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

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023 AND 2022

CONTENTS

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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, 2023 and 2022, 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, 2023 and 2022, 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 audits 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 45 through 52 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 Cost and Fair Value, Schedules of Administrative Expenses, Investment Expenses and Professional Services and Schedules of Investment Expenses on pages 53 through 55 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 all material respects, in relation to the basic financial statements taken as a whole.

Calibre CPA Group, PLLC

Chicago, IL
May 14, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This discussion and analysis is prepared by the management staff of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) for the purpose of providing an overview of the Plan's financial activities for the years ended December 31, 2023 and 2022. 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, 2023 was $1.18 billion, a $57 million increase from the Plan's net position at December 31, 2022. 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 is restricted for future benefit obligations. The increase in 2023 is largely attributable to an increase in the value of invested assets and an increase in employer contributions. The prior year's decrease is attributed to a decline in the value of invested assets.

- The investment portfolio recorded gains of $98.3 million and losses of $161.9 million for fiscal years 2023 and 2022, respectively. During 2023, the Plan's portfolio generated a preliminary rate of return, net of fees, of 9.7%. The rate of return, net of fees, for 2022 was -13.3%.

- Based on the actuarial valuations as of December 31, 2023 and 2022, the overall funded ratios for the Plan were 42.1% and 44.5%, respectively. For accounting purposes pursuant to GASB 67 and 68, which uses a Single Discount Rate and shorter amortization periods to measure the total pension liability, the funded ratio of the Plan was 38.6% for 2023 and 40.0% for 2022.

- Contribution revenue for 2023 totaled $142.9 million, representing an increase of 5.7% from 2022. 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 2022 contribution revenue of $135.2 million represents an increase of 31.8% from 2021.

- Total benefits and refunds paid in 2023 were $180.9 million, reflecting an increase of 2.1% over the $177.2 million of benefits and refunds paid in 2022. The 2022 benefits and refunds reflect an increase of 2.7% from 2021. 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 $3.4 million in 2023 compared to $3.6 million in 2022 and $3.8 million in 2021. 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 change in net position for the fiscal year, with comparative values reported for the previous fiscal year. This change, 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 Financial Statements: Notes to 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 Other Postemployment Benefit Plan (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 Cost and Fair Value; Schedules of Administrative Expenses, Investment Expenses 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, 2023 amounted to $1.2 billion, which was an increase of $57 million, or 5.1%, from $1.13 billion at December 31, 2022. This increase in Net Position compares to a decrease of $207 million, or 15.5%, in Net Position that occurred between December 31, 2021 and December 31, 2022.

Assets

An increase or decrease in invested assets is dependent upon both the performance of the Plan's investment portfolio as well as the need to liquidate from the portfolio to pay benefits and other operating expenses in any given year. Total assets increased in 2023 by $68 million, or 5.8%, compared to a decrease of $205 million, or 14.8%, in assets in 2022 from the prior year level. For 2023, the increase was largely attributed to an increase in the value of invested assets and securities lending cash collateral. 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.

As of December 31, 2023, receivables were 10.4% higher than 2022 mainly due to the higher statutorily required employer contributions accrued but not yet received as determined by P.A. 100-0023. In 2022, for the same reason, total receivables were up 16.0% from 2021.

	December 31,			Net Change	
	2023	2022	2021	2022 to 2023	2021 to 2022
Assets					
Receivables	$ 118,566,947	$ 107,407,498	$ 92,577,522	$ 11,159,449	$ 14,829,976
Investments, at fair value	1,071,416,842	1,030,233,461	1,248,671,107	41,183,381	(218,437,646)
Invested securities lending cash collateral	63,013,873	46,975,502	49,234,232	16,038,371	(2,258,730)
Capital assets - net	379,887	555,273	-	(175,386)	555,273
Total assets	1,253,377,549	1,185,171,734	1,390,482,861	68,205,815	(205,311,127)
Deferred outflows					
Accumulated decrease in fair value of hedging derivatives	1,225,507	1,722,167	502,909	(496,660)	1,219,258
Liabilities	69,499,527	58,467,941	56,588,811	11,031,586	1,879,130
Deferred inflows					
Accumulated increase in fair value of hedging derivatives and resources related to OPEB	1,122,504	1,527,575	295,195	(405,071)	1,232,380
Net position - restricted for pension benefits	$ 1,183,981,025	$ 1,126,898,385	$ 1,334,101,764	$ 57,082,640	$ (207,203,379)

Liabilities

In 2023, 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 2023 were $11.0 million higher than in 2022 due mainly to higher values of securities lending cash collateral liability and OPEB liability offset by lower values of unsettled trades. In 2022, the Plan's liabilities 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. 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 $1.2 million for 2023 represent the net fair value of foreign currency forward contracts outstanding at December 31, 2023. For the year ended December 31, 2022, the Plan reported $1.7 million in net deferred outflows as compared to net inflows of $295 thousand the prior year. The outflow or inflow fluctuates depending on the net fair value of derivative contracts at year end.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan determined as of the beginning of the measurement period. For the years ended December 31, 2023, 2022, and 2021, the Plan reported $1.1 million in net deferred inflows, $1.5 million in net deferred inflows, and $503 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 12 of the Notes to Financial Statements.

