386,225
OPEB liability	3,802,199	3,434,736
Securities lending cash collateral	49,234,232	30,989,521
Total liabilities	56,588,811	46,331,353
Deferred inflows		
Accumulated increase in fair value of hedging derivatives	295,195	-
Net position - restricted for pension benefits	$ 1,334,101,764	$ 1,269,742,433

See accompanying notes to financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Additions		
Contributions		
Employer	$ 84,969,321	$ 73,744,129
Plan member	17,637,006	18,063,905
Total contributions	102,606,327	91,808,034
Investment income		
Net appreciation in fair value of investments	121,002,422	146,638,784
Interest	7,679,828	8,012,326
Dividends	8,380,458	8,421,309
Private markets income - net	1,212,942	1,363,418
Real estate operating income - net	2,509,886	3,049,069
Hedge funds income - net	4,178,604	1,920,453
Real asset infrastructure fund income - net	1,159,764	872,373
	146,123,904	170,277,732
Less investment expenses	(8,195,653)	(7,355,814)
Investment income - net	137,928,251	162,921,918
Securities lending income		
Income	182,652	333,546
Borrower rebates	55,923	(109,570)
Bank fees	(62,032)	(88,437)
Securities lending income - net	176,543	135,539
Total additions	240,711,121	254,865,491
Deductions		
Benefits	168,949,226	165,411,906
Refunds	3,565,114	3,644,848
Administrative and OPEB expenses	3,837,450	3,615,773
Total deductions	176,351,790	172,672,527
Net change	64,359,331	82,192,964
Net position - restricted for pension benefits		
Beginning of year	1,269,742,433	1,187,549,469
End of year	$ 1,334,101,764	$ 1,269,742,433

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 (the Plan) is administered in accordance with Chapter 40, Act 5, Articles 1 and 11 of the Illinois Compiled Statutes (the 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 (City), has made a formal commitment to provide the contributions. Benefits, refunds, administrative and other post-employment benefits (OPEB) expenses 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, swaps and forward currency contracts, except those reported at net asset value, 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, except those reported at net asset value, are determined principally by using quoted market prices provided by independent pricing services. Equity and fixed income funds are reported at net asset value per share. Cash and short-term investments are valued at cost which approximates fair value. Alternative investments, which include real estate, private markets (private equity and private debt investments), hedge funds, and real assets infrastructure are valued using current estimates of fair value provided by 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 markets 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. At December 31, 2021 and 2020, $5,380,831 and $8,826,240, respectively, were due to broker and $7,597,743 and $977,741, respectively, were due from broker for unsettled trades.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed currently.

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

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

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1935 and is governed by legislation contained in the Statutes, particularly Chapter 40, Act 5, Article 11 (the Article) 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 to provide retirement and disability benefits for employees of the 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 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. 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 are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any participant's individual 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 a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Insurance, as well as another detailed annual report, the form and content of which is specified by the IDFPR's Division of Insurance.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Any employee of the City or the Board of Education of the City employed under the provisions of the municipal personnel ordinance as labor service or any persons employed by retirement boards of certain annuity and benefit funds of the City are covered by the Plan. Currently, covered employees are required to contribute a percentage of their salary to the Plan, 8.5% for Tier 1 and 2 members and 11.5% for Tier 3 members. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. For the employer contribution for the years ended December 31, 2016 and prior, 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. For payment years 2018 through 2022 (tax levy years 2017 through 2021), the City shall contribute $36,000,000, $48,000,000, $60,000,000, $72,000,000, and $84,000,000, respectively. For payment years 2023 through 2058 (tax levy years 2022 through 2057), the amount shall be equal to the projected normal cost plus an amount determined on a level percentage of applicable employee payroll basis that is sufficient to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of 2058. For years after 2058, the employer portion shall be equal to the amount, if any, needed to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan as of the end of each year. The source of funds for the City's contribution has been designated by the 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 Plan is considered by the City to be a fiduciary unit of the City and is included in the City's financial statements as a pension trust fund.

At December 31, 2021 and 2020, plan members consisted of the following:

	2021	2020
Retirees and beneficiaries currently receiving benefits	3,568	3,646
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,473	1,486
Active plan members (including plan members receiving disability benefits)		
Vested	1,657	1,650
Non-vested	945	914
Total plan members	7,643	7,696

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The Plan provides retirement benefits as well as survivor and disability benefits. In 2010, legislation (P.A. 96-0889) was approved which in effect established two distinct classes of membership with different retirement eligibility conditions and benefit provisions. In 2017, legislation (P.A. 100-0023) was approved which added a third distinct class of membership with different retirement eligibility conditions and benefit provisions. For convenience, the Plan uses a tier concept to distinguish these groups:

- Tier 1 – Employees who first became members prior to January 1, 2011.
- Tier 2 – Employees who first became members on or after January 1, 2011.
- Tier 3 – Employees who first became members on or after July 6, 2017 or any Tier 2 member who irrevocably elected to be subject to the Tier 3 benefit structure.

Retirement Benefits:

Tier 1: 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. Final average salary is calculated using salary from the highest four consecutive years within the last 10 years of service preceding 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, unless the employee is 50 or over with at least 30 years of service, or 55 or over with at least 25 years of service.

The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a) (17) and §415 limitations. 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.

Tier 2: Employees with at least 10 years of service are entitled to receive an unreduced annuity benefit at age 67 or a reduced annuity benefit at age 62 with at least 10 years of service. The annuity shall be reduced by ½ of 1% percent for each month that the employee is under age 67. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service preceding retirement. Pensionable salary is limited to $116,740 in 2021 and $115,929 in 2020, increased annually by the lesser of 3% or 50% of the percentage change in the Consumer Price Index-Urban (CPI-U), for the 12 months ending each preceding September, but not less than zero.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Retirement Benefits (continued)

Tier 3: Employees with at least 10 years of service are entitled to receive an unreduced annuity benefit at age 65 or a reduced annuity benefit at age 60 with at least 10 years of service. The annuity shall be reduced by ½ of 1% for each month that the employee is under age 65. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service preceding retirement. Pensionable salary is limited to $116,740 in 2021 and $115,929 in 2020, increased annually by the lesser of 3% or 50% of the percentage change in the CPI-U, for the 12 months ending each preceding September, but not less than zero.

Post Retirement Increases:

Tier 1: Employee annuitants are eligible to receive an increase of 3% of the current annuity beginning the January of the year of the first payment date following the earlier of 1) the later of the third anniversary of retirement and age 53 and 2) the later of the first anniversary of retirement and age 60, and each year thereafter.

Tier 2: Employee annuitants are eligible to receive an increase based on the original annuity equal to the lesser of 3% or ½ of the annual unadjusted percentage increase in the CPI-U (but not less than zero) beginning the January of the first payment date following the later of 1) age 67 and 2) the second anniversary of retirement.

Tier 3: Employee annuitants are eligible to receive an increase based on the original annuity equal to the lesser of 3% or ½ of the annual unadjusted percentage increase in the CPI-U (but not less than zero) beginning the January of the first payment date following the later of 1) age 65 and 2) the second anniversary of retirement.

Spousal Annuity:

Tier 1: The eligible surviving spouse is entitled to a spousal annuity equal to 50% of the pension the member had earned at the date of death or a minimum annuity of $800.

Tier 2 and 3: The surviving spouse is entitled to a spousal annuity equal to 66⅔% of the pension the member had earned at the date of death.

Automatic Increase in Spousal Annuity:

Tier 1: There is no increase in annuity for spousal annuities.

Tier 2 and 3: The spousal annuity increase is the lesser of 3% or 50% of the percentage change in the CPI-U for the 12 months ending each preceding September (but not less than zero) and is applied to the original spousal annuity amount. If the CPI-U decreases or is zero, no increase is paid. The annual increase in spouse annuity starts on the January 1st occurring on or after 1) the start date of the spouse annuity if the deceased member was in receipt of annuity at death, or 2) the first anniversary of the spouse annuity start date.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Child's Annuity:

Under Tiers 1, 2, and 3, annuities are provided for unmarried children of a deceased member who are under the age of 18, if the child was born, or *in esse*, or legally adopted. The child's annuity is $220 a month when there is a surviving spouse, or $250 a month when there is no surviving spouse.

