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

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, and the changes in fiduciary net position for the years then ended, in accordance 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 currently 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 (Unaudited) 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 as 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 Fair Value and Cost, 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 15, 2023

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, 2022 and 2021. 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, 2022 was $1.13 billion, a $207 million decrease from the Plan's net position at December 31, 2021. 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 is restricted for future benefit obligations. The decrease in 2022 is largely attributable to a decline in the value of invested assets. The prior year's increase is attributed to an appreciation in the value of invested assets and an increase in employer contributions.

- The investment portfolio recorded losses of $161.7 million and gains of $138.1 million for fiscal years 2022 and 2021, respectively. During 2022, the Plan's portfolio generated a preliminary rate of return, net of fees, of -13.3%. The rate of return, net of fees, for 2021 was 11.8%.

- Based on the actuarial valuations as of both December 31, 2022 and 2021, the overall funded ratios for the Plan was 44.5%. 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 40.0% for 2022 and 45.9% for 2021.

- Contribution revenue for 2022 totaled $135.2 million, representing an increase of 31.8% from 2021. This increase is mostly due to the recognition of larger employer contributions resulting from the passage of P.A. 100-0023 in 2017. This legislation provided for predetermined increases in employer contributions over a five-year period through 2021 followed by actuarially determined employer contribution beginning in 2022. The 2021 contribution revenue of $102.6 million represents an increase of 11.8% from 2020.

- Total benefits and refunds paid in 2022 were $177.2 million, reflecting an increase of 2.7% over the $172.5 million of benefits and refunds paid in 2021. The 2021 benefits and refunds reflect an increase of 2.0% from 2020. 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 $3.6 million in 2022 compared to $3.8 million in 2021 and $3.6 million in 2020. 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 Fair Value and Cost; 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, 2022 amounted to $1.13 billion, which was a decrease of $207 million, or 15.5%, from $1.33 billion at December 31, 2021. This decrease in Net Position compares to an increase of $64 million, or 5.1%, in Net Position that occurred between December 31, 2020 and December 31, 2021.

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 decreased in 2022 by $205 million, or 14.8%, compared to an increase of $77 million, or 5.8%, in assets in 2021 from the prior year level. For 2022, the decrease was largely attributed to a decline in the value of invested assets as well as lower levels of securities lending cash collateral. 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.

As of December 31, 2022, receivables were 16.0% higher than 2021 mainly due to the higher statutorily required employer contributions accrued but not yet received as determined by P.A. 100-0023. In 2021, for the same reason, total receivables were up 18.6% from 2020.

CONDENSED COMPARATIVE STATEMENTS OF FIDICUARY NET POSITION

	December 31,			Net Change	
	2022	2021	2020	2021 to 2022	2020 to 2021
Assets					
Receivables	$ 107,407,498	$ 92,577,522	$ 78,033,151	$ 14,829,976	$ 14,544,371
Investments, at fair value	1,030,233,461	1,248,671,107	1,204,953,061	(218,437,646)	43,718,046
Invested securities lending cash collateral	46,975,502	49,234,232	30,989,521	(2,258,730)	18,244,711
Capital assets - net	555,273	-	-	555,273	-
Total assets	1,185,171,734	1,390,482,861	1,313,975,733	(205,311,127)	76,507,128
Deferred outflows:					
Accumulated decrease in fair value of hedging derivatives	1,722,167	502,909	2,098,053	1,219,258	(1,595,144)
Liabilities	58,467,941	56,588,811	46,331,353	1,879,130	10,257,458
Deferred inflows:					
Accumulated increase in fair value of hedging derivatives and resources related to OPEB	1,527,575	295,195	-	1,232,380	295,195
Net position - restricted for pension benefits	$ 1,126,898,385	$ 1,334,101,764	$ 1,269,742,433	$ (207,203,379)	$ 64,359,331

Liabilities

In 2022, the Plan's liabilities consisted primarily of the securities lending cash collateral liability, unsettled trades, professional fees payable and OPEB liability. The Plan's liabilities in 2022 were $1.9 million higher than in 2021 due mainly to higher values of unsettled trades slightly offset by lower values of securities lending cash collateral liability and OPEB liability. In 2021, the Plan's liabilities were $10.3 million higher than in 2020 due mainly to higher 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 outflows of $1.7 million for 2022 represent the net fair value of foreign currency forward contracts outstanding at December 31, 2022. For the year ended December 31, 2021, the Plan reported $295 thousand in net deferred inflows as compared to net outflows of $1.6 million 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, 2022, 2021, and 2020, the Plan reported $1.5 million in net deferred inflows, $503 thousand in net deferred outflows, and $481 thousand in net deferred outflows, respectively, 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 13 of the Notes to Financial Statements.

CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	December 31,			Net Change	
	2022	2021	2020	2021 to 2022	2020 to 2021
Additions					
Total contributions	$ 135,245,749	$ 102,606,327	$ 91,808,034	$ 32,639,422	$ 10,798,293
Total investment income (loss)	(161,680,009)	138,104,794	163,057,457	(299,784,803)	(24,952,663)
Total additions	(26,434,260)	240,711,121	254,865,491	(267,145,381)	(14,154,370)
Deductions					
Benefits and refunds	177,162,276	172,514,340	169,056,754	4,647,936	3,457,586
Admin & OPEB expense	3,606,843	3,837,450	3,615,773	(230,607)	221,677
Total deductions	180,769,119	176,351,790	172,672,527	4,417,329	3,679,263
Net increase (decrease)	(207,203,379)	64,359,331	82,192,964	(271,562,710)	(17,833,633)
Net position - restricted for pension benefits					
Beginning of year	1,334,101,764	1,269,742,433	1,187,549,469	64,359,331	82,192,964
Ending of year	$ 1,126,898,385	$ 1,334,101,764	$ 1,269,742,433	$ (207,203,379)	$ 64,359,331

Additions

Member contributions, employer contributions, and investment income are the funding sources for benefit payments. In 2022 and 2021, employer contributions continued to be higher than previous years due to the 2017 passage of P.A. 100-0023 which provided for predetermined increases in employer contributions over a five-year period through 2021 followed by actuarially determined employer contribution beginning in 2022. Employee contributions for 2022 increased 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 -13.3% in 2022 equated to an investment loss of $162 million. In 2021, a solid gain of 11.8% equated to an investment gain of $138 million as compared to an even more robust gain of 15.7% in 2020 resulting in an investment gain of $163 million. Dividend and interest income decreased moderately from 2021 to 2022 and again from 2020 to 2021.

