COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING
DECEMBER 31, 2015

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

A COMPONENT UNIT OF THE
METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO
CHICAGO, ILLINOIS

PREPARED BY THE MANAGEMENT AND STAFF OF THE METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

SUSAN A. BOUTIN, EXECUTIVE DIRECTOR

ESTABLISHED JULY 7, 1931

FORMERLY THE SANITARY DISTRICT EMPLOYEES' AND TRUSTEES' ANNUITY AND BENEFIT FUND

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INTRODUCTORY SECTION

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Water Reclamation District Retirement Fund, Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

RETIREMENT FUND OFFICE
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May 14, 2016

Board of Trustees of the
Metropolitan Water Reclamation
District Retirement Fund
111 E. Erie Street
Chicago, Illinois 60611

Dear Trustees:

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the Metropolitan Water Reclamation District Retirement Fund (Fund) for the year ending December 31, 2015. State law requires that all governmental units publish within six months of the close of each fiscal year, financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by a licensed public accountant.

Responsibility for the completeness and accuracy of the information presented in this report rests with the management of the Fund. Management has established and maintained a system of internal accounting controls designed to safeguard Fund assets and ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed financial statements, supporting schedules and statistical tables are accurate in all material respects and are reported in a manner designed to present fairly the financial position and the results of operations of the Fund.

In accordance with the Illinois Pension Code, the Fund's basic financial statements for the fiscal year ended December 31, 2015 have been subject to an audit by independent accountants selected by the Board of Trustees. The unqualified opinion of Legacy Professionals, LLP has been included in the Financial Section of this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and an analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Fund's MD&A can be found in the Financial Section, following the independent auditor's report.

FUND PROFILE

The Fund is the administrator of a single-employer defined benefit public employee retirement system established by the State of Illinois to provide retirement, death and disability benefits for covered employees of the Metropolitan Water Reclamation District of Greater Chicago (District). The Fund is considered a component unit of the District and as such, is included in the District's financial statements as a pension trust fund.

The Fund was established in 1931 by the State of Illinois legislature and is administered in accordance with Chapter 40, Act 5, Articles 1, 13, and 20 of the Illinois Compiled Statutes.

For the past 84 years the primary goal of the Fund has been to provide continuity of benefits to the members while preserving the fiscal integrity and financial stability of the Fund. As of December 31, 2015 the Fund serves 1,846 active members, 2,359 benefit recipients, and 130 inactive members.

The plan description is provided within the notes to the financial statements in the Financial Section and within the Actuarial Section of this report.

FINANCIAL CONDITION

Financial Position

Net Position decreased in 2015 by $51.1 million. For a full understanding of the Fund's financial results, the reader is urged to review the Financial Section of this report which contains the auditor's opinion, management's discussion and analysis, the financial statements, required supplementary information, and other supplementary information.

Objective and Sources of Funding

The Fund's funding objective is to meet all obligations to present and future members and retirees, through three sources - earnings on the Fund's investment portfolio, and contributions from the employer (the District) and employees.

The Fund's investment portfolio typically provides the largest portion of total additions in any given year, in the form of investment returns. However, due to poor market returns, in 2015 the invested assets of the Fund earned a rate of return of -0.2% net of fees, compared to the 2014 rate of return of 6.7%. The Fund's investment assets performed slightly better than the Policy Index return of -1.8%. The ten year rate of return on the Fund's investments is 5.9%, slightly less than the Policy Index return of 6.0% for the same period.

Employer contributions typically provide a much smaller portion of total additions than investment returns. However, due to the negative returns earned in 2015, employer contributions made up the largest part of total additions. Due to the passage of PA 97-0894 in 2012 and the establishment of a Funding Policy by the District in 2014, in recent years the Fund has received increased employer contributions that more closely approximate the actuarial requirement.

Employee contributions typically provide the smallest percentage of total additions. The required percentage withheld from employee's salaries is set by state statute, which through the last pay period in 2012 was 9%. In accordance with PA 97-0894, contributions from Tier I employees increased 1% in 2013, 2014, and again in 2015 to 12% where they will remain until the funding goal is reached. Contributions from Tier II employees remain at a constant 9% of salaries.

Funding Status

An important measure of the long-term financial stability of a pension fund is the funded ratio which is the ratio of the actuarial value of assets to the actuarial accrued liability. The greater the funded ratio, the greater assurance is given to participants that the Fund will meet its obligations to pay their future pension benefits. The Fund engages an independent actuary to perform an annual actuarial valuation of the plan. The December 31, 2015 valuation reports the actuarial value of assets (AVA) at $1.308 billion, the actuarial accrued liability (AAL) at $2.371 billion, and the unfunded AAL at $1.063 billion, resulting in a funded ratio of 55.2%.

The funded ratio is a measure at one point in time, but is best viewed in the context of its historical trend to assess the Fund's progress in relation to its long-term objective. For a more complete understanding of the Fund's funding status, the reader is encouraged to review the Actuarial Section of this report which contains a summary of valuation results, schedules that analyze funding, and details about the data used in the valuation. Ten year trend information is available in both the Actuarial and Statistical sections of this CAFR.

Investments

At year end, the Fund's 15 investment management firms were managing 18 separate mandates that comprised the Fund's $1.222 billion investment portfolio. The Board employs an investment consultant to aid in the selection of investment managers, to monitor and evaluate the investment management firms' performance, and to assist in the development of investment policy. Our goal is to maximize the long-term total return of the Fund's investments though a policy of diversification within a parameter of prudent risk as measured on the total portfolio.

The Investment Section of this CAFR contains details regarding the Fund's investment policy, performance, diversification, investment expenses and a summary of the investment activities that took place in 2015. Also included are the Master Custodian's report and the Investment Consultant's report.

MAJOR ACTIVITIES AND HIGHLIGHTS

- In June 2015 the Fund's tax levy request for 2016 was submitted to the District in the gross amount of $79,505,000, an increase of $8,733,000 over the 2015 levy request of $70,772,000. The 2016 tax levy, based on a multiple of employee contributions two years prior, increased due to the change in contributions to 11% for Tier 1 employees in 2014.
- During the year the Fund began implementing recommendations by Marquette Associates which included reducing the Fund's U.S. exposure in both equities and fixed income by introducing global mandates to the portfolio, and increasing assets under passive management. The formal investment policy was revised to incorporate the new asset allocation targets in August 2015. Details regarding the Fund's 2015 investment activities can be found in the Investment Section of this CAFR.

- The enterprise infrastructure upgrade, the planning for which had begun in 2014, was substantially completed in 2015 with the replacement of all four servers for faster service, greater storage capacity and better backups.
- The update of the proprietary benefits management software to include Tier II status members was substantially completed by Novitas in 2015.
- Board appointments and elections during the year included the following:
    - Hon. Barbara McGowan was appointed by the District Board of Commissioners as Fund Trustee for a three-year term beginning February 1, 2015.
    - Elected officers for 2015 were Joseph F. Kennedy as President, Robert T. Regan as Vice President and Hon. Mariyana Spyropoulos as Secretary.
    - Stephen J. Carmody was unopposed in the October elections and was duly selected for a four-year term beginning December 1, 2015.
- Benefit staff activity in 2015 included the processing of 107 retirement applications and 35 surviving spouse applications, and the preparation of 887 annuity estimates for active employees.
- Member communications in 2015 included:
    - New employee orientation provided to 103 new hires of the District throughout the year
    - April mailing of over 1,900 Contribution Statements to all active and inactive members, listing contributions in 2014 and cumulative contributions through December 31, 2014
    - Five days of plant-site individual retirement counseling sessions, presented by the Fund's benefits staff to approximately 118 individual employees at the Stickney, Calumet, O'Brien and Egan plants in February, March and April
    - A mid-year mailing to all annuitants announcing open enrollment for health insurance
    - A pre-retirement program conducted for District employees and spouses who are eligible to retire by year-end 2018. Seven seminars were presented in conjunction with the District's Human Resources Department staff at various District locations in September, October and November.
    - October issue of Vested Interest, the Fund's newsletter

- Trustees and staff participated in several training sessions this year, including:
  - Annual Reciprocal Conference, held in Springfield
  - Pension Roundtables at the City Club of Chicago
  - Midwest Institutional Investors Forum, sponsored by U.S. Markets
  - Emerging Manager Summit, sponsored by Opal Financial Group
  - 2015 NASP Conference, sponsored by National Association of Securities Professionals
  - Seminars on the new investment climate, global credit markets and building a multi-sector fixed income portfolio, sponsored by Pension & Investments
  - Webinars on the current market environment and fixed income investments sponsored by UBS Global Asset Management
  - 2015 Investment Symposium, in-house training on emerging markets, and an Emerging Manager Roundtable sponsored by Fund's Investment Consultant Marquette Associates

AWARDS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to our Fund for its CAFR for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents meet or exceed the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only one year. The Metropolitan Water Reclamation District Retirement Fund has received a certificate of achievement for the last 22 years. We believe our current report continues to conform to the Certificate of Achievement program requirements. We are, therefore, submitting it to the GFOA to determine its eligibility for a Certificate of Achievement for the year ending December 31, 2015.

ACKNOWLEDGMENTS

The preparation of this report reflects the combined efforts of the Fund staff under the direction of the Board of Trustees. This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets of the Fund.

Respectfully submitted,

Susan A. Boutin

Susan A. Boutin
Executive Director

BOARD OF TRUSTEES
12/31/15

Joseph F. Kennedy, President
Mr. Kennedy began his employment at the Metropolitan Water Reclamation District of Greater Chicago (District) in 1988. He currently works in the District's Engineering Department as a Managing Civil Engineer. He was appointed to the MWRD Retirement Fund Board of Trustees in 1999, was elected to the Board later that same year, and was re-elected in 2002, 2005, 2008 and in 2012 for a four year term ending November 30, 2016.

Robert T. Regan, Vice President
Mr. Regan began his District employment in 1991. He currently works in the District's Maintenance & Operations Department as a Principal Mechanical Engineer at the Stickney Water Reclamation Plant. He was elected by the employees to serve a three-year term on the MWRD Retirement Fund Board of Trustees in 2004, re-elected in 2007, 2010 and in 2014 for a four year term ending in November 2018.

Honorable Mariyana T. Spyropoulos, Secretary
Ms. Spyropoulos was appointed to the MWRD Retirement Fund Board of Trustees upon expiration of the term served by the Hon. Cynthia M. Santos, starting in January 2013 for a three year term ending in January 2016.

Stephen J. Carmody, Trustee
Mr. Carmody began his District employment in 1989. He currently works in the District's Maintenance & Operations Department as Engineer of Treatment Plant Operations I at the Stickney Water Reclamation Plant. He was elected in November 2008, re-elected in 2011 and 2015 for four-year terms ending in November 2019.

John P. Dalton, Jr., Trustee
Mr. Dalton began his District employment in 1993. He currently works in the District's Maintenance & Operations Department as Master Mechanic I at the Stickney Water Reclamation Plant. He was appointed to the MWRD Retirement Fund Board of Trustees in 2005, elected to serve a three-year term on the Board in 2006, and re-elected in 2009 and 2013 for four year terms ending in November 2017.

Harold G. Downs, Trustee
Mr. Harold G. Downs began his long tenure at the District in 1970 as Assistant Treasurer and served as Treasurer from 1982 to the end of 2010. He was appointed to the MWRD Retirement Fund Board as Retiree Trustee upon expiration of the term served by Joseph W. Rose, starting in February 2014 for a three year term ending in January 2017.

Honorable Barbara J. McGowan, Trustee
Mrs. McGowan was appointed to the MWRD Retirement Fund Board of Trustees in December 2007, and re-appointed in 2009, 2012 and 2015 for a three year term ending in January 2018.

EXECUTIVE STAFF, ADVISORS AND INVESTMENT MANAGERS 12/31/15

EXECUTIVE STAFF

Susan A. Boutin, Executive Director

ADVISORS

- Legal Counsel: Jacobs, Burns, Orlove, and Hernandez, Chicago, IL
- Investment Consultant: Marquette Associates, Chicago, IL
- Consulting Actuary: Foster & Foster, Oakbrook Terrace , IL
- Auditor: Legacy Professionals, LLP, Chicago, IL
- Master Custodian: The Bank of New York Mellon Co., New York, NY

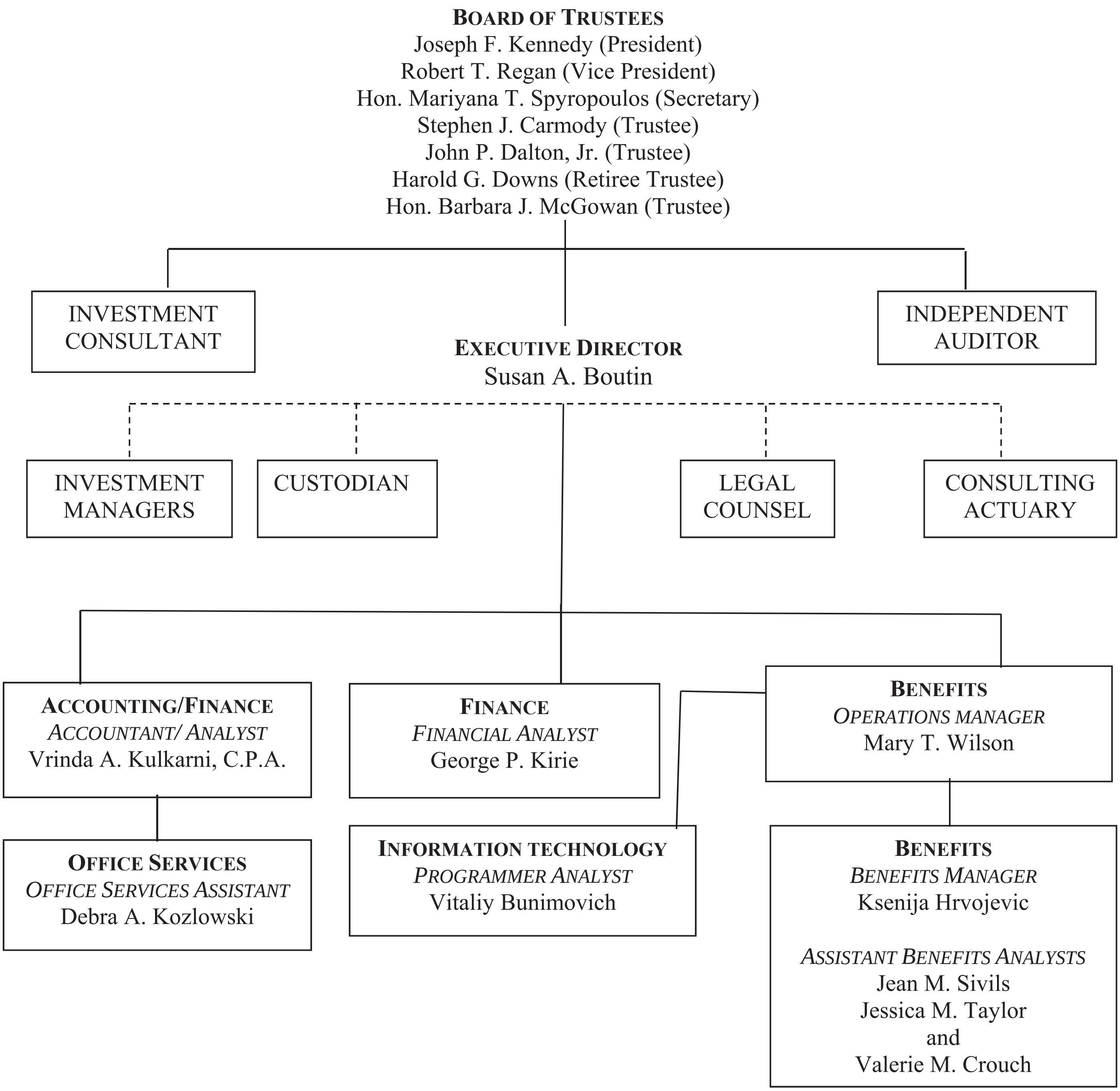
INVESTMENT MANAGERS

1. Ariel Investments, Chicago, IL
2. Decatur Capital Management Inc., Decatur, GA
3. Fiduciary Management Associates LLC, Chicago, IL
4. Herndon Capital Management LLC, Atlanta, GA
5. Hexavest Inc., Montreal, Canada
6. LSV Asset Management, Chicago, IL
7. Matarin Capital Management, Stamford, CT
8. Neuberger Berman, New York, NY
9. O'Shaughnessy Asset Management, Stamford, CT
10. Pioneer Investments, Boston, MA
11. State Street Global Advisors, Boston, MA
12. Standish Mellon Asset Management, Boston, MA
13. Vontobel Asset Management Inc., New York, NY
14. WCM Advisors, Laguna Beach, CA
15. Wasatch Advisors, Salt Lake City, UT

Details regarding the investment professionals listed above can be found in the Investment Section of this CAFR, on p.75.

ORGANIZATIONAL CHART

December 31, 2015



——— Full and direct authority and responsibility.

- - - - Appointment by the Board of Trustees, direction and coordination by the Executive Director.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees of the Retirement Fund is composed of seven members. Two Trustees are appointed by the District Board of Commissioners, one is recommended by the District Board of Commissioners and approved by the Retirement Fund Board, and four are District employees elected by the active members of the Fund. Appointed members serve for terms of three years, and elected members serve for terms of four years on a rotating basis so that each year, one seat on the Board is up for election and another is up for an appointment.

Annually, the Board of Trustees elects a President, a Vice President, and a Secretary. Among its duties, the Board authorizes payments of benefits, supervises collections, directs investment of the assets of the Fund in a manner prescribed by State statute and Fund policies, makes rules and regulations for the proper conduct of the affairs of the Fund, appoints employees and consultants and submits a detailed report of the affairs of the Fund to the State of Illinois Department of Insurance and to the District. The Board appoints an Executive Director who is responsible for all administrative functions and supervision of staff.

RESPONSIBILITIES OF THE STAFF

The Executive Director and the Fund staff are responsible for the administration and payment of benefits to the members of the Fund, active and retired under the direction of the Board of Trustees.

Staff responsibilities include computation of annuity benefits, certification of reciprocal service credit, refunds of spouse contributions at the time of retirement to unmarried employees, contribution refunds to qualified participants and insurance enrollment and claim administration. In the event of a death of a participant, the staff calculates survivor benefits (spouse and child) or a refund to estate, if applicable. All calculations are verified internally before they are presented to the Trustees for approval. The staff is responsible for distribution of benefit payments and the associated withholding for taxes, insurance, credit union deductions and year-end tax reporting (IRS Form 1099-R).

At the request of District employees at any stage of their career, Fund staff prepares retirement estimates and provides individual retirement counseling. Estimate calculations include applicable refund repayment and leave of absence payment estimates to qualified individuals to enhance their retirement benefits. In addition, periodic pre-retirement seminars are jointly presented by Fund and District staff at various locations throughout the District.

The Fund staff is also responsible for the administration of ordinary and duty disability benefits to disabled employees, which includes verification of the disability, calculation and payment of the benefits. The benefit staff also maintains a record of all employee contributions and the associated interest.

The Executive Director is responsible for coordinating efforts with the Fund's various consultants. In conjunction with our investment consultant, the Fund coordinates asset allocation studies, investment manager searches, asset transitions, development and maintenance of the Fund's investment policy and investment monitoring. With the guidance of the Fund's actuary and attorney, the Fund reviews and makes recommendations regarding legislative initiatives. The staff also consults with attorneys regarding various issues including statutory interpretations, determinations from the Internal Revenue Service, and potential legal actions due to realized investment losses.

Fund staff is responsible for the general accounting that serves as the basis for the annual financial statements. Financial statements with supporting schedules are prepared in a cooperative effort between staff and auditors. The Fund's external auditor also reviews and makes recommendations regarding accounting practices. The annual audit includes limited sampling and testing for compliance with statutory and administrative policy.

The Fund's proprietary benefit management software provides reporting of additions and changes made to the member data during each processing cycle. Similarly, the actuary annually performs year-to-year comparisons of data in order to identify any anomalies. Every four to five years, our actuary performs an experience analysis to review the recent experience of the Fund and to recommend actuarial assumptions for use in the annual valuation.

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FINANCIAL SECTION

Independent Auditors' Report

Report on Internal Control and Compliance

Management's Discussion and Analysis

Basic Financial Statements:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to Financial Statements

Required Supplementary Information:

- Schedule of Changes in the District's Net Pension Liability and Related Ratios
- Schedule of District Contributions and Related Notes
- Schedule of Investment Returns

Other Supplementary Information:

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Schedule of Payments to Consultants
- Postemployment Healthcare Disclosure

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INDEPENDENT AUDITORS' REPORT

To the Trustees
Metropolitan Water Reclamation
District Retirement Fund

Report on the Financial Statements

We have audited the statement of fiduciary net position of the Metropolitan Water Reclamation District Retirement Fund (the Fund), a component unit of the Metropolitan Water Reclamation District of Greater Chicago (the District), as of December 31, 2015, the related statement of changes in fiduciary net position for the year then ended and the notes to the financial statements. The Fund's financial statements include partial prior-year information for 2014. Such information does not include various notes to the basic financial statements and the management's discussion and analysis for 2014, which are required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended December 31, 2014, from which such partial information was derived.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial status of Metropolitan Water Reclamation District Retirement Fund as of December 31, 2015, and the changes in its financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 through 28 and the schedules of changes in the District's net pension liability and related ratios, district contributions and related notes, and investment returns on pages 54 through 56 be presented to supplement the basic financial statements. Such information, although not a 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 inquiries 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 audit 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.