Duty Disability:

Under Tiers 1, 2, and 3, an employee who becomes disabled as the result of an injury incurred in the performance of any act of duty, is entitled to receive a duty disability benefit in the amount equal to 75% of annual salary at the time of injury, reduced by any benefits received by the employee under the provisions of the Workers' Compensation Act.

Ordinary Disability:

Under Tiers 1, 2, and 3, an employee who becomes disabled as the result of any cause other than an injury incurred in the performance of an act of duty, is entitled to receive an ordinary disability benefit in the amount equal to 50% of annual salary as of the last day worked. An employee can receive ordinary disability for a period equal to ¼ of his service credits up to a maximum of 5 years.

Refunds:

Tier 1: A member may take a refund if he withdraws from service and is under the age of 55 (with any length of service) or withdraws between the ages of 55 and 60 with less than 10 years of service.

Tier 2 and 3: A member may take a refund if he withdraws from service before the age of 62 (with any length of service) or withdraws with less than 10 years of service regardless of age.

NOTE 3. INVESTMENTS

Fair Value Measurements

The Plan categorizes the fair value measurements of its investments based on the hierarchy established by the U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Equity securities and investment derivative investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors.

NOTE 3. INVESTMENTS (CONTINUED)

Fixed income securities and collateral from securities lending classified in Level 2 of the fair value hierarchy are valued using either a bid evaluation or a matrix pricing technique maintained by the various pricing vendors. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Equity and fixed income securities classified in Level 3 of the fair value hierarchy are securities whose stated market price is unobservable by the marketplace. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Plan's custodian bank.

The following is a summary of the inputs used as of December 31, 2021, in valuing investments carried at fair value:

	December 31, 2021			
Description	Total	Quoted Market Prices for Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stock	$ 600,930,368	$ 600,744,349	$ -	$ 186,019
Preferred stock	2,028,554	2,028,554	-	-
Rights and warrants	-	-	-	-
Stapled securities	361,376	361,376	-	-
Exchange-traded fund	4,679,841	4,679,841	-	-
Other equity assets	3,518,430	3,518,430	-	-
Fixed income				
Government bonds	53,900,524	-	53,900,524	-
Government agencies	6,789,498	-	6,789,498	-
Municipal/Provincial bonds	10,133,113	-	10,133,113	-
Corporate bonds	102,159,144	-	102,159,144	-
Corporate convertible bonds	981,880	-	981,880	-
Government mortgage backed securities	30,307,728	-	30,307,728	-
Government-issued commercial mortgage-backed	1,590,855	-	1,590,855	-
Commercial mortgage-backed	4,468,252	-	4,468,252	-
Asset backed securities	4,435,012	-	4,435,012	-
Non-government backed CMO's	1,183,195	-	1,183,195	-
Index linked government bonds	1,726,965	-	1,726,965	-
Forward currency contracts - net	295,195	295,195	-	-
Invested securities lending collateral	49,234,232	-	49,234,232	-
Subtotal	878,724,162	$ 611,627,745	$ 266,910,398	$ 186,019
Investments that calculate net asset value				
Equity funds	28,572,409			
Fixed income funds	9,248,002			
Hedge funds	124,862,650			
Private markets	52,368,836			
Real estate	135,850,400			
Real asset infrastructure fund	30,382,387			
Subtotal	381,284,684			
Cash and short-term investments	37,896,493			
Subtotal	1,297,905,339			
Liabilities				
Derivatives - net	(1,293,563)	$ (1,293,563)	$ -	$ -
Securities lending cash collateral	(49,234,232)	-	(49,234,232)	-
Subtotal	(50,527,795)	$ (1,293,563)	$ (49,234,232)	$ -
Total investments at fair value - net	$ 1,247,377,544			

NOTE 3. INVESTMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2020, in valuing investments carried at fair value:

	December 31, 2020			
Description	Total	Quoted Market Prices for Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stock	$ 612,502,005	$ 612,501,129	$ -	$ 876
Preferred stock	1,213,601	1,213,601	-	-
Rights and warrants	5,002	5,002	-	-
Exchange-traded fund	4,225,567	4,225,567	-	-
Other equity assets	2,922,647	2,922,647	-	-
Fixed income				
Government bonds	37,652,440	-	37,652,440	-
Government agencies	11,904,077	-	11,904,077	-
Municipal/Provincial bonds	10,798,176	-	10,798,176	-
Corporate bonds	107,172,716	-	107,172,716	-
Government mortgage backed securities	29,728,855	-	29,728,855	-
Government-issued commercial mortgage-backed	1,891,101	-	1,891,101	-
Commercial mortgage-backed	4,414,331	-	4,414,331	-
Asset backed securities	5,300,774	-	5,300,774	-
Non-government backed CMO's	1,166,636	-	1,166,636	-
Index linked government bonds	4,248,441	-	4,248,441	-
Invested securities lending collateral	30,989,521	-	30,989,521	-
Subtotal	866,135,890	$ 620,867,946	$ 245,267,068	$ 876
Investments that calculate net asset value				
Equity funds	30,613,570			
Fixed income funds	8,845,073			
Hedge funds	99,566,934			
Private markets	41,694,991			
Real estate	120,717,551			
Real asset infrastructure fund	28,333,730			
Subtotal	329,771,849			
Cash and short-term investments	40,034,843			
Subtotal	1,235,942,582			
Liabilities				
Derivatives - net	(1,672,372)	$ (1,672,372)	$ -	$ -
Securities lending cash collateral	(30,989,521)	-	(30,989,521)	-
Subtotal	(32,661,893)	$ (1,672,372)	$ (30,989,521)	$ -
Total investments at fair value - net	$ 1,203,280,689			

Fair Value of Investments that Calculate Net Asset Value

Authoritative guidance on fair value measurements permits the Plan to measure the fair value of an investment entity that does not have a readily determinable fair value based upon the NAV per share or its equivalent of the investment.

NOTE 3. INVESTMENTS (CONTINUED)

Fair Value of Investments that Calculate Net Asset Value (continued)

The following tables summarize the Plan's investments in certain entities that calculate NAV per share as fair value measurement as of December 31, 2021 and 2020:

2021	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	$ 28,572,409	$ -	As needed	Daily - Monthly
Fixed income funds	9,248,002	-	As needed	Daily
Hedge funds	124,862,650	402,460	As needed	30 - 95 Days or Not eligible
Private markets funds	52,368,836	36,398,488	N/A	Not eligible
Real estate funds	135,850,400	14,441,164	As needed / N/A	30 - 45 Days or Not eligible
Real asset Infrastructure fund	30,382,387	-	As needed*	45 Days
	$ 381,284,684	$ 51,242,112		

2020	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	$ 30,613,570	$ -	As needed	Daily - Monthly
Fixed income funds	8,845,073	-	As needed	Daily
Hedge funds	99,566,934	402,460	As needed	30 - 95 Days or Not eligible
Private markets funds	41,694,991	35,804,176	N/A	Not eligible
Real estate funds	120,717,551	10,775,908	As needed / N/A	30 - 45 Days or Not eligible
Real asset Infrastructure fund	28,333,730	-	As needed*	45 Days
	$ 329,771,849	$ 46,982,544		

** Hard lockup until May 31, 2023*

Equity funds: Three funds as of December 31, 2021 and 2020. One fund invests in Indian shares, one fund invests in emerging market equities and one fund invests in emerging market small cap equities.

Fixed income funds: One fund as of December 31, 2021 and 2020. The fund invests in U.S. dollar-denominated high-yield bonds.