	December 31,			Net Change	
	2023	2022	2021	2022 to 2023	2021 to 2022
Additions					
Total contributions	$ 142,932,284	$ 135,245,749	$ 102,606,327	$ 7,686,535	$ 32,639,422
Total investment income (loss)	98,494,522	(161,680,009)	138,104,794	260,174,531	(299,784,803)
Total additions	241,426,806	(26,434,260)	240,711,121	267,861,066	(267,145,381)
Deductions					
Benefits and refunds	180,947,661	177,162,276	172,514,340	3,785,385	4,647,936
Admin & OPEB expense	3,396,505	3,606,843	3,837,450	(210,338)	(230,607)
Total deductions	184,344,166	180,769,119	176,351,790	3,575,047	4,417,329
Net increase (decrease)	57,082,640	(207,203,379)	64,359,331	264,286,019	(271,562,710)
Net position - restricted for pension benefits					
Beginning of year	1,126,898,385	1,334,101,764	1,269,742,433	(207,203,379)	64,359,331
Ending of year	$ 1,183,981,025	$ 1,126,898,385	$ 1,334,101,764	$ 57,082,640	$ (207,203,379)

Additions

Member contributions, employer contributions, and investment income are the funding sources for benefit payments. In 2023 and 2022, 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 2023 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 9.7% in 2023 equated to an investment gain of $98 million. In 2022, a loss of -13.3% equated to an investment loss of $162 million as compared to a robust gain of 12.0% in 2021 resulting in an investment gain of $138 million. Dividend and interest income increased from 2022 to 2023 after decreasing modestly from 2021 to 2022.

Deductions

Deductions consist primarily of annuity and disability benefit payments, contribution refunds, and administrative expenses (including office staff OPEB). Benefit and refund expense increased 2.1% in 2023 as compared to 2.7% in 2022 and 2.0% in 2021. The automatic annual increase in annuities for employee annuitants, overall fluctuations in annuity and refund payments contributed to the variances from year to year.

Total administrative and OPEB expenses decreased $210 thousand in 2023 and $231 thousand in 2022. 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.

Overall, Net Position - Restricted for Pension Benefits increased by approximately $57 million, or 5.1%, in 2023 as compared to the prior year. In 2022, Net Position - Restricted for Pension Benefits reflected a $207 million decrease or -15.5% from 2021. 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

Stable interest rates, decreasing inflation rates, and a decreasing likelihood of a recession led to a broad market upswing in 2023, as evidenced by the benchmark returns in the table on the next page. The Plan experienced positive returns from its investment portfolio in 2023 due to increases 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 9.7% in 2023 compared to -13.3% in 2022. In absolute terms, all asset classes except real estate positively contributed to performance. In relative terms, private equity, hedge funds, and infrastructure exceeded their respective benchmarks.

Investment Performance (continued)

The following table provides preliminary performance, net of fees, by asset class for fiscal year 2023.

Preliminary Rates of Return, Net of Fees, for Fiscal Year 2023			
Asset Class	Return %	Benchmark	Return %
Fixed income	6.3	BBgBarc Global Aggregate (Hedged)	7.1
Domestic equity	23.7	Russell 3000	26.0
International equity	13.8	MSCI ACWI ex USA	15.6
Global equity	7.7	MSCI ACWI Minimum Volatility	7.7
Private debt	11.3	Credit Suisse Leveraged Loans	13.0
Private equity	9.0	Burgiss Global All Private Equity	2.7
Real estate	-13.5	NCREIF Open End Diversified Core Equity	-12.7
Hedge funds	9.2	HFRI Fund of Funds Composite	6.3
Real asset infrastructure fund	11.0	SOFR + 4%	9.3

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 2023, the consulting actuary reports the Plan's actuarial liability was $3.03 billion and the actuarial value of assets was $1.28 billion. For fiscal year 2022, the Plan's actuarial liability was $2.79 billion, and the actuarial value of assets was $1.24 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, decreased to 42.1% in 2023 from 44.5% in 2022. The unfunded liability increased to $1.76 billion at December 31, 2023 from $1.55 billion at December 31, 2022. The increase in actuarial liabilities was greater than expected due primarily to a change in assumptions and salary increases exceeding expectations. We expect the funded ratio to decrease over the next three 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, shorter amortization periods to measure the total pension liability, and the market value of assets, the funded ratio of the Plan was 38.6% for 2023 and 40.0% for 2022. The decrease in the single discount rate was a significant portion of the drop in the funding ratio from 2022 to 2023.

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 five years, 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 42.1% in 2023 to 39.5% in 2026, increase slowly for the next 20 years to 50.1% in 2046, and then increase quickly to 90.0% in 2058. While the statutory contributions are significantly more than had been received previously, they are still less than the Actuarially Determined Contribution until 2040.

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

Request for Information

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

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

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

STATEMENTS OF FIDUCIARY NET POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets and Deferred Outflows		
Receivables		
Employer	$ 111,974,969	$ 99,959,607
Plan member	3,610,752	4,686,760
Interest and dividends	2,908,082	2,679,075
Other receivables	73,144	82,056
Total receivables	118,566,947	107,407,498
Investments - at fair value		
Cash and short-term investments	34,651,220	44,653,143
Equities	508,800,227	446,961,587
Fixed income	186,796,081	182,916,702
Private markets	107,274,487	90,046,443
Real estate	118,442,214	137,432,146
Hedge funds	83,880,687	98,903,168
Real asset infrastructure fund	31,571,926	29,320,272
Subtotal	1,071,416,842	1,030,233,461
Securities lending cash collateral	63,013,873	46,975,502
Total investments - at fair value	1,134,430,715	1,077,208,963
Capital assets - net	379,887	555,273
Total assets	1,253,377,549	1,185,171,734
Deferred outflows		
Accumulated decrease in fair value of hedging derivatives	1,225,507	1,722,167
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Due to broker - net	179,503	5,311,179
Derivatives - net	2,206,477	1,932,557
Refunds, professional fees payable and other liabilities	2,209,962	2,526,673
OPEB liability	1,889,712	1,722,030
Securities lending cash collateral	63,013,873	46,975,502
Total liabilities	69,499,527	58,467,941
Deferred inflows		
Accumulated increase in fair value resources related to OPEB	1,122,504	1,527,575
Net position - restricted for pension benefits	$ 1,183,981,025	$ 1,126,898,385