Other Matters (continued)

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metropolitan Water Reclamation District Retirement Fund's basic financial statements. The accompanying schedules of administrative expenses, investment expenses, payments to consultants and postemployment healthcare disclosure on pages 58 through 59 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 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2016 on our consideration of the Metropolitan Water Reclamation District Retirement Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Water Reclamation District Retirement Fund's internal control over financial reporting and compliance.

Legacy Professionals LLP

Chicago, Illinois

April 19, 2016

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Trustees
Metropolitan Water Reclamation
District Retirement Fund

Report on the Financial Statements
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Metropolitan Water Reclamation District Retirement Fund, which comprise the statement of fiduciary net position as of December 31, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 19, 2016.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Metropolitan Water Reclamation District Retirement Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan Water Reclamation District Retirement Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Metropolitan Water Reclamation District Retirement Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Metropolitan Water Reclamation District Retirement Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Water Reclamation District Retirement Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Legacy Professionals LLP

Chicago, Illinois

April 19, 2016

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

(A Component Unit of the Metropolitan Water Reclamation District of Greater Chicago)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Metropolitan Water Reclamation District Retirement Fund (Fund) presents this narrative overview of the financial statements and financial performance of the Fund for the years ended December 31, 2015 and 2014. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and current known facts. It should be read in conjunction with the letter of transmittal, the financial statements and their accompanying notes, required supplementary information, and other supplementary information.

UNDERSTANDING THE FUND'S FINANCIAL STATEMENTS

The Fund prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Statement of Fiduciary Net Position provides information about the nature and amount of investments available to satisfy the pension benefit obligations of the plan. The Statement of Changes in Fiduciary Net Position accounts for all additions to and deductions from the net position held in trust for pension benefits. This statement measures the Fund's success over the past year in increasing the fiduciary net position available for pension benefits.

While the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position provide important financial information, significant actuarial factors also need to be considered in order to determine the financial health of the Fund. Two primary factors are the funded status and the actuarially determined contribution requirement, both of which are calculated by the Fund's actuary.

The funded status of the Fund is the ratio of the actuarial value of assets to the actuarial liability, and is calculated using the 5-year smoothed market-related value method. The smoothing prevents extreme volatility in the actuarial value of assets due to short-term fluctuations in the investment markets. Another important calculation by our actuary is the Actuarially Determined Contribution Requirement which combines the employer's normal cost with an amount needed to amortize the unfunded liability by the year 2050. This can be compared to the actual contribution from the employer to determine the adequacy of employer contributions to fund the liabilities of the plan.

This report contains the following three components:

1. Basic Financial Statements which are the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and the Notes to the Financial Statements which contain information that is integral to the financial statements

2. Required Supplementary Information which presents important actuarial information

3. Other Supplementary Information which gives details of administrative, investment, and payments to consultants, as well as disclosure regarding post employment healthcare

FINANCIAL HIGHLIGHTS

- The Fund's investment portfolio returned -0.2% and 6.7% (net of fees) for the calendar years 2015 and 2014, respectively. The Fund's Policy Index returned -1.8% and 8.2% for the same years.

- Payments for benefits and administrative expenses exceeded income from contributions and investment income in 2015, resulting in a decrease in the Fund's net position available for benefits of $51.1 million or -3.8% to $1.29 billion at December 31, 2015, from the prior year end.

- The Fund's funded ratio, which is computed as the actuarial value of assets divided by the total actuarial liability, was 55.2% as of December 31, 2015, up from 55.0% in 2014. The recent upward trend in this ratio started in 2013 as a result of good investment returns in 2013 and 2014, special contributions from the District and legislation changes resulting in increased employee and employer contributions.

FIDUCIARY NET POSITION

A summary of net position for the plan at December 31, 2015 and 2014 is shown in the following table and discussion. These financial statements reflect the resources available to pay future benefits to retirees and beneficiaries at the close of the reported years. Details of fiduciary net position at December 31, 2015 and 2014 are found on page 30.

Condensed Statement of Fiduciary Net Position

	12/31/15	12/31/14	$ Change	% Change
ASSETS:				
Cash	$ 104,287	$ 274,732	$ (170,445)	-62.0%
Receivables	85,758,233	76,152,767	9,605,466	12.6%
Forward foreign exhange contracts	83,320,292	28,088,531	55,231,761	196.6%
Investments	1,221,831,791	1,281,356,457	(59,524,666)	-4.6%
Securities lending collateral	36,892,528	51,053,444	(14,160,916)	-27.7%
Total assets	1,427,907,131	1,436,925,931	(9,018,800)	-0.6%
LIABILITIES:				
Securities lending collateral	36,892,528	51,053,444	(14,160,916)	-27.7%
Forward foreign exhange contracts	83,320,292	28,088,531	55,231,761	196.6%
Other	21,040,813	19,988,336	1,052,477	5.3%
Total liabilities	141,253,633	99,130,311	42,123,322	42.5%
NET POSITION	$ 1,286,653,498	$ 1,337,795,620	$ (51,142,122)	-3.8%

Fiduciary Net Position

During 2015, the net position of the plan decreased $51.1 million or 3.8% from net position at December 31, 2014. This decrease was primarily the result of a $59.5 million reduction in the market value of the investment assets, combined with an increase of $9.6 million in receivables due to a higher tax levy for 2015, and a $1.0 million increase in liabilities for securities purchases. The reduction in investment assets was due in large part to negative investment returns in 2015, coupled with withdrawals made for benefit payments. In most years, investment income is more than sufficient to cover the withdrawals, resulting in an increased net position.

Other changes in the components of assets on the Statement of Fiduciary Net Position have a corresponding change in liabilities, resulting in no effect on Net Position. Specifically, the amounts for assets and liabilities for forward exchange contracts, pending securities purchases, and securities lending collateral vary from year to year depending on the amount of security transactions traded but not settled and on the amount of securities out on loan at year-end.

Fiduciary net position at December 31, 2015 was $1.29 billion, representing the amount available at year end to satisfy future pension benefit obligations.

Changes in Fiduciary Net Position

A summary of changes in fiduciary net position for the plan for the fiscal years ended December 31, 2015 and 2014 follows. This summary reflects changes in the sources (additions) and uses (deductions) of funds during these years; the net increase or decrease is the change in net position available for benefits since the end of the previous fiscal year. Details of changes in fiduciary net position during 2015 and 2014 can be found on page 31.

Condensed Statement of Changes in Fiduciary Net Position

	2015	2014	$ Change	% Change
ADDITIONS:				
Employer contributions	$ 71,041,361	$ 73,906,168	$ (2,864,807)	-3.9%
Employee contributions	21,385,212	18,974,954	2,410,258	12.7%
Total contributions	92,426,573	92,881,122	(454,549)	-0.5%
Net investment income (loss)	(1,993,053)	81,165,375	(83,158,428)	-102.5%
Securities lending income	565,214	435,191	130,023	29.9%
Other	28,817	4,460	24,357	546.1%
Total additions	91,027,551	174,486,148	(83,458,597)	-47.8%
DEDUCTIONS:				
Retirement annuities	139,160,911	132,913,502	6,247,409	4.7%
Refunds	1,348,845	984,346	364,499	37.0%
Administrative expense	1,659,917	1,406,507	253,410	18.0%
Total deductions	142,169,673	135,304,355	6,865,318	5.1%
INCREASE (DECREASE) IN NET POSITION	(51,142,122)	39,181,793	(90,323,915)	-230.5%
Beginning net position	1,337,795,620	1,298,613,827	39,181,793	3.0%
Ending net position	$ 1,286,653,498	$ 1,337,795,620	$ (51,142,122)	-3.8%

Additions

Additions to fiduciary net position are accumulated through contributions by the employer and employees, and returns on the investment portfolio.

Total contributions for 2015 were $92.4 million, a slight decrease of $455,000 or -0.5% from 2014; decreased employer contributions were largely offset by increased employee contributions. Employer contributions in the prior year were $2.9 million or 3.9% higher as a combined result of application of the levy formula, and a special contribution by the District. Per current statutes, the District annually levies a tax at a rate which will produce a sum that will be sufficient to meet the Fund's actuarially determined contribution requirement but shall not exceed an amount equal to employee contributions two years prior times 4.19. In 2014 the District established a Funding Policy to contribute annually an amount that over time will increase the ratio of Fund assets to accrued liabilities to 100% by the year 2050.

Employee contributions were $21.4 million in 2015, an increase of $2.4 million or 12.7% from 2014. In general, total employee contributions vary with changes in employer payroll and plan modifications. The increase from the prior year was the combined effect of an increase in covered payroll and an increase in the Tier I employee contribution rate from 11% in 2014 to 12% in 2015 due to the legislation that took effect in 2013.

Net investment income in 2015 was lower than the prior year by $83.2 million, reflecting total returns of -0.2%, compared to 6.7% in 2014. Low returns were experienced across all U.S. and non-U.S. equity markets as well as fixed income markets in 2015.

Investment income is a combination of unrealized gains (losses) on investments held at year end, realized gains (losses) on investment sales, and interest and dividend income earned during the year. Investment income is shown net of investment expenses which consist of fees charged by the Fund's investment managers, investment consultant, and custodian.

In 2015, low market returns yielded a net depreciation in the fair value of investments of $20.9 million, versus net appreciation of $63.6 million in the prior year. Interest and dividend income in 2015 increased $969,000 or 4.1% due to additional allocations to active fixed income. Investment expenses were $5.5 million, a decrease of 6.0% over the prior year, due primarily to the shift from active to passive equity allocations, and overall reduced investment balances.

The Fund has participated in the securities lending program offered by the Bank of New York Mellon, the Fund's custodian bank, since 2007. The Fund also participates in the securities lending program offered by State Street Global Advisors (SSGA) with regards to their pooled Aggregate Bond Index Fund. For the year ended December 31, 2015, securities lending activities generated net income of $565,200, an increase of 29.9% from 2014. The year 2015 saw higher demand for securities by borrowers resulting from higher spreads in domestic and international equities during the year.

Deductions

Deductions from fiduciary net position are payments made by the Fund for benefits (to retirees, survivors, and disabled employees), refunds and administrative expenses. Total deductions in 2015 were $142.2 million compared to $135.3 million in 2014, an increase of $6.9 million, or 5.1%. The largest part of this change is due to an increase in benefit payments, primarily attributable to the 3% cost of living increase granted to annuitants each year. In general, annuity benefits also increase as deceased annuitants who had lower benefits are removed from the annuitant payroll, and new retirees with higher benefits are added.

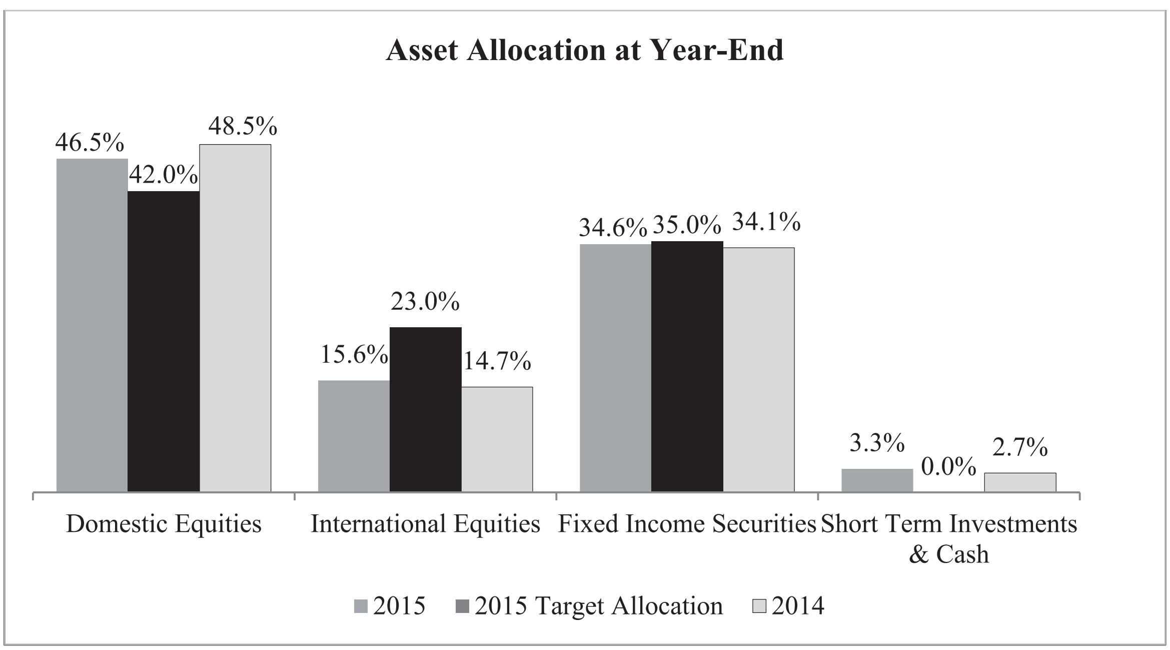
RETURN ON INVESTMENTS AND ASSET ALLOCATION

The Fund's rate of return on investments in 2015 was -0.2% net of fees, comparatively higher than the return of -1.8% on the Policy Index. The rate of return on investments in 2014 was 6.7% net of fees, versus 8.2% return on the Policy Index.

In June 2015, the Board approved changes in the target allocations to allow for more international investments. The current Policy Index is composed of 42% domestic equities (21% S&P 500 Index, 10% Russell Midcap Index, 11% Russell 2000 Index), 23% international equities (11% MSCI ACWI ex-US Index, 6% S&P 500 Developed ex-US Index, 6% MSCI Emerging Markets Index) and 35% fixed income (8.75% Barclays Global Aggregate (Hedged) Index and 26.25% Barclays Aggregate Index).

During the year, the Board began implementation of the new target allocations listed above through a consolidation of managers, adding passive management to the U.S. large cap and mid cap equities and through further diversification into global fixed income and non-U.S. small cap. The new allocation resulted in positive changes including reduced actual and expected risk, and reduced management fees.

The following chart compares the actual asset allocations as of December 31, 2015 and 2014 with the current target allocation.



CURRENT ASSET BALANCES AND OUTLOOK

As of March 31, 2016, the Fund's invested assets had a fair market value of $1.1 billion, a slight decrease from the December 31, 2015 balance. The Fund manages risk by holding a diversified portfolio so that the impact of positive and negative market swings in the various sectors of the portfolio offset each other over time. With continual review of our target asset allocation and intermittent rebalancing, the Fund expects to achieve investment returns that outperform its policy index and actuarial assumed rate of return in the long run.

CONTACT INFORMATION

This financial report is intended to provide our members and other interested parties with a general overview of the Metropolitan Water Reclamation District Retirement Fund's finances. Questions concerning this report or requests for additional information should be directed to the Fund at 111 East Erie Street, Suite 330, Chicago, Illinois 60611, by phone at (312) 751-3222, or by email at BoutinS@mwrd.org.

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Metropolitan Water Reclamation District Retirement Fund
Statement of Fiduciary Net Position
December 31, 2015
(with comparative amounts for prior year)

	2015	2014
Assets		
Cash	$ 104,287	$ 274,732
Receivables		
Employer contributions - taxes (net of allowance for uncollectible amounts of $5,251,618 in 2015 & $3,494,543 in 2014)	70,772,260	61,654,025
Securities sold	10,565,077	9,929,266
Forward foreign currency exchange contracts	83,320,292	28,088,531
Accrued interest and dividends	4,368,109	4,529,446
Accounts receivables	52,787	40,030
Total receivables	169,078,525	104,241,298
Investments - at fair value		
Fixed income	312,643,657	252,271,238
Pooled funds - fixed income - short-term	39,867,518	34,620,768
Pooled funds - fixed income - long-term	111,637,989	186,015,905
Common stocks and mutual funds	757,682,627	808,448,546
	1,221,831,791	1,281,356,457
Securities lending collateral	36,892,528	51,053,444
Total investments	1,258,724,319	1,332,409,901
Total assets	1,427,907,131	1,436,925,931
Liabilities and Net Position		
Liabilities		
Accounts payable	1,383,154	1,646,236
Securities purchased	19,657,659	18,342,100
Forward foreign currency exchange contracts	83,320,292	28,088,531
Securities lending collateral	36,892,528	51,053,444
Total liabilities	141,253,633	99,130,311
Net position restricted for pension benefits	$ 1,286,653,498	$ 1,337,795,620

See accompanying notes to financial statements

Metropolitan Water Reclamation District Retirement Fund
Statements of Changes in Fiduciary Net Position
Year Ended December 31, 2015
(with comparative amounts for prior year)

	2015	2014
Additions		
Employer contributions	$ 71,041,361	$ 73,906,168
Employee contributions	21,385,212	18,974,954
Total contributions	92,426,573	92,881,122
Investment income		
Net appreciation (depreciation) in fair value of investments	(20,894,824)	63,589,719
Interest	10,372,029	8,935,932
Dividend income	14,072,578	14,539,290
Total investment income	3,549,783	87,064,941
Less investment expenses	(5,542,836)	(5,899,566)
Net investment income (loss)	(1,993,053)	81,165,375
Securities lending income		
Earnings	98,280	64,302
Broker rebates	645,265	505,896
Less bank fees	(178,331)	(135,007)
Net securities lending income	565,214	435,191
Other	28,817	4,460
Total additions	91,027,551	174,486,148
Deductions		
Annuities and benefits		
Employee annuitants	116,884,577	111,351,904
Surviving spouse annuitants	21,279,363	20,443,693
Child annuitants	116,000	157,500
Ordinary disability benefits	721,720	820,626
Duty disability benefits	159,251	139,779
Total annuities and benefits	139,160,911	132,913,502
Refunds of employee contributions	1,348,845	984,346
Administrative expense	1,659,917	1,406,507
Total deductions	142,169,673	135,304,355
Net increase (decrease)	(51,142,122)	39,181,793
Net position restricted for pension benefits		
Beginning of year	1,337,795,620	1,298,613,827
End of year	$ 1,286,653,498	$ 1,337,795,620

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Water Reclamation District Retirement Fund (the Fund) is administered in accordance with Chapter 40 of the Illinois Compiled Statutes Act 5, Article 13.

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. Component units are legally separate organizations for which:

- The primary government is financially accountable or
- The nature and significance of the organization's relationship with the primary government is such that exclusion would cause the primary government's financial statements to be misleading or incomplete.

A primary government is financially accountable for a legally separate organization if:

1) The primary government officials appoint a voting majority of the component unit's board and either

    a) Has the ability to impose its will on the component unit's board or

    a) There exists the potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government.

or

2) The organization is fiscally dependent on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set charges, or issue bonded debt without approval by the primary government.

Based upon these criteria, since the Fund cannot levy its own taxes, the Fund is considered a component unit of the Metropolitan Water Reclamation District of Greater Chicago (the District) and, as such, is included in the District's financial statements as a pension trust fund. The Fund has no component units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer contributions to the Fund are recognized when due and the employer has made a formal commitment to provide the contributions. Fund member (employee) contributions are recognized as additions in the period in which the contributions are due. Benefits and administrative expenditures are recognized when due and payable in accordance with the terms of the Plan.

Investments - The Fund reports investments at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset or paid to transfer that liability (exit price) in an orderly transaction between market participants at the measurement date.

Common stocks, mutual funds and U.S. Treasury securities are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of period presented.

Government agency obligations, corporate bonds and notes and municipal bonds are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

The fair value of the common collective trust is based on the net asset value per share by reference to the underlying investments, which consist of fixed income securities. Units held in the common collective trust are valued at the unit value as reported by the investment manager as of the last business day of period presented.

Pooled funds, which include commingled equity and fixed income funds, represent investments with various investment managers. The fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in the commingled funds are valued at the unit value as reported by the investment managers as of the last business day of period presented.

Investments in the pooled funds - fixed income - short-term investments are valued at cost which approximates their fair value, except for foreign currency which is traded in active markets on national and international exchanges and is valued at closing on the last business day of each period presented.

Securities lending collateral held for securities on loan is valued at estimated fair value as determined by the custodian.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

Purchases and sales of the investments are reflected on a trade-date basis and are recorded net of commissions paid to brokerage firms. Investment management fees are recorded as a reduction of investment income.

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Estimates - The preparation of the financial statements in conformity with 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.

Subsequent Events - In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through April 19, 2016, the date the financial statements were available to be issued.

NOTE 2. FUND DESCRIPTION

The Fund is a single employer defined benefit plan, established by the Illinois State Legislature in 1931 to provide retirement annuities, death and disability benefits for certain employees of the District well as Fund employees. The Fund is administered in accordance with 40 ILCS 5 of the Illinois Compiled Statutes.

The Board of Trustees is composed of a seven member board, which consists of four member-elected employee Trustees, and three appointed Trustees, one of which is a retiree. State law authorizes the Board to make investments, pay benefits, hire staff and consultants and perform all necessary functions to carry out the provisions of the Illinois Compiled Statutes. The provisions of the Fund, including the defined benefits and the employer and employee contribution levels are established by those statutes and may be amended or terminated only by the Illinois State Legislature.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Membership

At December 31, 2015, the Fund's membership consisted of:

Active employees	1,846
Retirees and beneficiaries currently receiving benefits	
Retirees	1,760
Surviving spouses	580
Children	19
Total retirees and beneficiaries	2,359
Inactive employees entitled to benefits or a refund of contributions	130
Total membership	4,335

The Fund's active membership includes District employees, District Commissioners, and Retirement Fund staff and is referred to as "employees" in the financial statements and notes.

Funding

Funding to meet the annuity and benefit obligations of the Fund is expected to come from employee contributions, employer contributions (the taxes levied by the District) and income earned on the Fund's investments.