Hedge funds: Seven funds as of December 31, 2021 and six funds as of December 31, 2020. Five hedge funds invest in a select group of underlying managers that implement different alternative investment strategies and invest in a variety of markets through limited partnerships, limited liability companies, and other investment entities. One hedge fund invests in or sells short securities, typically of fixed income securities and employs a long-short credit strategy. One hedge fund writes collateralized put options on the S&P 500 Index.

NOTE 3. INVESTMENTS (CONTINUED)

Private markets funds: Thirteen funds as of December 31, 2021 and twelve funds as of December 31, 2020. The private markets funds comprise limited partnership interests in equity or debt securities of privately held companies. Private markets funds are not eligible for redemption.

Real estate funds: Ten funds as of December 31, 2021 and nine funds as of December 31, 2020. The real estate funds comprise core, value-add, and opportunistic real estate funds. Real estate funds that are closed-end funds, eight out of the ten real estate funds, are not eligible for redemption. The remaining two funds are open-ended funds with 30 days' and 45 days' notice for redemption.

Infrastructure funds: One fund as of December 31, 2021 and 2020. The infrastructure fund is a core fund with 45 days' notice for redemptions after the initial lock-up period of May 31, 2023.

Investment Policies, Asset Allocation and Money Weighted Rate of Return

Investments are governed by the 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 Statutes.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation as of December 31, 2021.

Asset Class	Target
U.S. equity	25.0%
Non-U.S. equity	20.0%
Global low volatility equity	5.0%
Fixed income	20.0%
Private debt	3.0%
Private equity	4.0%
Real estate	10.0%
Private real assets	3.0%
Hedge funds	10.0%
	100.0%

NOTE 3. INVESTMENTS (CONTINUED)

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Risk Factors

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

Investment Summary

All of the Plan's financial instruments are consistent with the permissible investments outlined in the Statutes. The following table presents the composition of investments, by investment type, as of December 31, 2021 and 2020. There are no individual investments that represent 5% or more of the Plan's net position restricted for pension benefits.

	2021	2020
Cash and short-term investments	$ 37,896,493	$ 40,034,843
Equities		
U.S. equities	372,962,264	360,991,534
Foreign equities	238,556,305	259,877,288
Equity funds	28,572,409	30,613,570
Total equities	640,090,978	651,482,392
Fixed income		
U.S. Government obligations and municipal bonds	82,122,977	76,280,572
U.S. corporate bonds	52,782,491	55,304,720
Foreign fixed income	82,770,698	82,692,255
Fixed income funds	9,248,002	8,845,073
Total fixed income	226,924,168	223,122,620
Private markets	52,368,836	41,694,991
Real estate	135,850,400	120,717,551
Hedge funds	124,862,650	99,566,934
Real asset infrastructure fund	30,382,387	28,333,730
Forward currency contracts - net	295,195	-
Security lending cash collateral	49,234,232	30,989,521
Subtotal	1,297,905,339	1,235,942,582
Liabilities		
Derivatives - net	(1,293,563)	(1,672,372)
Securities lending cash collateral	(49,234,232)	(30,989,521)
Subtotal	(50,527,795)	(32,661,893)
Total investments at fair value - net	$ 1,247,377,544	$ 1,203,280,689

NOTE 3. INVESTMENTS (CONTINUED)

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

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, 2021 and 2020, 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.

	2021	2020
Amount exposed to custodial credit-risk		
Investment in foreign currency	$ 917,678	$ 3,898,009

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. U.S. Government obligations or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The investment 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.

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 Investors Service (Moody's) or S & P Global Ratings (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.

NOTE 3. INVESTMENTS (CONTINUED)

The following table presents the credit risk profile, based on Moody's Investors Service for fixed income securities held by the Plan as of December 31, 2021 and 2020.

Quality Rating	2021	2020
Aaa	$ 49,668,064	$ 43,426,543
Aa	10,615,819	12,112,324
A	19,328,758	19,628,274
Baa	55,775,058	55,432,646
Ba	15,792,534	21,986,349
B	13,099,634	10,004,452
Caa	2,826,443	4,026,175
Ca	-	215,000
Not rated or unavailable	17,856,548	15,710,659
Total credit risk debt - securities	184,962,858	182,542,422
Guaranteed by U.S. Government	32,713,308	31,735,125
Fixed income funds - not rated	9,248,002	8,845,073
Total fixed income	$ 226,924,168	$ 223,122,620

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)

At December 31, 2021 and 2020, the following tables show the investments by investment type and maturity.

	December 31, 2021					
Investment Type	Fair Value	1 Year or Less	1+ to 6 Years	6+ to Years	10+ Years	Variable
Asset backed securities	$ 4,435,012	$ -	$ 950,877	$ 2,307,808	$ 1,176,327	$ -
Commercial mortgage backed	4,468,252	-	98,738	-	4,369,514	-
Corporate bonds	102,159,144	1,473,806	52,588,837	28,720,129	19,376,372	-
Corporate convertible bonds	981,880	-	-	981,880	-	-
Fixed income funds	9,248,002	-	-	-	-	9,248,002
Government agencies	6,789,498	658,408	3,342,117	1,027,704	1,761,269	-
Government bonds	53,900,524	835,694	30,781,467	9,390,296	12,893,067	-
Government mortgage backed	30,307,728	-	48,432	6,091,036	20,251,678	3,916,582
Government issued commercial mortgage backed	1,590,855	-	1,168,673	275,197	146,985	-
Index linked government bonds	1,726,965	-	-	1,475,088	251,877	-
Municipal bonds	10,133,113	-	464,584	3,156,044	6,512,485	-
Non-government backed CMO's	1,183,195	-	-	-	1,183,195	-
Total fixed income	$ 226,924,168	$ 2,967,908	$ 89,443,725	$ 53,425,182	$ 67,922,769	$ 13,164,584

	December 31, 2020					
Investment Type	Fair Value	1 Year or Less	1+ to 6 Years	6+ to Years	10+ Years	Variable
Asset backed securities	$ 5,300,774	$ -	$ 2,270,806	$ 2,418,494	$ 611,474	$ -
Commercial mortgage backed	4,414,331	-	-	-	4,414,331	-
Corporate bonds	107,172,716	1,390,681	46,153,840	35,312,676	24,315,519	-
Fixed income funds	8,845,073	-	-	-	-	8,845,073
Government agencies	11,904,077	-	6,811,373	3,740,246	1,352,458	-
Government bonds	37,652,440	708,751	17,312,281	9,194,176	10,437,232	-
Government mortgage backed	29,728,855	-	77,328	3,478,123	26,173,404	-
Government issued commercial mortgage backed	1,891,101	-	880,672	798,918	211,511	-
Index linked government bonds	4,248,441	-	597,255	299,202	3,351,984	-
Municipal bonds	10,798,176	151,660	559,944	3,479,495	6,607,077	-
Non-government backed CMO's	1,166,636	3	-	-	1,160,630	6,003
Total fixed income	$ 223,122,620	$ 2,251,095	$ 74,663,499	$ 58,721,330	$ 78,635,620	$ 8,851,076

Investment Results

During 2021 and 2020, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were gains of $100,170,844 and $58,279,588, respectively. These amounts are included in the net appreciation in fair value of investments as reported on the Statements of Changes in Fiduciary Net Position. 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 the 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, 2021 and 2020, is presented in the following table.

