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

A Component Unit of the Chicago Park District
Financial Report and Supplementary Information

December 31, 2021 and 2020

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Fund), a component unit of the Chicago Park District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2021 and 2020, and the changes in financial 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 rise substantial doubt about the the Fund'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.

Auditors' 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 auditors' report that includes our opinions. 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 include 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 Fund'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 audit 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 as a whole.

Baker Tilly US, LLP

Chicago, Illinois
June 27, 2022

Management's Discussion and Analysis

Management Discussion and Analysis for the Year Ended December 31, 2021

The Management Discussion and Analysis (MD&A) of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Fund) financial performance provides an overview and analysis of the Fund's financial activities for the years ended December 31, 2021 and 2020. Please read the MD&A in conjunction with the basic financial statements and the accompanying note disclosures to have a better understanding of the financial condition and performance of the Fund. Information provided for the year ended December 31, 2020 is presented for comparative purposes only.

Using this Report

The Management Discussion and Analysis introduces the Fund's basic financial statements. The basic financial statements include the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position, which are prepared on an accrual basis of accounting in accordance with Government Accounting Standards Board (GASB) pronouncements and reflect the Fund's overall financial condition.

The Statements of Fiduciary Net Position reports the Fund's assets at fair value and liabilities as amounts owed as of the statement date, resulting in the net position restricted for pension benefits.

The Statements of Changes in Fiduciary Net Position illustrate the additions and deductions made to the Fund during the statement date. These additions include employee and employer contributions, as well as net investment income. The deductions consist of benefit payments, refunds of contributions and administrative and general expenses. The net result indicates an increase or decrease in Fund net position restricted for pension benefits.

The accompanying notes are an integral part of the financial statements. They provide information essential to achieve full understanding of the Fund's financial statements.

The required supplementary information, presented following the notes to the financial statements, is required by GASB. These schedules offer the reader additional details, which may be useful in evaluating the financial condition and performance of the Fund. The schedules include the Schedule of Changes in Employer's Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, the Schedule of Investment Returns, as well as related disclosures. Other supplementary information consists of schedules of Tax Levies Receivable, Administrative and General Expenses, Professional Expenses, and Investment Expenses.

Financial Highlights

a) The Fund's fiduciary net position increased during the year by $66.4 million or 19.0 percent compared to a decrease of $6.3 million or 1.8 percent for the year ended December 31, 2020.
b) The Fund's 2021 investment return of 14.6 percent exceeded the portfolio's annual targeted rate of return of 7.25 percent.
c) The Fund's five-year rate of return of 9.9 percent exceeded the portfolio's annual targeted rate of return of 7.25 percent.
d) The Fund's ten-year rate of return of 9.5 percent exceeded the portfolio's annual targeted rate of return of 7.25 percent.
e) For the year ended December 31, 2021, the additions to the Fund's fiduciary net position of $148.7 million is $74.0 million more than the year ended December 31, 2020 additions.
f) For the year ended December 31, 2021, the deductions to the Fund's fiduciary net position of $82.3 million is $1.4 million more when compared to the deductions for the year ended December 31, 2020.
g) The Fund's actuarially computed funded ratio is 32.0 percent at December 31, 2021, which is 3.3 percent more than at December 31, 2020.

Management's Discussion and Analysis (Continued)

Net Position Restricted for Pension Benefits

The Fund's net position restricted for pension benefits at December 31, 2021 is $414,658,650. This is $66,364,135 more than the December 31, 2020 net position restricted for pension benefits of $348,294,515. This compares to a decrease of $6,261,773 for the year ended December 31, 2020. The statutorily required contribution due from employer is the tax levy that is paid by the Chicago Park District. Under the current law, the tax multipliers used for the 2021, 2020 and 2019 tax levies were 1.1 times the amount of employee contributions received from two years prior. Employee contributions in the year 2020 were less than previous years due to the hiring freeze brought on the global pandemic. This decrease in contributions received is the direct result of the decrease in contributions due from employer in the current year. The Fund's investment portfolio increases and decreases from year to year depending on the strength of the financial markets. Fortunately, the Fund's diversified portfolio was able to produce strong positive returns for the year. The following tables are comparative summaries of fiduciary net position restricted for pension benefits:

Statements of Fiduciary Net Position – Current Year

	December 31, 2021	December 31, 2020	Increase (Decrease)
Assets			
Contributions due from employer	$ 13,566,840	$ 14,376,581	$ (809,741)
Miscellaneous receivables and other assets	6,245,375	5,934,932	310,443
Property and equipment	124,839	131,686	(6,847)
Investments, at fair value	396,037,174	329,229,908	66,807,266
Invested securities lending collateral	16,779,808	16,670,194	109,614
Total assets	$432,754,036	$366,343,301	$ 66,410,735
Liabilities			
Accrued expense and other liabilities	$ 1,315,578	$ 1,378,592	$ (63,014)
Securities lending collateral	16,779,808	16,670,194	109,614
Total liabilities	$ 18,095,386	$ 18,048,786	$ 46,600
Fiduciary net position restricted for pension benefits	$414,658,650	$348,294,515	$ 66,364,135

Statements of Fiduciary Net Position – Prior Period

	December 31, 2020	December 31, 2019	Increase (Decrease)
Assets			
Contribution due from employer	$ 14,376,581	$ 14,572,731	$ (196,150)
Miscellaneous receivables and other assets	5,934,932	6,720,620	(785,688)
Property and equipment	131,686	145,461	(13,775)
Investments, at fair value	329,229,908	334,338,923	(5,109,015)
Invested securities lending collateral	16,670,194	19,769,592	(3,099,398)
Total assets	$366,343,301	$375,547,327	$ (9,204,026)
Liabilities			
Accrued expense and other liabilities	$ 1,378,592	$ 1,221,447	$ 157,145
Securities lending collateral	16,670,194	19,769,592	(3,099,398)
Total liabilities	$ 18,048,786	$ 20,991,039	$ (2,942,253)
Fiduciary net position restricted for pension benefits	$348,294,515	$354,556,288	$ (6,261,773)

Management's Discussion and Analysis (Continued)

Changes in Fiduciary Net Position

The Fund's total additions during the year ended December 31, 2021 increased by $73,978,386 as compared to a decrease of $17,673,120 for the year ended December 31, 2020. Even during times of instability within the financial markets over the past few years, the Fund has remained steadfast in our convictions to our diversified investment strategy and has recorded a net investment gain during the year of $53,108,732 as compared to net investment gain of $28,131,778 in 2020 and a net investment gain of $52,032,781 in 2019. Additions from employer contributions increased from $33,939,927 in 2020 to $83,349,261 in 2021. The Chicago Park District recognizes the financial burden the Fund is currently facing. In 2021, Public Act 102-0263 was signed into law which required the Chicago Park District to make a $40 million supplement employer contribution to the Fund. In 2021, 2020 and 2019, the Fund also received voluntary contributions from the Chicago Park District in addition to the tax levy of approximately $29.7 million, $20.7 million, and $13.0 million, respectively. The employee contributions decreased slightly during the year from $12,634,900 in 2020 to $12,226,998 in 2021. Due to the COVID-19 global pandemic, the Chicago Park District was on a hiring freeze for the first half of 2021, which resulted in fewer employee contributions.