Tier I employees (hired prior to January 1, 2011) are required to contribute 12% of their salary to the Fund in 2015 and years thereafter. Tier II employees (hired on or after January 1, 2011) are required to contribute 9% in 2015 and years thereafter. Contributions are collected as a payroll withholding. Employees made contributions of $21,385,212 for the year ended December 31, 2015.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Funding (continued)

The District levies taxes per state statutes (40 ILCS 5), which dictate that the District shall annually levy a tax upon all the taxable real property within the District at a rate which, when extended, will produce a sum that

(i) will be sufficient to meet the Fund's actuarially determined contribution requirement, but

(ii) shall not exceed an amount equal to the total employee contributions 2 years prior to the year for which the tax is levied, multiplied by 4.19 (the tax multiple). The actuarially determined contribution requirement is equal to the employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll. The funding goal is to attain a funded ratio of at least 90% by the year 2050, with the funded ratio being the ratio of the actuarial value of assets to the total actuarial liability.

Per the statutes, the tax shall be levied and collected in the same manner as the general taxes of the District.

The tax rate is based on an actuarially determined rate recommended by an independent actuary subject to the statute noted above. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the plan participants during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2015, the District's contribution was 39.96% of covered payroll.

Retirement Eligibility and Benefits

The following describe and reflect plan provisions as described in Article 13 of the Illinois Pension Code.

Normal Retirement

An employee whose duties include service of 120 days or more per year and has at least 5 years of service at age 60 is eligible to receive an undiscounted retirement benefit (if hired before January 1, 2011). An employee with at least 10 years of service at age 67 is eligible to receive an undiscounted retirement benefit (if hired on or after January 1, 2011).

The normal retirement benefit is 2.2% of the final average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20 years. The benefit shall not exceed 80% of final average salary.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Early Retirement

An employee hired before January 1, 2011 who attains age 55 (50 if hired on or before June 13, 1997) with at least 10 years of service is entitled to receive a minimum retirement benefit. An employee hired on or after January 1, 2011 who attains age 62 with at least 10 years of service is entitled to receive a minimum retirement benefit.

If the employee retires prior to the attainment of age 60, the normal retirement benefit computed shall be reduced by .5% for each full month the member is less than age 60 or service is less than 30 years whichever is less (if hired before January 1, 2011). If hired on or after January 1, 2011, the normal retirement benefit is reduced by .5% for each full month the member is less than age 67. There is no discount if the participant has 30 years of service.

Alternate Provision for Commissioners

Any participant Commissioner may elect to establish alternate credits for an alternative annuity. An additional contribution of 3% of salary is required for participation. In lieu of the normal retirement benefits any Commissioner who has elected to participate, has attained age 55 and has 6 years of service is eligible for an enhanced benefit formula.

Surviving Spouse Annuity

Upon an employee’s death an annuity will be payable to his/her eligible surviving spouse. If an employee was hired before June 13, 1997, a spouse is immediately eligible for a surviving spouse annuity if married on the date of an employee’s death, or if married on the employee’s date of retirement and remained married until retiree’s death. Dissolution of a marriage after retirement shall not divest the spouse of entitlement if the marriage was in effect for at least 10 years on the date of retirement.

If an employee was hired on or after June 13, 1997, a spouse is eligible for a surviving spouse annuity after 3 years of member’s service, with the same conditions for marriage as described above for members hired prior to June 13, 1997.

If an employee was hired before January 1, 2011, the surviving spouse annuity is equal to 60% of the employee’s retirement benefit at the time of death, plus 1% for each year of total service, to a maximum of 85%. If hired on or after January 1, 2011, an eligible surviving spouse will be entitled to an annuity equal to 66 2/3% of the employee’s retirement benefit at time of death.

Under certain conditions, an age discount applies to the surviving spouse annuity if the employee was hired after January 1, 1992 for employees in service before January 1, 2011.

Children’s Annuity

Unmarried children less than age 18 (23 if full-time student) of a member that dies in service or of a former member that dies with at least 10 years of service, are eligible for an monthly annuity of $500 per month for each child (if one parent is living) and $1,000 per month for each child (if neither parent is living) to a maximum total benefit of $5,000 per month.

NOTE 2. FUND DESCRIPTION (CONTINUED)

Refunds

Upon withdrawal from service an employee hired before January 1, 2011 under age 55 (50 if hired on or before June 13, 1997), or age 55 (50 if hired on or before June 13, 1997) and less than age 60 with less than 20 years of service, or age 60 or over with less than 5 years of service, is eligible for a refund of accumulated employee contributions without interest upon request.

An employee hired on or after January 1, 2011 is eligible for a refund of accumulated employee contributions without interest if under age 62 regardless of service, or if less than 10 years of service regardless of age on withdrawal.

Upon receipt of a refund, the member forfeits rights to benefits from the Fund. Refund repayment provisions may apply in certain cases.

Disability Benefits

Duty Disability

An employee incurring injury or illness arising out of employment with the District and compensable under the Workers Compensation Act or the Occupational Disease Act may apply for duty disability benefits administered by the Fund. Duty disability benefits are 75% of the salary earned on the date of disability, less the amount paid by Worker's Compensation. The benefit is 50% of salary if disability resulted from a physical defect or disease that existed at the time injury was sustained. Benefits are payable during the period of disablement, but not beyond attainment of age 65. If the disability occurs at age 60 or older, benefits are payable for a maximum of 5 years.

Ordinary Disability

An employee who becomes disabled due to any cause other than illness or injury incurred in the performance of duty may apply for ordinary disability benefits administered by the Fund. Ordinary disability benefits provide 50% of employee's earnable salary at the date of disability, for a maximum period of the lesser of 25% of the employee's actual service prior to disablement or 5 years.

NOTE 3. PENSION LIABILITY OF THE DISTRICT

Net Pension Liability

The components of the net pension liability of the District as of December 31, 2015, were as follows:

Total pension liability	$ 2,359,766,327
Fund fiduciary net position	(1,286,653,498)
District's net pension liability	$ 1,073,112,829
Fund fiduciary net position as a percentage of the total pension liability	54.52%

See the Schedule of Changes in the District's Net Pension Liability and Related Ratios on page 54 of the required supplementary information for additional information related to the funded status of the Fund.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation as of December 31, 2015, using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial methods and assumptions:

Actuarial valuation date	12/31/15
Cost method	Entry age normal
Inflation	2.5%
Salary increases	Varies by service
Investment rate of return	7.5%

Healthy lives mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA).

Disabled lives mortality rates were based on RP-2000 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by Foster & Foster, Inc. dated September 23, 2014.

NOTE 3. PENSION LIABILITY OF THE DISTRICT (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments (i.e. the actuarial assumed investment rate of return of 7.5%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major class.

These ranges are 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, 2015 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.3%
International equity	5.1%
Bonds	-0.1%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.5% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's net pension liability	$ 1,349,610,381	$ 1,073,112,829	$ 840,620,797

NOTE 3. PENSION LIABILITY OF THE DISTRICT (CONTINUED)

Assumption Changes

Effective December 31, 2014 the following assumption changes were made to better reflect anticipated experience:

- The investment return assumption was updated from 7.75% to 7.50%.
- Mortality rates were updated from the UP-1994 sex distinct table, rated down 2 years for male members and rated down 1 year for female members to the RP-2000 Combined Healthy Mortality Table, with Generational mortality improvements (Scale AA) for healthy lives and to RP-2000 Disabled Retiree Mortality Table for disabled lives.
- Retirement rates were updated.
- Withdrawal rates were updated.
- The salary increase assumption was updated from a flat 5.00% to a table of rates based on service.
- Disability rates were updated.

NOTE 4. CASH DEPOSITS

As of December 31, 2015, the Fund's book balance and bank balance of cash is $104,287 and $160,875 respectively, and is held at the Amalgamated Bank of Chicago. Cash deposits are exposed to custodial credit risk if they are not covered by deposit insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Fund's name. The Fund does not have a formal policy relating to custodial risk for deposits. The Fund had no uninsured, uncollateralized cash at December 31, 2015.

NOTE 5. INVESTMENT SUMMARY

Authorization

The Illinois Statutes prescribe the "prudent person rule" as the Fund's investment authority, effective August 31, 2007. This rule requires the Fund to make investments with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of like character with like aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for the Fund's investment managers which are included within their respective Investment Management Agreements. By statute, all investments are held in the name of the Metropolitan Water Reclamation District Retirement Fund.

Investment Policy

The Board's adopted asset allocation policy is 42% domestic equities, 23% international equities and 35% fixed income (since June 2015). The composition of the policy index is 21% S&P 500 Index, 10% Russell Midcap Index, 11% Russell 2000 Index,11% MSCI ACWI ex-US Index, 6% S&P 500 Developed ex-US Index, 6% MSCI Emerging Markets Index, 8.75% Barclays Global Aggregate (Hedged) Index and 26.25% Barclays Aggregate Index.

Custodian

The Fund's actively managed investments are registered in electronic book entry form and held in Trust Accounts custodied by The Bank of New York Mellon, the Fund's agent. The Fund's pooled investments are held in trust and custodied by State Street Global Advisors (SSGA).

Investment Risk

Generally accepted accounting principles specify the disclosure requirements for deposits that are not covered by depository insurance and investment securities that are uninsured and are not registered in the name of the government or a trust agent.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

As of December 31, 2015, the Fund had minimal exposure to custodial credit risk since all investments were insured, registered, and/or held in the Fund's name.

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Concentration of Investment Risk

Investments that represent 5% or more of the Fund's net position restricted for pension benefits are identified below:

Investment Type		Fair Value
Pooled funds - fixed income - long term		
U.S. Aggregate Bond Index SL Fund - State Street	$	111,637,989
Common stocks and mutual funds		
S&P Midcap 400 Index NL Fund - State Street		68,509,207
S&P 500 Flagship NL Fund - State Street		131,390,279

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value of an investment will be adversely affected by changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One strategy to manage exposure to interest rate risk is to purchase a combination of short-term and long-term investments, while considering cash flow needs of the Fund. The Fund does not maintain an investment policy relative to interest rate risk. However, the Board of Trustees recognizes that its investments are subject to short-term volatility and their goal is to maximize total return within prudent risk parameters.

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Interest Rate Risk (continued)

The following table categorizes the Fund's interest bearing investments and presents the fair value and segmented time distribution of debt securities held by the Fund as of December 31, 2015:

		Investment Maturities (in Years)			
Type of Investment	Fair Value	Less Than 1	1 -5	6 -10	More Than 10
Fixed income					
U.S. Government and government agency obligations	$ 93,440,116	$ 4,813,700	$ 5,121,604	$ 9,796,569	$ 73,708,243
Municipal bonds	3,864,039	-	234,870	-	3,629,169
Corporate bonds and notes*	197,385,867	4,114,974	60,585,560	58,378,723	74,306,610
Common collective trust - fixed income	17,953,635	59,247	6,492,034	10,454,402	947,952
Fixed income	312,643,657	8,987,921	72,434,068	78,629,694	152,591,974
Pooled funds - fixed income					
Long-term investments	111,637,989	-	-	111,637,989	-
Short-term investments*	39,867,518	39,867,518	-	-	-
Total	$ 464,149,164	$ 48,855,439	$ 72,434,068	$ 190,267,683	$ 152,591,974
	100.0%	10.5%	15.6%	41.0%	32.9%

* Includes foreign currency-denominated investments

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Credit Risk

Credit risk is defined as the risk that the issuer of a debt security will not pay its par value upon maturity. The Illinois Statutes prescribe the "prudent person rule" as the Fund's investment authority and within the "prudent person" framework, the Board of Trustees adopts investment guidelines that consider credit risk for the Fund's investment managers which are included within their respective Investment Management Agreements.

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NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Credit Risk (continued)

The following table presents a summarization of the Fund's credit quality ratings of the holdings within the fixed income investments at December 31, 2015:

Type of Investment	Credit Rating	Fair Value	Percentage
Fixed income			
U.S. Government and			
government agency obligations	Aaa	$ 93,440,116	20.1 %
Municipal bonds	A2-A3	399,786	0.1
	Aa1-Aa3	1,767,692	0.4
	Aaa	1,084,331	0.2
	Not Rated	612,230	0.1
		3,864,039	0.8
Corporate bonds and notes	A,A-,A+	4,754,555	1.0
	A1-A3	15,114,993	3.3
	AA, AA-, AA+	1,776,142	0.4
	Aa1-Aa3	9,412,734	2.0
	Aaa	18,878,121	4.1
	B, B-, B+	1,909,325	0.4
	B1-B3	10,239,280	2.2
	Ba1-Ba3	18,594,797	4.0
	Baa1 - Baa3	39,296,927	8.5
	BB, BB-,BB+	3,422,121	0.7
	BBB, BBB-,BBB+	11,759,874	2.5
	Ca	8,000	0.0
	Caa1 - Caa3	1,779,690	0.4
	CCC	332,000	0.1
	Not Rated	60,107,308	12.9
		197,385,867	42.5
Common collective trust - fixed income	BB-	17,953,635	3.9
Pooled funds - fixed income			
Long-term investments	A	11,655,006	2.5
	Aa	5,023,710	1.1
	Aaa	80,290,041	17.3
	Baa	14,635,740	3.2
	Below Baa	33,492	0.0
		111,637,989	24.1
Short-term investments	Not Rated	39,867,518	8.6
Total		$ 464,149,164	100.0 %

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk

Foreign currency risk is the risk of loss arising from changes in currency exchange rates. All foreign currency-denominated investments held by the Fund are in equities, fixed income and foreign cash. The Fund's exposure to foreign currency risk at December 31, 2015 was as follows:

Type of Investment	Fair Value	Percentage
Common stock:		
Australian Dollar	$ 11,983,409	7.2%
Canadian Dollar	4,666,082	2.8
Swiss Franc	16,812,203	10.1
Danish Krone	4,561,234	2.7
Euro	35,682,538	21.4
Pound Sterling	38,841,400	23.2
Hong Kong Dollar	6,119,568	3.7
Israeli Shekel	1,607,225	1.0
Japanese Yen	35,101,257	21.0
Norwegian Krone	2,471,708	1.5
New Zealand Dollar	1,252,471	0.7
Swedish Krona	4,534,258	2.7
Singapore Dollar	3,443,343	2.0
	$ 167,076,696	100.0%
Fixed Income:		
Corporate Bonds and Notes:		
Australian Dollar	$ 6,601,201	14.0%
Canadian Dollar	2,729,878	5.8
Chinese Yuan	302,113	0.6
Euro	22,904,805	48.7
Pound Sterling	2,359,590	5.0
Indian Rupee	1,052,705	2.2
Japanese Yen	5,367,154	11.4
Mexican New Peso	515,112	1.1
Norwegian Krone	1,762,331	3.7
New Zealand Dollar	1,077,818	2.3
Romanian Leu	277,338	0.6
Russian Rubel	544,498	1.2
Swedish Krona	495,490	1.1
Singapore Dollar	1,076,111	2.3
	$ 47,066,144	100.0%

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value	Percentage
Fixed Income:		
Pooled Funds - Short Term:		
Foreign Cash:		
Australian Dollar	$ 45,273	3.7%
Canadian Dollar	59,471	4.8
Swiss Franc	28,231	2.3
Chinese Yuan	9,879	0.8
Danish Krone	28,327	2.3
Euro	219,323	17.8
Pound Sterling	45,284	3.7
Hong Kong Dollar	471,532	38.3
Israeli Shekel	5,669	0.5
Japanese Yen	157,947	12.8
Mexican New Peso	20,706	1.7
Norwegian Krone	81,814	6.7
New Zealand Dollar	4,361	0.4
Swedish Krona	25,844	2.1
Singapore Dollar	26,064	2.1
	$ 1,229,725	100.0%

NOTE 6. DERIVATIVES

The Fund uses forward foreign currency exchange contracts to manage portfolio risk and to facilitate international portfolio trading.

A derivative security is a financial contract whose value is based on, or “derived” from, a traditional security, an asset, or a market index. Derivative instruments include forward contracts as part of the Fund’s portfolio. Derivative instruments are valued using pricing models based on the prevailing forward exchange rate of the underlying currencies taking into account the counterparties’ creditworthiness.

NOTE 6. DERIVATIVES (CONTINUED)

Derivative transactions involve, to varying degrees, credit risk, interest rate 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 the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

Forward contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions.

The deferred outflows of resources and deferred inflows of resources of the hedging derivatives are immaterial and not included in these financial statements.

At December 31, 2015, the Plan's investments included the following forward foreign currency exchange contract balances:

Forward Foreign Currency Exchange Contract receivables	$ 83,320,292
Forward Foreign Currency Exchange Contract payables	$ 83,320,292

NOTE 7. SECURITIES LENDING

The Fund lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Bank of New York Mellon, the Fund's master custodian, requires collateral in the form of cash, irrevocable letters of credit or other securities worth at least 102% of the lent securities' market value, and for international securities, collateral worth at least 105%. The contract with the Fund's master custodian requires it to indemnify the Fund if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Fund for income distributions by the securities issuers while the securities are out on loan.

All securities loans can be terminated on demand by either the Fund or the borrower, although the average term of the loans is one week. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 4 days.

The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities without borrower default; as such, the collateral security or non-cash collateral is not reported in the financial statements.

NOTE 7. SECURITIES LENDING (CONTINUED)

Although the Fund's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires it to indemnify the Fund if borrowers fail to return the securities or fail to pay the Fund for income distributions by the issuers of securities while the securities are on loan.

A summary of securities loaned at fair value as of December 31, 2015 is as follows:

Fair value of securities loaned for cash collateral	$ 35,668,143
Fair value of securities loaned for non-cash collateral	31,174,705
Total fair value of securities loaned	$ 66,842,848
Fair value of cash collateral from borrowers	$ 36,892,528
Fair value of non-cash collateral from borrowers	31,907,193
Total fair value of collateral	$ 68,799,721

The value of the cash collateral held and a corresponding liability to return the collateral have been reported on the accompanying statement of fiduciary net position.

The Fund also participates in the securities lending programs offered by State Street Global Advisors (SSGA) with regards to their commingled bond index fund. Securities lending income earned by SSGA serves as a credit to quarterly management fees, and any remainder is used for purchasing additional units in the bond index fund.

NOTE 8. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

In March 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for fair value measurement and application. Statement No. 72 defines fair value, provides guidance for determining fair value measurement for financial reporting purposes and specifies required disclosures related to fair value measurements. Statement No. 72 is effective for the Plan's fiscal year ending December 31, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement No. 73 establishes requirements for pension plans that are not administered through a trust (not covered by Statements Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as Statement No. 68, however, the lack of a trust that meets specified criteria is reflected in the measurements. Statement No. 73 is effective for the Plan's fiscal year ending December 31, 2016, except for provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the Plan's fiscal year ending December 31, 2017.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Statement No. 74 replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The Statement No. 74 addresses the financial reports of defined benefit Other Postemployment Benefit Plans that are administered through trusts that meet specified criteria. The Statement No. 74 requires more extensive note disclosures and required supplementary information related to the measurement of the other postemployment benefit liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 is effective for the Plan's fiscal year ending December 31, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Statement No. 75 requires governments to report a liability on the financial statements for the other postemployment benefits that they provide. Statement No. 75 also requires more extensive note disclosures and required supplementary information about the other postemployment benefit liabilities. Statement No. 75 is effective for the Plan's fiscal year ending December 31, 2018.

NOTE 8. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (CONTINUED)

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76 identifies the hierarchy of generally accepted accounting principles (GAAP) which consists of the sources of accounting principles used to prepare financial statements of state and local government entities in conformity with GAAP and the framework for selecting those principles. Statement No. 76 reduces the hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for the Plan's fiscal year ending December 31, 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreements including descriptive information, the gross dollar amount of the taxes abated during the period and commitments made by a government as part of the agreement. Statement No. 77 is effective for the Plan's fiscal year ending December 31, 2016.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.* This Statement No. 78 amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, to exclude pensions provided to employees of state and local governmental employers through cost-sharing multiple-employer defined benefit pension plan that are not a state or local governmental pension plan, are used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and have no predominant state or local governmental employer. Statement No. 78 is effective for the Plan's fiscal year ending December 31, 2016.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 is effective for the Plan's fiscal year ending December 31, 2016.

In January 2016, GASB issued Statement No. 80, *Blending Requirement for Certain Component Units - an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments established in Statement No. 14, *The Financial Reporting Entity*, as amended. Statement No. 80 is effective for the Fund's fiscal year ending December 31, 2017.

The Fund's management has not yet determined the effect, if any; these Statements will have on the Fund's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in the District's Net Pension Liability and Related Ratios
- Schedule of District Contributions and Related Notes
- Schedule of Investment Returns

Metropolitan Water Reclamation District Retirement Fund

Required Supplementary Information

Schedule of Changes in the District's Net Pension Liability and Related Ratios

Last Two Fiscal Years

	2015	2014
Total pension liability		
Service cost	$ 32,228,341	$ 31,602,226
Interest	168,530,178	163,338,376
Differences between expected and actual experience	14,421,984	10,861,109
Changes of assumptions	-	- *
Benefit payments, including refunds of Member contributions	(140,509,756)	(133,897,848)
Net change in total pension liability	74,670,747	71,903,863
Total pension liability		
Beginning of year	2,285,095,580	2,213,191,717
End of year	$ 2,359,766,327	$ 2,285,095,580
Fund fiduciary net position		
Contributions - employer	$ 71,041,361	$ 73,906,168
Contributions - participant	21,385,212	18,974,954
Net investment income (loss)	(1,427,839)	81,600,566
Benefit payments, including refunds of Member contributions	(140,509,756)	(133,897,848)
Administrative expense	(1,659,917)	(1,406,507)
Other	28,817	4,460
Net change in fund fiduciary net position	(51,142,122)	39,181,793
Fund fiduciary net position		
Beginning of year	1,337,795,620	1,298,613,827
End of year	$ 1,286,653,498	$ 1,337,795,620
District's net pension liability	$ 1,073,112,829	$ 947,299,960
Fund fiduciary net position as a percentage of the total pension liability	54.52%	58.54%
Covered-employee payroll	$ 177,792,309	$ 176,183,941
Employer's net pension liability as a percentage of covered - employee payroll	603.58%	537.68%

* No value is shown in the changes of assumptions because both the beginning and ending total pension liability are based upon the actuarial assumptions adopted in the December 31, 2014 valuation. Those assumptions are listed in Note 3 of these financial statements.