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, 2023 and 2022

	2023	2022
Additions		
Contributions		
Employer	$ 123,795,653	$ 116,175,957
Plan member	19,136,631	19,069,792
Total contributions	142,932,284	135,245,749
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	76,239,231	(176,637,694)
Interest	7,739,557	7,590,616
Dividends	9,282,801	8,041,662
Private markets income - net	6,501,260	4,513,754
Real estate operating income - net	2,820,224	2,397,506
Hedge funds gain (loss) - net	1,844,954	(1,502,906)
Real asset infrastructure fund income - net	951,625	858,013
	105,379,652	(154,739,049)
Less investment expenses	(7,062,978)	(7,132,318)
Investment income (loss) - net	98,316,674	(161,871,367)
Securities lending income		
Income	3,424,169	1,195,834
Borrower rebates	(3,145,956)	(917,314)
Bank fees	(100,365)	(87,162)
Securities lending income - net	177,848	191,358
Total additions	241,426,806	(26,434,260)
Deductions		
Benefits	177,562,570	172,642,812
Refunds	3,385,091	4,519,464
Administrative and OPEB expenses	3,396,505	3,606,843
Total deductions	184,344,166	180,769,119
Net change	57,082,640	(207,203,379)
Net position - restricted for pension benefits		
Beginning of year	1,126,898,385	1,334,101,764
End of year	$ 1,183,981,025	$ 1,126,898,385

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.

Reporting Entity - As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government.

Based upon the required criteria, the Plan has no component units. The Plan is considered a fiduciary unit fund of the City of Chicago and, as such, is included in the City of Chicago's financial statements as a pension trust fund. Accordingly, these financial statements present only Laborers' and Retirement Board Employees Annuity & Benefit Fund of Chicago and are not intended to present fairly the financial position of the City of Chicago and the result of its operations in conformity with U.S. generally accepted accounting principles.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 asset 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, 2023 and 2022, $1,119,806 and $7,296,780, respectively, were due to broker and $940,303 and $1,985,601, respectively, were due from broker for unsettled trades.

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 10. 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.

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

NOTE 2. PLAN DESCRIPTION (CONTINUED)

who are employed in a title recognized by the city as labor service and for the dependents of such employees.

The Statutes authorize a Board of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, two are to be elected by the employee members of the Plan, one is to be elected by the retired members of the Plan, one is to be appointed by the local labor union and two are to be appointed by the Department of Human Resources. The two ex officio members are the City Comptroller (or someone chosen from the Comptroller's office) and the City Treasurer (or someone chosen from the Treasurer's office).

All members of the Board are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

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

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 contributed $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

NOTE 2. PLAN DESCRIPTION (CONTINUED)

property tax levy, or from any source legally available for this purpose, including but not limited to, the proceeds of City borrowings.

At December 31, 2023 and 2022, plan members consisted of the following:

	2023	2022
Retirees and beneficiaries currently receiving benefits	3,514	3,527
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,397	1,388
Active plan members (including plan members receiving disability benefits)		
Vested	1,604	1,627
Non-vested	1,039	997
Total plan members	7,554	7,539

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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Retirement Benefits (continued):

Tier 1 (continued): The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a) (17) and §415 limitations. There is a 10-year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month.

Tier 2: Employees with at least 10 years of service are entitled to receive an unreduced annuity benefit at age 67 or a reduced annuity benefit at age 62 with at least 10 years of service. The annuity shall be reduced by ½ of 1% percent for each month that the employee is under age 67. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service preceding retirement. Pensionable salary is limited to $123,489 in 2023 and $119,892 in 2022, 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 $123,489 in 2023 and $119,892 in 2022, 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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Spousal Annuity (continued):

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

Automatic Increase in Spousal Annuity:

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

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

Child's Annuity:

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

Duty Disability:

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

Ordinary Disability:

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

Refunds:

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

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

NOTE 3. INVESTMENTS

Fair Value Measurements

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

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

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, 2023, in valuing investments carried at fair value:

	December 31, 2023			
Description	Total	Quoted Market Prices for Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stock	$ 477,656,035	$ 477,656,035	$ -	$ -
Preferred stock	1,224,045	1,224,045	-	-
Exchange-traded fund	2,887,701	2,887,701	-	-
Other equity assets	2,655,657	2,655,657	-	-
Fixed income				
Government bonds	40,665,543	-	40,665,543	-
Government agencies	8,170,382	-	8,170,382	-
Municipal/Provincial bonds	15,570,168	-	15,570,168	-
Corporate bonds	68,630,476	-	68,630,476	-
Corporate convertible bonds	932,107	-	932,107	-
Government mortgage backed securities	40,350,849	-	40,350,849	-
Government-issued commercial mortgage-backed	104,840	-	104,840	-
Commercial mortgage-backed	2,375,643	-	2,375,643	-
Asset backed securities	1,616,076	-	1,616,076	-
Non-government backed CMO's	1,605,004	-	1,605,004	-
Invested securities lending collateral	63,013,873	-	63,013,873	-
Subtotal	727,458,399	$ 484,423,438	$ 243,034,961	$ -
Investments that calculate net asset value				
Equity funds	24,376,789			
Fixed income funds	6,774,993			
Hedge funds	83,880,687			
Private markets funds	107,274,487			
Real estate funds	118,442,214			
Real asset infrastructure fund	31,571,926			
Subtotal	372,321,096			
Cash and short-term investments	34,651,220			
Subtotal	1,134,430,715			
Liabilities				
Derivatives - net	(2,206,477)	$ (2,206,477)	$ -	$ -
Securities lending cash collateral	(63,013,873)	-	(63,013,873)	-
Subtotal	(65,220,350)	$ (2,206,477)	$ (63,013,873)	$ -
Total investments at fair value - net	$ 1,069,210,365			