	2021	%	2020	%
Australian dollar	$ 7,222,168	3.5%	$ 3,770,946	1.7%
Brazilian real	2,093,115	1.0%	2,594,545	1.1%
Canadian dollar	12,548,063	6.1%	13,275,157	5.8%
Swiss franc	4,202,474	2.0%	2,353,205	1.0%
Chilean Peso	1,061	0.0%	145,718	0.1%
HK offshore Chinese Yuan Renminbi	4,379,983	2.1%	2,163,465	1.0%
Danish krone	6,403,261	3.1%	8,234,671	3.6%
Euro	60,934,719	29.4%	62,688,392	27.6%
British pound sterling	25,404,505	12.3%	25,390,294	11.2%
Hong Kong dollar	25,725,315	12.4%	35,701,838	15.7%
Indonesian rupiah	2,511,624	1.2%	3,245,627	1.4%
New Israeli shekel	1,171,610	0.6%	478,731	0.2%
Indian rupee	440,080	0.2%	451,659	0.2%
Japanese yen	33,897,012	16.4%	43,589,464	19.2%
South Korean won	7,434,828	3.6%	9,749,501	4.3%
Mexican peso	2,817,204	1.4%	2,302,784	1.0%
Malaysian ringgit	-	0.0%	627,080	0.3%
Norwegian krone	1,775,592	0.9%	3,741,576	1.6%
New Zealand dollar	(61,808)	0.0%	(2,832,029)	1.2%
Polish zloty	29,215	0.0%	31,636	0.0%
Russian ruble	79	0.0%	80	0.0%
Swedish krona	6,106,077	2.9%	4,276,969	1.9%
Singapore dollar	115,634	0.0%	1,265,897	0.6%
Thai baht	839,300	0.4%	1,734,351	0.8%
Vietnamese dong	-	0.0%	195,074	0.1%
South African rand	1,017,172	0.5%	2,092,416	0.9%
Total	$ 207,008,283	100.0%	$ 227,269,047	100.0%

NOTE 3. INVESTMENTS (CONTINUED)

Derivatives

The Plan's investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose payoff depends on the value of an underlying, such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. The Plan's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake.

During the year, the Plan's derivative investments included foreign currency forward contracts, financial futures and swaps. Foreign currency forward contracts are used to hedge against the currency risk in the Plan's foreign stock and fixed income security portfolios. Financial futures are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates. Swaps are used to hedge duration, fine tune interest rate strategy and facilitate gaining exposure to the asset class or hedging cash bond exposure in a cost efficient manner.

The following table summarizes the derivatives held within the Plan's investment portfolio as of December 31, 2021 and 2020:

	2021		2020	
Derivative Type	Notional Amount	Fair Value	Notional Amount	Fair Value
Hedging derivative instruments				
Foreign currency forward contracts purchased	$ -	$ 108,904,026	$ -	$ 133,763,058
Foreign currency forward contracts sold	-	(108,608,831)	-	(135,379,840)
Total hedging derivative instruments	-	295,195	-	(1,616,782)
Investment derivative instruments				
Futures				
Fixed income	20,667,656	-	32,824,907	-
Cash and cash equivalent	-	-	601,601	-
Total futures	20,667,656	-	33,426,508	-
Swaps				
Interest rate swap	-	(1,293,563)	-	(55,590)
Total investment derivative instruments	20,667,656	(1,293,563)	33,426,508	(55,590)
Total	$ 20,667,656	$ (998,368)	$ 33,426,508	$ (1,672,372)

NOTE 3. INVESTMENTS (CONTINUED)

Foreign currency forward contracts are agreements to buy or sell a specific amount of a specific currency at a specified delivery or maturity date for an agreed upon price. The gain or loss on forward contracts is recognized as deferred inflows/outflows on the Statements of Fiduciary Net Position until the contract is closed or is sold at which time a gain or loss is recognized in the Statements of Changes in Fiduciary Net Position. The counterparties to the foreign currency forward contracts are banks which are rated A, or above, by rating agencies.

The fair value of forward contracts outstanding at December 31, 2021 and 2020 is as follows:

	Fair Value	
Currency	2021	2020
Foreign currency exchange purchases:		
Australian dollar	$ 3,480,803	$ 3,710,530
Canadian dollar	3,392,061	6,581,539
Swiss franc	4,186,845	4,686,538
Chilean peso	-	3
Danish krone	40,212	-
Euro	7,642,238	10,852,479
British pound sterling	6,139,733	4,305,616
Hong Kong dollar	62,048	14,729
Indonesian rupiah	5,356	-
Japanese yen	6,992,684	11,127,289
South Korea won	577	1,235
Mexican peso	1,467,135	502,682
Norwegian krone	1,090,977	5,171,660
New Zealand dollar	2,604,930	2,923,049
Polish zloty	28,974	31,376
Russian ruble	79	80
Swedish krona	1,352,844	2,363,749
United States dollar	69,920,451	81,310,787
South African rand	496,079	179,717
Total purchases	$ 108,904,026	$ 133,763,058

NOTE 3. INVESTMENTS (CONTINUED)

Currency	Fair Value 2021	Fair Value 2020
Foreign currency exchange sales:		
Australian dollar	$ (4,061,652)	$ (8,363,363)
Brazilian real	(67)	(72)
Canadian dollar	(4,775,050)	(3,540,034)
Swiss franc	(7,170,183)	(7,917,537)
Euro	(27,499,008)	(33,977,852)
British pound sterling	(10,645,089)	(7,298,029)
Hungarian forint	(230,831)	-
Japanese yen	(5,064,796)	(7,599,989)
South Korea won	(30,091)	(741,174)
Mexican peso	(1,468,560)	(504,146)
Norwegian krone	(630,438)	(2,928,049)
New Zealand dollar	(6,473,585)	(7,809,825)
Swedish krona	(698,184)	(3,831,583)
United States dollar	(39,365,372)	(50,688,638)
South African rand	(495,925)	(179,549)
Total sales	$ (108,608,831)	$ (135,379,840)

Financial futures are similar to forward contracts, except futures contracts are standardized and traded on organized exchanges. As the market value of the underlying assets vary from the original contract price, a gain or loss is recognized in the Statements of Changes in Fiduciary Net Position and is settled through the clearinghouse.

Rights and warrants allow the Plan's investment managers to replicate any underlying security they wish to hold (sell) in the portfolio. Rights and warrants provide the holder with the right, but not the obligation, to buy or sell a company's stock at a predetermined price. Rights usually expire after a few weeks and warrants can expire from one to several years. These investments are reported within the equity's classification.

The following table summarizes the changes in fair value, which were recognized as income in the Plan's Statements of Changes in Fiduciary Net Position for the year ended December 31, 2021 and 2020:

Derivative Type	Changes in Fair Value 2021	Changes in Fair Value 2020
Foreign currency forward contracts	$ 1,873,445	$ (2,369,869)
Futures	441,116	(270,004)
Rights/warrants	(7,444)	(669,486)
Swaps	(344,240)	1,181,229
Total	$ 1,962,877	$ (2,128,130)

NOTE 4. SECURITIES LENDING

The Statutes and the Board 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. Deutsche Bank, acting as lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and Non-U.S. sovereign debt securities equal to 102% of the fair value of domestic securities and foreign securities that are denominated in the same currency as the collateral provided plus accrued interest and 105% of the fair value of foreign securities that are not denominated in the same currency as the collateral provided plus accrued interest.

The Plan receives 85% of the net revenue derived from the securities lending activities, and the lending agent 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 92 days at December 31, 2021 and 73 days at December 31, 2020; 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 38 days as of December 31, 2021 and an average weighted maturity of 32 days as of December 31, 2020. 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, 2021 and 2020, 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, 2021 and 2020, the fair value of securities loaned was as follows:

	2021	2020
Equities	$ 23,951,277	$ 23,069,190
Fixed income	25,620,394	7,825,394
Total	$ 49,571,671	$ 30,894,584

At December 31, 2021 and 2020, the securities loaned were collateralized as follows:

	2021	2020
Collateralized by cash	$ 49,234,232	$ 30,989,521
Collateralized by other than cash	1,754,969	585,501
Total	$ 50,989,201	$ 31,575,022

NOTE 4. SECURITIES LENDING (CONTINUED)

During 2021 and 2020, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

NOTE 5. MORTGAGE-BACKED SECURITIES

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

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

NOTE 6. DEFERRED COMPENSATION PLAN

The Plan offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The deferred compensation plan, which is funded through employee contributions, is available to all Plan employees and permits them to defer a portion of their salary until future years. The deferred compensation plan is managed by a third-party administrator and participation by employees is optional. The assets of the deferred compensation plan are placed in trust with the third party for the exclusive benefit of the participants and their beneficiaries and are not considered assets of the Plan.