The number of retirees and beneficiaries has decreased from 2,843 and 2,775 in 2019 and 2020, respectively, to 2,752 in 2021. During the year, the Fund experienced an increase of applications for retirement than in the prior year but still saw a significant amount of deaths. While the Fund's total number of retirees and beneficiaries decreased slightly, the total benefit payments in 2021 increased in comparison to 2020 mainly due to annual increases. The following tables are comparative summaries of changes in fiduciary net position restricted for pension benefits:

Statements of Changes in Fiduciary Net Position – Current Year

	December 31, 2021	December 31, 2020	Increase (Decrease)
Additions			
Employer contributions	$ 83,349,261	$ 33,939,927	$ 49,409,334
Employee contributions	12,226,998	12,634,900	(407,902)
Net investment (loss) income (includes security lending activities)	53,108,732	28,131,778	24,976,954
Total additions	$ 148,684,991	$ 74,706,605	$ 73,978,386
Deductions			
Retirement benefits	$ 65,655,719	$ 64,754,238	$ 901,481
Spousal benefits	12,126,482	12,298,065	(171,583)
Child benefits	17,400	21,250	(3,850)
Disability benefits	459,127	377,695	81,432
Death benefits	277,500	311,000	(33,500)
Total benefits	78,536,228	77,762,248	773,980
Refund of contributions	2,066,616	1,607,760	458,856
Administrative and general expenses	1,718,012	1,598,370	119,642
Total deductions	$ 82,320,856	$ 80,968,378	$ 1,352,478
Net increase (decrease)	66,364,135	(6,261,773)	72,625,908
Beginning of year net position	348,294,515	354,556,288	(6,261,773)
End of year net position	$414,658,650	$348,294,515	$ 66,364,135

Management's Discussion and Analysis (Continued)

Changes in Fiduciary Net Position (Continued)

Statements of Changes in Fiduciary Net Position – Prior Period

	December 31, 2020	December 31, 2019	Increase (Decrease)
Additions			
Employer contributions	$ 33,939,927	$ 27,682,089	$ 6,257,838
Employee contributions	12,634,900	12,664,855	(29,955)
Net investment (loss) income (includes security lending activities)	28,131,778	52,032,781	(23,901,003)
Total additions	$ 74,706,605	$ 92,379,725	$(17,673,120)
Deductions			
Retirement benefits	$ 64,754,238	$ 63,644,273	$ 1,109,965
Spousal benefits	12,298,065	12,187,742	110,323
Child benefits	21,250	18,450	2,800
Disability benefits	377,695	387,046	(9,351)
Death benefits	311,000	228,500	82,500
Total benefits	77,762,248	76,466,011	1,296,237
Refund of contributions	1,607,760	2,084,438	(476,678)
Administrative and general expenses	1,598,370	1,528,861	69,509
Total deductions	$ 80,968,378	$ 80,079,310	$ 889,068
Net increase (decrease)	(6,261,773)	12,300,415	(18,562,188)
Beginning of year net position	354,556,288	342,255,873	12,300,415
End of year net position	$348,294,515	$354,556,288	$ (6,261,773)

Actuarial Update

The actuarial valuation for the year ended December 31, 2021 includes the changes in actuarial assumptions and methods recommended by the Fund's actuary, Segal Consulting, and adopted by the Board of Trustees in 2018. The valuations for 2021 and 2020 also reflect GASB 67 requirements that improve financial reporting for local governmental pension plans. The notes to the financial statements include information about the individual components of the Fund's net pension liability. The net pension liability is equal to the difference between the total pension liability and the Fund's fiduciary net position. The Fund's required supplementary information provides the reader with a more enhanced look on how the total pension liability, the fiduciary net position and net pension liability is measured.

The Fund's actuarially computed funded ratio is 32.0 percent at December 31, 2021, which is 3.3 percent more than at December 31, 2020. The funded ratio is based on the percentage of the actuarial value of assets available to pay the actuarial accrued liability.

Management's Discussion and Analysis (Continued)

Investment Performance

The Fund's annual investment return for the year ended December 31, 2021 was 14.6 percent, which is higher than the 9.3 percent return reported for the year ended December 31, 2020, but lower than the 17.0 percent return reported for the year ended December 31, 2019. In 2021, every asset class in the investment portfolio, other than fixed income, generated positive returns for the year. The Fund's U.S. equity portfolio, which returned 27.5 percent and the International equity portfolio, which returned 9.7 percent, were the primary drivers of the Fund's return in 2021. Performance in 2021 was also helped by strong returns in the Fund's Private Equity portfolio, which returned 29.4 percent, the Fund's Real Estate portfolio, which returned 17.9 percent, and the Fund's Infrastructure portfolio which returned 13.5 percent. The Fund's 14.6 percent return for 2021 underperformed its performance benchmark by approximately 110 basis points. The Fund's underperformance vs. its benchmark in 2021 was driven by the underperformance of the Private Equity and Real Estate portfolios relative to their benchmarks, as well as the Fund's underweights to both asset classes relative to its policy benchmark. In addition, the Fund's overweight to cash weighed on performance. Over the trailing three-year period, the Fund underperformed its performance benchmark by 110 basis points. Over the trailing five-year period, the Fund underperformed its performance benchmark by 90 basis points. Over the trailing ten-year period, the Fund returned 9.5 percent, outperforming the performance benchmark by 20 basis points, outperforming the 7.25 percent actuarial rate of return, and ranked in the 55th percentile as measured against its peers.

