



**MUNICIPAL EMPLOYEES' AND OFFICERS'  
ANNUITY & BENEFIT FUND OF CHICAGO**

REQUIRED AUDIT COMMUNICATIONS

YEAR ENDED DECEMBER 31, 2022





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The Retirement Board  
Municipal Employees' and Officers'  
Annuity & Benefit Fund of Chicago  
Chicago, Illinois

We have audited the financial statements of Municipal Employees' and Officers' Annuity & Benefit Fund of Chicago (the Plan) for the year ended December 31, 2022, and have issued our report thereon dated May 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**


#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 1 to the financial statements. During the year ended December 31, 2022, the Plan adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. The guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of fiduciary net position and disclosing key information about leasing arrangements. Due to the complexity of the new standard, the Plan has elected to apply the practical expedient that allows the lessee to not retroactively apply the new standard. As a result, the Plan recorded a right-of-use asset and related liability in the amount of \$1,504,321 as of January 1, 2022 by calculating the net present value using the discount rate of 1.39%.

No other new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2022. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial





statements are the information on the actuarially determined total pension and total OPEB liabilities, and the valuation of alternative investments. Management's estimate of the actuarial information is based on an actuarial report prepared by Segal. Management's estimates of the alternative investments, which include hedged equity investments, real estate, infrastructure, private equity and private debt investments, are valued based on amounts estimated by the investment managers and are subject to an annual audit. We evaluated the key factors and assumptions used to develop the actuarial information and the valuation of the non-marketable securities in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No adjustments were identified.

#### *Disagreements with Management*


For purposes of this letter, a disagreement with management is a disagreement concerning a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 17, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.





## *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship, and to our knowledge, our responses were not a condition to our retention.

## **Other Matters**

With respect to the Management's Discussion and Analysis and the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with the Government Accounting Standards Board requirements, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our financial statements. We did not audit the information and expressed no opinion or any assurance on it.

With respect to the supplementary information accompanying the financial statements, the schedules of administrative expenses, investment management compensation, and professional and consulting costs, has been subjected to the auditing procedures applied in the audits of the 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.

## **Intended Use of This Letter**

This communication is intended solely for the information and use of the Retirement Board and management of the Municipal Employees' and Officers' Annuity & Benefit Fund of Chicago and is not intended to be, and should not be, used by anyone other than these specified parties.

*Calibre CPA Group, PLLC*

Chicago, IL  
May 17, 2023