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:

Description	December 31, 2022 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 funds	90,046,443			
Real estate funds	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			

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, 2023 and 2022:

2023	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	$ 24,376,789	$ -	As needed	Daily
Fixed income funds	6,774,993	-	As needed	Daily
Hedge funds	83,880,687	402,460	As needed	30 - 95 Days or Not eligible
Private markets funds	107,274,487	19,408,614	N/A	Not eligible
Real estate funds	118,442,214	3,306,374	As needed / N/A	30 - 45 Days or Not eligible
Real asset Infrastructure fund	31,571,926	-	As needed	45 Days
	$ 372,321,096	$ 23,117,448		

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		

Equity funds: Two funds as of December 31, 2023 and 2022. One fund invests in Indian shares and the other fund invests in emerging market small cap equities.

Fixed income funds: One fund as of December 31, 2023 and 2022. The fund invests in U.S. dollar-denominated high-yield bonds.

Hedge funds: Six funds as of December 31, 2023 and five as of 2022. Four hedge funds in 2023 and three in 2022 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: Fourteen funds as of December 31, 2023 and fifteen funds as of December 31, 2022. 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, 2023 and 2022. The real estate funds comprise core, value-add, and opportunistic real estate funds. Real estate funds that are closed-end funds, six out of the eight 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, subject to a redemption gate exercised at the discretion of the manager.

Real asset infrastructure funds: One fund as of December 31, 2023 and 2022. The infrastructure fund is a core fund with 45 days' notice for redemptions.

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, 2023 (adopted October 5, 2017).

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, 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.0%. 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, 2023 and 2022. At December 31, 2023, no single investment represented 5% or more of the Plan's net position. JP Morgan Strategic Property Fund represented 5% or more of the Plan's net position restricted for pension benefit at December 31, 2022 and separately identified.

	2023	2022
Cash and short-term investments	$ 34,651,220	$ 44,653,143
Equities		
U.S. equities	314,871,154	269,673,030
Foreign equities	169,552,284	156,112,408
Equity funds	24,376,789	21,176,149
Total equities	508,800,227	446,961,587
Fixed income		
U.S. Government obligations and municipal bonds	85,428,987	80,201,923
U.S. corporate bonds	38,592,174	38,758,749
Foreign fixed income	55,999,927	55,836,818
Fixed income funds	6,774,993	8,119,212
Total fixed income	186,796,081	182,916,702
Private markets	107,274,487	90,046,443
Real estate		
JP Morgan Strategic Property Fund	47,596,495	58,625,913
Other real estate	70,845,719	78,806,233
Total real estate	118,442,214	137,432,146
Hedge funds	83,880,687	98,903,168
Real asset infrastructure fund	31,571,926	29,320,272
Security lending cash collateral	63,013,873	46,975,502
Subtotal	1,134,430,715	1,077,208,963
Liabilities		
Derivatives - net	(2,206,477)	(1,932,557)
Securities lending cash collateral	(63,013,873)	(46,975,502)
Subtotal	(65,220,350)	(48,908,059)
Total investments at fair value - net	$ 1,069,210,365	$ 1,028,300,904

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, 2023 and 2022, 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.

	2023	2022
Amount exposed to custodial credit-risk		
Investment in foreign currency	$ 788,374	$ 872,613

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, 2023 and 2022.

Quality Rating	2023	2022
Aaa	$ 38,957,336	$ 41,722,755
Aa	14,210,827	13,241,837
A	20,031,535	17,738,412
Baa	37,099,639	41,071,676
Ba	9,718,144	8,141,598
B	6,973,383	7,960,976
Caa	89,395	834,809
Not rated or unavailable	12,588,552	12,401,920
Total credit risk debt - securities	139,668,811	143,113,983
Guaranteed by U.S. Government	40,352,277	31,683,507
Fixed income funds - not rated	6,774,993	8,119,212
Total fixed income	$ 186,796,081	$ 182,916,702

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, 2023, the following table shows the investments by investment type and maturity.

	December 31, 2023					
Investment Type	Fair Value	1 Year or Less	1+ to 6 Years	6+ to 10 Years	10+ Years	Variable
Asset backed securities	$ 1,616,076	$ -	$ 1,532,804	$ 7,446	$ 75,826	$ -
Commercial mortgage backed	2,375,643	-	420,528	-	1,955,115	-
Corporate bonds	68,630,476	1,761,527	37,736,108	18,144,597	10,988,244	-
Corporate convertible bonds	932,107	-	-	932,107	-	-
Fixed income funds	6,774,993	-	-	-	-	6,774,993
Government agencies	8,170,382	-	4,420,379	1,807,760	1,942,243	-
Government bonds	40,665,543	447,925	15,680,323	13,895,434	10,641,861	-
Government mortgage backed	40,350,849	-	165,448	1,025,263	38,373,950	786,188
Government issued commercial mortgage backed	104,840	-	-	-	104,840	-
Municipal bonds	15,570,168	-	3,112,364	3,016,654	9,441,150	-
Non-government backed CMO's	1,605,004	-	-	-	1,605,004	-
Total fixed income	$ 186,796,081	$ 2,209,452	$ 63,067,954	$ 38,829,261	$ 75,128,233	$ 7,561,181

NOTE 3. INVESTMENTS (CONTINUED)

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 10 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

Investment Results

During the years ended December 31, 2023 and 2022, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were gains of $5,873,570 and $15,081,527, 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, 2023 and 2022, is presented in the following table.