Metropolitan Water Reclamation District Retirement Fund

Schedule of District Contributions and Related Notes

Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution (ADC)	$ 47,368,878	$ 47,090,445	$ 49,758,238	$ 54,790,175	$ 61,872,925	$ 69,393,171	$ 74,828,844	$ 68,414,142	$ 64,477,662	62,603,576
Contributions in Relation to the ADC	34,476,332	27,947,096	33,406,819	32,153,874	29,917,793	37,379,137	65,097,835	92,944,381	73,906,168	71,041,361
Contribution deficiency (excess)	$ 12,892,546	$ 19,143,349	$ 16,351,419	$ 22,636,301	$ 31,955,132	$ 32,014,034	$ 9,731,009	$(24,530,239)	$ (9,428,506)	$ (8,437,785)
Covered employee payroll	$152,767,396	$158,831,772	$167,865,254	$176,915,399	$174,485,734	$164,275,424	$163,816,934	$169,375,857	$176,183,941	$177,792,309
Contributions as a percentage of covered-employee payroll	22.57%	17.60%	19.90%	18.17%	17.15%	22.75%	39.74%	54.87%	41.95%	39.96%

NOTE TO SCHEDULE:

Valuation date:	December 31, 2014 - Actuarially determined contribution (ADC) is calculated as of December 31 prior to the fiscal year in which contributions are reported.
Methods and assumptions used to determine contributions:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed.
Remaining amortization period	36 years remaining amortization as of 1/1/15.
Actuarial asset method	Assets are valued with an adjustment to expected assets to uniformly spread actuarial investment gains and losses (measured by the difference in actual market value investment return and expected market value investment return) over a five year period.
Investment rate of return	7.50% per year compounded annually, net of investment related expenses.
Inflation	2.5% per year
Salary increases	Vary by service.
Payroll growth	3.7% per year
Termination rates	Termination rates vary by age and gender.
Mortality rates	Healthy Members: RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA). Disabled members: RP-2000 Disabled Retiree Mortality Table.
Retirement rates	Retirement rates are based on the most recent experience analysis and vary by age of member.
Disability rates	Disability rates vary by age.

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

Last Two Fiscal Years

	2015	2014
Annual money-weighted rate of return, net of investment expense	-0.15%	6.67%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial information and disclosures that are not required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Schedule of Payments to Consultants
- Postemployment Healthcare Disclosure

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year Ended December 31, 2015
(with comparative amounts for prior year)

	2015	2014
Administrative expenses		
Salaries and wages		
Regular employees	$ 1,067,991	$ 928,312
Employee benefits	153,618	144,640
Other personnel costs	-	19,308
Professional services		
Actuarial	50,985	69,700
Legal and lobbyist	36,124	35,027
Audit and state regulatory fees	44,500	34,500
Public stenographer	7,743	11,244
Medical	6,394	8,978
Investigation	630	623
Printing and publication	3,116	2,817
Postage	9,598	8,971
Office supplies and furniture	3,704	3,848
Travel	1,788	1,967
Tuition reimbursement	-	2,697
Maintenance and repair	298	-
Payments to consultants	158,752	102,202
Membership dues, conference fees, subscriptions and publications	4,819	11,066
Computer hardware and software	91,798	5,770
Miscellaneous	18,059	14,837
Total administrative expenses	$ 1,659,917	$ 1,406,507

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION

Schedule of Investments Expenses

Year ended December 31, 2015
(With Comparative Amounts For Prior Year)

	2015	2014
Investment manager fees	$ 5,073,028	$ 5,462,012
Custodian fees	299,808	267,554
Investment consulting fees	170,000	170,000
Total investment expenses	$ 5,542,836	$ 5,899,566

Schedule of Payments to Consultants

Year Ended December 31, 2015
(with comparative amounts for prior year)

Firm / Individual	Services	2015	2014
Novitas (formerly JC Consulting Group, Inc.)	Benefit system maintenance and development	$ 108,513	$ 69,600
Elizabeth Cataudella	Benefits consultant	30,566	31,174
PCM-G	IT consultant	19,529	-
Best Case Technologies	Website consultant	144	1,428
Total payments to consultants		$ 158,752	$ 102,202

Postemployment Healthcare

The Fund does not provide any health insurance supplement. Employee and survivor annuitants may elect coverage under the insurance programs offered through the Metropolitan Water Reclamation District of Greater Chicago (District), the former employer of our employee annuitants. The District offers these programs to retirees on a year-by-year basis. Retirees are not guaranteed coverage under the District's insurance programs. The Fund withholds the prescribed annuitant portion of the monthly medical premium and forwards it in total to the District, who subsidizes the medical coverage. The District provides full disclosure in its Comprehensive Annual Financial Report.

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INVESTMENT SECTION

BNY MELLON

April 15, 2016

To the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund:

The Bank of New York Mellon as custodian of the assets of the Metropolitan Water Reclamation District Retirement Fund (Fund) held by it in a custodial account has provided annual accounting statements to the Fund which represents The Bank of New York Mellon's record of investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the custody accounts for the period of January 1, 2015 through December 31, 2015.

In addition to the custody of assets in the custody accounts, and pursuant to the Master Global Custody Agreement among the Board of Trustees and the Bank of New York Mellon dated December 8, 2006 and the securities lending contract dated June 27, 2007, The Bank of New York Mellon provides the following services:

- Maintain safe custody of the assets owned by MWRD Retirement Fund.
- Settle trades in accordance with manager instructions.
- Collect dividends and registered interest payments.
- Provide proxy processing and corporate action services
- Sweep cash balances of manager accounts in end of day sweep vehicle.
- Provide MWRD with monthly and annual audited investment accounting statements.
- Provide periodic reports summarizing the investment activity of the Fund's assets.
- Administer a securities lending program for MWRD Retirement Fund's assets and invest cash collateral received from such loans.

Sincerely,

Michael D. Skirtich
Vice President
(412) 234-6527

MarquetteAssociates

To the Metropolitan Water Reclamation District Retirement Fund (MWRDF) Board of Trustees:

Marquette Associates ("Marquette) is the independent investment consultant for the MWRDF. Marquette is responsible for the implementation of the Retirement Fund's asset allocation, trustee education, the selection and monitoring of investment managers as well as investment performance analysis. Marquette follows the CFA® Institute's Performance Presentation Standards for calculating and reporting performance returns.

The assumed actuarial rate of return for the Retirement Fund is 7.5%. In 2015, the MWRDF's total portfolio returned 0.30% gross of fees and -0.20% net of fees. Over the same period, the policy index returned -1.8%. At the end of 2015, the MWRDF's Policy index was comprised of approximate weightings in the following indices: Barclays Aggregate (26.25%), Barclays Global Aggregate Index – Hedged (8.75%), S&P 500 (21%), Russell MidCap (10%), Russell 2000 (11%), MSCI ACWI ex-U.S (11%), S&P Developed Small Cap ex-U.S (6%) and MSCI EM Index (6%).

Overall, 2015 was a tough year for fixed income. During the 1st and 2nd quarters, volatility in oil prices and the European Central Bank's bond stimulus program shaped the market. In the 3rd quarter, Greece's bailout agreement was eclipsed by China's equity market correction and currency devaluation, pushing the market into risk-off mode and risk credit into negative territory. During the 4th quarter, the IMF granted China reserve currency status, the Fed raised rates and high yield experienced a material pull-back. The MWRDF ended 2015 with a 35.4% allocation to fixed income; net of fees, the fixed income composite returned -0.7% versus the benchmark (Barclays Aggregate) which returned -0.3%.

After 6 consecutive years of strong returns, the U.S. equity market ended 2015 with a whimper as the broad market returned 0.7%. There were some noticeable differences among styles and sizes. As investors gravitated to the perceived safety of larger companies at the expense of smaller ones, large cap stocks were the best performers led by a 5.7% return in the Russell 1000 Growth index. In contrast, the S&P 500 returned 1.4%, the Russell MidCap returned -2.4% while the Russell 2000 lost 4.4%. The MWRDF portfolio ended the year with a 48.1% allocation to U.S equities; net of fees, the U.S equities composite returned -0.9% versus the benchmark (Wilshire 5000) which returned 0.7%.

Developed small-cap stocks generated a strong 9.6% return, but it was also a challenging year for non-U.S. equities; developed large stocks returned -0.8% while emerging markets lost 14.9%. The MWRDF ended 2015 with a 16.5% allocation to non-U.S equities; net of fees, the non-U.S equity composite had a positive 2.9% return versus the benchmark (MSCI ACWI ex-US) which returned -5.7%.

The MWRDF portfolio continues to be highly liquid and transparent and the addition of dedicated passive management in U.S Large Cap and Mid Cap equities has helped to control the portfolio's tracking error versus the policy benchmark. Also, the addition of new asset classes - non-U.S Small Cap and Global Fixed Income - over the past 12 months is expected to be additive to long-term returns while having a dampening effect on expected risk through additional diversification.

Sincerely,

Kweku Obed, CFA, CAIA

INVESTMENT PREFACE

INVESTMENT AUTHORITY

The Metropolitan Water Reclamation District Retirement Fund's (Fund) investment authority is established by and subject to the provisions of the Illinois Compiled Statutes, Chapter 40, Act 5, Articles 1 and 13.

The Retirement Fund Board of Trustees invests the Fund's reserves according to the Prudent Person Rule. This rule requires a Trustee, who is a fiduciary by way of title, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

INVESTMENT RESPONSIBILITY

The duties of the Board include the appointment and review of investment managers as fiduciaries to manage the investment assets of the Fund. The investment managers are granted discretionary authority to manage stated assets and vote all proxies for the Board. The investment managers must discharge their duties with respect to the Fund solely in the interest of the Fund's contributors and beneficiaries.

INVESTMENT POLICY & OBJECTIVES

The Fund's asset allocation strategy is based on a combination of long-term investment return expectations and the Fund's expected cash requirements for payments of benefits and expenses. The investment objective of the total portfolio is to maximize the rate of return within a prudent level of risk.

The Fund is expected to exceed the policy index, on average, over rolling four quarter periods and its actuarial return assumption of 7.5%. As of June 2015, the Board adopted the following policy index:

21%	S&P 500 Index
10%	Russell Mid Cap Index
11%	Russell 2000 Index
11%	MSCI ACWI ex-US Index
6%	S&P Developed ex-US Index
6%	MSCI Emerging Markets Index
26.25%	Barclay's US Aggregate Index
8.75%	Barclays Global Aggregate (Hedged) Index

Individual goals are established for each investment manager and incorporated into the contracts with those managers. The Board hires and reviews investment managers based on an evaluation of their investment philosophy, long-term performance and ability to complement existing portfolio styles. Investment managers must adhere to their stated investment philosophy and strive to attain their performance goals. The formal investment policy is reviewed annually.

INVESTMENT ALLOCATION

The investment policy of the Fund establishes asset allocation targets and ranges for each asset class to achieve risk and return objectives. Fund staff, in collaboration with the Fund's investment consultant, monitors the investment allocation on a monthly basis. Formal rebalancing is recommended by the consultant when variances approach 5% over or under the targets. In addition, strategic withdrawals for payment of benefits are used to fine-tune the allocations.

As of December 31, 2015 and 2014, the Fund's asset allocation percentages, at market value, are listed below.

Asset Class	2015 Actual Asset Allocation	Target Allocation	2014 Actual Asset Allocation
Domestic Equity	46.5%	42.0%	48.5%
International Equity	15.6%	23.0%	14.7%
Domestic Fixed Income	28.6%	26.25%	34.1%
Global Fixed Income	6.0%	8.75%	-
Short Term and Cash	3.3%	-	2.7%
Total	100.0%	100.0%	100.0%

INVESTMENT MANAGEMENT

The Board of Trustees, in cooperation with the Fund's investment consultant Marquette Associates, took the following actions during 2015 to enhance the Fund's investment portfolio performance:

- Terminated three of its large cap equity managers, Alliance Bernstein, UBS Global Asset Management and PNC Capital Advisors, who combined, managed approximately $142.9 million and transitioned the proceeds to State Street Global Advisors (SSgA) S&P 500 Index.

- Terminated two of its midcap equity managers, Wellington Management and Systematic Financial Management, who managed approximately $103.0 million, and transitioned that amount to SSgA's S&P 400 Index.

- Terminated Profit Investment Management who managed $13.7 million in a small cap growth portfolio and transitioned it to Fiduciary Management's small cap value equity portfolio for manager consolidation purposes.

- Hired Standish as a result of an RFP that was issued in 2014, to manage $75.0 million in active global fixed income, and was funded with proceeds from the overweight in SSgA's Aggregate Bond Index. The Fund's target allocation for global fixed income is 8.75%.

- Allocated an additional $28.6 million or 2% of the Fund's total investments to Ariel Investments midcap portfolio primarily for rebalancing purposes. Funding was made from the overweight in the SSgA's S&P 400 Index.

- Terminated Holland Capital Management who managed $15.8 million in large cap growth equites, and transitioned the portfolio to Decatur Capital Management. This action was taken to consolidate active large cap growth equity management.

- Hired Matarin Capital Management to manage 2.5% or approximately $26.7 million of the Fund's total investments in a small cap core equity portfolio. Funding came from UBS Global Asset Management's small cap growth portfolio valued at $14.0 million and Geneva's small cap growth portfolio valued at $12.7 million. Both firms were terminated for manager consolidation purposes.

- Revised the Fund's asset allocation targets from 55% to 42% domestic equities; from 10% to 23% international equities and the fixed income target allocation remained at 35%.

- Hired Dimensional Fund Associates (DFA) to manage a 6% allocation in emerging market equities or approximately $75 million of the Fund's total investments. DFA was initially funded with proceeds from the overweight in the S&P 500 index.
- The above actions resulted in a reduction of the actual and expected risk of the portfolio as measured by standard deviation or volatility. Additionally, the consolidation of managers and the addition of new index allocations resulted in considerable savings in investment management fees.

- The Fund exceeded its minority (MWDBE) broker/dealer commission goals of 30% for domestic equity trades, 10% for international equity trades and 20% of par for fixed income trades, achieving actual minority commissions of 54%, 19% and 29% of par, respectively.

INVESTMENT PERFORMANCE

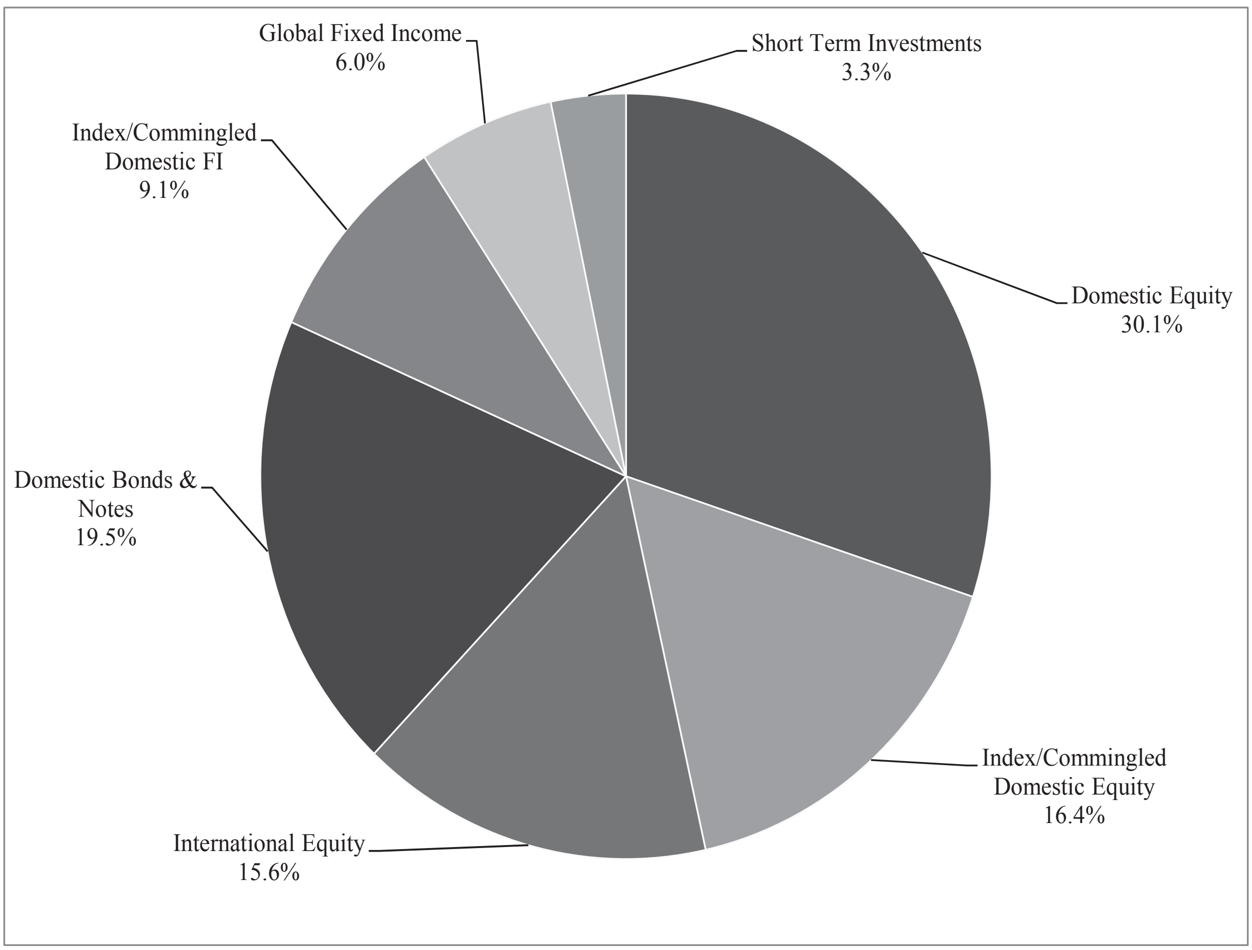
Marquette Associates evaluates investment manager performance as well as overall performance on a monthly and quarterly basis and presents their reports to the Trustees at the monthly Board meetings. Investment returns are calculated based on a time-weighted rate of return based on market values and in compliance with industry accepted reporting standards. Rates of returns are reported both gross and net of investment fees. The Fund's investment managers report performance in compliance with Global Investment Performance Standards. This reporting requirement is also included in the managers' contractual agreements with the Fund.

The time weighted market value rate of return on invested assets for the year ending December 31, 2015 was -0.20% net of fees, compared to the Fund's Policy Index return of -1.8%. The Fund's performance over the long term against the Policy Index, the various component indices, and the actuarial rate of return assumption is an important indicator of how well the Fund is accomplishing its investment objectives. Data for trend analysis is presented in tables later in this section entitled *Schedule of Investment Returns* and *History of Investment Returns*.