Supplemental Employer Contributions

In 2021, in addition to the contributions required by 40 ILCS 5/12-149, the employer budgeted a supplemental contribution of $29.7 million to the Fund. On August 6, 2021, Public Act 102-0263 was signed into law which required the Chicago Park District to contribute a $40 million supplement contribution, for a total employer contribution of $83.3 million in 2021. In 2020, in addition to the contributions required by 40 ILCS 5/12-149, the employer made a supplemental contribution of $20.7 million to the Fund, for total employer contributions of $33.9 million. In 2019, in addition to the contributions required, the employer made a supplemental contribution of $13.0 million to the Fund, for total employer contributions of $27.7 million. Starting in 2022, the Chicago Park District will make employer contributions calculated on an actuarial basis instead of a multiple of employee contributions. This is to ensure that the Fund is 100% funded within 35 years.

Contacting the Fund's Financial Management

This report is intended to provide a general overview of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago for its employees and other interested parties. If you have questions, requests, or need additional information, please visit the Fund's website at www.chicagoparkpension.org or contact the Fund at 3500 S. Morgan Street, Suite 400, Chicago, IL 60609.

Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Statements of Fiduciary Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Receivables:		
Contributions from employer	$ 13,566,840	$ 14,376,581
Employee contributions	305,713	262,539
Workers' compensation offset of duty disability benefits, net of allowance for loss of $16,615 in 2021 and 2020	63,934	55,067
Accrued investment income	221,950	214,752
Miscellaneous receivables	72,277	21,148
Total receivables	14,230,714	14,930,087
Investments, at fair value:		
Common stocks	52,485,719	46,568,393
Fixed income	25,851,555	27,974,249
Collective investment funds	127,783,646	107,283,908
Mutual funds	20,423,662	18,355,546
Hedged equity	29,066,132	25,951,241
International equity	24,580,477	21,343,216
Private equity	24,296,348	20,885,335
Real estate	32,743,837	31,443,567
Infrastructure	37,319,370	24,460,163
Short-term investments	21,486,428	4,964,290
Total investments, at fair value	396,037,174	329,229,908
Invested securities lending collateral	16,779,808	16,670,194
Property and equipment, net	124,839	131,686
Prepaid annuity benefits	5,528,333	5,349,711
Other prepaid expenses	53,168	31,715
	5,581,501	5,381,426
Total assets	$ 432,754,036	$ 366,343,301

See notes to financial statements

Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Statements of Fiduciary Net Position
December 31, 2021 and 2020

	2021	2020
Liabilities		
Accounts payable	$ 353,081	$ 488,079
Accrued benefits payable	886,252	805,298
Accrued payroll liabilities	45,023	46,022
Unamortized rent abatement	31,222	39,193
Securities lending collateral	16,779,808	16,670,194
Total liabilities	18,095,386	18,048,786
Net Position		
Net position restricted for pension benefits	$ 414,658,650	$ 348,294,515

See notes to financial statements

Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Additions		
Contributions:		
Employer contributions	$ 83,349,261	$ 33,939,927
Employee contributions	12,226,998	12,634,900
Total contributions	95,576,259	46,574,827
Investment income:		
Net appreciation in fair value of investments	47,381,030	23,730,507
Interest	812,437	1,370,695
Dividends	778,145	748,054
Partnership and real estate income	5,734,697	3,812,192
	54,706,309	29,661,448
Less investment expense	1,617,207	1,590,121
Net income from investing activities	53,089,102	28,071,327
Security lending activities:		
Securities lending income	38,248	222,105
Borrower rebates	(3,609)	(118,869)
Bank fees	(15,464)	(42,855)
Net Income from securities lending activities	19,175	60,381
Other income	455	70
Total additions	$ 148,684,991	$ 74,706,605

See notes to financial statements

Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Deductions		
Benefits:		
Annuity payments	$ 77,799,601	$ 77,073,553
Disability and death benefits	736,627	688,695
Total benefits	78,536,228	77,762,248
Refunds of contributions	2,066,616	1,607,760
Administrative and general expenses	1,718,012	1,598,370
Total deductions	82,320,856	80,968,378
Net increase (decrease)	66,364,135	(6,261,773)
Net Position Restricted for Pension Benefits		
Beginning of year	348,294,515	354,556,288
End of year	$ 414,658,650	$ 348,294,515

See notes to financial statements

1. Summary of Significant Accounting Policies

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Fund) is the administrator of a single employer defined benefit plan (PERS) established by the State of Illinois to provide annuities and benefits for substantially all employees of the Chicago Park District.

The accounting policies of the Fund conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

As defined by 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 appointed 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 Fund has no component units. The Fund is considered a component unit fund of the Chicago Park District and, as such, is included in the Chicago Park District's financial statements as a pension trust fund. Accordingly, these financial statements present only the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund and are not intended to present fairly the financial position of the Chicago Park District and the result of its operations in conformity with generally accepted accounting principles.

Fund Accounting

The Fund uses a fund to report on its fiduciary net position and the changes in its fiduciary net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Fund is classified in this report in the fiduciary category.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet.

The Pension Fund is accounted for using the accrual basis of accounting. Consequently, its additions are recognized when they are earned and its deductions are recognized when they are incurred. The financial statements are prepared using the accrual basis of accounting.

Investments

Income on all investments is recognized on the accrual basis. Gains and losses on sales and exchanges of investments are recognized on the transaction date of such sale or exchange. Dividend income is recognized based on the dividends declared.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair values for bonds, stocks and mutual funds are determined by quoted market prices. Investments for which market quotations are not readily available are valued at their fair values as determined by the bank administrator under the direction of the Board of Trustees, with the assistance of a valuation service.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

Capital Assets

Capital assets, which include property and equipment are defined by the government as the cost of any major outlays for additions and improvements. Depreciation has been provided using the straight-line method over periods ranging from 3-7 years. Leasehold improvements are amortized using the straight-line method over the remaining term of the lease.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Risk and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Administrative Expenses

Administrative expenses are budgeted and approved by the Fund's Board of Trustees. Funding for these expenses is included in the employer contributions as determined by the annual actuarial valuation.

2. Plan Description

Plan Administration

The Fund is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and minimum employer contributions are governed by Illinois Compiled Statutes (40 ILCS 5/12-1) and may be amended only by the Illinois legislature.

The Plan is governed by a seven-member board. Three members are appointed by the park commissioner's and four members of the board are elected from among the employees.

Plan Membership

At December 31, 2021 and 2020, membership of the Fund was as follows:

	2021	2020
Retirees and beneficiaries currently receiving benefits	2,752	2,775
Vested terminated members entitled to benefits	169	158
Current employees	2,694	2,890

Benefits Provided

As provided for in the Illinois Compiled Statutes, the Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees that contributed prior to January 1, 2011 and Tier 2 is for employees that contributed after that date. The following is a summary of the Fund as provided for in Illinois Compiled Statutes.