	2023	%	2022	%
United Arab Emirate dirham	$ 198,946	0.1%	$ 647,222	- 0.5%
Australian dollar	10,523,340	7.6%	6,227,474	4.6%
Brazilian real	3,169,822	2.3%	2,789,308	2.1%
Canadian dollar	9,374,360	6.8%	9,695,768	7.2%
Swiss franc	1,121,815	0.8%	4,032,437	3.0%
Chilean Peso	149,450	0.1%	1,061	0.0%
HK offshore Chinese yuan renminbi	1,424,128	1.0%	3,168,268	2.4%
Danish krone	4,483,988	3.2%	4,689,395	3.5%
Euro	40,761,872	29.4%	34,761,176	25.9%
British pound sterling	12,677,559	9.1%	11,102,029	8.3%
Hong Kong dollar	10,955,909	7.9%	16,846,522	12.6%
Chinese yuan renminbi	199,317	0.1%	507,042	0.4%
Hungarian forint	143,294	0.1%	155,820	0.1%
Indonesian rupiah	2,899,927	2.1%	2,726,140	2.0%
New Israeli shekel	464,041	0.3%	366,627	0.3%
Japanese yen	28,704,386	20.7%	23,205,141	17.3%
South Korean won	3,896,031	2.8%	2,512,833	1.9%
Mexican peso	2,377,315	1.7%	2,510,102	1.9%
Norwegian krone	1,215,156	0.9%	(94,496)	- 0.1%
New Zealand dollar	(373,100)	- 0.3%	(201,761)	- 0.2%
Philippine peso	157,559	0.1%	101,285	0.1%
Polish zloty	632,752	0.5%	153,214	0.1%
Saudi riyal	526,618	0.4%	576,929	0.4%
Swedish krona	221,594	0.2%	4,219,978	3.1%
Singapore dollar	773,920	0.6%	1,153,343	0.9%
Thai baht	378,404	0.3%	781,414	0.6%
South African rand	1,595,964	1.2%	1,475,622	1.1%
Total	$ 138,654,367	100.0%	$ 134,109,893	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)

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, 2023 and 2022:

	2023		2022	
Derivative Type	Notional Amount	Fair Value	Notional Amount	Fair Value
Hedging derivative instruments				
Foreign currency forward contracts purchased	$ -	$ 214,630,370	$ -	$ 85,181,931
Foreign currency forward contracts sold	-	(215,855,877)	-	(86,904,098)
Total hedging derivative instruments	-	(1,225,507)	-	(1,722,167)
Investment derivative instruments				
Futures				
Fixed income	27,685,127	-	18,257,054	-
Swaps				
Interest rate swap	-	-	-	(62,362)
Total investment derivative instruments	27,685,127	-	18,257,054	(62,362)
Total	$ 27,685,127	$ (1,225,507)	$ 18,257,054	$ (1,784,529)

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, 2023 and 2022 is as follows:

	Fair Value	
Currency	2023	2022
Foreign currency exchange purchases		
Australian dollar	$ 15,057,137	$ 3,158,749
Canadian dollar	7,570,542	4,263,265
Swiss franc	9,381,259	2,455,089
Danish krone	25,072	-
Euro	30,607,210	11,567,504
British pound sterling	8,934,659	1,320,877
Hong Kong dollar	-	135,643
Indonesian rupiah	1,254	-
Japanese yen	8,136,031	3,126,515
South Korea won	97	-
Mexican peso	590,903	513,420
Norwegian krone	5,798,836	346,159
New Zealand dollar	7,065,148	2,414,690
Polish zloty	29,720	26,616
Swedish krona	4,878,268	2,124,386
United States dollar	116,409,772	53,573,744
South African rand	144,462	155,274
Total purchases	$ 214,630,370	$ 85,181,931

NOTE 3. INVESTMENTS (CONTINUED)

Currency	Fair Value 2023	2022
Foreign currency exchange sales		
Australian dollar	$ (13,067,960)	$ (3,447,563)
Brazilian real	(77)	(70)
Canadian dollar	(8,435,182)	(3,392,500)
Swiss franc	(13,248,584)	(1,634,624)
Euro	(38,279,798)	(28,803,380)
British pound sterling	(16,303,527)	(7,071,072)
Hong Kong dollar	(5,547)	-
Japanese yen	(7,086,613)	(2,683,357)
South Korea won	(624)	(184,914)
Mexican peso	(592,625)	(527,157)
Norwegian krone	(5,168,953)	(1,356,428)
New Zealand dollar	(10,228,275)	(6,531,916)
Swedish krona	(9,708,948)	(846,569)
Singapore dollar	-	(120,373)
United States dollar	(93,584,836)	(30,149,046)
South African rand	(144,328)	(155,129)
Total sales	$ (215,855,877)	$ (86,904,098)

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 years ended December 31, 2023 and 2022:

Derivative Type	Changes in Fair Value 2023	2022
Foreign currency forward contracts	$ (527,650)	$ 2,336,613
Futures	171,178	(1,286,199)
Rights/warrants	(120,096)	(122,222)
Swaps	(1,357,147)	892,070
Total	$ (1,833,715)	$ 1,820,262