INVESTMENT ASSETS
Summary at Market Value
December 31, 2015 and 2014

	December 31, 2015		December 31, 2014	
Fixed Income Investments				
Domestic Bonds & Notes	$239,297,760	19.5 %	$252,271,238	19.7 %
Index/Commingled Domestic FI	111,637,989	9.1	186,015,905	14.4
Global Fixed Income	73,345,897	6.0	-	-
	424,281,646	34.6	438,287,143	34.1
Equity Investments				
Domestic Equity	367,375,447	30.1	620,023,586	48.5
Index/Commingled Domestic Equity	199,899,486	16.4	-	-
International Equity	190,407,694	15.6	188,424,960	14.7
	757,682,627	62.1	808,448,546	63.2
Short Term Investments	39,867,518	3.3	34,620,768	2.7
Total at Market Value	$1,221,831,791	100.0 %	$1,281,356,457	100.0 %

Asset Allocation at Market Value
December 31, 2015



SCHEDULE OF INVESTMENT RETURNS

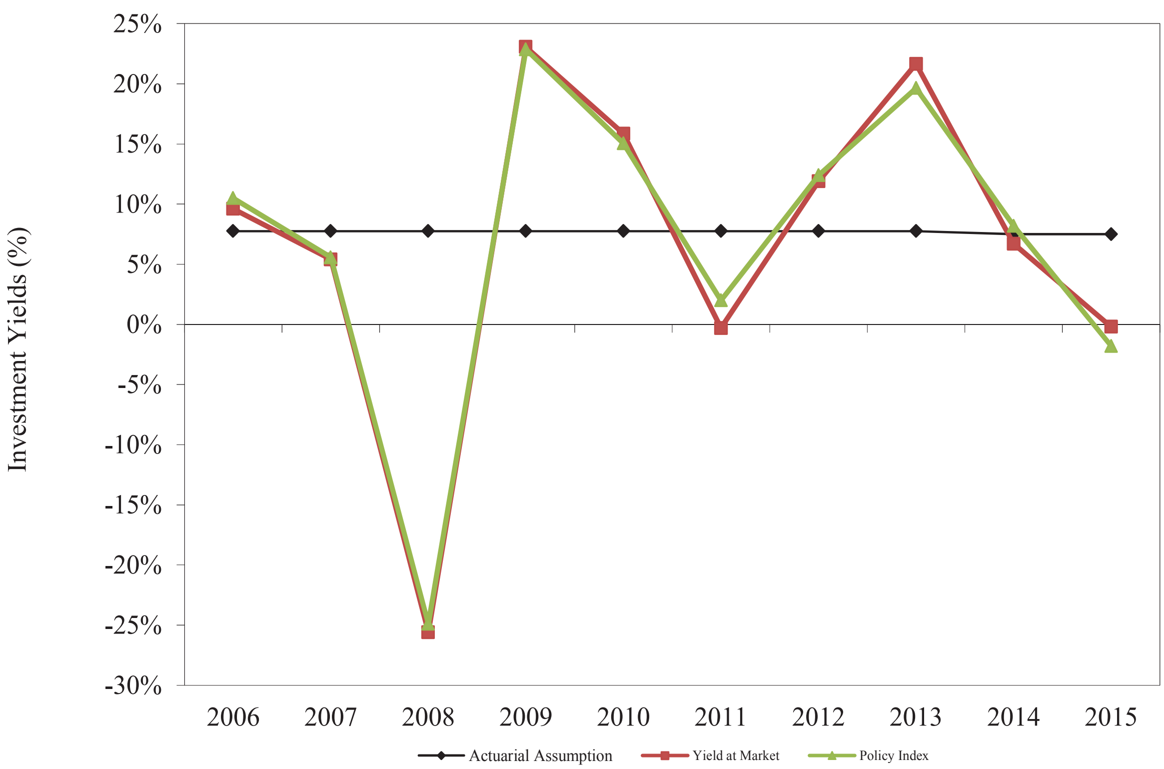
	Year ending 12/31/15[1,2]	3-Year Annualized	5-Year Annualized	10-Year Annualized
Fund's Total Portfolio	**(0.2) %**	**9.0 %**	**7.7 %**	**5.9 %**
Policy Index	(1.8)	8.3	7.7	6.0
Fund's Domestic Equity Composite	**(0.9)**	**14.3**	**10.5**	**6.3**
Wilshire 5000 - Composite Index	0.7	14.8	12.3	7.5
Policy Index Components:				
S&P 500 - Large cap Index	1.4	15.1	12.6	7.3
Russell Mid Cap - Mid cap Index	(2.4)	14.2	11.4	8.0
Russell 2000 - Small cap index	(4.4)	11.7	9.2	6.8
Fund's International Equities	**2.9**	**5.0**	**6.5**	**-**
Policy Index Components:				
MSCI ACWI ex-US Index	(5.7)	1.5	1.1	-
S&P Developed ex-US Index	6.1	-	-	-
Fund's Fixed Income	**(0.5)**	**1.3**	**3.3**	**4.3**
Policy Index Components:				
Barclay's US Aggregate	0.6	1.4	3.2	4.5

1. The Fund's Policy Index is composed of 21% S&P 500 Index, 10% Russell Mid Cap Index, 11% Russell 2000 Index, 11% MSCI ACWI ex-US Index, 6% S&P Developed ex-US Index, 6% MSCI Emerging Markets Index, 8.75% Barclays Global Aggregate (Hedged) Index and 26.25% Barclay's U.S. Aggregate Index (since June 2015).

2. Investment returns are reported net of investment fees. The calculation is based on a time-weighted rate of return at market and is in compliance with industry accepted reporting standards. Quarterly reports of the Fund's Investment Consultant can be obtained upon request.

HISTORY OF INVESTMENT RETURNS AT MARKET VALUE
Years ending December 31

Year	Invested Assets	Actuarial Assumption	Yield at Market[1]	Fund's Policy Index[2]
2006	$ 1,192,992,050	7.75%	9.6%	10.5%
2007	1,195,418,217	7.75%	5.4%	5.6%
2008	850,451,228	7.75%	-25.6%	-24.9%
2009	982,263,533	7.75%	23.1%	22.9%
2010	1,060,891,508	7.75%	15.9%	15.0%
2011	979,087,210	7.75%	-0.3%	2.0%
2012	1,064,586,807	7.75%	11.9%	12.4%
2013	1,246,898,339	7.75%	21.7%	19.6%
2014	1,281,356,457	7.50%	6.7%	8.2%
2015	1,221,831,791	7.50%	-0.2%	-1.8%
5 year annualized return			7.7%	7.7%
10 year annualized return			5.9%	6.0%



1 Time weighted investment returns are reported net of investment fees.

2 The Fund's Policy Index is detailed on the previous page.

HISTORICAL ASSET ALLOCATION AT MARKET VALUE

Last Ten Years

	Market Value as a Percent of Portfolio[1]									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equities										
Domestic Equities	35.6	38.6	42.0	48.9	60.9	55.0	53.0	58.3	48.5	30.1
Index/Commingled Domestic Equities	20.8	14.4	5.9	10.3	1.9	-	-	-	-	16.4
International Equities	2.1	2.3	4.1	4.5	5.2	10.4	9.4	9.4	14.7	15.6
	58.5	55.3	52.0	63.7	68.0	65.4	62.4	67.7	63.2	62.1
Fixed Income										
Domestic Fixed Income	8.4	11.9	4.5	-	-	-	15.7	12.9	19.7	19.5
Index/Commingled Domestic Fixed Income	32.0	31.6	41.7	34.3	30.0	32.9	19.2	15.2	14.4	9.1
Global Fixed Income										6.0
	40.4	43.5	46.2	34.3	30.0	32.9	34.9	28.1	34.1	34.6
Short Term Investments	1.1	1.2	1.8	2.0	2.0	1.7	2.7	4.2	2.7	3.3
Total Portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1]Allocation percentages as of December 31st.

FIXED INCOME DIVERSIFICATION
as of December 31, 2015

	Market Value (MV)	MV as a % of Total Fixed Income
Domestic Fixed Income		
Treasuries & Government	$ 49,040,438	15.7 %
Corporate	80,215,365	25.7
Mortgage-Backed	68,178,170	21.8
Asset-Backed	8,851,201	2.8
Foreign	29,663,484	9.5
Municipals	3,349,102	1.1
Total Domestic Fixed Income	$ 239,297,760	76.6
Global Fixed Income		
Treasuries & Government	$ 4,992,697	1.6
Corporate	21,656,802	6.9
Mortgage-Backed	6,534,559	2.1
Asset-Backed	2,496,348	0.8
Foreign	37,665,491	12.0
Total Global Fixed Income	$ 73,345,897	23.4
Total Fixed Income[1]	$ 312,643,657	100.0 %

[1] Actively managed fixed income totals on this schedule represent invested assets and thus do not include STI and cash and are in agreement with the Financial Statements.

EQUITY DIVERSIFICATION
as of December 31, 2015

	Market Value (MV)	MV as a % of Total Equity
Domestic Equities		
Consumer Discretionary	$ 78,851,216	10.4 %
Consumer Staples	34,603,771	4.6
Energy	35,171,046	4.6
Financials	122,531,386	16.2
Health Care	70,909,367	9.4
Industrials	69,774,817	9.2
Information Technology	95,302,189	12.6
Materials	19,854,623	2.6
Telecommunication Services	7,374,574	1.0
Utilities	14,181,873	1.9
Unclassified	18,720,073	2.5
Total Domestic Equities	$ 567,274,933	74.9
International Equities		
Consumer Discretionary	$ 20,333,201	2.7
Consumer Staples	33,375,996	4.4
Energy	3,504,085	0.5
Financials	28,840,464	3.8
Health Care	20,297,061	2.7
Industrials	14,698,088	1.9
Information Technology	11,025,433	1.5
Materials	9,019,183	1.2
Telecommunication Services	6,317,443	0.8
Utilities	5,775,266	0.8
Unclassified	37,221,474	4.9
Total International Equities	$ 190,407,694	25.1
Total Equity[1]	$ 757,682,627	100.0 %

[1] Actively managed equity totals on this schedule represent invested assets and thus do not include STI and cash and are in agreement with the Financial Statements.

TOP 40 COMMON STOCK HOLDINGS [1]
as of December 31, 2015

Company Name	Industry	Shares	Market Value
Nestle SA	Food Processing	58,015	$4,320,698
British American Tobacco PLC	Tobacco	74,335	4,131,596
Roche Holding AG	Pharmaceuticals	14,921	4,120,044
Philip Morris International	Agriculture	42,955	3,776,174
Zimmer Biomet Holdings Inc	Health Care	32,400	3,323,916
Aflac Inc	Insurance	54,700	3,276,530
Viacom Inc	Media	79,209	3,260,242
Stanley Black & Decker Inc	Hand/Machine Tools	30,081	3,210,545
Illinois Tool Works Inc	Misc Manufacturer	34,221	3,171,602
Reckitt Benckiser Group PLC	Nondurable Household Products	33,054	3,059,996
Western Union Co/The	Commercial Services	167,521	3,000,301
Apple Inc	Computers	28,490	2,998,857
JM Smucker Co	Food Processing	23,600	2,910,824
Snap-On Inc	Hand/Machine Tools	16,695	2,862,024
Lyondellbasell Industries NV	Chemicals	32,707	2,842,238
Interpublic Group	Advertising	118,700	2,763,336
Laboratory Corp Of America	Health Care Services	22,000	2,720,080
Unilever NV	Cosmetics/Personal Care	62,161	2,708,110
Pfizer Inc	Pharmaceuticals	83,825	2,705,871
CBS Corp	Media	54,872	2,586,117
Northern Trust Corp	Banks	35,700	2,573,613
Northrop Grumman Corp	Aerospace/Defense	13,605	2,568,760
Novo Nordisk A/S	Pharmaceuticals	43,762	2,547,443
First American Financial Corp	Insurance	70,600	2,534,540
Omnicom Group Inc	Advertising	33,300	2,519,478
SAB Miller PLC	Brewers	41,035	2,461,294
St Jude Medical Inc	Health Care	38,175	2,358,070
Travelers Companies Inc	Insurance	20,877	2,356,178
Johnson & Johnson	Pharmaceuticals	22,600	2,321,472
Bristow Group Inc	Oil & Gas Services	89,100	2,307,690
Kennametal Inc	Hand/Machine Tools	117,400	2,254,080
Marathon Petroleum Corp	Oil & Gas	42,444	2,200,297
Lazard Ltd	Limited Partnership - Public Equity	48,300	2,173,983
Paypal Holdings Inc	Commercial Services	59,514	2,154,407
National Oilwell Varco Inc	Oil & Gas Services	64,248	2,151,666
Franklin Resources Inc	Diversified Financial Services	58,290	2,146,238
Take-Two Interactive Software	Software	59,859	2,085,488
CNO Financial Group Inc	Insurance	108,495	2,071,170
Phillips 66	Oil & Gas	24,720	2,022,096
Thermo Fisher Scientific Inc	Health Care	14,124	2,003,489

[1] A complete list of the Fund's portfolio holdings is available for review in the Fund's Administrative Office.

MANAGER BY TYPE AND ASSETS MANAGED

Assets Under Management at Market Value

	December 31, 2015		December 31, 2014	
	Market Value	% of Total	Market Value	% of Total
Fixed Income Managers				
Domestic Fixed Income				
State Street Global Advisors	$ 111,638,003	9.1	$ 186,015,919	14.5
Neuberger Berman	131,365,912	10.8	138,981,424	10.8
Pioneer Investments	122,790,198	10.0	126,533,192	9.9
Subtotal	365,794,111	29.9	451,530,535	35.2
Global Fixed Income				
Standish	74,549,346	6.1	-	-
Total Fixed Income	440,343,457	36.0	451,530,535	35.2
Equity Managers				
Domestic Equity				
Alliance Bernstein LP.	-	-	44,101,665	3.4
Ariel Investments	71,028,287	5.8	47,000,861	3.7
Decatur Capital Management, Inc.	31,602,355	2.6	15,413,943	1.2
Fiduciary Management Associates, LLC.	27,229,621	2.2	14,329,769	1.1
Geneva Capital Management Ltd.	-	-	12,510,311	1.0
Herndon Capital Management	41,699,240	3.4	42,270,444	3.3
Holland Capital Management	-	-	14,428,706	1.1
LSV Asset Management	64,910,458	5.3	150,994,199	11.8
Matarin Capital Management	24,699,316	2.0	-	-
O'Shaughnessy Asset Management, LLC.	31,125,763	2.5	33,381,597	2.6
PNC Capital Advisors, LLC.	-	-	25,040,564	2.0
Profit Investment Management	-	-	12,458,584	1.0
State Street Global Advisors	199,899,487	16.3	-	-
Systematic Financial Management	-	-	25,579,082	2.0
UBS Global Asset Management	-	-	87,968,783	6.9
WCM Investment Management	45,139,835	3.7	50,724,307	4.0
Wasatch Advisors	43,441,490	3.6	56,430,341	4.4
Wellington Management Co.	-	-	76,087,213	5.9
Subtotal	580,775,851	47.4	708,720,369	55.4
International Equity				
Hexavest Inc.	56,905,940	4.7	58,859,217	4.6
Vontobel Asset Management	62,435,851	5.1	60,363,899	4.7
LSV Asset Management	78,798,530	6.4	-	0.0
Subtotal	198,140,321	16.2	119,223,116	9.3
Total Equities	778,916,173	63.6	827,943,485	64.7
Cash in Transition Accounts	49,083	-	55,136	-
Assets Under Management (AUM)[1]	1,219,308,713	99.8	1,279,529,156	99.9
The Illinois Funds [2]	2,523,078	0.2	1,827,298	0.1
Total Investments	$ 1,221,831,791	100.0	$ 1,281,356,454	100.0

[1] AUM on this schedule includes any short-term investments and cash held in the managers' accounts at year end and thus vary from totals on the Financial Statements.

[2] The Illinois Funds are periodically used to invest working capital funds.

INVESTMENT MANAGER COMPENSATION

Investment Managers:[1]	2015	2014
Alliance Bernstein LP.	$ 57,211	$ 133,268
Ariel Investments	292,570	213,108
Decatur Capital Management, Inc.	132,951	88,091
Fiduciary Management Associates, LLC.	150,720	107,226
Geneva Capital Management Ltd.	54,401	87,455
Graham & Dodd Fund, LLC.	-	-
Herndon Capital Management, LLC.	215,321	209,251
Hexavest Inc.	342,658	350,041
Holland Capital Management	44,218	71,180
LSV Asset Management	1,016,685	412,301
Matarin Capital Management	75,402	-
Neuberger Berman	247,973	328,680
Opus Capital Management	-	201,827
O'Shaughnessy Asset Management, LLC.	158,812	174,422
PNC Capital Advisors, LLC.	53,087	250,721
Pioneer Investments	353,014	341,678
Profit Investment Management	45,371	111,135
Standish Mellon Asset Management	98,949	-
State Street Global Advisors	57,490	38,567
Systematic Financial Management	62,699	252,641
UBS Global Asset Management	225,411	454,776
Vontobel Asset Management	392,282	384,721
WCM Investment Management	362,699	247,974
Wasatch Advisors	399,888	286,324
Wellington Management Co.	233,216	716,623
Total	$ 5,073,028	$ 5,462,012

CUSTODIAL FEES [2]

Institution	2015	2014
Bank of New York Mellon Co.	$ 299,808	$ 267,554

INVESTMENT CONSULTANT FEES

Consulting Firm	2015	2014
Gray & Co.	$ -	$ 70,833
Marquette Associates	170,000	99,167
Total	$ 170,000	$ 170,000
Total Investment Expenses	$ 5,542,836	$ 5,899,566

[1] Investment manager compensation is reflected in the financial statements along with other direct investment expenses as an offset to investment income and is so described within the notes to the financial statements.

[2] Custodial fees do not include management fees related to the Fund's commingled assets custodied by State Street.

SCHEDULE OF 2015 DOMESTIC BROKERAGE COMMISSIONS

Broker	Commissions[1]	% of Total
Loop Capital Markets [2]	$ 81,847	21.3
Credit Suisse	28,151	7.3
C.L. King & Associates [2]	26,891	7.0
Cheevers & Co. Inc. [2]	17,931	4.7
M. Ramsey King Securities Inc. [2]	13,956	3.6
Bloomberg Tradebook LLC.	12,961	3.4
Merrill Lynch Pierce Fenner Smith Inc.	12,532	3.3
Cabrera Capital Markets [2]	10,906	2.8
Instinet Corp.	10,206	2.7
Williams Capital Group [2]	9,524	2.5
Castleoak Sec [2]	8,912	2.3
Drexel Hamilton LLC. [2]	8,659	2.2
Topeka Capital Markets Inc. [2]	8,272	2.1
Investment Technology Group	8,216	2.1
Academy Securities Inc. [2]	8,147	2.1
Robert W. Baird & Company	7,311	1.9
Liquidnet Inc.	7,259	1.9
UBS Securities LLC.	6,163	1.6
Blaylock & Co Inc. [2]	5,638	1.5
JonesTrading Institutional Services LLC.	5,538	1.4
Jefferies & Co.	5,384	1.4
J P Morgan Securities Inc.	5,258	1.4
Weeden & Co.	5,130	1.3
Morgan Stanley & Co.	4,961	1.3
Goldman Sachs & Co.	4,958	1.3
Stifel Nicolaus	4,777	1.2
Subtotal	$ 329,487	85.6
All others[3]	55,386	14.4
Total	$ 384,873	100.0

1 Investment brokerage commissions are accounted for as an additional cost to a security when the security is purchased, and as a reduction to the cash amount received when the security is sold.

2 Directed brokerage for stock trades executed by Minority/Women/Disabled/Veteran – Owned Business Enterprises.

3 Brokerage firms that each received less than 1.0% of the total commissions.

SCHEDULE OF 2015 INTERNATIONAL BROKERAGE COMMISSIONS

Broker	Commissions	% of Total
Cabrera Capital Markets [2]	$ 18,199	11.2
Credit Suisse	12,405	7.6
J P Morgan	12,258	7.6
Morgan Stanley & Co.	10,425	6.4
UBS Securities	8,498	5.2
Deutsche Bank International	8,194	5.0
Mischler Financial [2]	7,338	4.5
Macquarie Bank	6,614	4.1
Banque Pictet et Cie	6,562	4.0
Loop Capital Markets [2]	5,473	3.4
Goldman Sachs & Co.	5,158	3.2
Merrill Lynch International	4,869	3.0
National Bank	4,321	2.7
SG Sec Ltd.	3,982	2.5
Jefferies & Co.	3,601	2.2
BNY Convergex	3,378	2.1
Pershing LLC.	3,185	2.0
Pictet	3,103	1.9
Barclays Capital	3,097	1.9
Instinet	3,058	1.9
Royal Bank of Canada	3,026	1.9
Investment Technology Group	2,643	1.6
Sanford C Bernstein & Co.	2,615	1.6
BNP Paribas	2,428	1.5
CLSA Singapore Pte Ltd.	2,079	1.3
Mizuho Securities	1,905	1.2
IXIS Securities	1,616	1.0
Oddo et Cie	1,562	1.0
Subtotal	$ 151,592	93.5
All others[3]	10,689	6.5
Total	$ 162,281	100.0

1 Investment brokerage commissions are accounted for as an additional cost to a security when the security is purchased, and as a reduction to the cash amount received when the security is sold.

2 Directed brokerage for stock trades executed by Minority/Women/Disabled/Veteran - Owned Business Enterprises.

3 Brokerage firms that each received less than 1.0% of the total commissions.

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ACTUARIAL SECTION

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

April 22, 2016

Board of Trustees
Metropolitan Water Reclamation District Retirement Fund
111 E. Erie St.
Chicago, IL 60611

ACTUARIAL CERTIFICATION

We have completed the annual actuarial valuation for the Metropolitan Water Reclamation District Retirement Fund.

The valuation was performed as of December 31, 2015 to determine whether assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Successive valuations will be performed every year.

The funding objective of the fund is to attain a funded ratio of at least 90% by the year 2050. However, an additional contribution requirement has been determined based on achieving a funding level of 100%. Employer contributions come from a property tax levied by the District equal to an amount that will be sufficient to meet the Fund's actuarially determined contribution requirement, but shall not exceed an amount equal to the total employee contributions 2 years prior multiplied by 4.19.

We estimate that a tax multiple of 3.40 is required to cover the full actuarially determined contribution requirement for the year 2016.

Illinois Public Act 97-0894 provided for changes to member contribution requirements and the required tax levy multiplier. The expected member contributions in 2016 reflect the same rates expected in 2015.

The actuarial assumptions used in the December 31, 2015 are the same as those used in the December 31, 2014 valuation. They are based on an experience analysis performed by Foster & Foster for the fund over the period December 31, 2008 through December 31, 2013.

The entry age normal actuarial cost method was used for both the December 31, 2015 valuation and the December 31, 2014 valuation.

The asset values used in the valuation were provided in the December 31, 2015 audited financial statements for the Fund. A 5-year smoothed market value of assets was used to determine the actuarial value of assets. The smoothing methodology was updated to

One Oakbrook Terrace, Suite 720 Oakbrook Terrace, IL 60181 · (630) 620-0200 · Fax (239) 481-0634 · www.foster-foster.com specifically reflect the market value of assets. The market value is adjusted by the unrecognized investment gains and losses for each of the five years prior to the valuation date.