Tier 1

Covered employees attaining the age of 50 or more with ten or more years of creditable service are entitled to receive a service retirement pension. The retirement pension is based upon the average of the four highest consecutive years of salary within the last ten years of service. If the employee retirees prior to the attainment of age 60, the rate associated with the service is reduced by one-quarter percent for each full month the employee is under age 60. There is no reduction if the participant has 30 years of service. Employees with four years of service at age 60 may receive a retirement benefit.

Tier 2

Covered employees attaining the age of 62 or more with ten or more years of creditable service are entitled to receive discounted service retirement pension. Employees attaining the age 67 or more, with at least 10 years of service are entitled to receive a nondiscounted annuity benefit. The annuity is discounted one-half percent for each full month the employee is under age 67. The retirement pension is based upon the average of the eight highest consecutive years of salary within the last ten years of service prior to retirement. Pensionable salary is limited to and $116,740 in 2021 and $115,929 in 2020.

Post-Retirement Increase

Tier 1

An employee annuitant under Tier 1 who retirees at age 50 or older with at least 30 years of service is eligible to receive an increase of three percent, based on the annuity granted at retirement, payable following the first 12 months of benefits on either the next January or July. If the employee annuitant retires before the age of 60 with less than 30 years of service, then the increases begin on the January or July following the later of the attainment of age 60 or 12 months of benefits received.

Tier 2

An employee annuitant under Tier 2 that is eligible to receive an increase in the annuity benefit, shall receive an annual increase equal to the lesser of three percent or one-half the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12 month period ending with the September preceding the increase. The increase is based on the amount of the originally granted benefit (simple). This increase begins after age 67 on the first January following one full year of benefits received.

Surviving Spouse Pension

Tier 1

Upon the death of an employee annuitant under Tier 1, the surviving spouse, meeting certain eligibility requirements, is entitled to a spousal annuity. The surviving spouse is entitled to the lesser of a money purchase calculation, 50 percent of the highest salary or 75 percent of the granted annuity. With 20 years of service, the entitlement becomes the higher of the eligible money purchase calculation or 50 percent of retiree's annuity at the time of death. The surviving spouse is also eligible to receive an increase of three percent compounded, on the January following one full year after the date of death of the employee or annuitant.

Tier 2

The annuity payable to the surviving spouse of an employee annuitant under Tier 2 is equal to 66 2/3 percent of the participant's earned retirement annuity at the time of death without reduction due to age. The surviving spouse is also eligible to receive an increase equal to the lesser of three percent or one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12 month period ending with the September preceding the increase, on the January following one full year after the date of death of the employee or annuitant.

Child Annuity

Under Tier 1 and Tier 2, unmarried children under the age of 18 of a deceased employee or annuitant having at least two years of service are entitled to a benefit. The child's annuity is an amount equal to $100 a month when there is a surviving spouse or $150 when there is no surviving spouse, subject to maximum limitations.

Ordinary Disability Benefit

Under Tier 1 and Tier 2, an employee who becomes disabled as the result of any cause other than an accidental injury incurred while in the performance of an act of duty is entitled to an ordinary disability benefit at the amount equal to 45 percent of the employee's annual salary at the time of disablement. An employee can receive ordinary disability for a period equal to one fourth of his/her service credits up to a maximum of five years, exclusive of the disability period. Tier 2 participants have salary limitations similar to employee contributions.

Duty Disability Benefit

Under Tier 1 and Tier 2, an employee who becomes disabled as the result of a work related injury incurred while in the performance of an act of duty is entitled to a duty disability benefit in the amount equal to 75 percent of the employee's annual salary at the time of injury, reduced by any benefits received by the employee under the provisions of the Workers' Compensation Act. Tier 2 participants have salary limitations similar to employee contributions.

Contributions

Participants are required by Illinois Compiled Statutes (ILCS) to contribute 9.0 percent of their salary to the Fund except for those participants hired on or after January 1, 2022. Participants hired after January 1, 2022 are required to contribution 11.0 percent of their salary. If a participant leaves covered employment before the age of 55, accumulated participant contributions are refundable without interest. For payment year 2021, the District is required by state statute to contribute to the Fund one-fourth of the amount, as determined by an actuary retained by the Fund, equal to the sum of (i) the Park District's portion of the projected normal cost for that fiscal year, plus (ii) an amount determined by an actuary retained by the Fund, using a 35-year period starting on December 31, 2020 with the entry age normal actuarial cost method, that is sufficient to bring the total actuarial assets of the Fund up to 100% of the total actuarial accrued liabilities of the Fund by the end of 2055. In accordance with state statute, by 2059, the Fund should be 100% funded and going forward the District is required to contribute amounts each year to remain 100% funded. The District has no legal obligations to fund pension costs above that allowed by statute. The District's contributions to the Fund were $83,349,261 and $33,939,927 for the years ended December 31, 2021 and 2020, respectively.

3. Deposits and Investments

Investment Policy

Illinois Compiled Statutes authorize the Fund to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, corporate and municipal debentures and obligations, insured mortgage notes and loans, mutual funds meeting certain requirements, common and preferred stocks, stock options, real estate, collective investment funds and private equity partnerships. The Fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The Fund's policy in regard to the allocation of invested assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Fund's investment policy discourages the use of cash equivalents, except to meet liquidity needs and aims to refrain from dramatically shifting asset class allocations over the short term.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 and 2020 are summarized below in the following table:

	2021		2020	
Asset Class	Target	Long-Term Expected Real Rate of Return	Target	Long-Term Expected Real Rate of Return
Fixed income	17.5 %	0.40 %	20.5 %	1.15 %
Domestic equity	28.5	6.40	28.5	6.40
International equity	17.8	6.80	18.0	7.05
Emerging market	2.2	8.50	2.0	9.00
Hedge equity	7.0	2.75	7.0	3.32
Private equity	7.0	10.40	7.0	10.40
Real estate/real assets	10.0	3.90	10.0	4.50
Infrastructure	10.0	5.40	7.0	5.75

Fair Value of Investments

The Fund's investments are reported at fair value in the accompanying statement of fiduciary net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

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 short-term investment securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 or Level 3 are valued using matrix pricing techniques maintained by the various pricing vendors. Matrix pricing is used to value securities based on the securities relationship to a benchmark's quoted price. Equity securities classified in Level 2 are securities with a theoretical price calculated by applying a standardized formula to derive a price from a related security.