Deductions

Deductions consist primarily of annuity and disability benefit payments, contribution refunds, and administrative expenses (including office staff OPEB). Benefit and refund expense increased 2.5% in 2022 as compared to 2.0% in 2021 and 2.5% in 2020. 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 decreased $231 thousand in 2022 while 2021 reflected an increase of $222 thousand in expenses compared to 2020. For 2022, higher expenses in depreciation, personnel, computer equipment and services and interest expense were offset by lower OPEB, rent, legal, litigation, actuarial and medical expenses.

Overall, Net Position - Restricted for Pension Benefits decreased by approximately $207 million, or 15.5%, in 2022 as compared to the prior year. In 2021, Net Position - Restricted for Pension Benefits reflected a $64 million increase or 5.1% from 2020. 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

Inflation, rising interest rates and geopolitical instability led to a broad market downturn in 2022, as evidenced by the benchmark returns in the table on the next page. The Plan experienced negative returns from its investment portfolio in 2022 due to declines in both equity and fixed income holdings. As reported by the Plan's investment consultant, the preliminary total investment return based on fair value, net of fees, was -13.3% in 2022 compared to 11.8% in 2021. In absolute terms, only private debt, real estate, and real assets infrastructure fund positively contributed to performance. In relative terms, fixed income, global equity, private debt, private equity, and real estate exceeded their respective benchmarks.

Investment Performance (continued)

The following table provides preliminary performance, net of fees, by asset class for fiscal year 2022.

Preliminary Rates of Return, Net of Fees, for Fiscal Year 2022			
Asset Class	Return %	Benchmark	Return %
Fixed income	-11.0	BBgBarc Global Aggregate (Hedged)	-11.2
Domestic equity	-19.6	Russell 3000	-19.2
International equity	-29.5	MSCI ACWI ex USA	-16.0
Global equity	-6.6	MSCI ACWI Minimum Volatility	-10.3
Private debt	3.6	Credit Suisse Leveraged Loans	-1.1
Private equity	-2.9	Cambridge Assoc. US Private Equity	-10.0
Real estate	6.0	NCREIF Property Index	5.5
Hedge funds	-5.8	HFRI Fund of Funds Composite	-5.3
Real asset infrastructure fund	4.1	SOFR + 4%	5.7

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 2022, the consulting actuary reports the Plan's actuarial liability was $2.79 billion and the actuarial value of assets was $1.24 billion. For fiscal year 2021, the Plan's actuarial liability was $2.76 billion, and the actuarial value of assets was $1.23 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, remained at 44.5%, the same as the prior year. The unfunded liability increased to $1.55 billion at December 31, 2022 from $1.53 billion at December 31, 2021. The increase in actuarial liabilities was less than expected in an amount proportional to the increase in actuarial value of assets that was less than expected such that the funded ratio stayed essentially the same. We expect the funded ratio to decrease over the next four years as deferred investment losses are realized.

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 and also uses the market value of assets, the funded ratio of the Plan was 40.0% for 2022 and 45.9% for 2021. The decrease in the value of invested assets drove the 5.9 percentage point drop in the funding ratio from 2021 to 2022.

Future Outlook

The passage of P.A. 100-0023 in 2017 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, this year the Plan began receiving employer contributions that are actuarially determined with the goal of reaching a 90% funded status by 2058. The funded ratio is projected to decrease from 44.5% in 2022 to 40.8% in 2026, increase slightly to 41.0% in 2029, decrease slightly to 40.8 % in 2035, and then increase gradually to 90.0 % in 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

<u>Questions about any information provided in this report should be addressed to:</u>

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, 2022 AND 2021

	2022	2021
Assets and Deferred Outflows		
Receivables		
Employer	$ 99,959,607	$ 84,456,917
Plan member	4,686,760	3,117,604
Interest and dividends	2,679,075	2,693,378
Other receivables	82,056	92,711
Due from broker - net	-	2,216,912
Total receivables	107,407,498	92,577,522
Investments - at fair value		
Cash and short-term investments	44,653,143	37,896,493
Equities	446,961,587	640,090,978
Fixed income	182,916,702	226,924,168
Private markets	90,046,443	52,368,836
Real estate	137,432,146	135,850,400
Hedge funds	98,903,168	124,862,650
Real asset infrastructure fund	29,320,272	30,382,387
Subtotal	1,030,233,461	1,248,375,912
Forward currency contracts - net	-	295,195
Securities lending cash collateral	46,975,502	49,234,232
Total investments - at fair value	1,077,208,963	1,297,905,339
Capital assets - net	555,273	-
Total assets	1,185,171,734	1,390,482,861
Deferred outflows		
Accumulated decrease in fair value of hedging derivatives and resources related to OPEB	1,722,167	502,909
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Due to broker - net	5,311,179	-
Derivatives - net	1,932,557	1,293,563
Refunds, professional fees payable and other liabilities	2,526,673	2,258,817
OPEB liability	1,722,030	3,802,199
Securities lending cash collateral	46,975,502	49,234,232
Total liabilities	58,467,941	56,588,811
Deferred inflows		
Accumulated increase in fair value of hedging derivatives and resources related to OPEB	1,527,575	295,195
Net position - restricted for pension benefits	$ 1,126,898,385	$ 1,334,101,764