NOTE 7. SUMMARY OF EMPLOYER FUNDING POLICIES

For years prior to 2018, the City levied a tax annually which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them, was sufficient for the requirements of the Plan. The tax produced an amount that did 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 was levied, multiplied by 1.00. Beginning in payment year 2018, the City's required annual contribution to the Plan shall be: for 2018, $36,000,000; for 2019, $48,000,000; for 2020, $60,000,000; for 2021, $72,000,000; and for 2022, $84,000,000. For payment years 2023 through 2058, the City's required annual contribution to the Plan shall be the amount determined by the Plan to be equal to the sum of the City's portion of projected normal cost for that fiscal year plus

NOTE 7. SUMMARY OF EMPLOYER FUNDING POLICIES (CONTINUED)

an amount determined on a level percentage of applicable employee payroll basis that is sufficient to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of 2058. For payment years after 2058, the City's required annual contribution to the Plan shall be equal to the amount, if any, needed to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of the year.

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.

The actuarial valuations of the Plan as of December 31, 2021 (2022 ADC) and as of December 31, 2020 (2021 ADC) 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 $212,121,929 for 2,602 members for 2022 and $207,194,914 for 2,564 active members for 2021 is computed as follows:

	2022	2021
Normal cost	$ 39,707,136	$ 38,916,691
30 year level dollar amortization of unfunded liability payable mid-year	122,229,036	124,457,855
Interest adjustment for May 1st payment date	8,670,080	8,795,976
Total minimum contribution	170,606,252	172,170,522
Less estimated plan member contributions	(17,582,925)	(16,925,185)
Actuarially Determined Contribution (ADC)	$ 153,023,327	$ 155,245,337

NOTE 8. NET PENSION LIABILITY OF THE PLAN

The components of the net pension liability of the Plan at December 31, 2021 were as follows:

Total pension liability	$ 2,905,523,741
Plan fiduciary net position	1,334,101,764
Net pension liability	$ 1,571,421,977
Plan fiduciary net position as a percentage of total pension liability	45.92%

NOTE 8. NET PENSION LIABILITY OF THE PLAN (CONTINUED)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 percent wage inflation plus service-related productivity and merit rates
Investment rate of return	7.25 percent, net of investment expense, including inflation

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as post-retirement mortality rates were based on scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted-Below-median Income General Healthy Retiree Mortality Table, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales. This assumption provides a margin for mortality improvements.

Pre-retirement mortality rates were based on scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales. This assumption provides a margin for morality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of January 1, 2017 through December 31, 2019.

The long-term expected rate of return on pension plan investments was determined by taking into consideration the Plan's target asset allocation along with long-term capital markets assumptions - estimated expected returns, volatilities, and correlations among different asset classes - from a variety of nationally known investment consulting firms. Each set of capital markets assumptions was used to calculate an estimated geometric real rate of return for the Plan's target asset allocation, which was then converted to a nominal rate based on the Plan's inflation assumption, as well as an estimate of portfolio volatility. An average of the expected return and volatility figures across all sets of capital markets assumptions was used to calculate an aggregate distribution in order to determine an acceptable range of expected rates of return. The long-term expected rate of return on pension plan investments falls within this range.

NOTE 8. NET PENSION LIABILITY OF THE PLAN (CONTINUED)

Best estimates of geometrically determined real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2021, utilizing the assumed rate of inflation of 2.25%, are summarized in the table below:

Asset Class	Long-term Expected Real Rate of Return
U.S. equity	5.3%
Non-U.S. equity	5.3
Global low volatility equity	4.3
Fixed income	-0.8
Hedge funds	2.8
Private debt	7.1
Private equity	8.8
Real estate	4.2
Private real assets	4.7

Single Discount Rate

A Single Discount Rate of 6.77% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments only through the year 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.77%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage-point higher:

SENSITIVITY OF NET PENSION LIABILITY
TO THE SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 5.77%	Current Single Discount Rate Assumption 6.77%	1% Increase 7.77%
Plan's net pension liability	$ 1,915,411,776	$ 1,571,421,977	$ 1,282,680,321

NOTE 9. 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. Market value of net assets held in trust for pension benefits as of December 31, 2021 and 2020, were comprised of the following Plan surplus (deficit) balances:

	2021	2020
Prior Service Fund	$ 1,651,184,752	$ 1,638,758,464
City Contribution Fund	296,169,306	292,355,584
Salary Deduction Fund	297,503,175	293,138,898
Annuity Payment Fund and Reserve	515,828,364	511,133,134
Supplementary Payment Service	69,562	69,562
Fund Reserve - (deficit)	(1,426,653,395)	(1,465,713,210)
Net Position - Restricted for Pension Benefits	$ 1,334,101,764	$ 1,269,742,432

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 benefits.

NOTE 9. 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 assets plus the present value of future contributions. A surplus indicates that 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.

NOTE 10. EMPLOYER (TAXES) RECEIVABLE (PAYABLE) - NET

	2021	2020
Employer contributions	$ 84,479,636	$ 73,347,343
Less allowance for uncollectible accounts	(22,719)	(420,439)
Total	$ 84,456,917	$ 72,926,904

NOTE 11. LEASE AGREEMENTS

The Plan leases its office facilities under a fifteen-year 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. Real estate taxes and maintenance charges are additional costs to the base rent and are subject to annual escalation. Rent expense, net of rent abatements, for the years ended December 31, 2021 and 2020 was $462,964 and $478,241, respectively. Future minimum rental payments required under non-cancelable leases are as follows:

Year ending December 31,	
2022	$ 481,808
2023	486,798
2024	491,788
2025	496,777
2026	82,935
	$ 2,040,106

NOTE 12. INSURANCE COVERAGE

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; cyber breaches, 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 $100 to $25,000 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The Plan had no claims in 2021.

NOTE 13. PROPERTY AND EQUIPMENT

Property and equipment detail for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Office equipment	$ 110,114	$ 110,114
Custom software package	6,457,788	6,457,788
	6,567,902	6,567,902
Accumulated depreciation	(6,567,902)	(6,567,902)
	$ -	$ -

There has been no depreciation expense for years ended December 31, 2021 and 2020.

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER

Plan Description - The Plan, as an employer, administers a single-employer postemployment healthcare plan (OPEB Plan). The OPEB Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plans, which cover both active and retired members.

Plan Membership - Membership of the OPEB Plan consisted of the following at December 31, 2021, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	20
Total plan members	29

Contributions - The contributions requirements of plan members and the Plan are established by the Plan's Board. The required contribution is based on projected pay-as-you-go financing requirements. For 2021, the Plan contributed $52,397, for the pay-as-you-go benefits for the OPEB Plan. Plan members receiving benefits contributed $32,921 in 2021 or 45% of the total premiums for the year, through their required contributions of between $180 and $673 for medical per month based on coverage.

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Actuarial Assumptions - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date:	December 31, 2021
Fiscal Year End Date:	December 31, 2021

Methods and Assumptions Used to Measure Total OPEB Liability:

Actuarial Cost Method:	Entry Age Normal
GASB 75 Discount Rate Beginning of Year:	2.00% per year
GASB 75 Discount Rate End of Year:	1.84% per year
Wage Inflation:	3.00% per year
Retirement Age:	Experience -based table of rates that are specific to the type of eligibility condition.
Post-retirement Mortality:	The mortality rates are from the PUB-2010 Amount-weighted Below-median Income Healthy Retiree Mortality Table with two-dimensional, fully generational improvements using the MP-2020 Mortality Improvement Scale.
Health Care Trend Rates:	Pre-Medicare trend rate of 21.35%, and Post-Medicare trend rate of 4.58% for plan year beginning on January 1, 2021. Trend rates for plan years beginning on and after January 1, 2022, based on 7.00% for Pre-Medicare and 7.50% for Post-Medicare per year graded down in 0.25% increments to an ultimate trend rate of 4.25% per year.
Aging Factors:	Based on the 2013 SOA Study “Health Care Costs - From Birth to Death.”