Equity securities classified in Level 2 are valued with last trade data having limited trading volume.

The valuation method for certain fixed income and alternative investments is based on the investments' NAV per share (or its equivalent), provided by the investment managers. The NAV is based on the fair value of the underlying investments held by the Fund less its liabilities. This practical expedient is not used when it is determined to be probable that the Fund will sell the investment for an amount different than the reported NAV.

The following tables summarizes the valuation of the Fund's investments by the fair value hierarchy levels for the years ended December 31, 2021 and 2020:

	2021			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at fair value				
Equity securities:				
Common stock	$ 52,485,718	$ 62,647,394	$ -	$ 115,133,112
Common stock, foreign	20,423,662	31,267,354	-	51,691,016
Total equity securities	72,909,380	93,914,748	-	166,824,128
Debt securities:				
Government bonds	-	5,472,483	-	5,472,483
Government agencies	-	1,703,484	-	1,703,484
Corporate bonds	-	11,306,534	49	11,306,583
Government mortgage-backed securities	-	6,011,911	-	6,011,911
Index linked government bonds	-	1,357,094	-	1,357,094
Total debt securities	-	25,851,506	49	25,851,555
Short-term investment securities:				
Funds short-term investments	21,486,428	-	-	21,486,428
Total short-term investment securities	21,486,428	-	-	21,486,428
Total investments measured by fair value level	$ 94,395,808	$ 119,766,254	$ 49	214,162,111
Investments measured at net asset value (NAV):				
Hedged equity				29,066,132
Collective investment funds				33,868,899
International equity				24,580,477
Private equity				24,296,348
Real estate				32,743,837
Infrastructure				37,319,370
Total investments measured at NAV				181,875,063
Total investments measured at fair value				$ 396,037,174
Collateral from securities lending		$ 16,779,808		$ 16,779,808

Investment Type	2020 Level 1	2020 Level 2	2020 Level 3	2020 Total
Investments measured at fair value				
Equity securities:				
Common stock	$ 46,492,783	$ 51,208,980	$ -	$ 97,701,763
Common stock, foreign	18,355,546	29,843,179	-	48,198,725
Total equity securities	64,848,329	81,052,159	-	145,900,488
Debt securities:				
Government bonds	-	10,817,301	-	10,817,301
Government agencies	-	1,073,332	-	1,073,332
Corporate bonds	-	10,581,011	26	10,581,037
Government mortgage-backed securities	-	5,083,696	-	5,083,696
Index linked government bonds	-	418,883	-	418,883
Total debt securities	-	27,974,223	26	27,974,249
Short-term investment securities:				
Funds short-term investments	4,964,290	-	-	4,964,290
Total short-term investment securities	4,964,290	-	-	4,964,290
Total investments measured by fair value level	$ 69,812,619	$ 109,026,382	$ 26	178,839,027
Investments measured at net asset value (NAV):				
Hedged equity				25,951,241
Collective investment funds				26,307,359
International equity				21,343,216
Private equity				20,885,335
Real estate				31,443,567
Infrastructure				24,460,163
Total investments measured at NAV				150,390,881
Total investments measured at fair value				$ 329,229,908
Collateral from securities lending		$ 16,670,194		$ 16,670,194

Investments measured at NAV for fair value are not subject to level classification. The valuation methods for investments measured at the NAV per share (or its equivalent) for the years ended December 31, 2021 and 2020 are presented on the following tables:

	2021			
Investments Measured at Net Asset Value (NAV)	**Fair Value**	**Underfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Hedged equity	$ 29,066,132	$ -	Monthly	5 days
International equity	24,580,477	-	Daily/Quarterly	5-30 days
Private equity	24,296,348	7,944,992	N/A	N/A
Real estate	32,743,837	-	Quarterly	60-90 days
Infrastructure	37,319,370	-	Quarterly	90 days
Collective investment funds	33,868,899	-	Daily	1-3 days

	2020			
Investments Measured at Net Asset Value (NAV)	**Fair Value**	**Underfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Hedged equity	$ 25,951,241	$ -	Monthly	5 days
International equity	21,343,216	-	Daily/Quarterly	5-30 days
Private equity	20,885,335	12,132,839	N/A	N/A
Real estate	31,443,567	-	Quarterly	60-90 days
Infrastructure	24,460,163	-	Quarterly	90 days
Collective investment funds	26,307,359	-	Daily	1-3 days

Hedged Equity

The hedged equity investment consists of one open-end long/short equity hedge fund of funds portfolio that primarily invests both long and short in publicly traded US equities.

International Equity

The international equity investment consists of two fund's portfolio that primarily invests both long and short in publicly traded international equities.

Private Equity Partnerships

The private equity investments consist of ten closed-end limited partnership private equity fund of funds. Generally, the types of partnership strategies included in these portfolios are venture capital, buyouts, special situations, mezzanine, and distressed debt. Private equity partnerships have an approximate life of 10-15 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying investments are realized. The Fund has no plans to liquidate the total portfolio.

Real Estate

The real estate investments consists of two core open-end real estate funds and one value-added open-end real estate fund that primarily invest in U.S. commercial real estate.

Infrastructure

The infrastructure investments consist of two core open-end infrastructure funds that primarily invest in global infrastructure assets.

The Fund shall apply the prudent investor rule in investing for funds under its supervision. The prudent investor rule means that in making investments, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion and intelligence exercises in the management of large investments entrusted to it, with regards to preservation of capital and income and not speculation. The funds belonging to the Fund must be invested exclusively for the benefit of their members and in accordance with the respective Fund's investment goals and objectives.

Collective Investment Funds

The collective investment funds consist of core plus fixed income commingled fund and an opportunistic fixed income commingled fund that primarily invest in US dollar denominated bonds with exposure to both investment grade and below investment grade securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Fund does not maintain a policy relative to interest rate risk. The Board of Trustees recognized that its investments are subject to short-term volatility. However, their goal is to maximize total return within prudent risk parameters.

As of December 31, 2021, the Fund's investments were as follows (expressed in thousands):

		Maturity (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Corporate bonds	$ 11,307	$ -	$ 3,479	$ 5,210	$ 2,618
Government agencies	1,704	100	1,382	222	-
Government bonds	5,472	-	1,248	2,742	1,482
Index linked government bonds	1,357	-	345	439	573
Government mortgage backed	6,012	-	21	366	5,625
Total	$ 25,852	$ 100	$ 6,475	$ 8,979	$ 10,298

As of December 31, 2020, the Fund's investments were as follows (expressed in thousands):

		Maturity (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Corporate bonds	$ 10,581	$ 302	$ 2,991	$ 5,651	$ 1,637
Government agencies	1,073	-	586	487	-
Government bonds	10,817	430	3,426	3,501	3,460
Index linked government bonds	419	-	-	419	-
Government mortgage backed	5,084	-	57	271	4,756
Total	$ 27,974	$ 732	$ 7,060	$ 10,329	$ 9,853

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMOs), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Fund's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity.