In preparing this report, we have relied on personnel, plan design and asset information supplied by the Plan. The actuarial value of assets was determined based on information supplied by Legacy Professionals LLP, the auditor for the Plan. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness so we have no reason to doubt the substantial accuracy of the information. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

The trend data schedules presented in the financial section of the Comprehensive Annual Financial Report (CAFR) were prepared by the staff of the Fund based on information contained in the historical actuarial reports. The following exhibits included in the accompanying actuarial section were prepared by us based on information provided by the Fund:

- Present Value of Future Benefits
- History of Change in Unfunded Accrued Liability
- Breakdown of Aggregate Accrued Liabilities
- History of Annuitants and Surviving Spouses Added/Dropped from Rolls
- Recommended Employer Multiple
- Participant Statistics
- Summary of Annuitants and Surviving Spouses by Age
- History of Average Annuities at Retirement
- Membership Note Data

In our opinion, the assumptions and method used to determine the annual required contribution, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In our opinion, the following valuation results fairly present the financial condition of the Metropolitan Water Reclamation District Retirement Fund as of December 31, 2015.

Respectfully submitted,

Jason L. Franken, FSA, EA, MAAA

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ACTUARIAL PREFACE

PENSION FINANCING

The approaches used to finance pensions can be divided into two basic categories. Under Pay-As-You-Go Financing the benefits called for by the plan would be paid out directly by the employer as they become due. Most public retirement plans including the MWRD Retirement Fund use Actuarial Funding, a form of Advance Funding, which is designed to set aside money during an employee's working career so that sufficient funds are accumulated at the time of retirement to pay the employee's future pension. This method builds up a pool of assets which will generate investment income, thereby reducing the contribution requirements to meet the pension costs.

ACTUAL FUNDING

The Fund is financed by employee contributions, employer contributions (i.e. the MWRD tax levy) and investment earnings; investment earnings and employer funding are the primary determinants of the Fund's financial status.

Until the 2012 tax levy, employer contributions were set at 2.19 times employee contributions made in the calendar year two years prior. As of the 2013 tax levy, employer contributions were increased to the lesser of the amount resulting from using a 4.19 multiple, or the actuarially determined contribution requirement.

Prior to 2013, employee contributions were 9% of salary for all employees. Contributions increased for Tier I employees to 10% of salary in 2013, to 11% in 2014 and to 12% in 2015. Contributions for Tier II employees did not change and remain at 9% of salary.

ACTUARIAL FUNDING

The Fund's actuary performs an annual actuarial valuation which includes the determination of the Actuarial Accrued Liability, the Actuarial Value of Assets and what is known as the Actuarially Determined Contribution Requirement. Actuaries use demographic data (such as employee age, salary, and service credits), economic assumptions (such as estimated salary increases and interest rates), and decrement assumptions (such as employee turnover, mortality, and retirement rates) in performing these valuations. The actuarial valuation process is generally as follows:

1. Based on the demographic data and actuarial assumptions described above, the amount and timing of benefits payable in the future are estimated by the actuary for all participants at the valuation date. Important assumptions in this computation are the turnover, retirement age, and earnings progression for active members, and mortality for all participants.

2. The actuary then calculates the actuarial present value of these future benefits. This is the amount necessary to be invested at the valuation interest rate, at the valuation date, to provide benefit payments as they come due. Each year's estimated benefit payments are discounted by an assumed interest rate to determine the present dollar value of benefits.

3. The final step is to apply a cost method assigning portions of the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of normal cost and accrued benefit cost.

One of the most important actuarial assumptions is the assumed rate of return on investments. The Fund's current assumed rate is 7.5% as of the 12/31/14 valuation, and is believed to be appropriate based on the actuary's annual review of capital market assumptions and other factors which are part of the annual valuation. Based on common actuarial practice this return has been determined reasonable and achievable through asset allocation, on average, over the long-term.

The Fund uses the entry age normal actuarial cost method with costs allocated on the basis of earnings, one of several accepted actuarial cost methods. Under this cost method, the Actuarial Present Value of the projected pension of each member included in the valuation is assumed to be funded by annual installments, equal to a level percent of the member's earnings for each year between entry age and assumed exit age. The normal cost for the member for the current year is equal to the portion of the value so determined, assigned to this year. The normal cost for the plan for the year is the sum of the normal costs of all active members. The normal cost for the year beginning January 1, 2016 was determined to be $32.8 million or 18.48% of payroll (11.65% of payroll is expected from employee contributions and 6.83% of payroll is the employer's portion.)

Accrued benefit cost or the Actuarial Accrued Liability (AAL), is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date (i.e. for past service). This value changes as the member's salary and years of service change, and as some members leave and are replaced by new members. Future normal cost is the portion of the present value of benefits assigned to future years of service (i.e. for future service) and is assumed to be funded annually.

To the extent that current assets plus future normal costs (assumed to be funded annually) do not support members' expected future benefits, an Unfunded Actuarial Accrued Liability (UAAL) develops. The UAAL is generally amortized over a fixed period of time (e.g. 30 years) from the date incurred. Actuarial funding of plan benefits would require annual District (employer) contributions which at least cover the employer's normal cost, plus an amortization of the UAAL. In the past the District has funded the plan according to statute as described above, which until the 2013 tax levy often resulted in actual contributions falling short of the actuarial requirement. Recent legislation however has changed the computation of the tax levy, resulting in higher District contributions that more closely approximate the actuarial funding requirement. The legislation which increased both the employer and employee contribution requirements is expected to eliminate the UAAL by the year 2050.

The information following this Preface is from the December 31, 2015 actuarial valuation performed by Foster & Foster, which was based upon:

a) Membership data - provided by Fund staff

b) Assets of the Fund - audited financial statements provided by Fund staff

c) Actuarial Method – entry age actuarial cost method

d) Actuarial Assumptions – summarized in this section

COMPARATIVE SUMMARY

Additions	2015	2014
Gross investment income[1]	$ 3,578,600	$ 87,069,401
Securities lending income	565,214	435,191
Employer contributions	71,041,361	73,906,168
Employee contributions	21,385,212	18,974,954
Total income	96,570,387	180,385,714
Outgoing		
Refunds, benefits, expense [2]	147,712,509	141,203,921
Excess of Income Over Outgoing	$ (51,142,122)	$ 39,181,793

Number of Members	12/31/2015	12/31/2014
Active Members	1,846	1,873
Inactive Members	130	115
Members Receiving Annuity Benefits		
Retirees	1,760	1,729
Spouses	580	593
Children	19	21
Total Members	4,335	4,331
Members Receiving Disability Benefits	30	32
Active Member Payroll [3]	$177,792,309	$176,183,941
Average Salary	$96,312	$94,065
Present Value of Future Benefits	$2,653,654,514	$2,581,506,885
Actuarial Funding - Going Concern		
Total Actuarial Liability	$2,371,031,195	$2,296,438,698
Actuarial Value of Assets [4]	$1,307,982,039	$1,263,287,068
Unfunded Actuarial Liability	$1,063,049,156	$1,033,151,630
Funded Ratio	55.2%	55.0%

[1] Includes Other Income

[2] Includes Investment Expenses

[3] Active Member Payroll is annualized based on actual payroll paid to active members in payperiod 26

[4] Actuarial asset values are calculated using a five-year smoothed market value

SUMMARY OF VALUATION RESULTS AS OF DECEMBER 31, 2015

Actuarial Liabilities for Active Members	
Retirement	$ 701,416,807
Termination	8,893,530
Death	24,207,057
Disability	7,073,107
Total	741,590,501
Actuarial Liabilities for Members Receiving Benefits	
Retirement Annuities	1,427,292,476
Survivor Annuities/Children	188,902,959
Total	1,616,195,435
Actuarial Liability for Inactive Members	13,245,259
Total Actuarial Liability	$ 2,371,031,195
Actuarial Value of Assets	1,307,982,039
Unfunded Actuarial Liability	$ 1,063,049,156
Funded Ratio	55.2%

CHANGES IN UNFUNDED ACCRUED ACTUARIAL LIABILITY
YEAR ENDED DECEMBER 31, 2015

1. Unfunded actuarial accrued liability (UAAL) as of 12/31/14			$ 1,033,151,630
2. Employer normal cost developed as of 12/31/14	$ 12,317,916		
3. Expected interest on 1 and 2	78,410,216		
4. Less: Actual employer contribution for the year	71,041,361		
5. Less: Expected interest on 4	2,615,890		
6. Net increase in UAAL due to employer contribution being less than normal cost plus interest on unfunded liability (lines 2 +3-4-5)		$ 17,070,881	
7. Change in UAAL due to actuarial (gain)/loss and assumption/method changes, by component:			
Increase in UAAL due to investment return lower than assumed	3,056,008		
Decrease in UAAL due to salary increases lower than assumed	(3,201,181)		
Increase in UAAL due to decrement experience	16,704,404		
Decrease in UAAL due to inactive mortality experience	(2,856,395)		
Increase in UAAL due to other changes	3,594,463		
Decrease in UAAL due to asset method change	(4,470,654)		
Net increase in UAAL due to actuarial experience		12,826,645	
8. Total net increase in UAAL in 2015			29,897,526
9. Unfunded actuarial accrued liability as of 12/31/15			$ 1,063,049,156

ACTUARIAL ASSUMPTIONS AND METHODS

Below is a summary of the actuarial assumptions for the December 31, 2015 valuation. An experience study was performed in September of 2014 based on data for the period December 31, 2008 through December 31, 2013. The assumptions below are based on the experience study and were recommended by Foster & Foster Actuaries, and adopted by the Board of Trustees effective December 31, 2014.

Interest Rate	7.50%
Salary Increases	See Table 1
Cost-of-Living Adjustment - Annuitants	
Members Hired On Or After January 1, 2011	1.25%
Members Hired Before January 1, 2011	3.00%
Payroll Growth	3.70%
Retirement Rates	See Table 2
Mortality Rates – Healthy Lives	RP-2000 Combined Healthy Mortality Table with Generational Mortality Improvements (Scale AA).
Mortality Rates – Disabled Lives	RP-2000 Disabled Retiree Mortality Table
Termination Rates	See Table 3
Disability Rates	See Table 4
Load for Reciprocal Benefits	1.5% of active member costs and liabilities.
Percent Married	76%
Spousal Age Difference	Spouse of male member assumed to be 4 years younger than member; Spouse of female member assumed to be 4 years older than member.

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Asset Valuation Method	5-year Smoothing Method
Actuarial Cost Method	Entry Age Normal, with costs allocated on basis of earnings. Actuarial gains and losses are reflected in the unfunded actuarial liability.
Actuarially Determined Contribution Requirement	Section 13-503. Employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll. The funding goal is to attain a funded ratio of at least 100% by the year 2050.
Source of Data	Data and audited financial information is provided by the Plan.
Valuation Date	December 31, 2015

Changes in Funding Assumptions/Methods since the prior valuation:

Method Changes

- The actuarial asset method was updated so that the market value of assets is specifically reflected. The market value is adjusted by the unrecognized investment gains and losses for each of the five years prior to the valuation date.

Assumption Changes

- None

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Table 1 – Salary Increase Rates

Service	Salary Increase Rate
0	7.00%
1	6.25%
2	5.75%
3	5.50%
4	5.25%
5	5.00%
6	4.75%
7	4.50%
8	4.50%
9+	4.25%

Table 2 – Retirement Rates

Age	Retirement Rate
50 - 59	6%
60 - 64	13%
65	15%
66 - 67	19%
68 - 69	20%
70 - 74	25%
75	100%

ACTUARIAL ASSUMPTIONS AND METHODS, CONTINUED

Table 3 – Termination Rates

Service	Male Rate	Female Rate
0	4.000%	5.733%
1	3.480%	4.973%
2	3.089%	5.064%
3	2.604%	4.759%
4	2.245%	4.518%
5	1.780%	4.490%
6	1.561%	4.193%
7	1.500%	3.945%
8	1.500%	3.646%
9	1.500%	2.342%
10	1.502%	2.054%
11	1.391%	1.946%
12	1.343%	1.898%
13	1.244%	1.859%
14	1.189%	1.772%
15	1.111%	1.772%
16	0.985%	1.772%
17+	0.500%	1.772%

Table 4 – Disability Rates

Sample rates are as follows:

Age	Disability Rates
20	0.002%
25	0.003%
30	0.006%
35	0.014%
40	0.033%
45	0.065%
50	0.120%
55	0.225%
60	0.490%
65	0.000%

PLAN PROVISIONS

The following describe and reflect plan provisions in effect for the 2014 fiscal year as described in Article 13 of the Illinois Pension Code. The provisions below reflect changes including in Public Act 96-0889 and Public Act 96-1490, which created the second "tier" of benefits for members hired on or after January 1, 2011 and provided clarifying changes.

Eligibility	All employees of the District whose duties indicate service during the calendar year for a minimum of 120 days are eligible.
Normal Retirement Eligibility	Hired before January 1, 2011: Age 60 and 5 years of service Hired on or after January 1, 2011: Age 67 and 10 years of service
Normal Retirement Benefit	The annual benefit payable immediately is equal to the sum of: (a) 2.2% of Average Final Salary for each year of service up to 20 years. (b) 2.4% of Average Final Salary for each year of service in excess of 20 years The benefit shall not exceed 80% of Average Final Salary.
Early Retirement Eligibility	Hired before January 1, 2011: Age 55 (50 if hired before June 13, 1997) and 10 years of service Hired on or after January 1, 2011: Age 62 and 10 years of service
Early Retirement Benefit	Normal Retirement Benefit reduced as follows: Hired before January 1, 2011: If member retires before reaching age 60 with less than 30 years of service, 0.5% for each full month the member is less than age 60 or service is less than 30 years, whichever is less. Hired on or after January 1, 2011: 0.5% per month the member is less than age 67

Plan Provisions, continued

Deferred Retirement Eligibility	Tier 1: Age 55 (50 if hired before June 13, 1997) and 5 years of service. Tier 2: 10 years of service
Deferred Retirement Benefit	The annual benefit payable at the following ages: Hired before January 1, 2011: Age 62, if withdraw on or after age 55 (50 if hired before June 13, 1997) with at least 5 years of service and less than 10 years Age 55 (50 if hired before June 13, 1997), if withdraw with 10 years of service Hired on or after January 1, 2011: Age 62, if withdraw with 10 years of service The annual benefit amount equals the Normal Retirement Benefit reduced with Early Retirement Reductions.
Minimum Retirement Annuity	10 years of service: $500 per month plus $25 per month for each year of service in excess of 10 years, not to exceed $750 with 20 years of service Less than 10 years of service or retirement before age 60: $250 per month
Duty Disability Eligibility	Member incurs injury or sickness due to employment with the District and is compensable under the Workers' Compensation Act or the Occupational Disease Act.
Duty Disability Benefit	75% of salary earned on the date of disability, less the amount paid by Workers' Compensation Benefit is 50% of salary if disability resulted from physical defect or disease that existed at the time injury was sustained. Benefits are payable during period of disablement, but not beyond attainment of age 65. If disability occurs at age 60 or older, benefits are payable for a maximum of 5 years.

PLAN PROVISIONS, CONTINUED

Ordinary Disability Eligibility	Member becomes disabled due to any cause other than injury or illness incurred in the performance of duty.
Ordinary Disability Benefit	50% of earnable salary at the date of disability Member may receive ordinary disability benefits for a maximum period of the lesser of 25% of member's actual service prior to disablement or 5 years.
Surviving Spouse Annuity Eligibility	Hired before June 13, 1997: Immediately eligible if married to member on date of member's death while in service or married to member on member's date of termination from service and remained married until member's death. Dissolution of marriage after retirement shall not divest the member's spouse of entitlement if marriage was in effect for at least 10 years on the date of retirement. Hired on or after June 13, 1997: Eligible after 3 years of service. Conditions for marriage described for members hired prior to June 13, 1997 apply.
Surviving Spouse Benefit	Hired before January 1, 2011: Retirement annuity earned at the time of death multiplied by a factor of 60% plus 1% for each year of member's total service, to a maximum of 85%. If hired after January 1, 1992, annuity is reduced by 0.25% for each full month spouse is younger than member to maximum reduction of 60%. Discount is reduced by 10% for each year marriage is in effect. Hired on or after January 1, 2011: 66 2/3% of retirement annuity earned at the time of death.

PLAN PROVISIONS, CONTINUED

Minimum Surviving Spouse Annuity	Member with 10 years of service: greater of (a) $500 per month plus $25 per month for each year of service in excess of 10, not to exceed $750 per month, or (b) 50% of the retirement annuity of member at time of death. Member with less than 10 years of service: $250 per month.
Children's Annuity Eligibility	Member parent dies in service or deceased parent was former member with at least 10 years of service. Child is unmarried and less than age 18 (23, if full-time student).
Children's Annuity Benefit	$500 per month for each child if have living parent and $1,000 per month for each child if neither parent is living to a maximum of $5,000 per month.
Cost-of-Living Adjustments	Hired before January 1, 2011: Retirement annuity is increased on the anniversary of retirement by 3% of the monthly annuity payable at the time of increase. Spouse annuity is increased on the earlier of the anniversary of the member's death or retirement (whichever occurs first) by 3% of the monthly annuity payable at the time of increase. Hired on or after January 1, 2011: increase percentage is the lesser of 3% or ½ the increase in CPI-U during the previous calendar year. Increase is based on the originally granted retirement or spouse's annuity.

PLAN PROVISIONS, CONTINUED

Member Contributions – retiree annuity

Pay period:	Contribution percentage:
Before January 1, 2013	7.5%
During calendar year 2013	8.5%
During calendar year 2014	9.5%
During calendar year 2015 and until fund is 90% funded	10.0%
After fund is 90% funded	7.5%

Members hired on or after January 1, 2011 have member contributions of 7.5% of pay.

Member Contributions – spouse annuity

Pay period:	Contribution percentage:
Before January 1, 2015	1.5%
During calendar year 2015 and until fund is 90% funded	2.0%
After fund is 90% funded	1.5%

Members hired on or after January 1, 2011 contribute 1.5% of pay.

Refund to Member upon Termination

Hired before January 1, 2011: Eligible for refund of all member contributions without interest if under age 55 (50 if hired before June 13, 1997); if age 60 with less than 20 years of service; or if 60 with less than 5 years of service. Upon receipt of refund, member forfeits rights to benefits from the Fund.
Hired on or after January 1, 2011: Eligible for refund of all member contributions without interest if under age 62; or if have less than 10 years of service on termination. Upon receipt of refund, member forfeits rights to benefits from the Fund.

Refund for Surviving Spouse's Annuity

Members unmarried at the time of retirement will receive a refund of contributions for spouse annuity with interest at 3% per year, compounded annually.

PLAN PROVISIONS, CONTINUED

Refund of Remaining Amounts	If upon death the total amount contributed by the member with 3% interest per year has not been paid to the member, the spouse or designated beneficiaries or estate receives a refund of the excess amount.
Required Tax Levy	Lesser of actuarially determined contribution and 4.19 multiplied by total member contributions for the two years prior.
Average Final Salary	Hired before January 1, 2011: Highest average annual salary for any 52 consecutive bi-weekly pay periods within the last 10 years of service immediately preceding the date of retirement. Hired on or after January 1, 2011: Highest average annual salary for 96 consecutive months of service within last 120 months of service, limited to $106,800 (automatically increased by lesser of 3% or ½ the increase in CPI-U during the previous calendar year)
Pensionable Salary	Salary paid to a fund member for service to the District or to the Fund, including salary paid for vacation and sick leave and any amounts deferred under a deferred compensation plan established under the Code, but excluding the following: payment for unused vacation or sick leave, overtime pay, termination pay and any compensation in the form of benefits other than salary.
Pension Service	Any employment, excluding overtime or extra service for which salary is received.