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, 2022 and 2021

	2022	2021
Additions		
Contributions		
Employer	$ 116,175,957	$ 84,969,321
Plan member	19,069,792	17,637,006
Total contributions	135,245,749	102,606,327
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(176,637,694)	121,002,422
Interest	7,590,616	7,679,828
Dividends	8,041,662	8,380,458
Private markets income - net	4,513,754	1,212,942
Real estate operating income - net	2,397,506	2,509,886
Hedge funds loss - net	(1,502,906)	4,178,604
Real asset infrastructure fund income - net	858,013	1,159,764
	(154,739,049)	146,123,904
Less investment expenses	(7,132,318)	(8,195,653)
Investment income (loss) - net	(161,871,367)	137,928,251
Securities lending income		
Income	1,195,834	182,652
Borrower rebates	(917,314)	55,923
Bank fees	(87,162)	(62,032)
Securities lending income - net	191,358	176,543
Total additions	(26,434,260)	240,711,121
Deductions		
Benefits	172,642,812	168,949,226
Refunds	4,519,464	3,565,114
Administrative and OPEB expenses	3,606,843	3,837,450
Total deductions	180,769,119	176,351,790
Net change	(207,203,379)	64,359,331
Net position - restricted for pension benefits		
Beginning of year	1,334,101,764	1,269,742,433
End of year	$ 1,126,898,385	$ 1,334,101,764

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, 2022 and 2021, $7,296,780 and $5,380,831, respectively, were due to broker and $1,985,601 and $7,597,743, respectively, were due from broker for unsettled trades.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - 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. The Plan's capitalization policy threshold is $25,000.

Capital Assets - Lease - The capital lease right-of-use asset equals the present value of lease payments net of rent abatement which is further described in Note 11. The right-of-use asset is amortized over the term of the lease, net of the amortization of the interest related to the present value of the lease payments.

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.

New Accounting Pronouncements - Effective for fiscal year 2022, GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. There is no longer an operating versus capital classification. Lessees will recognize a lease liability and an intangible right-of-use asset, and lessors will recognize a lease receivable and a deferred inflow of resources. The Plan implemented the provisions of GASB 87 for the year ended December 31, 2022. This had an immaterial impact as further described in Note 11.

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).

NOTE 2. PLAN DESCRIPTION (CONTINUED)

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.

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 was 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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

At December 31, 2022 and 2021, plan members consisted of the following:

	2022	2021
Retirees and beneficiaries currently receiving benefits	3,527	3,568
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,388	1,473
Active plan members (including plan members receiving disability benefits)		
Vested	1,627	1,657
Non-vested	997	945
Total plan members	7,539	7,643

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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Retirement Benefits (continued)

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 $119,892 in 2022 and $116,740 in 2021, 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.

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 $119,892 in 2022 and $116,740 in 2021, 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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

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.

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

NOTE 3. INVESTMENTS (CONTINUED)

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.

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.

NOTE 3. INVESTMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2022, in valuing investments carried at fair value:

	December 31, 2022			
Description	Total	Quoted Market Prices for Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stock	$ 420,297,446	$ 420,297,446	$ -	$ -
Preferred stock	1,238,678	1,238,678	-	-
Exchange-traded fund	2,696,504	2,696,504	-	-
Other equity assets	1,552,810	1,552,810	-	-
Fixed income			-	-
Government bonds	41,899,988	-	41,899,988	-
Government agencies	4,530,733	-	4,530,733	-
Municipal/Provincial bonds	16,263,960	-	16,263,960	-
Corporate bonds	73,731,114	-	73,731,114	-
Corporate convertible bonds	899,523	-	899,523	-
Government mortgage backed securities	30,998,060	-	30,998,060	-
Government-issued commercial mortgage-backed	112,229	-	112,229	-
Commercial mortgage-backed	1,475,949	-	1,475,949	-
Asset backed securities	3,094,174	-	3,094,174	-
Non-government backed CMO's	1,791,760	-	1,791,760	-
Invested securities lending collateral	46,975,502	-	46,975,502	-
Subtotal	647,558,430	$ 425,785,438	$ 221,772,992	$ -
Investments that calculate net asset value				
Equity funds	21,176,149			
Fixed income funds	8,119,212			
Hedge funds	98,903,168			
Private markets	90,046,443			
Real estate	137,432,146			
Real asset infrastructure fund	29,320,272			
Subtotal	384,997,390			
Cash and short-term investments	44,653,143			
Subtotal	1,077,208,963			
Liabilities				
Derivatives - net	(1,932,557)	$ (1,932,557)	$ -	$ -
Securities lending cash collateral	(46,975,502)	-	(46,975,502)	-
Subtotal	(48,908,059)	$ (1,932,557)	$ (46,975,502)	$ -
Total investments at fair value - net	$ 1,028,300,904			

NOTE 3. INVESTMENTS (CONTINUED)

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			

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)

<u>Fair Value of Investments that Calculate Net Asset Value</u> (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, 2022 and 2021:

2022	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	$ 21,176,149	$ -	As needed	Daily - Monthly
Fixed income funds	8,119,212	-	As needed	Daily
Hedge funds	98,903,168	402,460	As needed	30 - 95 Days or Not eligible
Private markets funds	90,046,443	31,635,924	N/A	Not eligible
Real estate funds	137,432,146	7,907,022	As needed / N/A	30 - 45 Days or Not eligible
Real asset Infrastructure fund	29,320,272	-	As needed*	45 Days
	$ 384,997,390	$ 39,945,406		

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		

** Hard lockup until May 31, 2023*

Equity funds: Three funds as of December 31, 2022 and 2021. 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, 2022 and 2021. The fund invests in U.S. dollar-denominated high-yield bonds.