Investments that represent five percent or more of the Fund's net position (except those issued or guaranteed by the U.S. Government) are separately identified as follows:

	2021	**2020**
Collective investment funds, common stock:		
NTGI QM collective daily US market cap equity	$ 50,377,620	$ 41,374,954
NTGI QM collective daily all country world index	22,856,315	21,171,394
Mackay Shields Core Plus Bond CIT – CL 1	26,285,714	19,212,298
Hedged equity, parametric defensive equity fund	29,066,132	25,951,241
Mutual funds, William Blair	N/A	18,355,546

Custodial Credit Risk - Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2021 and 2020, the Fund's bank deposits were covered by FDIC insurance.

Custodial Credit Risk - Investments

With respect to investments, custodial credit risk refers to the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. As of December 31, 2021 and 2020, no investments were exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each fixed income manager is given a specific set of guidelines to invest within, based on the mandate for which it was hired. The guidelines specify which range of credit the manager may invest. These ranges include investment grade and high yield categories.

The Fund's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. The following tables present the Fund's ratings as of December 31, 2021 and 2020 (expressed in thousands):

	2021			
S & P Credit Rating	**Fair Value**	**Corporate Bonds**	**Government Agencies**	**Government Mortgage Backed**
AA	$ 2,144	$ 440	$ 1,704	$ -
A	1,251	1,251	-	-
BBB	8,436	8,436	-	-
BB	1,180	1,180	-	-
NR	-	-	-	-
U.S. Government Agency	6,012	-	-	6,012
Total	$ 19,023	$ 11,307	$ 1,704	$ 6,012

	2020			
S & P Credit Rating	**Fair Value**	**Corporate Bonds**	**Government Agencies**	**Government Mortgage Backed**
AA	$ 1,275	$ 355	$ 920	$ -
A	2,072	2,072	-	-
BBB	7,003	7,003	-	-
BB	870	870	-	-
CCC	281	281	-	-
NR	-	-	-	-
U.S. Government Agency	5,237	-	153	5,084
Total	$ 16,738	$ 10,581	$ 1,073	$ 5,084

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. Forward currency contracts may be used to manage exposure to foreign currencies. The Fund has not adopted a formal policy related to foreign currency risk. At December 31, 2021 and 2020, the Fund had $51.7 and $48.2 million, respectively, in foreign investments, all of which was in mutual funds that were held in U.S. dollars. At December 31, 2021 and 2020, the Fund had $24.6 million and $21.3 million in foreign investments in two international equity hedge funds all of which were held in U.S. dollars.

Rate of Return

For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on plan investments, net of investment expense, was 14.6 percent and 9.3 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Securities Lending

Under the provisions of state statutes, the Fund lends securities (both equity and fixed income) to qualified and Fund approved brokerage firms for collateral that will be returned for the same securities in the future. The Fund's custodian, the Northern Trust Co., manages the securities lending program, which includes the securities of the Fund as well as other lenders, and receives cash, U.S. Treasury securities or letters of credit as collateral. The collateral received cannot be pledged or sold by the Fund unless the borrower defaults. However, the Fund does have the right to close the loan at any time. All security loan agreements are initially collateralized at 102 percent of the loaned securities. Whenever adjustments are needed to reflect changes in the fair value of the securities loaned, the collateral is adjusted accordingly. Cash collateral is invested in the lending agent's short-term investment pool, which at year end has a weighted average maturity of 75 days. As December 31, 2021 and 2020, the Fund had loaned to borrowers securities with a fair value of $16,382,613 and $16,344,210 respectively. As of December 31, 2021, the fair value of the collateral received by the Fund was $16,779,808 and the collateral invested by the Fund was $16,779,601. As of December 31, 2020, the fair value of the collateral received by the Fund was $16,670,194 and the collateral invested by the Fund was $16,671,069.

At year end, the Fund has no credit risk exposure to the borrowers because the amounts the Fund owes the borrowers exceed the amounts the borrowers owe the Fund.

5. Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Furniture and equipment	$ 85,601	$ 85,601
Computer software	246,769	228,026
Leasehold improvements	2,271	2,271
	334,641	315,898
Less accumulated depreciation and amortization	209,802	184,212
Net property and equipment	$ 124,839	$ 131,686

Depreciation and amortization expense was $25,590 and $24,667 for 2021 and 2020 respectively.

6. Operating Leases

The Fund had entered into an operating lease for office space through April 30, 2026. During the fiscal year, the Fund exercised a one-time cancellation option to terminate this lease effective April 30, 2022. For the period after April 30, 2022, the Fund entered into a new lease for office space through April 30, 2032. The total rental expense was $262,013 and $192,731 for 2021 and 2020, respectively.

Following is a schedule of minimum future rental payments under the noncancelable operating lease as of December 31, 2021:

Years ending December 31:		
2022	$	110,279
2023		116,472
2024		119,972
2025		123,568
2026		127,272
2027		131,096
2028-2032		610,276
Total	$	1,338,935

The Fund leases office equipment under noncancelable operating leases that expire at various dates through July, 2027. Total rent expense incurred under these operating leases was $28,653 and $28,161 for 2021 and 2020, respectively.

Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of December 31, 2021, are as follows:

Years ending December 31:		
2022	$	21,364
2023		21,607
2024		22,040
2025		22,486
2026-2027		32,437
Total	$	119,934

7. Commitments

The Fund has committed to purchase $95,000,000 interests in private equity partnerships. At December 31, 2021 and 2020, the Fund had a remaining contractual obligation of $7,944,992 and $12,132,839 respectively, to purchase additional interests in the private equity partnerships.

8. Deferred Compensation Plan

The Fund is a governmental eligible employer as defined by Code Section 457(e)(1)(A) and has established a deferred compensation plan (457(b)) for eligible employees. Individual contributions to the plan are equal to the amount of salary reductions elected by each participant for the year up to a maximum allowable by Internal Revenue Service regulations. Total employee contributions were $55,650 and $48,550 for 2021 and 2020, respectively. Employer contributions are not allowed.