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 58 days at December 31, 2023 and 99 days at December 31, 2022; 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 45 days at December 31, 2023 and an average weighted maturity of 50 days as of December 31, 2022. 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, 2023 and 2022, 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, 2023 and 2022, the fair value of securities loaned was as follows:

	2023	2022
Equities	$ 43,202,200	$ 30,828,635
Fixed income	25,153,718	17,754,804
Total	$ 68,355,918	$ 48,583,439

At December 31, 2023 and 2022, the securities loaned were collateralized as follows:

	2023	2022
Collateralized by cash	$ 63,013,873	$ 46,975,502
Collateralized by other than cash	6,875,450	3,069,394
Total	$ 69,889,323	$ 50,044,896

NOTE 4. SECURITIES LENDING (CONTINUED)

During the years ended December 31, 2023 and 2022, 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, 2023 (2024 ADC) and as of December 31, 2022 (2023 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 $238,725,119 for 2,643 members for 2024 and $214,083,061 for 2,624 active members for 2023 is computed as follows:

	2024	2023
Normal cost	$ 46,855,656	$ 39,398,246
30 year level dollar amortization of unfunded liability payable mid-year	133,585,082	123,374,409
Interest adjustment for May 1st payment date	8,944,150	8,691,689
Total minimum contribution	189,384,888	171,464,344
Less estimated plan member contributions	(20,557,064)	(18,059,635)
Actuarially Determined Contribution (ADC)	$ 168,827,824	$ 153,404,709

NOTE 8. NET PENSION LIABILITY OF THE PLAN

The components of the net pension liability of the Plan at December 31, 2023 were as follows:

Total pension liability	$ 3,071,576,869
Plan fiduciary net position	1,183,981,025
Net pension liability	$ 1,887,595,844
Plan fiduciary net position as a percentage of total pension liability	38.55%

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, 2023, 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	6.75 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, 2023 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, 2023, 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	5.4%
Non-U.S. equity	5.5
Global low volatility equity	4.0
Fixed income	1.1
Hedge funds	3.3
Private debt	7.4
Private equity	8.6
Real estate	3.9
Private real assets	4.7

Single Discount Rate

A Single Discount Rate of 6.63% 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 6.75% and a municipal bond rate of 3.77%. 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 2078. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2078, and the municipal bond rate was applied to all benefit payments after that date.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.63%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage-point higher:

SENSITIVITY OF NET PENSION LIABILITY
TO THE SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 5.63%	Current Single Discount Rate Assumption 6.63%	1% Increase 7.63%
Plan's net pension liability	$ 2,249,882,862	$ 1,887,595,844	$ 1,583,563,403

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, 2023 and 2022, were comprised of the following Plan surplus (deficit) balances:

	2023	2022
Prior Service Fund	$ 1,901,499,132	$ 1,666,394,497
City Contribution Fund	295,052,108	293,975,040
Salary Deduction Fund	298,382,781	296,059,772
Annuity Payment Fund and Reserve	537,265,697	529,369,565
Supplementary Payment Service	69,562	69,562
Fund Reserve - (deficit)	(1,848,288,255)	(1,658,970,051)
Net Position - Restricted for Pension Benefits	$ 1,183,981,025	$ 1,126,898,385

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. 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, 2023 and 2022 were $265,575 and $232,883, 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. 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, 2023, the right-of-use asset, net of the landlord allowance, and accumulated amortization was $730,659 and $350,772, respectively, and the lease liability at December 31, 2023 is $493,636.

NOTE 10. CAPITAL ASSETS (CONTINUED)

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

Year Ending December 31,	Principal		Interest		Total Payment	
2024	$	223,238	$	5,448	$	228,686
2025		231,382		2,293		233,675
2026		39,016		68		39,084
	$	493,636	$	7,809	$	501,445

Property and Equipment

Property and equipment detail for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
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, 2023 and 2022.

NOTE 11. 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, 2023.

NOTE 12. 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 12. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

Plan Membership - Membership of the OPEB Plan consisted of the following at December 31, 2023, 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 2023, the Plan contributed $67,522, for the pay-as-you-go benefits for the OPEB Plan. Plan members receiving benefits contributed $41,953 in 2023 or 45% of the total premiums for the year, through their required contributions of between $188 and $1,119 for medical per month based on coverage.

Actuarial Assumptions - The total OPEB liability in the December 31, 2023 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, 2023
Fiscal Year End Date:	December 31, 2023

Methods and Assumptions Used to Measure Total OPEB Liability:

Actuarial Cost Method:	Entry Age Normal
GASB 75 Discount Rate Beginning of Year:	4.05% per year
GASB 75 Discount Rate End of Year:	3.77% 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 12. 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 4.05% as of December 30, 2022, and 3.77% as of December 31, 2023, 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, 2023, were as follows:

Total OPEB liability		
Service cost	$	79,406
Interest on the total OPEB liability		70,141
Difference between expected and actual experience of the total OPEB liability		10,795
Changes of assumptions		66,862
Benefit payments		(59,522)
Net change in total OPEB liability		167,682
Total OPEB liability - beginning		1,722,030
Total OPEB liability - ending (a)	$	1,889,712

[a] Total OPEB liability as of December 31, 2023, was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions 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 3.77%, 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 2.77%	Current Discount Rate Assumption 3.77%	1% Increase 4.77%
Plan's total OPEB liability	$ 2,160,494	$ 1,889,712	$ 1,666,212