Hedge funds: Six funds as of December 31, 2022 and seven funds at December 31, 2021. Four hedge funds in 2022 and five in 2021 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.

Private markets funds: Fifteen funds as of December 31, 2022 and thirteen funds as of December 31, 2021. 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.

NOTE 3. INVESTMENTS (CONTINUED)

Real estate funds: Eight funds as of December 31, 2022 and ten as of December 31, 2021. 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, 2022 and 2021. 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 regarding 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, 2022.

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%

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -13.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS (CONTINUED)

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 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, 2022 and 2021. The investment that represents 5% or more of the Plan's net position restricted for pension benefit is separately identified.

	2022	2021
Cash and short-term investments	$ 44,653,143	$ 37,896,493
Equities		
U.S. equities	269,673,030	372,962,264
Foreign equities	156,073,987	238,556,305
Equity funds	21,214,570	28,572,409
Total equities	446,961,587	640,090,978
Fixed income		
U.S. Government obligations and municipal bonds	80,201,923	82,122,977
U.S. corporate bonds	38,758,749	52,782,491
Foreign fixed income	55,836,818	82,770,698
Fixed income funds	8,119,212	9,248,002
Total fixed income	182,916,702	226,924,168
Private markets	90,046,443	52,368,836
Real estate		
JP Morgan Strategic Property Fund	58,625,913	58,226,434
Other real estate	78,806,233	77,623,966
Total real estate	137,432,146	135,850,400
Hedge funds	98,903,168	124,862,650
Real asset infrastructure fund	29,320,272	30,382,387
Forward currency contracts - net	-	295,195
Security lending cash collateral	46,975,502	49,234,232
Subtotal	1,077,208,963	1,297,905,339
Liabilities		
Derivatives - net	(1,932,557)	(1,293,563)
Securities lending cash collateral	(46,975,502)	(49,234,232)
Subtotal	(48,908,059)	(50,527,795)
Total investments at fair value - net	$ 1,028,300,904	$ 1,247,377,544

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, 2022 and 2021, 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.

	2022	2021
Amount exposed to custodial credit-risk		
Investment in foreign currency	$ 872,613	$ 917,678

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, 2022 and 2021.

Quality Rating	2022	2021
Aaa	$ 41,722,755	$ 49,668,064
Aa	13,241,837	10,615,819
A	17,738,412	19,328,758
Baa	41,071,676	55,775,058
Ba	8,141,598	15,792,534
B	7,960,976	13,099,634
Caa	834,809	2,826,443
Not rated or unavailable	12,401,920	17,856,548
Total credit risk debt - securities	143,113,983	184,962,858
Guaranteed by U.S. Government	31,683,507	32,713,308
Fixed income funds - not rated	8,119,212	9,248,002
Total fixed income	$ 182,916,702	$ 226,924,168

Interest Rate Risk

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

At December 31, 2022, the following table shows the investments by investment type and maturity.

	December 31, 2022					
Investment Type	Fair Value	1 Year or Less	1+ to 6 Years	6+ to Years	10+ Years	Variable
Asset backed securities	$ 3,094,174	$ 177,588	$ 2,088,651	$ -	$ 827,935	$ -
Commercial mortgage backed	1,475,949	-	83,153	-	1,392,796	-
Corporate bonds	73,731,114	1,373,438	39,239,425	20,659,183	12,459,068	-
Corporate convertible bonds	899,523	-	-	899,523	-	-
Fixed income funds	8,119,212	-	-	-	-	8,119,212
Government agencies	4,530,733	-	2,821,763	734,112	974,858	-
Government bonds	41,899,988	-	21,429,351	8,206,347	12,264,290	-
Government mortgage backed	30,998,060	-	27,823	2,337,633	23,957,551	4,675,053
Government issued commercial mortgage backed	112,229	-	-	-	112,229	-
Municipal bonds	16,263,960	27,287	2,586,005	3,037,986	10,612,682	-
Non-government backed CMO's	1,791,760	-	220,967	-	1,570,793	-
Total fixed income	$ 182,916,702	$ 1,578,313	$ 68,497,138	$ 35,874,784	$ 64,172,202	$ 12,794,265

NOTE 3. INVESTMENTS (CONTINUED)

At December 31, 2021, the following table shows 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

Investment Results

During the years ended December 31, 2022 and 2021, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were gains of $15,081,527 and $100,170,844, respectively. These amounts are included in the net appreciation (depreciation) 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).

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.

NOTE 3. INVESTMENTS (CONTINUED)

The Plan's exposure to foreign currency risk as of December 31, 2022 and 2021, is presented in the following table.