Discount Rate - Since the OPEB Plan does not have formal assets, the discount rate is equal to the municipal bond rate of 2.00% as of December 30, 2020, and 1.84% as of December 31, 2021, which is based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Changes in the Total OPEB Liability of the Plan - The changes in the total OPEB liability of the Plan for the year ended December 31, 2021, were as follows:

Total OPEB liability		
Service cost	$	252,864
Interest on the total OPEB liability		70,737
Difference between expected and actual experience of the total OPEB liability		(4,925)
Changes of assumptions		96,434
Benefit payments		(47,647)
Net change in total OPEB liability		367,463
Total OPEB liability - beginning		3,434,736
Total OPEB liability - ending (a)	$	3,802,199

[a] *Total OPEB liability as of December 31, 2021, was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2019. The assumptions used are based on the experience study covering the period of January 1, 2017 to December 31, 2019.*

Sensitivity of Total OPEB Liability - Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 1.84%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

SENSITIVITY OF TOTAL OPEB LIABILITY
TO THE DISCOUNT RATE ASSUMPTION

	1% Decrease 0.84%	Current Discount Rate Assumption 1.84%	1% Increase 2.84%
Plan's total OPEB liability	$ 4,492,618	$ 3,802,199	$ 3,251,860

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total OPEB liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

SENSITIVITY OF TOTAL OPEB LIABILITY
TO THE HEALTHCARE COST TREND RATE ASSUMPTION

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Plan's total OPEB liability	$ 3,110,384	$ 3,802,199	$ 4,721,667

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the Plan recognized OPEB expense of $398,222. At December 31, 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows to be Recognized in Future OPEB Expenses	Deferred (Inflows) to be Recognized in Future OPEB Expenses
Differences between expected and actual experience	$ 97,195	$ (4,401)
Assumption changes	491,222	(81,107)
Total	$ 588,417	$ (85,508)

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Amounts reported as deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
2022	$ 86,681	$ (16,810)	$ 69,871
2023	86,681	(16,810)	69,871
2024	86,681	(16,810)	69,871
2025	86,681	(16,810)	69,871
2026	86,681	(16,487)	70,194
2027	71,050	(524)	70,526
2028	44,395	(524)	43,871
2029	35,464	(524)	34,940
2030	4,103	(209)	3,894
Total	$ 588,417	$ (85,508)	$ 502,909

NOTE 15. CONTINGENCIES

In July 2013, a group of plaintiffs purporting to represent retirees in four Chicago public pension funds filed a civil action, *Underwood v. City of Chicago et al.*, seeking class certification and an order requiring the City and the defendant pension funds to continue subsidizing retiree health insurance premiums past the June 30, 2013 statutory expiration date. The City removed the case to federal court. The City's motion to dismiss was granted, but on appeal, the Seventh Circuit Court of Appeals vacated the district court's order and remanded the case with instructions for the district court to remand the case to the Circuit Court of Cook County. On April 9, 2015, the Plaintiffs moved to reinstate the Underwood complaint in the Circuit Court of Cook County, and their motion was granted. All defendants, including the Plan, moved to dismiss the Complaint. On December 3, 2015, the Court granted in part and denied in part the Plan's motion to dismiss, leaving only a claim for lifetime retiree health insurance benefits for employees working for the City between August 1985 and August 1989, based on an amendment to Article 11 of the Illinois Pension Code effective August 23, 1985. The Plaintiffs filed a Third Amended Complaint on January 13, 2016. All defendants again moved to dismiss. On July 21, 2016, the Circuit Court entered a written order granting in part the defendants' motions to dismiss, other than claims by a group of employees that were hired by the City prior to August 21, 1989, who claim a right to a health care subsidy of $25 per month under then-existing state law. Plaintiffs appealed this ruling to the First District Illinois Appellate Court. On June 29, 2017, the Appellate Court affirmed in relevant part the Circuit Court's dismissal order, other than expanding the group that is entitled to a $25 per month health insurance subsidy. The Illinois Supreme Court denied further review. The case was remanded to the Circuit Court to determine the mechanics of the payment of

NOTE 15. CONTINGENCIES (CONTINUED)

the $25 per month subsidy. Following remand, Plaintiffs filed a Fourth Amended Complaint, which was dismissed. Plaintiffs were given leave to appeal portions of this dismissal order related to their claim that the Funds or the City of Chicago are required to provide annuitants with a health care plan (the "Pending Appeal"). Plaintiffs then filed a Fifth Amended Complaint which was withdrawn. Plaintiffs had then filed a Sixth Amended Complaint, which Defendants all moved to dismiss. On April 18, 2019, the Circuit Court heard oral argument on the motions to dismiss. On May 3, 2019, the Circuit Court issued a written decision dismissing the entire Sixth Amended Complaint except for the portion of Count 1 alleging a right to a health insurance subsidy. On July 16, 2019, the Circuit Court approved notices to be sent to annuitants advising them of eligibility requirements, to be paid retroactive, of $25 per month health insurance subsidies for the time period January 1, 2017 through December 31, 2019, and for annuitants who are paying for group health insurance through reductions from their annuities to receive a monthly $25 per month credit toward their health insurance premiums. The Plaintiffs' appeal was heard in the First District Appellate Court on June 11, 2020 and a ruling was issued on June 30, 2020 where the Court agreed the hire date for subsidy eligibility should extend to June 30, 2003 from the original April 4, 2003 date. The Appellate Court also stated the Circuit Court did not decide what obligation, if any, the Plan might still have to the retirees. The ruling was mandated back to Circuit Court where the Circuit Court ultimately found that the Plan has an obligation to "approve" a health care insurance plan for annuitants. The Plan was found to be in compliance with its obligation and Court agreed the Plan has no financial obligation other than providing for the $25 per month credit for annuitants who have chosen to have premiums for an approved health care plan deducted from their monthly annuities. The Plan has filed a motion for summary judgment that it has satisfied its obligations with respect to the approval of a health care plan for annuitants. Plaintiffs had sought discovery with respect to the pending motion for summary judgment and have filed a Cross-Motion to Enter Judgment on the basis that the Plan did not adequately satisfy its fiduciary duties in approving a healthcare plan. The Plan continues to defend this lawsuit.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2022, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