NOTE 12. 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	$ 1,613,406	$ 1,889,712	$ 2,235,883

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2023, the Plan recognized OPEB expense of $(169,867). At December 31, 2023, 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	$ 79,971	$ (1,022,639)
Assumption changes	398,306	(578,142)
Total	$ 478,277	$ (1,600,781)

NOTE 12. 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
2024	$ 101,116	$ (428,530)	$ (327,414)
2025	101,116	(428,530)	(327,414)
2026	101,116	(428,207)	(327,091)
2027	85,485	(314,257)	(228,772)
2028	49,877	(524)	49,353
2029	35,464	(524)	34,940
2030	4,103	(209)	3,894
2031	-	-	-
2032	-	-	-
Total	$ 478,277	$ (1,600,781)	$ (1,122,504)

NOTE 13. 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 13. 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. Plaintiffs then filed a motion for final judgment which allowed them to file an appeal in appellate court on June 22, 2023. Additionally, a motion by Plaintiffs for attorney fees was filed and subsequently withdrawn. The case remains with the appellate court.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 14, 2024, 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost including pension plan administrative expense	$ 35,725,109	$ 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	197,214,530	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	43,615,007	(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	158,524,109	(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	(177,562,570)	(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	(3,385,091)	(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	(3,396,505)	(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	250,734,589	(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	2,820,842,280	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	2,397,769,745
Total pension liability - ending (a)	$ 3,071,576,869	$ 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	$ 123,795,653	$ 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	19,136,631	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	98,494,522	(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	(177,562,570)	(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	(3,385,091)	(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	(3,396,505)	(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	57,082,640	(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	1,126,898,385	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	1,457,672,608
Plan fiduciary net position - ending (b)	$ 1,183,981,025	$ 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)	$ 1,887,595,844	$ 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	38.55 %	39.95 %	45.92 %	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %	64.18 %
Covered payroll	$ 238,725,119	$ 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	790.70 %	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, 2023

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

The total pension liability at the beginning of fiscal year 2023 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 total pension liability at the end of fiscal year 2023 used a Single Discount Rate of 6.63% and the benefit provisions and funding policy in effect as of the December 31, 2023, funding actuarial valuation. The Single Discount Rate of 6.63% was based on a long-term expected rate of return on pension plan investments of 6.75% for years 2024 through 2078 and a long-term municipal bond rate as of December 31, 2023, of 3.77% for subsequent years after 2078.

The change in the long-term municipal bond rate from 4.05% at December 31, 2022 to 3.77% as of December 31, 2023 and the change in the long-term expected rate of return on pension plan investments from 7.25% at December 31, 2022, to 6.75% as of December 31, 2023, caused the Single Discount Rate to decrease from 7.13% at December 31, 2022 to 6.63% at December 31, 2023.

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%
2023	3,071,576,869	1,183,981,025	1,887,595,844	38.55%	238,725,119	790.70%

** 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.*

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) ****
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
2023	153,404,709	123,795,653	29,609,056	238,725,119	51.86%	111,974,969	(11,820,684)

** 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.*

***** The contribution deficiency (excess) shown in the column is based on the City's actual contribution in relation to the Statutory Funding Policy only. Contributions made in excess of the Statutory Contribution do not indicate that the actual contribution conforms to the requirements of an Actuarially Determined Contribution (a minimum requirement for sound funding) under the Actuarial Standards of Practice.*

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

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Valuation Date	December 31, 2023

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2023

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 Fund 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, 2022 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	Post retirement 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.

Investment Rate of Return	7.25% as of the December 31, 2022 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	7.13% as of the December 31, 2022 actuarial valuation 6.63% as of the December 31, 2023 actuarial valuation

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	10.0%	-13.6%	11.8%	14.5%	17.8%	-6.4%	18.7%	5.0%	-1.5%	3.2%

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 79,406	$ 265,751	$ 252,864	$ 172,631	$ 138,109	$ 152,130
Interest on the total OPEB liability	70,141	71,977	70,737	81,350	89,080	79,003
Difference between expected and actual experience	10,795	(1,561,170)	(4,925)	110,714	14,130	-
Assumption changes	66,862	(811,163)	96,434	221,715	350,813	(146,251)
Benefit payments	(59,522)	(45,564)	(47,647)	(47,955)	(56,516)	(70,559)
Net change in total OPEB liability	167,682	(2,080,169)	367,463	538,455	535,616	14,323
Total OPEB liability - beginning	1,722,030	3,802,199	3,434,736	2,896,281	2,360,665	2,346,342
Total OPEB liability - ending (a)	$ 1,889,712	$ 1,722,030	$ 3,802,199	$ 3,434,736	$ 2,896,281	$ 2,360,665
Covered-employee payroll	$ 744,816	$ 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	253.72 %	150.85 %	323.64 %	193.78 %	164.89 %	141.33 %
Discount Rate, Beginning of Year	4.05 %	1.84 %	2.00 %	2.75 %	3.71 %	3.31 %
Discount Rate, End of Year	3.77 %	4.05 %	1.84 %	2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate, End of Year	3.77 %	4.05 %	1.84 %	2.00 %	2.75 %	3.71 %
Long - Term Municipal Bond Rate Date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 30, 2019	December 28, 2018

(a) Total OPEB liability as of December 31, 2023 was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2021. The assumptions used are based on the experience study covering the period January 1, 2017, to December 31, 2019.