	2022	%	2021	%
United Arab Emirate dirham	$ 647,222	0.5%	$ -	0.0%
Australian dollar	6,227,474	4.6%	7,222,168	3.5%
Brazilian real	2,789,308	2.1%	2,093,115	1.0%
Canadian dollar	9,695,768	7.2%	12,548,063	6.1%
Swiss franc	4,032,437	3.0%	4,202,474	2.0%
Chilean Peso	1,061	0.0%	1,061	0.0%
HK offshore Chinese yuan renminbi	3,168,268	2.4%	4,379,983	2.1%
Danish krone	4,689,395	3.5%	6,403,261	3.1%
Euro	34,761,176	25.9%	60,934,719	29.4%
British pound sterling	11,102,029	8.3%	25,404,505	12.3%
Hong Kong dollar	16,846,522	12.5%	25,725,315	12.4%
Chinese yuan renminbi	507,042	0.4%	-	0.0%
Hungarian forint	155,820	0.1%	-	0.0%
Indonesian rupiah	2,726,140	2.0%	2,511,624	1.2%
New Israeli shekel	366,627	0.3%	1,171,610	0.6%
Indian rupee	-	0.0%	440,080	0.2%
Japanese yen	23,205,141	17.3%	33,897,012	16.4%
South Korean won	2,512,833	1.9%	7,434,828	3.6%
Mexican peso	2,510,102	1.9%	2,817,204	1.4%
Norwegian krone	(94,496)	- 0.1%	1,775,592	0.9%
New Zealand dollar	(201,761)	- 0.2%	(61,808)	0.0%
Philippine peso	101,285	0.1%	-	0.0%
Polish zloty	153,214	0.1%	29,215	0.0%
Russian ruble	-	0.0%	79	0.0%
Saudi riyal	576,929	0.4%	-	0.0%
Swedish krona	4,219,978	3.1%	6,106,077	2.9%
Singapore dollar	1,153,343	0.9%	115,634	0.0%
Thai baht	781,414	0.6%	839,300	0.4%
South African rand	1,475,622	1.1%	1,017,172	0.5%
Total	$ 134,109,893	100.0%	$ 207,008,283	100.0%

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.

NOTE 3. INVESTMENTS (CONTINUED)

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, 2022 and 2021:

	2022		2021	
Derivative Type	Notional Amount	Fair Value	Notional Amount	Fair Value
Hedging derivative instruments				
Foreign currency forward contracts purchased	$ -	$ 85,181,931	$ -	$ 108,904,026
Foreign currency forward contracts sold	-	(86,904,098)	-	(108,608,831)
Total hedging derivative instruments	-	(1,722,167)	-	295,195
Investment derivative instruments				
Futures				
Fixed income	18,257,054	-	20,667,656	-
Swaps				
Interest rate swap	-	(62,362)	-	(1,293,563)
Total investment derivative instruments	18,257,054	(62,362)	20,667,656	(1,293,563)
Total	$ 18,257,054	$ (1,784,529)	$ 20,667,656	$ (998,368)

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.

NOTE 3. INVESTMENTS (CONTINUED)

The fair value of forward contracts outstanding at December 31, 2022 and 2021 is as follows:

Currency	Fair Value 2022		Fair Value 2021	
Foreign currency exchange purchases:				
Australian dollar	$	3,158,749	$	3,480,803
Canadian dollar		4,263,265		3,392,061
Swiss franc		2,455,089		4,186,845
Danish krone		-		40,212
Euro		11,567,504		7,642,238
British pound sterling		1,320,877		6,139,733
Hong Kong dollar		135,643		62,048
Indonesian rupiah		-		5,356
Japanese yen		3,126,515		6,992,684
South Korea won		-		577
Mexican peso		513,420		1,467,135
Norwegian krone		346,159		1,090,977
New Zealand dollar		2,414,690		2,604,930
Polish zloty		26,616		28,974
Russian ruble		-		79
Swedish krona		2,124,386		1,352,844
United States dollar		53,573,744		69,920,451
South African rand		155,274		496,079
Total purchases	$	85,181,931	$	108,904,026

NOTE 3. INVESTMENTS (CONTINUED)

Currency	Fair Value 2022	Fair Value 2021
Foreign currency exchange sales:		
Australian dollar	$ (3,447,563)	$ (4,061,652)
Brazilian real	(70)	(67)
Canadian dollar	(3,392,500)	(4,775,050)
Swiss franc	(1,634,624)	(7,170,183)
Euro	(28,803,380)	(27,499,008)
British pound sterling	(7,071,072)	(10,645,089)
Hungarian forint	-	(230,831)
Japanese yen	(2,683,357)	(5,064,796)
South Korea won	(184,914)	(30,091)
Mexican peso	(527,157)	(1,468,560)
Norwegian krone	(1,356,428)	(630,438)
New Zealand dollar	(6,531,916)	(6,473,585)
Swedish krona	(846,569)	(698,184)
Singapore dollar	(120,373)	-
United States dollar	(30,149,046)	(39,365,372)
South African rand	(155,129)	(495,925)
Total sales	$ (86,904,098)	$ (108,608,831)

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, 2022 and 2021:

Derivative Type	Changes in Fair Value 2022	Changes in Fair Value 2021
Foreign currency forward contracts	$ 2,336,613	$ 1,873,445
Futures	(1,286,199)	441,116
Rights/warrants	(122,222)	(7,444)
Swaps	892,070	(344,240)
Total	$ 1,820,262	$ 1,962,877

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 99 days at December 31, 2022 and 92 days at December 31, 2021; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 50 days at December 31, 2022 and an average weighted maturity of 38 days as of December 31, 2021. 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, 2022 and 2021, 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, 2022 and 2021, the fair value of securities loaned was as follows:

	2022	2021
Equities	$ 30,828,635	$ 23,951,277
Fixed income	17,754,804	25,620,394
Total	$ 48,583,439	$ 49,571,671

At December 31, 2022 and 2021, the securities loaned were collateralized as follows:

	2022	2021
Collateralized by cash	$ 46,975,502	$ 49,234,232
Collateralized by other than cash	3,069,394	1,754,969
Total	$ 50,044,896	$ 50,989,201

NOTE 4. SECURITIES LENDING (CONTINUED)