9. Pension Liability of the Participating Employer

Net Pension Liability

The components of the net pension liability as of December 31, 2021 and 2020 were as follows:

	2021	2020
Total pension liability	$ 1,211,991,973	$ 2,277,440,135
Plan fiduciary net position	414,658,650	348,294,515
Plan net pension liability	797,333,323	1,929,145,620
Plan fiduciary net position as a percentage of the total pension liability	34.21 %	15.29 %

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Fund.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2021 and 2020 using the following actuarial methods and assumptions applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Projected salary increases	20% to 2.75%
Inflation	2.50%
Investment rate of return	7.25%, net of investment expense
Cost of living adjustments	Retirees - 3% of the original benefit for employees who first became a participant before January 1, 2011. Retirees - lesser of 3% and ½ CPI of the original benefit for employees who first become a participant on or after January 1, 2011. Beneficiary - 3% compounded for beneficiaries of employees who first became a participant by January 1, 2011.
Asset valuation method	Fair value

Actuarial valuation date	December 31, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Projected salary increases	20% to 2.75%
Inflation	2.50%
Investment rate of return	2.22%, net of investment expense
Cost of living adjustments	Retirees - 3% of the original benefit for employees who first became a participant before January 1, 2011. Retirees - lesser of 3% and ½ CPI of the original benefit for employees who first become a participant on or after January 1, 2011. Beneficiary - 3% compounded for beneficiaries of employees who first became a participant by January 1, 2011.
Asset valuation method	Fair value

Post-retirement mortality rates relating to 2020 and 2021, for healthy annuitants were based on 110 percent of PubG-2010 Healthy Annuitant Table, with mortality improvements projected generationally using scale MP-2017. For active participants, mortality rates were based on 110 percent of PubG-2010 Healthy Employee Table, with mortality improvements projected generationally using scale MP-2017.

The actuarial assumptions used in the December 31, 2021 and December 31, 2020 valuations were based on the results of an actuarial experience study for a five-year period ending December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent, for December 31, 2021. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the 9 percent contribution rate for Tier 1 and Tier 2, and 11% for Tier 2a for 2022 and thereafter.

The discount rate used to measure the total pension liability was 2.22 percent for December 31, 2020. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the 9 percent contribution rate for 2021 and thereafter. Employer contributions will be made at the 1.1 multiple of member contributions from two years prior for 2021 and thereafter. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The projected benefit payments through 2026 were discounted at the expected long-term rate of returns (7.25 percent). Starting in 2027, the projected benefit payments were discounted at the municipal bond index (2.12 percent, based on the Bond Buyer 20-GO Municipal Bond Index as of December 31, 2020). Therefore, a single equivalent blended discount rate of 2.22 percent was calculated using the long-term expected rate of return and municipal bond index.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate as of December 31, 2021. The table below presents the pension liability of the Fund calculated using the discount rate of 7.25 percent as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Net pension liability	$ 937,845,142	$ 797,333,323	$ 680,060,469

For comparison purposes, the net pension liability as of December 31, 2020, calculated using the discount rate of 2.22 percent, as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (1.22 percent) or 1 percentage point higher (3.22 percent) than the current rate:

	1% Decrease (1.22%)	Current Discount Rate	1% Increase (3.22%)
Net pension liability	$ 2,323,041,621	$ 1,929,145,620	$ 1,614,340,720

10. Subsequent Event

Subsequent to December 31, 2021, the investment markets have experienced significant volatility. It is highly likely that the values of the Fund's investments have changed by material amounts since year end.

11. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Account Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases;*
- Statement No. 91, *Conduit Debt;*
- Statement No. 92, *Ominbus 2020;*
- Statement No. 93, *Replacement of Interbank Offered Rates;*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements;*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*; and
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*
- Statement No. 99, *Omnibus 2022*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

Park Employees' and Retirement Board Employees' Annuity
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
(Last Eight Fiscal Years)
Year Ended December 31, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	$ 12,975,774	$ 13,417,795	$ 13,763,768	$ 20,115,813	$ 38,102,341	$ 33,317,058	$ 51,348,187	$ 60,952,502
Interest	64,929,834	65,921,805	66,523,889	68,982,467	59,290,982	69,086,515	58,440,058	51,017,625
Changes of benefit terms	-	-	93,579,710	36,183,940	-	-	-	-
Differences between expected and actual experience	5,447,687	682,159	(4,556,757)	2,785,815	5,001,084	15,529,818	(2,309,221)	846,816
Change of assumptions	-	-	198,725,863	370,422,560	(3,471,090)	359,734,367	203,245,789	(1,097,662,261)
Benefit payments, including refunds of employee contributions	(70,536,042)	(70,602,016)	(74,077,877)	(78,138,027)	(76,526,820)	(78,550,449)	(79,370,008)	(80,602,844)
Net change in total pension liability	12,817,253	9,419,743	293,958,596	420,352,568	22,396,497	399,117,309	231,354,805	(1,065,448,162)
Total Pension Liability, Beginning	888,023,364	900,840,617	910,260,360	1,204,218,956	1,624,571,524	1,646,968,021	2,046,085,330	2,277,440,135
Total Pension Liability, Ending (a)	$ 900,840,617	$ 910,260,360	$ 1,204,218,956	$ 1,624,571,524	$ 1,646,968,021	$ 2,046,085,330	$ 2,277,440,135	$ 1,211,991,973
Plan Fiduciary Net Position								
Employer contributions	$ 11,225,438	$ 30,588,976	$ 30,890,241	$ 20,920,614	$ 27,638,402	$ 27,682,089	$ 33,939,927	$ 83,349,261
Employee contributions	10,831,434	12,368,636	12,246,115	13,675,292	12,125,457	12,664,855	12,634,900	12,226,998
Net investment income (loss)	27,490,520	8,823,613	30,920,231	51,082,314	(17,196,812)	51,982,545	28,071,327	53,089,102
Benefit payments, including refunds of employee contributions	(70,536,042)	(70,602,016)	(74,077,877)	(78,138,027)	(76,526,820)	(78,550,449)	(79,370,008)	(80,602,844)
Administrative expenses	(1,458,831)	(1,533,700)	(1,537,698)	(1,682,136)	(1,501,039)	(1,528,861)	(1,598,370)	(1,718,012)
Other	100,518	88,113	102,572	91,779	67,927	50,236	60,451	19,630
Net change in plan fiduciary net position	(22,346,963)	(20,266,378)	(1,456,416)	5,949,836	(55,392,885)	12,300,415	(6,261,773)	66,364,135
Plan Fiduciary Net Position, Beginning	435,768,679	413,421,716	393,155,338	391,698,922	397,648,758	342,255,873	354,556,288	348,294,515
Plan Fiduciary Net Position, Ending (b)	$ 413,421,716	$ 393,155,338	$ 391,698,922	$ 397,648,758	$ 342,255,873	$ 354,556,288	$ 348,294,515	$ 414,658,650
Employer's net pension liability, ending (a)-(b)	$ 487,418,901	$ 517,105,022	$ 812,520,034	$ 1,226,922,766	$ 1,304,712,148	$ 1,691,529,042	$ 1,929,145,620	$ 797,333,323
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	45.89%	43.19%	32.53%	24.48%	20.78%	17.33%	15.29%	34.21%
Covered Payroll	118,987,507	122,382,584	121,126,918	135,315,008	133,112,100	139,204,051	138,942,498	134,515,373
Employer's Net Pension Liability as a Percentage of Covered Payroll	409.64%	422.53%	670.80%	906.72%	980.16%	1215.14%	1388.45%	592.75%