Changes in Plan Provisions since the Prior Valuation

- None

HISTORY OF CHANGE IN UNFUNDED LIABILITY
(Actuarial Funding - Going Concern, Entry Age Normal Method)

Year	Salary Scale	Investment Returns[1]	Employer Contribution[2]	Legislative Amendments
2006	$ (2,688,379)	$ 8,915,823	$ 22,368,681	$ -
2007	4,364,583	(9,436,863)	29,263,081	-
2008	1,116,908	86,292,325	26,926,611	-
2009	2,554,058	67,692,897	35,218,424	-
2010	(20,417,059)	49,969,954	46,822,864	-
2011	(25,334,699)	71,034,993	49,402,422	-
2012	(23,145,806)	58,584,984	31,300,739	-
2013	(6,368,436)	(48,963,802)	3,395,524	-
2014	(5,667,229)	(26,867,032)	16,960,113	-
2015	(3,201,181)	3,056,008	17,070,881	-
	$ (78,787,240)	$ 260,279,287	$ 278,729,340	$ -

Year	Changes in Actuarial Assumptions	(see assumption reference key 3)	All Other Miscellaneous Experience	Total Increase (Decrease) in Unfunded Liability
2006	$ (4,785,773)	(m, r, p, s, n)	$ 8,949,341	$ 32,759,693
2007	-		(1,007,539)	23,183,262
2008	(22,899,666)	(rb)	10,718,411	102,154,589
2009	-		15,455,286	120,920,665
2010	39,769,482	(m, r, t)	7,577,298	123,722,539
2011	-		23,734,658	118,837,374
2012	7,171,009	(d)	(18,064,759)	55,846,167
2013			(1,423,368)	(53,360,082)
2014	32,494,969	(i, m, r, s , t, d)	9,822,832	26,743,653
2015	-		12,971,818	29,897,526
	$ 51,750,021		$ 68,733,978	$ 580,705,386

1 Represents investment income deficiency (excess) over expected returns.
2 Represents employer contributions deficiency (excess) from normal cost plus interest.
3 Key to changes in assumptions:

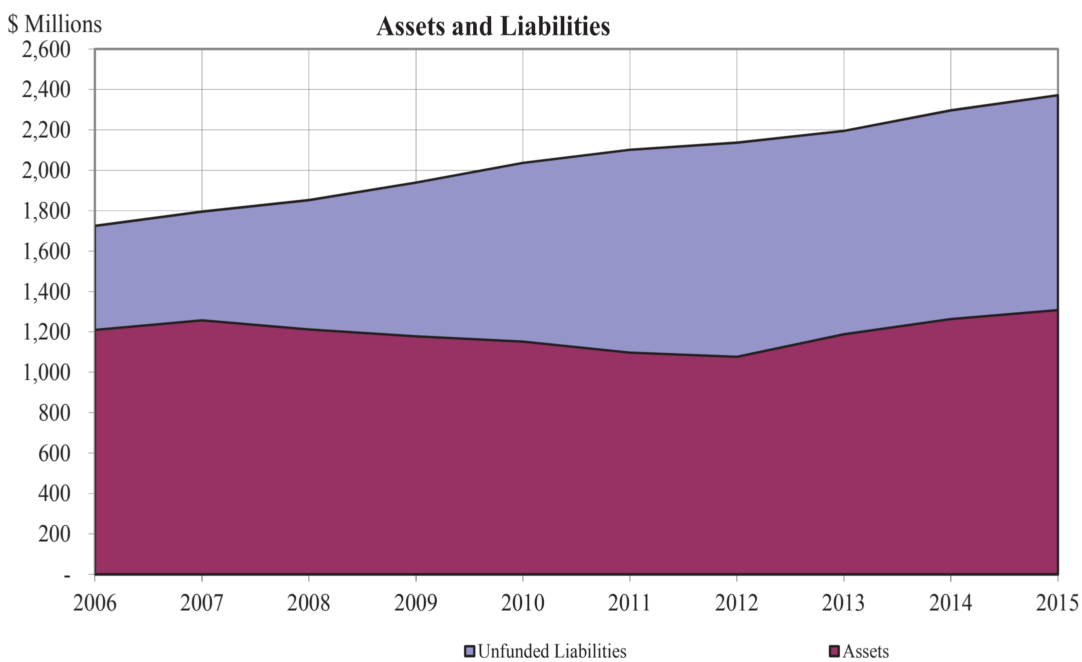
i = interest rate	d=disability assumption
r = retirement rates	s = salary
m = mortality	rb = reciprocal benefits

The table above illustrates that over the last 10 years, the unfunded liability has increased by $580.7 million. Of this increase, $260.3 million has been due to investment returns being lower than assumed and $278.7 million has been due to insufficient employer contributions. The increases in the unfunded liability were partially offset by a $78.8 million reduction for overall salary increases being less than assumed over the last ten years. During the year 2015 the total increase of the unfunded liability was $29.9 million.

ACTUARIAL ACCRUED AND UNFUNDED LIABILITIES
(Actuarial Funding - Going Concern, Entry Age Normal Method)

Year End	Total Actuarial Accrued Liability (AAL)	Actuarial Value of Assets [1]	Funded Ratio	Unfunded AAL (UAAL)	Active Member Payroll[3]	UAAL as a % of Payroll
2006 [2]	$1,724,705,199	$1,209,601,736	70.1%	$515,103,463	$152,767,396	337.2%
2007	1,795,176,667	1,256,889,942	70.0%	538,286,725	158,831,772	338.9%
2008 [2]	1,852,279,634	1,211,838,320	65.4%	640,441,314	167,865,254	381.5%
2009	1,939,172,047	1,177,810,068	60.7%	761,361,979	176,915,399	430.4%
2010 [2]	2,036,679,763	1,151,595,245	56.5%	885,084,518	174,485,734	507.3%
2011	2,101,319,098	1,097,397,206	52.2%	1,003,921,892	164,275,424	611.1%
2012 [2]	2,136,508,223	1,076,740,164	50.4%	1,059,768,059	163,816,934	646.9%
2013	2,194,911,693	1,188,503,716	54.1%	1,006,407,977	169,375,857	594.2%
2014 [2]	2,296,438,698	1,263,287,068	55.0%	1,033,151,630	176,183,941	586.4%
2015	2,371,031,195	1,307,982,039	55.2%	1,063,049,156	177,792,309	597.9%

[1] Assets are stated at a 5-year smoothed market value.
[2] Change in actuarial assumptions.
[3] Payroll is annualized based on actual payroll paid to active members on the last paydate of the year.



The table and graph above illustrate the growth of the unfunded liability over the last ten years. The unfunded AAL (UAAL) as a percentage of active member payroll, the last column of the table above, provides a helpful index which shows the smaller the ratio, the stronger the Fund. Observation of the trend of this index will give an indication of whether the Fund is becoming financially stronger or weaker.

ACTUARIAL ACCRUED LIABILITY PRIORITIZED SOLVENCY TEST

The prioritized solvency test is another means of checking a system's progress under its funding program. It shows the percentage of future benefit promises that are covered by the current Actuarial Value of Assets. In a short-term solvency test the plan's present assets (cash and investments) are compared with actuarial accrued liabilities classified into the following categories:

1. liability for active member contributions on deposit;
2. liability for future benefits to present retired lives; and
3. liability for the employer financed portion of service already rendered by active members.

If a system has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (i.e. the present value of liability 1) and the liabilities for future benefits to present retired lives (i.e. the present value of liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for the employer financed portion of benefits for present active members (i.e. the present value of liability 3) will normally be partially covered by the remainder of present assets. In addition, if a system has been using a level cost financing, the funded portion of the present value of liability 3 will increase over time. The Fund has not received employer contributions according to level cost financing, but rather has been financed in accordance with Illinois statutes.

	(1)	(2)	(3)		(1)	(2)	(3)
Valuation Date 12/31	Active & Inactive Member Contributions	Retirees and Beneficiaries	Active & Inactive Members (ER financed portion)	Actuarial Asset Values[a]	Portion (%) of Accrued Liabilities Covered by Assets		
2006[b]	$176,844,639	$1,075,659,908	$472,200,652	$1,209,601,736	100	96	-
2007	181,077,729	1,139,967,612	474,131,326	1,256,889,942	100	94	-
2008[b]	190,017,921	1,176,701,786	485,559,927	1,211,838,320	100	87	-
2009	202,119,201	1,200,102,267	536,950,579	1,177,810,068	100	81	-
2010[b]	206,933,701	1,313,366,530	516,379,532	1,151,595,245	100	72	-
2011	199,015,897	1,433,294,765	469,008,436	1,097,397,206	100	63	-
2012[b]	213,323,414	1,431,829,221	491,355,588	1,076,740,164	100	60	-
2013	223,354,127	1,463,856,177	507,701,389	1,188,503,716	100	66	-
2014[b]	231,430,077	1,541,326,692	422,154,924	1,263,287,068	100	67	-
2015	236,967,954	1,616,195,435	517,867,806	1,307,982,039	100	66	-

[a] Assets are at a 5-year smoothed market value. Investment income in excess or shortfall of the assumed rate of return (7.75% through 2013 valuation date; 7.50% since 2014) is smoothed over a 5-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

[b] Change in actuarial assumptions.

HISTORY OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

Employee Annuitants (Male and Female)

	Added to Payroll		Removed from Payroll		Year-End Payroll		Average	Increase
Year	No.	Annuity Benefits [1]	No.	Annuity Benefits	No.	Annuity Benefits [2]	Annuity Benefits	to Avg Benefits
2006	82	$6,591,661	46	$1,558,184	1,573	$76,651,629	$48,730	4.6 %
2007	93	7,256,123	66	2,365,702	1,600	81,542,050	50,964	4.6
2008	63	5,558,865	58	2,202,686	1,605	84,898,229	52,896	3.8
2009	47	4,893,827	56	1,954,139	1,596	87,837,917	55,036	4.0
2010	72	6,730,274	65	2,721,715	1,603	91,846,476	57,297	4.1
2011	146	12,073,715	66	2,827,418	1,683	101,092,773	60,067	4.8
2012	60	6,027,239	62	3,098,526	1,681	104,021,486	61,881	3.0
2013	75	6,497,171	52	2,345,133	1,704	108,173,524	63,482	2.6
2014	80	7,583,277	55	2,677,032	1,729	113,079,769	65,402	3.0
2015	101	9,640,885	70	3,828,434	1,760	118,892,220	67,552	3.3

Surviving Spouse Annuitants (Male and Female)

	Added to Payroll		Removed from Payroll		Year-End Payroll		Average	Increase
Year	No.	Annuity Benefits [1]	No.	Annuity Benefits	No.	Annuity Benefits [2]	Annuity Benefits	to Avg Benefits
2006	28	$1,087,341	27	$330,415	659	$13,328,604	$20,225	5.9 %
2007	35	1,471,837	40	508,665	654	14,291,776	21,853	8.0
2008	34	1,619,387	41	783,014	647	15,128,149	23,382	7.0
2009	29	1,469,060	38	534,504	638	16,062,705	25,177	7.7
2010	28	1,433,075	34	602,769	632	16,893,011	26,729	6.2
2011	34	1,528,506	38	460,244	628	17,961,273	28,601	7.0
2012	38	1,969,114	47	858,542	619	19,071,845	30,811	7.7
2013	29	1,718,098	43	1,021,552	605	19,768,391	32,675	6.1
2014	28	1,846,441	40	931,782	593	20,683,050	34,879	6.7
2015	34	2,313,674	47	1,160,738	580	21,835,986	37,648	7.9

[1] Includes 3% annual Cost of Living Adjustments (COLAs) for employee annuitants and for surviving spouse annuitants.

[2] End of year payroll represents twelve times the December 31st payable annuities through 2007, after which it represents twelve times the December 1st paid annuities.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Year End	Members in Service	% Change	Annual Payroll[1]	% Change	Average Salary	% Change	Actuarial Salary % Increase	CPI Chicago[2]
2006	1,995	(1.5) %	152,767,396	2.4 %	76,575	3.9 %	5.5 %	2.1 %
2007	2,002	0.4	158,831,772	4.0	79,337	3.6	5.0	3.3
2008	2,052	2.5	167,865,254	5.7	81,806	3.1	5.0	3.8
2009	2,082	1.5	176,915,399	5.4	84,974	3.9	5.0	(1.2)
2010	2,024	(2.8)	174,485,734	(1.4)	86,208	1.5	5.0	1.4
2011	1,888	(6.7)	164,275,424	(5.9)	87,010	0.9	5.0	2.7
2012	1,856	(1.7)	163,816,934	(0.3)	88,263	1.4	5.0	1.5
2013	1,858	0.1	169,375,857	3.4	91,160	3.3	5.0	1.1
2014	1,873	0.9	176,183,941	7.5	94,065	6.6	5.0	1.7
2015	1,846	(0.6)	177,792,309	5.0	96,312	5.7	5.0	(0.3)
10 year average change:		(0.8) %		2.6 %		3.4 %		1.6 %

[1] Payroll is annualized based on actual payroll paid to active members on the last paydate of the year.
[2] Represents average annual change in Consumer Price Index (CPI-U All Urban Consumers for Chicago-Gary-Kenosha) per the U.S. Bureau of Labor Statistics.

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Tax Levy	Statutory Requirement[2]	Statutory Actuarial Multiple[3]	Maximum Statutory Multiple[4]	Recommended Employer Multiple[5]	Total Gross Tax Levy
2006[1]	2.19	N/A	N/A	3.76	$31,701,000
2007	2.19	N/A	N/A	3.40	30,312,000
2008[1]	2.19	N/A	N/A	3.48	31,314,000
2009	2.19	N/A	N/A	3.68	32,640,000
2010[1]	2.19	N/A	N/A	4.19	32,307,000
2011	2.19	N/A	N/A	4.42	34,362,000
2012[1]	2.19	N/A	N/A	2.82[6]	34,761,000
2013	4.19	4.55	4.19	2.98[6]	62,984,000
2014[1]	4.19	4.38	4.19	3.94[6]	61,654,000
2015	3.71	3.71	4.19	3.71	70,772,000
2016	3.40	3.40	4.19	3.40	79,505,000

[1] Change in actuarial assumptions.
[2] As of the 2013 tax levy, per PA 97-0894 the statutory requirement is the lesser of the Statutory Actuarial Multiple or the Maximum Statutory Multiple. Prior to that the statutory requirement was 2.19.
[3] As of the 2013 tax levy, a Statutory Actuarial Multiple is calculated based on an amortization of the UAAL for the period until the year 2050, which for 2013 is 38 years, for 2014 is 37 years, for 2015 is 36 years, and for 2016 is 35 years.
[4] As of the 2013 tax levy, the tax levy is subject to a maximum statutory multiple of 4.19.
[5] Through the 2012 tax levy the Recommended Employer Multiple represents the multiple needed to fully fund the GASB ARC which was calculated by amortizing the UAAL over 30 years.
[6] In 2012, 2013 and 2014 the Fund received special contributions of $30.0 million, $30.0 million and $12.0 million, respectively, from the District. These contributions effectively reduced the tax multiple needed to fully fund the ARC from 4.71 to 2.82 in 2012, from 4.97 to 2.98 in 2013, and from 4.75 to 3.94 in 2014.

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STATISTICAL SECTION

Membership Information:

- Participant Statistics
- Employee Age and Service Distribution (with graph)

Annuitant and Beneficiary Information:

- Schedule of Annuitants by Type of Benefit
- History of Beneficiaries by Type of Benefit
- History of Annuity Payments
- Annuitants Classified by Age and Gender (with graph)
- History of Average Annuities at Retirement
- Schedule of Average Benefit Payments at Retirement

Financial Information (last ten years):

- Additions by Source and Deductions by Type
- Employee and Employer Contributions
- Benefit Expenses by Type
- Comparative Statement of Changes in Fiduciary Net Position

PARTICIPANT STATISTICS
Year 2015

Changes in Active Participants	Number at Beginning of Year	Additions	Decreases	Number at Year End
Male	1,369	69	90	1,348
Female	504	33	39	498
Total Active	1,873	102	129	1,846
Changes in Annuitants and Beneficiaries				
Employee Annuitants	1,729	101	70	1,760
Spouse Annuitants	593	34	47	580
Child Annuities	21	4	6	19
Total Annuitants	2,343	139	123	2,359
Percentage of Active Participants to Annuitants and Beneficiaries	79.9%			78.3%

The above schedule provides details about the changes in the number and gender of active participants, as well as the changes in the number and type of annuitants for the year. A percentage of active participants to annuitants less than 100% indicates that there are more retirees/payees than working members of the Fund.

EMPLOYEE AGE AND SERVICE DISTRIBUTION
NUMBER OF MEMBERS & AVERAGE SALARIES - BY AGE AND SERVICE GROUPING
Male and Female Combined

12/31/15

AGE	YEARS OF SERVICE									
	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 +	Total
< 25	1	3								4
	$52,270	$74,229								$68,739
25-29	4	41	10							55
	68,900	61,970	81,665							66,055
30-34	5	43	51	12						111
	59,673	67,245	90,953	$100,581						81,401
35-39	6	39	66	39	19					169
	79,039	86,260	89,320	98,948	$98,278					91,478
40-44	3	44	55	42	60	8				212
	90,470	82,210	91,543	102,679	106,308	$143,851				97,950
45-49	8	42	46	39	74	37	38			284
	72,491	79,180	87,945	91,083	103,100	106,412	109,117			95,832
50-54	5	30	49	42	77	62	76	5		346
	86,920	82,307	89,808	97,256	100,505	116,940	109,786	$139,673		102,371
55-59	5	31	43	46	77	42	98	13	1	356
	69,660	84,982	87,890	91,863	106,775	105,988	116,248	108,427	83,949	102,659
60-64	1	12	34	26	44	32	43	6	3	201
	90,545	72,225	84,454	91,127	97,568	102,393	104,448	109,993	137,729	96,179
65-69	1	2	9	14	30	10	12	2	1	81
	79,170	92,738	77,694	88,865	100,207	90,263	97,200	102,879	111,348	93,831
70 +		1		4	12	3	4	2	1	27
		$69,997		93,532	87,011	127,328	95,111	89,367	78,728	92,894
Total Number	39	288	363	264	393	194	271	28	6	1,846
Average Salary	$74,472	$77,041	$88,654	$95,563	$102,237	$110,057	$110,408	$112,585	$114,535	$96,312

The above table provides detail about the number of active members categorized in 5-year bands of age and years of service. The above chart illustrates that the largest age segment of active members is 55-59 years of age with average salary of $102,659. By years of service, the largest segment of active members has 15-19 years of service with an average salary of $102,237.

SCHEDULE OF ANNUITANTS BY TYPE OF BENEFIT
as of December 31, 2015

Amount of Monthly Benefit	Number of Beneficiaries	Type of Benefit * Retirees 1	Retirees 2	Survivors 3	Survivors 4	Survivors 5	Children 6
$1 - $500	97	37	2	27	11	1	19
501 - 1,000	101	40	3	36	22		
1,001 - 2,000	227	95		85	47		
2,001 - 3,000	246	151		69	26		
3,001 - 4,000	276	205		58	13		
4,001 - 5,000	329	249		72	8		
5,001 - 6,000	341	294		36	11		
6,001 - 7,000	227	209		15	3		
7,001 - 8,000	188	171		17	0		
8,001 - 9,000	92	87		3	2		
9,001 - 10,000	87	76		8	3		
over - 10,000	148	141		7	0		
Totals	2,359	1,755	5	433	146	1	19

* Type of Benefit

1. Normal Retirement for Age and Service
2. Disability Annuity
3. Survivor Benefit - Normal
4. Survivor Benefit - Death in Service
5. Survivor Benefit – Fixed Term Annuity
6. Children

The above schedule provides detail about the number, amount, and type of monthly benefits paid by the Fund in the current year.

HISTORY OF BENEFICIARIES BY TYPE OF BENEFIT
at Year End

Year	Employee Annuitants [1]	Spouse Annuitants [1,2]	Child Annuitants	Total Annuitants	Ordinary Disability	Duty Disability
2005	1,537	658	20	2,215	32	32
2006	1,573	659	16	2,248	35	31
2007	1,600	654	22	2,276	29	33
2008	1,605	647	20	2,272	19	28
2009	1,596	638	18	2,252	17	23
2010	1,603	632	13	2,248	20	23
2011	1,683	628	17	2,328	18	22
2012	1,681	619	17	2,317	20	23
2013	1,704	605	20	2,329	18	17
2014	1,729	593	21	2,343	16	16
2015	1,760	580	19	2,359	16	14

[1] Includes reciprocal annuitants.
[2] Includes reversionary annuitants.

The above schedule provides historical perspective about the number and types of beneficiaries paid by the Fund in the last pay period of the year.

HISTORY OF ANNUITY PAYMENTS
at Year End

	Employee Annuitants (Male and Female)		Spouse Annuitants (Male and Female)	
Year	Number of Annuitants	Annuity Payments [1]	Number of Annuitants	Annuity Payments [1]
2006	1,573	$ 76,651,629	659	$ 13,328,604
2007	1,600	81,542,050	654	14,291,776
2008	1,605	84,898,229	647	15,128,149
2009	1,596	87,837,917	638	16,062,705
2010	1,603	91,846,476	632	16,893,011
2011	1,683	101,092,773	628	17,961,273
2012	1,681	104,021,486	619	19,071,845
2013	1,704	108,173,524	605	19,768,391
2014	1,729	113,079,769	593	20,683,050
2015	1,760	118,892,220	580	21,835,986

[1] Payments are annualized, computed as twelve times the December 1st annuity payment.

The above schedule provides historical perspective about the number, type, and annual amount of annuity payments made by the Fund.