During the years ended December 31, 2022 and 2021, 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 was: 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, 2022 (2023 ADC) and as of December 31, 2021 (2022 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 $214,083,061 for 2,624 members for 2023 and $212,121,929 for 2,602 active members for 2022 is computed as follows:

	2023	2022
Normal cost	$ 39,398,246	$ 39,707,136
30 year level dollar amortization of unfunded liability payable mid-year	123,374,409	122,229,036
Interest adjustment for May 1st payment date	8,691,689	8,670,080
Total minimum contribution	171,464,344	170,606,252
Less estimated plan member contributions	(18,059,635)	(17,582,925)
Actuarially Determined Contribution (ADC)	$ 153,404,709	$ 153,023,327

NOTE 8. NET PENSION LIABILITY OF THE PLAN

The components of the net pension liability of the Plan at December 31, 2022 were as follows:

Total pension liability	$ 2,820,842,280
Plan fiduciary net position	1,126,898,385
Net pension liability	$ 1,693,943,895
Plan fiduciary net position as a percentage of total pension liability	39.95%

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, 2022, 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

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, 2022 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, 2022, 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	5.2%
Non-U.S. equity	5.4
Global low volatility equity	4.5
Fixed income	1.6
Hedge funds	3.1
Private debt	8.2
Private equity	9.3
Real estate	4.5
Private real assets	4.8

Single Discount Rate

A Single Discount Rate of 7.13% 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 4.05%. 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, 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 7.13%, 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 6.13%	Current Single Discount Rate Assumption 7.13%	1% Increase 8.13%
Plan's net pension liability	$ 2,015,541,936	$ 1,693,943,895	$ 1,422,992,491

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, 2022 and 2021, were comprised of the following Plan surplus (deficit) balances:

	2022	2021
Prior Service Fund	$ 1,666,394,497	$ 1,651,184,752
City Contribution Fund	293,975,040	296,169,306
Salary Deduction Fund	296,059,772	297,503,175
Annuity Payment Fund and Reserve	529,369,565	515,828,364
Supplementary Payment Service	69,562	69,562
Fund Reserve - (deficit)	(1,658,970,051)	(1,426,653,395)
Net Position - Restricted for Pension Benefits	$ 1,126,898,385	$ 1,334,101,764

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

	2022	2021
Employer contributions	$ 99,959,607	$ 84,479,636
Less allowance for uncollectible accounts	-	(22,719)
Total	$ 99,959,607	$ 84,456,917

NOTE 11. CAPITAL ASSETS

Leases

The Plan leases its office facilities in Chicago, Illinois under a fifteen-year non-cancellable agreement in effect through February 28, 2026. The base rent has an abatement provision of 17 months. The base rent of $159,664 per year increases approximately 2% each year. Real estate taxes and maintenance charges are additional costs to the base rent and are subject to annual escalation and are expensed as incurred. Total real estate taxes and maintenance charges for the years ended December 31, 2022 and 2021 were $232,883 and $249,247, respectively.

The Governmental Accounting Standards Board (GASB) issued Accounting Standards Update (GASB 87) related to Leases, to increase transparency and comparability among organizations by recognizing an intangible right-of-use asset and liability for leases on the Statements of Fiduciary Net Position and disclosing key information about leasing arrangements that are greater than one year in duration. GASB 87 specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statements of Fiduciary Net Position. The guidance in the GASB is effective for fiscal years beginning after June 15, 2021. Due to the complexity of the new standard, the Plan has elected to apply the practical expedient that allows lessees to not retroactively apply GASB 87. As a result, the Plan recorded a right-of-use asset and related liability in the amount of $917,188 by calculating the net present value using the discount rate of 1.39%.

The right-of-use asset and the operating lease liability are being amortized over the remaining life of the lease agreement. As of December 31, 2022, the right-of-use asset, net of the landlord allowance, and accumulated amortization was $730,659 and $175,386, respectively, and the lease liability at December 31, 2022 is $708,842.

NOTE 11. CAPITAL ASSETS (CONTINUED)

The future payments due under the office lease are as follows:

Year ending December 31,	Principal	Interest	Total Payment
2023	$ 215,206	$ 8,490	$ 223,696
2024	223,238	5,448	228,686
2025	231,382	2,293	233,675
2026	39,016	68	39,084
	$ 708,842	$ 16,299	$ 725,141

Property and Equipment

Property and equipment detail for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
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)
	$ -	$ -

Property and equipment remain fully depreciated for years ended December 31, 2022 and 2021.

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 the year ended December 31, 2022.

NOTE 13. 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 covers both active and retired members.

NOTE 13. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Plan Membership - Membership of the OPEB Plan consisted of the following at December 31, 2022, 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	12
Total plan members	21

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 2022, the Plan contributed $50,314, for the pay-as-you-go benefits for the OPEB Plan. Plan members receiving benefits contributed $32,378 in 2022 or 45% of the total premiums for the year, through their required contributions of between $184 and $735 for medical per month based on coverage.

Actuarial Assumptions - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date:	December 31, 2022
Fiscal Year End Date:	December 31, 2022

Methods and Assumptions Used to Measure Total OPEB Liability:

Actuarial Cost Method:	Entry Age Normal
GASB 75 Discount Rate Beginning of Year:	1.84% per year
GASB 75 Discount Rate End of Year:	4.05% 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 (0.80)%, and Post-Medicare trend rate of 2.13% for plan year beginning on January 1, 2023. Trend rates for plan years beginning on and after January 1, 2024, based on 7.50% for Pre-Medicare and 8.00% 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."

NOTE 13. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Discount Rate - Since the OPEB Plan does not have formal assets, the discount rate is equal to the municipal bond rate of 1.84% as of December 30, 2021, and 4.05% as of December 31, 2022, 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".