Notes to schedule:

Changes in assumptions: For the measurement date December 31, 2021, the discount rate was changed from 2.22% as of December 31, 2020 to 7.25% as of December 31, 2021.

The fund implemented GASB statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Schedule of Employer Contributions
(Last Ten Fiscal Years)
Year Ended December 31, 2021

	2012**	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	$ 16,786,671	$ 41,834,857	$ 35,307,186	$ 36,273,994	$ 37,130,268	$ 45,253,238	$ 50,929,734	$ 61,887,790	$ 67,297,212	$ 70,492,027
Contributions in Relation to the Actuarially Determined Contribution	5,268,363	15,707,814	11,225,438	30,588,976	30,890,241	20,920,614	27,638,402	27,682,089	33,939,927	83,349,261
Contribution deficiency	$ 11,518,308	$ 26,127,043	$ 24,081,748	$ 5,685,018	$ 6,240,027	$ 24,332,624	$ 23,291,332	$ 34,205,701	$ 33,357,285	$ (12,857,234)
Covered Payroll	$ 58,231,511	$ 117,781,596	$ 118,987,507	$ 122,382,584	$ 121,126,918	$ 135,315,008	$ 133,112,100	$ 139,204,051	$ 138,942,498	$ 134,515,373
Contributions as a percentage of covered payroll	9.05%	13.34%	9.43%	24.99%	25.50%	15.46%	20.76%	19.89%	24.43%	61.96%

** For the six months ended December 31, 2012, as a result of Public Act 97-0973, the Fund's year end was changed from June 30th to December 31st.

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation date	December 31, 2021
Actual cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	21 years (closed period)
Asset valuation method	5-year smoothed fair value
Actuarial assumption:	
Investment rate of return	7.25%, net of investment expense
Projected salary increases	20% to 2.75% based on service
Inflation rate	2.50%

Schedule of Investment Returns
(Last Eight Fiscal Years)
Year Ended December 31, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment expense	5.60%	5.61%	5.77%	5.58%	-5.10%	17.00%	9.30%	14.60%

Notes to Schedule
The Fund implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Tax Levies Receivable
Years Ended December 31, 2021 and 2020

Levy Year	Tax Levy	Collections	Tax Levies Receivable	Allowance for Uncollectible Taxes	Allowance for Uncollectible Write-offs as a Percentage of Tax Levy	Net Tax Levies Receivable
At December 31, 2021						
2021	$ 13,566,840	$ -	$ 13,566,840	$ -	$ -	$ 13,566,840 *
At December 31, 2020						
2020	$ 13,152,470	$ -	$ 13,152,470	$ -	$ -	$ 13,152,470

* Collected in March 2022

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

(A Component Unit of the Chicago Park District)

Schedule of Administrative and General Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Actuary expense	$ 67,843	$ 50,200
Auditing	29,450	29,450
IT consultant	38,497	41,660
Conference and convention expense	2,691	7,807
Contributions for annuities of Retirement Board employees	94,718	102,627
Depreciation	25,590	24,667
Equipment rental	28,653	28,161
Filing fee - State of Illinois	8,000	8,000
File storage expense	11,563	9,036
Hospitalization	107,495	93,629
Legal	76,569	78,908
Legislative consultant	36,000	36,000
Office supplies and expenses	30,312	22,492
Postage	10,778	7,970
Insurance - surety bond and other	17,281	13,311
Rent expense	262,013	192,731
Salaries	806,483	788,767
Payroll tax	11,221	10,752
Bank fees	19,694	19,243
Telephone	9,353	9,167
Transportation	1,523	1,939
Trustees' election expense	22,285	21,853
	$ 1,718,012	$ 1,598,370

Park Employees' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Schedule of Professional Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Legal	$ 76,569	$ 78,908
Actuary expense	67,843	50,200
Auditing	29,450	29,450
IT consultant	38,497	41,660
Legislative consultant	36,000	36,000
	$ 248,359	$ 236,218

Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
(A Component Unit of the Chicago Park District)

Schedule of Investment Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
U.S. Equity		
Great Lakes Advisors, LLC	$ 68,283	$ 52,911
Ariel Investments	212,507	147,872
Northern Trust Quantitative Advisors	10,332	9,355
	291,122	210,138
Non U.S. Equity		
Ativo Capital	106,037	82,812
Northern Trust Quantitative Advisors	14,579	12,510
	120,616	95,322
Fixed Income		
Entrust Global	20,935	2,177
LM Capital Group, LLC	33,372	26,638
National Investment Services	39,330	1,692
MacKay Shields, LLC	-	41,778
Chicago Equity Partners	-	19,131
ULLICO Investment Company	-	29,024
	93,637	120,440
Hedged Equity		
Parametric	82,008	76,609
	82,008	76,609
Real Estate		
Principal Global Investors	166,486	156,242
UBS Realty Investors, LLC (Trumbull)	154,827	187,908
	321,313	344,150
Private Equity		
HarbourVest Partners, LLC	56,250	75,000
Mesirow Financial Capital Partners	132,961	175,817
GoldPoint Partners. LLC (NYL)	6,867	25,000
	196,078	275,817
Infrastructure		
ULLICO Infrastructure	241,239	215,606
IFM Global Infra (US) L.P.	101,194	89,539
	342,433	305,145
Other		
Custody, Northern Trust Co.	70,000	62,500
Investment consultant	100,000	100,000
	170,000	162,500
Total	$ 1,617,207	$ 1,590,121