REQUIRED SUPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost including pension plan administrative expense	$ 40,411,310	$ 39,215,797	$ 38,522,157	$ 40,800,911	$ 80,231,718	$ 82,960,086	$ 38,388,765	$ 38,523,054
Interest on the total pension liability	192,342,709	191,099,247	188,347,405	183,135,028	154,047,387	150,166,006	153,811,897	174,071,492
Benefit changes	-	-	-	-	150,457	-	384,032,638	(324,166,854)
Difference between expected and actual experience	(31,082,787)	(18,992,165)	(8,820,458)	15,143,356	(62,178,234)	(30,428,098)	(46,084,758)	-
Assumption changes	21,870,156	44,034,293	32,846,315	(11,788,138)	(1,074,754,285)	(62,905,368)	1,175,935,546	28,201,429
Benefit payments	(168,949,226)	(165,411,906)	(162,118,145)	(157,317,980)	(154,767,434)	(151,922,150)	(150,013,189)	(145,586,268)
Refunds	(3,565,114)	(3,644,848)	(2,841,113)	(2,742,788)	(2,282,455)	(2,760,872)	(2,516,351)	(2,071,694)
Pension plan administrative expense	(3,837,450)	(3,615,773)	(3,691,171)	(3,933,389)	(3,984,947)	(4,080,239)	(3,844,346)	(3,835,170)
Net change in total pension liability	47,189,598	82,684,645	82,244,990	63,297,000	(1,063,537,793)	(18,970,635)	1,549,710,202	(234,864,011)
Total pension liability - beginning	2,858,334,143	2,775,649,498	2,693,404,508	2,630,107,508	3,693,645,301	3,712,615,936	2,162,905,734	2,397,769,745
Total pension liability - ending (a)	$ 2,905,523,741	$ 2,858,334,143	$ 2,775,649,498	$ 2,693,404,508	$ 2,630,107,508	$ 3,693,645,301	$ 3,712,615,936	$ 2,162,905,734
Plan Fiduciary Net Position								
Employer contributions	$ 84,969,321	$ 73,744,129	$ 59,346,056	$ 47,844,184	$ 35,456,607	$ 12,603,498	$ 12,412,471	$ 12,160,815
Member contributions	17,637,006	18,063,905	18,143,163	17,836,801	17,410,821	17,245,913	16,844,246	16,359,082
Pension plan net investment income	138,104,794	163,057,457	184,026,828	(75,219,068)	207,981,245	57,997,329	(22,318,476)	53,393,517
Benefit payments	(168,949,226)	(165,411,906)	(162,118,145)	(157,317,980)	(154,767,434)	(151,922,150)	(150,013,189)	(145,586,268)
Refunds	(3,565,114)	(3,644,848)	(2,841,113)	(2,742,788)	(2,282,455)	(2,760,872)	(2,516,351)	(2,071,694)
Pension plan administrative expense	(3,837,450)	(3,615,773)	(3,691,171)	(3,933,389)	(3,984,947)	(4,080,239)	(3,844,346)	(3,835,170)
Other	-	-	-	661,530	-	-	-	-
Net change in plan fiduciary net position	64,359,331	82,192,964	92,865,618	(172,870,710)	99,813,837	(70,916,521)	(149,435,645)	(69,579,718)
Plan fiduciary net position - beginning	1,269,742,433	1,187,549,469	1,094,683,851	1,267,554,561	1,167,740,724	1,238,657,245	1,388,092,890	1,457,672,608
Plan fiduciary net position - ending (b)	$ 1,334,101,764	$ 1,269,742,433	$ 1,187,549,469	$ 1,094,683,851	$ 1,267,554,561	$ 1,167,740,724	$ 1,238,657,245	$ 1,388,092,890
Net pension liability - ending (a) - (b)	$ 1,571,421,977	$ 1,588,591,710	$ 1,588,100,029	$ 1,598,720,657	$ 1,362,552,947	$ 2,525,904,577	$ 2,473,958,691	$ 774,812,844
Plan fiduciary net position as a percentage of total pension liability	45.92 %	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %	64.18 %
Covered payroll	$ 212,121,929	$ 207,194,914	$ 211,607,883	$ 211,482,201	$ 208,442,487	$ 208,154,918	$ 204,772,903	$ 202,673,014
Net pension liability as a percentage of covered payroll	740.81 %	766.71 %	750.49 %	755.96 %	653.68 %	1,213.47 %	1,208.15 %	382.30 %

10 fiscal years will be built prospectively. Please see the following page for additional notes relating to the Schedules of Changes in Net Pension Liability and Related Ratios Multiyear.

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

ADDITIONAL NOTES TO SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

The total pension liability at the beginning of fiscal year 2021 used a Single Discount Rate of 6.84% and the benefit provisions and funding policy in effect as of the December 31,2020 funding actuarial valuation. The Single Discount Rate of 6.84% was based on a long-term expected rate of return on pension plan investments of 7.25% for years 2021 through 2073 and a long-term municipal bond rate as of December 31, 2020, of 2.00% for subsequent years after 2073.

The total pension liability at the end of fiscal year 2021 used a Single Discount Rate of 6.77% and the benefit provisions and funding policy in effect as of the December 31, 2021, funding actuarial valuation. The Single Discount Rate of 6.77% was based on a long-term expected rate of return on pension plan investments of 7.25% for years 2022 through 2074 and a long-term municipal bond rate as of December 31, 2021, of 1.84% for subsequent years after 2074.

The change in the long-term municipal bond rate from 2.00% at December 31, 2020 to 1.84% as of December 31, 2021, caused the Single Discount Rate to decrease slightly from 6.84% at December 31, 2020 to 6.77% at December 31, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

FY Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2014	$2,162,905,734	$1,388,092,890	$ 744,812,844	64.18%	$202,673,014	382.30%
2015	3,712,615,936	1,238,675,245	2,473,958,691	33.36%	204,772,903	1208.15%
2016	3,693,645,301	1,167,740,724	2,525,904,577	31.61%	208,154,918	1213.47%
2017	2,630,107,508	1,267,554,561	1,362,552,947	48.19%	208,442,487	653.68%
2018	2,693,404,508	1,094,683,851	1,598,720,657	40.64%	211,482,201	755.96%
2019	2,775,649,498	1,187,549,469	1,588,100,029	42.78%	211,607,883	750.49%
2020	2,858,334,143	1,269,742,433	1,588,591,710	44.42%	207,194,914	766.71%
2021	2,905,523,741	1,334,101,764	1,571,421,977	45.92%	212,121,929	740.81%

** Covered payroll shown is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during the fiscal year.*

10 fiscal years will be built prospectively.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS MULTIYEAR
LAST 10 FISCAL YEARS

FY Ending December 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll**	Actual Contribution as a % of Covered Payroll	Statutory Contribution***	Statutory Contribution Deficiency/(Excess)
2012	$ 77,566,394	$11,852,905	$65,713,489	$198,789,741	5.96%	$ 12,336,770	$ 483,865
2013	106,199,410	11,583,051	94,616,359	200,351,820	5.78%	12,098,712	515,661
2014	106,018,725	12,160,815	93,857,910	202,673,014	6.00%	12,714,800	553,985
2015	79,850,835	12,412,471	67,438,364	204,772,903	6.06%	12,857,827	445,356
2016	117,033,100	12,603,498	104,429,603	208,154,918	6.05%	13,179,003	575,505
2017	124,226,042	35,456,607	88,769,435	208,442,487	17.01%	36,000,000	543,393
2018	129,247,584	47,844,184	81,403,400	211,482,201	22.62%	48,000,000	155,816
2019	148,409,689	59,346,056	89,063,633	211,607,883	28.05%	60,000,000	653,944
2020	155,793,822	73,744,129	82,049,693	207,194,914	35.59%	72,000,000	(1,744,129)
2021	155,245,337	84,969,321	70,276,016	212,121,929	40.06%	84,000,000	(969,321)

** The LABF Statutory Funding Policy does not conform to Actuarial Standards of Practice, therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year open amortization period.*

*** Covered payroll shown is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during the fiscal year.*

**** Excludes amounts paid for health insurance supplement in fiscal years prior to December 31, 2017.*

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Valuation Date:	December 31, 2021

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2021:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Prior to 2017, the total City contribution is generated by a tax equal to 1.00 times the contributions by participants to the Plan two years prior to the year of the tax levy. For tax levy years 2017-2021, the statutory contributions are equal to \$36 million, \$48 million, \$60 million, \$72 million, and \$84 million, respectively. For tax levy years on and after 2022, the statutory contributions are equal to a level percentage of pay contribution determined so that the Plan attains a 90% funded ratio by the end of 2058 on an open group basis.
Remaining Amortization Period	Not Applicable. An amortization payment is not directly calculated. The amortization payment is the difference between the total statutory contribution and the employer normal cost contribution.
Asset Valuation Method	5-year smoothed market
Inflation	2.25% as of the December 31, 2020 actuarial valuation
Salary Increases	Salary increase rates based on service-related productivity and merit rates plus wage inflation of 3.00%.
Post Retirement Benefit Increases	Postretirement benefit increases are equal to 3.00 percent, compounded annually, for Tier 1 members. Post retirement increases for Tier 2 and Tier 3 members are equal to the lesser of 3.00 percent or one-half the annual unadjusted percentage increase (but no less than zero) in the Consumer Price Index-U for the 12 months ending with the September preceding the date of the increase, using simple interest.

NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR (CONTINUED)

Investment Rate of Return	7.25% as of the December 31, 2020 actuarial valuation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020 valuation pursuant to an experience study of the period January 1, 2017 through December 31, 2019.
Mortality	Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree mortality table, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scale recently released by the SOA. This assumption provides a margin for mortality improvements. Pre-Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee mortality table, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.

Other Information:

Notes	Demographic assumptions were updated for the actuarial valuation as of December 31, 2020.

Method and Assumptions Used for Accounting Purposes as of the Valuation Date:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Discount Rate	6.84% as of the December 31, 2020 valuation 6.77% as of the December 31, 2021 valuation

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.8%	14.5%	17.8%	-6.4%	18.7%	5.0%	-1.5%	3.2%

10 fiscal years will be built prospectively.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY FOR THE PLAN AS EMPLOYER AND EMPLOYER RELATED RATIOS MULTIYEAR

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 252,864	$ 172,631	$ 138,109	$ 152,130
Interest on the total OPEB liability	70,737	81,350	89,080	79,003
Difference between expected and actual experience	(4,925)	110,714	14,130	-
Assumption changes	96,434	221,715	350,813	(146,251)
Benefit payments	(47,647)	(47,955)	(56,516)	(70,559)
Net change in total OPEB liability	367,463	538,455	535,616	14,323
Total OPEB liability - beginning	3,434,736	2,896,281	2,360,665	2,346,342
Total OPEB liability - ending (a)	$ 3,802,199	$ 3,434,736	$ 2,896,281	$ 2,360,665
Covered-employee payroll	$ 1,174,824	$ 1,772,480	$ 1,756,480	$ 1,670,363
Total OPEB liability as a percentage of covered-employee payroll	323.64 %	193.78 %	164.89 %	141.33 %
Discount Rate, Beginning of Year	2.00 %	2.75 %	3.71 %	3.31 %
Discount Rate, End of Year	1.84 %	2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate, End of Year		2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate Date	December 31, 2021	December 31, 2020	December 30, 2019	December 28, 2018

(a) Total OPEB liability as of December 31, 2020 and December 31, 2021 was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2019. Total OPEB liability as of December 31, 2019 and December 31, 2018, was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2017.

10 fiscal years will be built prospectively.

SUPPLEMENTARY INFORMATION

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

SCHEDULES OF INVESTED ASSETS COST AND FAIR VALUE

DECEMBER 31, 2021 AND 2020

	2021				2020			
	Cost Value		Fair Value		Cost Value		Fair Value	
Cash and short-term investments	$ 37,896,493	4.0%	$ 37,896,493	3.0%	$ 40,034,571	4.4%	$ 40,034,843	3.3%
U.S. equities	220,801,352	23.6%	372,962,263	29.9%	241,397,414	26.4%	360,991,534	30.0%
Foreign equities	166,409,349	17.8%	238,556,305	19.1%	160,492,054	17.6%	259,877,288	21.6%
Equity funds	14,252,886	1.5%	28,572,409	2.3%	16,945,644	1.9%	30,613,570	2.5%
U.S. Government obligations and municipal bonds	81,517,618	8.7%	82,122,977	6.6%	72,885,330	8.0%	76,280,572	6.3%
U.S. corporate bonds	51,157,610	5.5%	51,800,612	4.1%	52,025,381	5.7%	55,304,720	4.6%
Foreign fixed income securities	82,728,016	8.8%	83,752,578	6.7%	76,501,732	8.4%	82,692,255	6.9%
Fixed income funds	8,308,150	0.9%	9,248,002	0.8%	7,873,595	0.9%	8,845,073	0.7%
Private markets	42,334,792	4.5%	52,368,836	4.2%	37,271,735	4.1%	41,694,991	3.5%
Real estate	98,915,788	10.6%	135,850,400	10.9%	101,895,203	11.2%	120,717,551	10.0%
Hedge funds	103,517,075	11.1%	124,862,650	10.0%	78,017,422	8.5%	99,566,934	8.3%
Real asset Infrastructure fund	28,598,400	3.1%	30,382,387	2.4%	28,440,476	3.1%	28,333,730	2.4%
Invested assets at cost/fair value	$ 936,437,529	100.0%	$1,248,375,912	100.0%	$ 913,780,557	100.0%	$1,204,953,061	100.0%

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

SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020

SCHEDULES OF ADMINISTRATIVE EXPENSES,
INVESTMENT EXPENSES AND PROFESSIONAL SERVICES

Schedules of Administrative Expenses

	2021	2020
Personnel services	$ 2,142,461	$ 1,998,089
Occupancy and utilities	438,812	460,210
Professional services	431,679	439,834
OPEB expense	398,222	318,867
Insurance	224,961	224,015
Litigation expense	64,309	42,130
Supplies and equipment	48,973	44,619
Printing and technical services	25,832	20,122
Telecommunications and internet	17,677	18,349
Miscellaneous	15,897	19,795
Postage	12,209	13,175
Disaster recovery site	11,040	11,040
Document retention	5,378	5,528
Total	$ 3,837,450	$ 3,615,773

Schedules of Investment Expenses

	2021	2020
Investment management fees	$ 6,996,998	$ 6,697,866
Other investment expenses	744,842	207,948
Investment consultant fee	245,000	245,000
Investment custody fee	208,813	205,000
Total	$ 8,195,653	$ 7,355,814

Schedules of Professional Services

	2021	2020
Actuarial valuation	$ 93,500	$ 64,635
Auditing	44,448	44,321
Benefit check production	91,302	93,794
Custom software development	22,838	25,113
Legal services	99,455	149,355
Legislative consultant	36,000	18,480
Medical consultant	44,136	44,136
Total	$ 431,679	$ 439,834

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Investment Management Fees		
Ariel Investment, LLC	$ 206,180	$ 150,266
ASB Capital Management LLC	359,193	345,110
Attucks Asset Management, LLC	620,976	354,231
Ballie Gifford Oversees Ltd	485,660	487,857
Baird Advisors	78,053	77,653
Brightwood Capital Advisors, LLC	133,929	147,796
Core Capital	40,181	34,952
EntrustPermal Partners	43,858	36,517
Fairview Capital	85,500	135,375
Fiera Capital Inc.	200,678	173,879
Glouston Capital Partners	106,952	115,625
HarborVest Partners	42,088	22,636
Hopewell Partners, LLC	16,254	17,651
JP Morgan Chase Bank, N.A.	515,792	500,395
Keeley Asset Management Corp.	76,646	112,949
Lazard Asset Management	170,087	150,518
Levine Leichtman Capital Partners, LLC	173,908	174,416
Lighthouse Investment Partners, LLC	300,109	300,904
LM Capital Group, LLC	223,262	216,682
Long Wharf Real Estate Partners LLC	242,022	256,538
Mesirow Financial Private Equity Advisors, Inc.	54,257	78,524
Mesirow Financial Investment Management, Inc.	289,143	169,552
Neuberger Berman Investment Advisers LLC	286,711	201,116
Nuveen Asset Management	125,536	61,400
Palladium Capital Management V, LLC	249,779	252,146
Pantheon Ventures (US) LP	159,433	177,148
Pluscios Management LLC	182,312	224,841
Progress Investment Management Company, LLC	-	201,653
RhumbLine Advisers Limited Partnership	36,026	27,730
Ullico Investment Advisors, Inc.	448,618	342,130
Vontobel Asset Management, Inc.	229,460	320,760
Wasatch Advisors Inc.	551,465	541,852
William Blair & Company, LLC	262,930	287,064
Total investment management fees	6,996,998	6,697,866
Other Investment Expenses		
Exchange and other expenses	744,842	207,948
Investment Consultant Fee		
Marquette Associates, Inc.	245,000	245,000
Investment Custody Fee		
Northern Trust Company	208,813	205,000
Total investment expenses	$ 8,195,653	$ 7,355,814