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, 2022, were as follows:

Total OPEB liability	
Service cost	$ 265,751
Interest on the total OPEB liability	71,977
Difference between expected and actual experience of the total OPEB liability	(1,561,170)
Changes of assumptions	(811,163)
Benefit payments	(45,564)
Net change in total OPEB liability	(2,080,169)
Total OPEB liability - beginning	3,802,199
Total OPEB liability - ending (a)	$ 1,722,030

[a] *Total OPEB liability as of December 31, 2022, was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods as of December 31, 2021. 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 4.05%, 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 3.05%	Current Discount Rate Assumption 4.05%	1% Increase 5.05%
Plan's total OPEB liability	$ 1,967,396	$ 1,722,030	$ 1,518,938

NOTE 13. 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	$ 1,483,192	$ 1,722,030	$ 2,025,501

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2022, the Plan recognized OPEB expense of $629. At December 31, 2022, 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	$ 84,189	$ (1,294,105)
Assumption changes	417,547	(735,206)
Total	$ 501,736	$ (2,029,311)

NOTE 13. 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
2023	$ 86,681	$ (428,530)	$ (341,849)
2024	86,681	(428,530)	(341,849)
2025	86,681	(428,530)	(341,849)
2026	86,681	(428,207)	(341,526)
2027	71,050	(314,257)	(243,207)
2028	44,395	(524)	43,871
2029	35,464	(524)	34,940
2030	4,103	(209)	3,894
2031	-	-	-
Total	$ 501,736	$ (2,029,311)	$ (1,527,575)

NOTE 14. 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 14. 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 filed a motion for summary judgment that it has satisfied its obligations with respect to the approval of a health care plan for annuitants. On April 23, 2023 the Court granted the Plan's motion for summary judgment and denied Plaintiff's cross-motion for summary judgment. The Plan is awaiting the Plaintiff's response.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2023, 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost including pension plan administrative expense	$ 39,331,481	$ 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	193,347,864	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	(27,236,254)	(31,082,787)	(18,992,165)	(8,820,458)	15,143,356	(62,178,234)	(30,428,098)	(46,084,758)	-
Assumption changes	(109,355,433)	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	(172,642,812)	(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	(4,519,464)	(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	(3,606,843)	(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	(84,681,461)	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	2,905,523,741	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	2,397,769,745
Total pension liability - ending (a)	$ 2,820,842,280	$ 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	$ 116,175,957	$ 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	19,069,792	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	(161,680,009)	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	(172,642,812)	(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	(4,519,464)	(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	(3,606,843)	(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	(207,203,379)	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	1,334,101,764	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	1,457,672,608
Plan fiduciary net position - ending (b)	$ 1,126,898,385	$ 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)	$ 1,693,943,895	$ 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	39.95 %	45.92 %	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %	64.18 %
Covered payroll	$ 214,083,061	$ 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	791.26 %	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, 2022

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

The total pension liability at the beginning of fiscal year 2022 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 total pension liability at the end of fiscal year 2022 used a Single Discount Rate of 7.13% and the benefit provisions and funding policy in effect as of the December 31, 2022, funding actuarial valuation. The Single Discount Rate of 7.13% was based on a long-term expected rate of return on pension plan investments of 7.25% for years 2023 through 2076 and a long-term municipal bond rate as of December 31, 2022, of 4.05% for subsequent years after 2076.

The change in the long-term municipal bond rate from 1.84% at December 31, 2021 to 4.05% as of December 31, 2022, caused the Single Discount Rate to increase slightly from 6.77% at December 31, 2021 to 7.13% at December 31, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Fiscal Year 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	$ 774,812,844	64.18%	$ 202,673,014	382.30%
2015	3,712,615,936	1,238,657,245	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%
2022	2,820,842,280	1,126,898,385	1,693,943,895	39.95%	214,083,061	791.26%

** 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

Fiscal Year 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)
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)
2022	153,023,327	116,175,957	36,847,370	214,083,061	54.27%	116,549,222	373,265

** 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, 2022

NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Valuation Date:	December 31, 2022

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2022:

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, 2021 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, 2021 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	6.77% as of the December 31, 2021 valuation 7.13% as of the December 31, 2022 valuation

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-13.6%	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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 265,751	$ 252,864	$ 172,631	$ 138,109	$ 152,130
Interest on the total OPEB liability	71,977	70,737	81,350	89,080	79,003
Difference between expected and actual experience	(1,561,170)	(4,925)	110,714	14,130	-
Assumption changes	(811,163)	96,434	221,715	350,813	(146,251)
Benefit payments	(45,564)	(47,647)	(47,955)	(56,516)	(70,559)
Net change in total OPEB liability	(2,080,169)	367,463	538,455	535,616	14,323
Total OPEB liability - beginning	3,802,199	3,434,736	2,896,281	2,360,665	2,346,342
Total OPEB liability - ending (a)	$ 1,722,030	$ 3,802,199	$ 3,434,736	$ 2,896,281	$ 2,360,665
Covered-employee payroll	$ 1,141,584	$ 1,174,824	$ 1,772,480	$ 1,756,480	$ 1,670,363
Total OPEB liability as a percentage of covered-employee payroll	150.85 %	323.64 %	193.78 %	164.89 %	141.33 %
Discount Rate, Beginning of Year	1.84 %	2.00 %	2.75 %	3.71 %	3.31 %
Discount Rate, End of Year	4.05 %	1.84 %	2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate, End of Year	4.05 %	1.84 %	2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate Date	December 31, 2022	December 31, 2021	December 31, 2020	December 30, 2019	December 28, 2018

(a) Total OPEB liability as of December 31, 2022, 2021 and December 31, 2020 were 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, 2022 AND 2021