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, 2023 AND 2022

	2023				2022			
	Cost Value		Fair Value		Cost Value		Fair Value	
Cash and short-term investments	$ 34,642,482	3.9%	$ 34,651,220	3.2%	$ 44,653,143	4.9%	$ 44,653,143	4.3%
U.S. equities	204,138,767	23.2%	314,871,154	29.4%	205,021,977	22.5%	269,673,030	26.2%
Foreign equities	143,279,071	16.3%	169,552,284	15.8%	146,486,634	16.1%	156,073,987	15.1%
Equity funds	13,017,967	1.5%	24,376,789	2.3%	13,885,326	1.5%	21,214,570	2.1%
U.S. Government obligations and municipal bonds	90,470,976	10.3%	85,428,987	8.0%	88,733,732	9.7%	80,201,923	7.8%
U.S. corporate bonds	41,748,712	4.7%	38,592,174	3.6%	45,079,669	5.0%	38,758,749	3.8%
Foreign fixed income securities	59,167,298	6.7%	55,999,927	5.2%	64,009,556	7.0%	55,836,818	5.4%
Fixed income funds	6,971,768	0.8%	6,774,993	0.6%	8,739,127	1.0%	8,119,212	0.9%
Private markets	91,473,380	10.4%	107,274,487	10.0%	82,429,174	9.1%	90,046,443	8.7%
Real estate	101,693,568	11.6%	118,442,214	11.1%	99,041,158	10.9%	137,432,146	13.3%
Hedge funds	66,968,500	7.6%	83,880,687	7.8%	85,057,710	9.3%	98,903,168	9.6%
Real asset infrastructure fund	26,620,665	3.0%	31,571,926	2.9%	27,007,388	3.0%	29,320,272	2.8%
Invested assets at cost/fair value	$ 880,193,154	100.0%	$ 1,071,416,842	100.0%	$ 910,144,594	100.0%	$ 1,030,233,461	100.1%

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

SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

SCHEDULES OF ADMINISTRATIVE EXPENSES, INVESTMENT EXPENSES AND PROFESSIONAL SERVICES

Schedules of Administrative and OPEB Expenses

	2023	2022
Personnel services	$ 2,333,861	$ 2,356,008
Occupancy and utilities	244,015	241,715
Professional services	360,688	403,071
OPEB expense	(169,867)	629
Insurance	241,305	229,027
Depreciation expense	175,386	175,386
Litigation expense	25,171	35,020
Supplies and equipment	85,220	66,331
Printing and technical services	19,410	20,132
Telecommunications and internet	19,915	18,837
Miscellaneous	21,641	18,889
Postage	18,670	12,397
Disaster recovery	4,600	11,040
Interest expense	8,490	10,361
Department of Insurance compliance fee	8,000	8,000
Total	$ 3,396,505	$ 3,606,843

Schedules of Investment Expenses

	2023	2022
Investment management fees	$ 5,938,415	$ 6,483,971
Other investment expenses	645,263	177,311
Investment consultant fee	265,000	258,333
Investment custody fee	214,300	212,703
Total	$ 7,062,978	$ 7,132,318

Schedules of Professional Services

	2023	2022
Actuarial valuation	$ 69,750	$ 66,283
Auditing	46,056	44,419
Benefit check production	89,425	91,265
Custom software development	45,281	25,725
Legal services	50,701	102,113
Legislative consultant	36,000	36,000
Medical consultant	22,185	35,916
IT consultant	1,290	1,350
Total	$ 360,688	$ 403,071

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Investment Management Fees		
ARGA	$ 111,776	$ -
Ariel Investment, LLC	165,215	151,427
ASB Capital Management LLC	332,397	389,411
Attucks Asset Management, LLC	375,854	449,281
Ballie Gifford Oversees Ltd	257,868	270,224
Baird Advisors	-	14,952
Brightwood Capital Advisors, LLC	184,109	341,342
Core Capital	42,511	42,068
EntrustPermal Partners	25,063	24,878
Fairview Capital	85,500	85,500
Fiera Capital Inc.	175,564	177,172
Glouston Capital Partners	74,199	98,932
HarborVest Partners	58,178	55,771
Hopewell Partners, LLC	-	8,389
JP Morgan Chase Bank, N.A.	507,549	586,456
Lazard Asset Management	126,781	151,108
Levine Leichtman Capital Partners, LLC	155,326	168,180
Lighthouse Investment Partners, LLC	261,172	249,349
LM Capital Group, LLC	173,913	193,590
Long Wharf Real Estate Partners LLC	180,368	225,857
Mesirow Financial Private Equity Advisors, Inc.	25,568	34,364
Mesirow Financial Investment Management, Inc.	191,532	197,826
Neuberger Berman Investment Advisers LLC	329,314	331,899
Nuveen Asset Management	118,518	240,598
Palladium Capital Management V, LLC	170,559	237,543
Pantheon Ventures (US) LP	129,140	143,489
Partners Group, Inc.	273,905	187,292
Pluscios Management LLC	-	18,941
Ramirez Asset Management, Inc.	88,726	72,648
RhumbLine Advisers Limited Partnership	29,245	29,092
Ullico Investment Advisors, Inc.	418,887	458,353
Victory Park Capital Advisors, LLC	126,564	103,626
Vontobel Asset Management, Inc.	154,967	166,690
Wasatch Advisors Inc.	391,785	383,160
William Blair & Company, LLC	196,362	194,564
Total investment management fees	5,938,415	6,483,971
Other Investment Expenses		
Exchange and other expenses	645,263	177,311
Investment Consultant Fee		
Marquette Associates, Inc.	265,000	258,333
Investment Custody Fee		
Northern Trust Company	214,300	212,703
Total investment expenses	$ 7,062,978	$ 7,132,318