	2022				2021			
	Cost Value		Fair Value		Cost Value		Fair Value	
Cash and short-term investments	$ 44,653,143	4.9%	$ 44,653,143	4.3%	$ 37,896,493	4.0%	$ 37,896,493	3.0%
U.S. equities	205,021,977	22.5%	269,673,030	26.2%	220,801,352	23.6%	372,962,263	29.9%
Foreign equities	146,486,634	16.1%	156,073,987	15.1%	166,409,349	17.8%	238,556,305	19.1%
Equity funds	13,885,326	1.5%	21,214,570	2.1%	14,252,886	1.5%	28,572,409	2.3%
U.S. Government obligations and municipal bonds	88,733,732	9.7%	80,201,923	7.8%	81,517,618	8.7%	82,122,977	6.6%
U.S. corporate bonds	45,079,669	5.0%	38,758,749	3.8%	51,157,610	5.5%	51,800,612	4.1%
Foreign fixed income securities	64,009,556	7.0%	55,836,818	5.4%	82,728,016	8.8%	83,752,578	6.7%
Fixed income funds	8,739,127	1.0%	8,119,212	0.9%	8,308,150	0.9%	9,248,002	0.8%
Private markets	82,429,174	9.1%	90,046,443	8.7%	42,334,792	4.5%	52,368,836	4.2%
Real estate	99,041,158	10.9%	137,432,146	13.3%	98,915,788	10.6%	135,850,400	10.9%
Hedge funds	85,057,710	9.3%	98,903,168	9.6%	103,517,075	11.0%	124,862,650	10.0%
Real asset Infrastructure fund	27,007,388	3.0%	29,320,272	2.8%	28,598,400	3.1%	30,382,387	2.4%
Invested assets at cost/fair value	$ 910,144,594	100.0%	$ 1,030,233,461	100.0%	$ 936,437,529	100.0%	$ 1,248,375,912	100.0%

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

SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

SCHEDULES OF ADMINISTRATIVE EXPENSES, INVESTMENT EXPENSES AND PROFESSIONAL SERVICES

Schedules of Administrative and OPEB Expenses

	2022	2021
Personnel services	$ 2,356,008	$ 2,142,461
Occupancy and utilities	241,715	438,812
Professional services	403,071	431,679
OPEB expense	629	398,222
Insurance	229,027	224,961
Depreciation expense	175,386	-
Litigation expense	35,020	64,309
Supplies and equipment	66,331	48,973
Printing and technical services	20,132	25,832
Telecommunications and internet	18,837	17,677
Miscellaneous	18,889	13,275
Postage	12,397	12,209
Disaster recovery	11,040	11,040
Interest expense	10,361	-
Department of Insurance compliance fee	8,000	8,000
Total	$ 3,606,843	$ 3,837,450

Schedules of Investment Expenses

	2022	2021
Investment management fees	$ 6,483,971	$ 6,996,998
Other investment expenses	177,311	744,842
Investment consultant fee	258,333	245,000
Investment custody fee	212,703	208,813
Total	$ 7,132,318	$ 8,195,653

Schedules of Professional Services

	2022	2021
Actuarial valuation	$ 66,283	$ 93,500
Auditing	44,419	44,448
Benefit check production	91,265	91,302
Custom software development	25,725	22,838
Legal services	102,113	99,455
Legislative consultant	36,000	36,000
Medical consultant	35,916	44,136
IT consultant	1,350	-
Total	$ 403,071	$ 431,679

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Investment Management Fees		
Ariel Investment, LLC	$ 151,427	$ 206,180
ASB Capital Management LLC	389,411	359,193
Attucks Asset Management, LLC	449,281	620,976
Ballie Gifford Oversees Ltd	270,224	485,660
Baird Advisors	14,952	78,053
Brightwood Capital Advisors, LLC	341,342	133,929
Core Capital	42,068	40,181
EntrustPermal Partners	24,878	43,858
Fairview Capital	85,500	85,500
Fiera Capital Inc.	177,172	200,678
Glouston Capital Partners	98,932	106,952
HarborVest Partners	55,771	42,088
Hopewell Partners, LLC	8,389	16,254
JP Morgan Chase Bank, N.A.	586,456	515,792
Keeley Asset Management Corp.	-	76,646
Lazard Asset Management	151,108	170,087
Levine Leichtman Capital Partners, LLC	168,180	173,908
Lighthouse Investment Partners, LLC	249,349	300,109
LM Capital Group, LLC	193,590	223,262
Long Wharf Real Estate Partners LLC	225,857	242,022
Mesirow Financial Private Equity Advisors, Inc.	34,364	54,257
Mesirow Financial Investment Management, Inc.	197,826	289,143
Neuberger Berman Investment Advisers LLC	331,899	286,711
Nuveen Asset Management	240,598	125,536
Palladium Capital Management V, LLC	237,543	249,779
Pantheon Ventures (US) LP	143,489	159,433
Partners Group, Inc.	187,292	-
Pluscios Management LLC	18,941	182,312
Ramirez Asset Management, Inc.	72,648	-
RhumbLine Advisers Limited Partnership	29,092	36,026
Ullico Investment Advisors, Inc.	458,353	448,618
Victory Park Capital Advisors, LLC	103,626	-
Vontobel Asset Management, Inc.	166,690	229,460
Wasatch Advisors Inc.	383,160	551,465
William Blair & Company, LLC	194,564	262,930
Total investment management fees	6,483,971	6,996,998
Other Investment Expenses		
Exchange and other expenses	177,311	744,842
Investment Consultant Fee		
Marquette Associates, Inc.	258,333	245,000
Investment Custody Fee		
Northern Trust Company	212,703	208,813
Total investment expenses	$ 7,132,318	$ 8,195,653