ANNUITANTS CLASSIFIED BY AGE AND GENDER
as of December 31, 2015

Retirement Annuities

Age	Number of Males	Annual Payments [1]	Average Annual Payments	Number of Females	Annual Payments [1]	Average Annual Payments
under 45	-	$ -	$ -	-	$ -	$ -
45 - 49	1	4,613	4,613	-	-	-
50 - 54	24	1,580,746	65,864	14	774,020	55,287
55 - 59	84	5,965,308	71,016	26	1,859,601	71,523
60 - 64	177	12,800,708	72,320	58	3,536,152	60,968
65 - 69	319	25,622,146	80,320	108	5,899,021	54,621
70 - 74	296	21,238,371	71,751	64	3,113,571	48,650
75 - 79	194	13,905,362	71,677	47	1,945,438	41,392
80 - 84	161	10,628,019	66,013	37	1,609,830	43,509
85 - 89	88	5,832,227	66,275	13	414,558	31,889
90 & up	44	2,044,431	46,464	5	118,098	23,620
Total	1,388	$ 99,621,931	$ 71,774	372	$ 19,270,289	$ 51,802
Average Age	72.3			70.1		

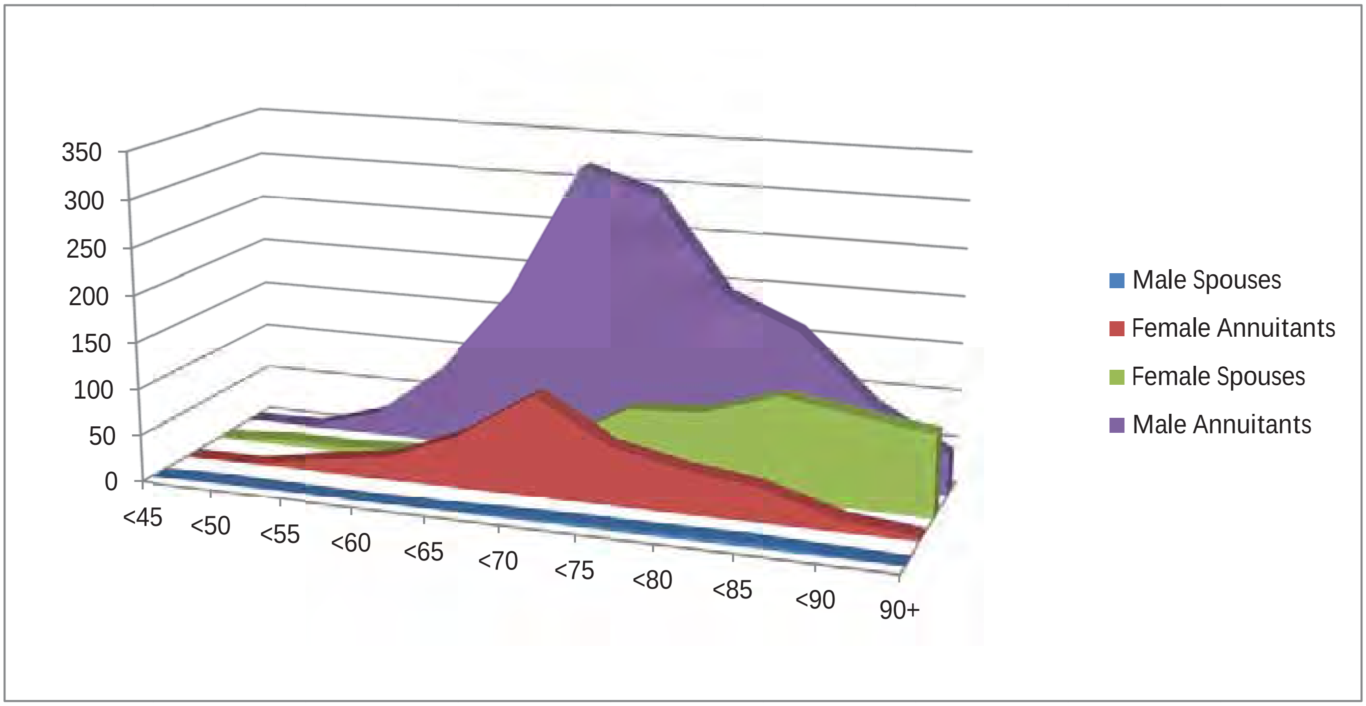
Spouse Annuities

Age	Number of Males	Annual Payments [1]	Average Annual Payments	Number of Females	Annual Payments [1]	Average Annual Payments
under 45	-	$ -	$ -	1	$ 15,362	$ 15,362
45 - 49	2	12,808	6,404	6	235,182	39,197
50 - 54	1	4,501	4,501	6	153,839	25,640
55 - 59	-	-	-	11	476,358	43,305
60 - 64	1	14,344	14,344	29	1,453,140	50,108
65 - 69	3	149,552	49,851	40	1,837,475	45,937
70 - 74	4	97,965	24,491	81	3,465,952	42,790
75 - 79	4	131,566	32,892	86	3,822,408	44,447
80 - 84	5	128,373	25,675	111	4,729,201	42,605
85 - 89	3	116,280	38,760	98	3,106,264	31,697
90 & up	1	14,758	14,758	87	1,870,658	21,502
Total	24	$ 670,147	$ 27,923	556	$ 21,165,839	$ 38,068
Average Age	74.9			79.4		

[1] Payments are annualized, computed as twelve times the December 1st annuity payment.

The above schedules provide detail about the age, gender and average annual amounts paid to annuitants by the Fund in the current year. The age and gender information above is graphically represented on the following page.

Annuitants by Age and Gender
(Reflects the data on the previous page)



HISTORY OF AVERAGE ANNUITIES AT RETIREMENT

Retirement Year	Number of Retirees[1]	Average Retirement Age[2]	Average Years of MWRDGC Service[2]	Average Monthly Annuity[2]
2006	82	60.0	25.31	4,437
2007	93	59.7	25.13	4,574
2008	63	60.8	21.99	4,133
2009	47	59.2	23.16	4,154
2010	72	61.4	25.49	4,946
2011	146	62.7	27.35	5,285
2012	60	61.7	21.48	4,264
2013	75	60.7	21.07	3,836
2014	80	61.7	23.28	4,661
2015	101	61.4	24.11	5,139

[1]Data from Actuary
[2]Data calculated by Fund staff

The above schedule provides summary information about the changes in the number, age, service and monthly pension benefit of the Fund's retirees from year to year.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS AT RETIREMENT[1]

	Years of Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30+	Total
Period 1/1/06 to 12/31/06								
Average Pension	-	$1,548	$2,167	$2,764	$4,114	$5,728	$5,697	$4,437
Average Final Average Salary	-	$9,521	$5,766	$5,560	$6,702	$7,699	$7,179	$6,773
Number of Retired Members	-	1	8	20	9	23	22	83
Period 1/1/07 to 12/31/07								
Average Pension	$643	$1,181	$2,303	$2,955	$4,594	$5,267	$5,793	$4,574
Average Final Average Salary	$4,989	$7,666	$6,579	$5,913	$7,276	$7,006	$7,311	$6,890
Number of Retired Members	1	1	7	16	15	30	23	93
Period 1/1/08 to 12/31/08								
Average Pension	$322	$753	$1,518	$3,715	$4,282	$6,166	$6,122	$4,133
Average Final Average Salary	$6,382	$5,521	$5,570	$7,646	$6,896	$8,113	$7,652	$7,097
Number of Retired Members	3	4	9	9	13	13	12	63
Period 1/1/09 to 12/31/09								
Average Pension	$374	$978	$2,002	$2,693	$4,245	$5,957	$5,678	$4,154
Average Final Average Salary	$5,000	$5,772	$6,453	$5,827	$7,400	$7,915	$7,242	$6,972
Number of Retired Members	2	6	2	6	8	14	9	47
Period 1/1/10 to 12/31/10								
Average Pension	-	$789	$1,703	$2,995	$3,704	$5,650	$7,822	$4,946
Average Final Average Salary	-	$5,124	$5,671	$6,793	$6,718	$7,941	$9,883	$7,780
Number of Retired Members	-	2	11	7	16	12	24	72
Period 1/1/11 to 12/31/11								
Average Pension	$618	$1,124	$2,612	$3,490	$4,524	$5,406	$6,945	$5,285
Average Final Average Salary	$6,879	$5,475	$7,786	$7,288	$7,394	$7,367	$8,774	$7,898
Number of Retired Members	2	3	10	14	32	28	57	146
Period 1/1/12 to 12/31/12								
Average Pension	$632	$1,040	$2,090	$3,238	$5,511	$5,984	$5,531	$4,264
Average Final Average Salary	$7,169	$6,670	$7,403	$7,671	$9,437	$8,466	$7,017	$8,006
Number of Retired Members	4	4	6	10	14	12	10	60
Period 1/1/13 to 12/31/13								
Average Pension	$273	$2,077	$2,210	$2,863	$3,586	$6,208	$5,255	$3,836
Average Final Average Salary	$6,130	$9,343	$7,585	$7,024	$6,782	$8,698	$6,677	$7,513
Number of Retired Members	3	3	13	12	19	19	6	75
Period 1/1/14 to 12/31/14								
Average Pension	$500	$868	$1,784	$3,018	$4,560	$6,287	$6,493	$4,661
Average Final Average Salary	$8,176	$5,588	$6,145	$7,522	$7,882	$8,332	$8,262	$7,788
Number of Retired Members	2	2	9	11	19	29	8	80
Period 1/1/15 to 12/31/15								
Average Pension	$406	$1,090	$2,339	$2,949	$4,806	$6,321	$7,541	$5,139
Average Final Average Salary	$7,361	$6,460	$8,489	$7,986	$8,184	$8,738	$9,664	$8,560
Number of Retired Members	2	4	10	14	11	46	14	101

Last Ten Years
(in Thousands of Dollars)

ADDITIONS BY SOURCE

Year Ending December 31	Employee Contributions	Employer Contributions	as a % of Covered Payroll	Investment Income [1]	Total Additions
2006	$14,955	$34,476	22.5	$106,515	$155,946
2007	15,627	27,947	17.6	62,671	106,246
2008	14,778	33,407	19.9	(299,142)	(250,957)
2009	15,690	32,154	18.2	194,076	241,920
2010	15,872	29,918	17.1	142,915	188,705
2011	15,032	37,379	22.8	(1,376)	51,035
2012	14,714	65,098	39.7	116,325	196,137
2013	16,891	92,944	54.9	226,102	335,937
2014	18,975	73,906	41.9	81,605	174,486
2015	21,385	71,041	40.3	(1,399)	91,027

DEDUCTIONS BY TYPE

Year Ending December 31	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Net Assets
2006	$89,079	$1,411	$1,472	$91,962	$63,984
2007	94,846	1,164	1,465	97,475	8,771
2008	100,069	965	1,280	102,314	(353,271)
2009	103,404	1,175	1,319	105,898	136,022
2010	108,219	1,380	1,277	110,876	77,829
2011	118,102	2,711	1,399	122,212	(71,177)
2012	122,714	1,195	1,297	125,206	70,931
2013	127,206	1,129	1,391	129,726	206,211
2014	132,913	984	1,407	135,304	39,182
2015	139,161	1,348	1,660	142,169	(51,142)

The schedules above provide historical financial information and detail about the types of contributions received by the Fund.

EMPLOYEE AND EMPLOYER CONTRIBUTIONS
Last Ten Years
(in Thousands of Dollars)

EMPLOYEE CONTRIBUTIONS

Year	Regular Contributions [1]	Optional Plan Contributions [2]	Early Retirement Contributions (ERC)	Prior Service Payments [3]	Commissioners' Alternative Plan [4]	Total
2006	$13,412	$1,209	$13	$288	$33	$14,955
2007	13,803	1,281	-	528	16	15,628
2008	14,519	49	-	194	16	14,778
2009	15,413	-	-	261	16	15,690
2010	15,581	-	-	276	15	15,872
2011	14,733	-	-	286	13	15,032
2012	14,377	-	-	326	11	14,714
2013	16,422	-	-	454	15	16,891
2014	18,575	-	-	385	15	18,975
2015	21,315	-	-	54	16	21,385

EMPLOYER CONTRIBUTIONS

Year	Regular Contributions [5,6]	Special Contributions	Early Retirement Contributions (ERC)	Total
2006	$34,438	-	$38	$34,476
2007	27,947	-	-	27,947
2008	33,407	-	-	33,407
2009	32,154	-	-	32,154
2010	29,918	-	-	29,918
2011	37,379	-	-	37,379
2012	35,098	$30,000	-	65,098
2013	62,944	30,000	-	92,944
2014	61,906	12,000	-	73,906
2015	71,041	-	-	71,041

[1] Includes employee contributions towards employee and surviving spouse annuities, and cost of living increases.
[2] Optional Plan Contributions were an enhanced benefit plan that expired in 2007.
[3] Prior Service Payments include leave of absence, refund repayment and military service.
[4] Contributions by elected Commissioners to an enhanced benefit plan.
[5] Tax levy based on two years prior employee contributions per Statutes.
[6] Includes Commissioner transfer of employer contributions.

The schedules above provide historical financial information and detail about the types of contributions received by the Fund.

BENEFIT EXPENSES BY TYPE (in Thousands of Dollars)

Year	Employee Annuities	Spouse Annuities	Child Annuities	Ordinary Disabilities	Duty Disabilities	Total Benefits
2006	$74,887	$12,905	$105	$988	$194	$89,079
2007	79,417	13,961	126	1,100	242	94,846
2008	83,948	14,934	123	846	218	100,069
2009	86,582	15,690	120	745	268	103,405
2010	90,447	16,613	104	813	242	108,219
2011	99,601	17,523	112	650	216	118,102
2012	103,043	18,675	114	678	204	122,714
2013	106,624	19,432	114	822	214	127,206
2014	111,352	20,444	157	821	140	132,914
2015	116,885	21,279	116	722	159	139,161

PERCENT OF TOTAL BENEFITS

Year	Employee Annuities	Spouse Annuities	Child Annuities	Ordinary Disabilities	Duty Disabilities
2006	84.07 %	14.49 %	0.12 %	1.11 %	0.22 %
2007	83.73	14.72	0.13	1.16	0.26
2008	83.89	14.92	0.12	0.85	0.22
2009	83.73	15.17	0.12	0.72	0.26
2010	83.58	15.35	0.10	0.75	0.22
2011	84.33	14.84	0.09	0.55	0.18
2012	83.97	15.22	0.09	0.55	0.17
2013	83.82	15.28	0.09	0.65	0.17
2014	83.78	15.38	0.12	0.62	0.11
2015	83.99	15.29	0.08	0.52	0.11

PERCENT CHANGE FROM YEAR TO YEAR

Year	Employee Annuities	Spouse Annuities	Child Annuities [1]	Ordinary Disabilities	Duty Disabilities	Total Benefits
2006	7.38 %	4.90 %	31.25 %	-0.40 %	8.38 %	6.95 %
2007	6.05	8.18	20.00	11.34	24.74	6.47
2008	5.71	6.97	-2.38	-23.09	-9.92	5.51
2009	3.14	5.06	-2.44	-11.94	22.94	3.33
2010	4.46	5.88	-13.33	9.13	-9.70	4.66
2011	10.12	5.48	7.69	-20.05	-10.74	9.13
2012	3.46	6.57	1.79	4.31	-5.56	3.91
2013	3.48	4.05	0.00	21.24	4.90	3.66
2014	4.43	5.21	37.72	-0.12	-34.58	4.49
2015	4.97	4.08	-26.11	-12.06	13.57	4.70

[1] Child Annuities include children age 18-23 who are enrolled as a full time student.

The schedules above provide historical information about the types of benefits, the relative dollar amounts, as well as the total and relative growth or decline in the amount of benefits paid by the Fund.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION[1]
Last 10 Years

Additions:	2015	2014	2013	2012	2011
Employer contributions	$ 71,041,361	$ 73,906,168	$ 92,944,381	$ 65,097,835	$ 37,379,137
Employee contributions	21,385,212	18,974,954	16,890,798	14,714,496	15,031,961
Total contributions	92,426,573	92,881,122	109,835,179	79,812,331	52,411,098
Investment income					
Net appreciation (depreciation) in fair value of investments	(20,894,824)	63,589,719	211,132,376	103,332,085	(9,430,774)
Interest on fixed income investmen	10,369,440	8,933,924	7,044,688	3,064,231	-
Interest on short-term investments	2,589	2,008	2,295	10,218	7,754
Dividend income	14,072,578	14,539,290	12,836,171	13,885,983	12,102,449
Total investment income (loss)	3,549,783	87,064,941	231,015,530	120,292,517	2,679,429
Less investment expenses	5,542,836	5,899,566	5,465,211	4,755,254	4,389,141
Investment income (loss) net of expenses	(1,993,053)	81,165,375	225,550,319	115,537,263	(1,709,712)
Security lending activities					
Securities lending income	98,280	64,302	89,443	131,240	93,329
Broker rebates	645,265	505,896	630,124	851,467	275,018
Bank fees	(178,331)	(135,007)	(174,283)	(233,885)	(77,124)
Net income from securities lending	565,214	435,191	545,284	748,822	291,223
Other	28,817	4,460	6,833	40,046	42,126
Total additions	91,027,551	174,486,148	335,937,615	196,138,462	51,034,735
Deductions:					
Annuities and benefits					
Employee annuitants	116,884,577	111,351,904	106,623,945	103,043,445	99,600,881
Surviving spouse annuitants	21,279,363	20,443,693	19,431,705	18,674,499	17,523,246
Child annuitants	116,000	157,500	114,000	114,000	112,012
Ordinary disability benefits	721,720	820,626	821,914	677,523	650,220
Duty disability benefits	159,251	139,779	214,417	204,441	216,010
Total annuities and benefits	139,160,911	132,913,502	127,205,981	122,713,908	118,102,369
Refunds of employee contributions	1,348,845	984,346	1,128,922	1,195,737	2,711,115
Administrative expenses	1,659,917	1,406,507	1,391,487	1,296,826	1,398,695
Total deductions	142,169,673	135,304,355	129,726,390	125,206,471	122,212,179
Net increase (decrease)	**(51,142,122)**	**39,181,793**	**206,211,225**	**70,931,991**	**(71,177,444)**
Net position held in trust for pension benefits					
Beginning of year	1,337,795,620	1,298,613,827	1,092,402,602	1,021,470,611	1,092,648,055
End of year	$ 1,286,653,498	$ 1,337,795,620	$ 1,298,613,827	$ 1,092,402,602	$ 1,021,470,611

[1] Prior to 2012 the financial statement that showed additions and deductions was entitled "Statement of Changes in Plan Net Assets".

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (Continued)
Last 10 Years

Additions:	2010	2009	2008	2007	2006
Employer contributions	$ 29,917,793	$ 32,153,874	$ 33,406,819	$ 27,947,096	$ 34,476,332
Employee contributions	15,872,560	15,690,322	14,778,404	15,627,673	14,955,252
Total contributions	45,790,353	47,844,196	48,185,223	43,574,769	49,431,584
Investment income					
Net appreciation (depreciation) in fair value of investments	136,082,191	187,518,451	(311,205,254)	51,318,416	95,848,706
Interest on fixed income investments	-	1,208,618	4,106,340	5,398,891	5,702,537
Interest on short-term investments	24,608	77,596	670,923	821,893	1,126,657
Dividend income	10,162,335	7,839,846	9,191,366	7,486,606	6,008,651
Total investment income (loss)	146,269,134	196,644,511	(297,236,625)	65,025,806	108,686,551
Less investment expenses	3,607,447	2,576,926	2,507,486	2,563,022	2,175,003
Investment income (loss) net of expenses	142,661,687	194,067,585	(299,744,111)	62,462,784	106,511,548
Security lending activities					
Securities lending income	90,389	-	3,691,075	1,860,212	-
Broker rebates	181,683	-	(2,912,737)	(1,654,778)	-
Bank fees	(53,512)	-	(194,845)	(51,377)	-
Net income from securities lending	218,560	-	583,493	154,057	
Other	34,214	8,379	18,089	54,884	2,609
Total additions	188,704,814	241,920,160	(250,957,306)	106,246,494	155,945,741
Deductions:					
Annuities and benefits					
Employee annuitants	90,446,956	86,581,378	83,948,187	79,416,735	74,886,513
Surviving spouse annuitants	16,613,378	15,689,413	14,934,213	13,960,889	12,905,070
Child annuitants	103,505	120,290	122,652	126,256	104,833
Ordinary disability benefits	813,505	745,363	846,201	1,099,784	988,331
Duty disability benefits	241,842	268,086	217,496	242,357	194,342
Total annuities and benefits	108,219,186	103,404,530	100,068,749	94,846,021	89,079,089
Refunds of employee contributions	1,380,310	1,174,864	964,846	1,164,218	1,410,954
Administrative expenses	1,276,511	1,318,710	1,280,321	1,464,635	1,471,957
Total deductions	110,876,007	105,898,104	102,313,916	97,474,874	91,962,000
Net increase (decrease)	**77,828,807**	**136,022,056**	**(353,271,222)**	**8,771,620**	**63,983,741**
Net position held in trust for pension benefits					
Beginning of year	1,014,819,248	878,797,192	1,232,068,414	1,223,296,794	1,159,313,053
End of year	$ 1,092,648,055	$ 1,014,819,248	$ 878,797,192	$ 1,232,068,414	$ 1,223,296,794

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LEGISLATIVE CHANGES SECTION

Legislative Changes

1979 Session

PA 81-0634	Disability benefits payable for alcoholism if the employee participates in a rehabilitation program.
PA 81-0679	Reciprocal Act: changes proportionate pension credits under the "alternate" formula.
PA 81-1187	Under IRS Code Section 414(h), employer may pick up the employee contributions for all compensation earned after December 31, 1980, by a reduction in the cash salary or an offset to a future salary increase or by a combination of both.

1980 Session

PA 81-1536	Reversed all changes made by PA 81-1187 and put the pick up section as a new paragraph. They are treated as employee contributions for all purposes, including refunds; and determination of the tax levy.

1981 Spring Session

PA 82-0690	Effective January 1, 1982, signed November 12, 1981.
	Post-retirement increases from 2% to 3% for new retirements only.
	Maximum spouse benefit from $500 to $600.
	Disability benefits payable to age 70 in some cases.
	Increase in employee pensions of $25 per month.
	Increase in spouse pension of $25 per month or up to $250.
	Children's annuities to $100 and $140.
	Reduction in spouse age discount.
	Increase in tax multiple to 2.34 in 1984 and after.
PA 82-0308	Authorizes investments in conventional mortgage pass-through securities.
PA 82-0256	Financial statement required by Department of Insurance within 6 months and actuarial statement within 9 months; $100 per day penalty if late.

1982 Spring Session

PA 82-0960	Expanded fiduciary standards, prohibited transactions, civil action may be brought by Attorney General or by a participant.
PA 82-0768	Clarifies compulsory retirement age to 70 rather than 67.

1983 Spring Session

PA 83-0827	Effective January 1, 1984, signed September 24, 1983.
	2% benefit accrual formula.
	Maximum spouse benefit from $600 to $800.
	No reduction for spouse age difference.
	Eliminates 30 day wait for refund.
	Interest rate on refund repayments from 6% to 8%.
	Eliminates second doctor's report for duty disability under certain conditions.
PA 83-0861	Minimum reporting and actuarial information for 1984.
PA 83-0869	10% prudent person investment category.
PA 83-0970	Delegation of investment authority restrictions.

1984 Session No legislative changes

1985 Spring Session

PA 84-0733 Signed September 21, 1985.

Early Retirement Contribution (ERC) Plan: Elimination of age discount factor with one-time employee and employer contribution for those who retire after July 1, 1985 and before June 30, 1995.

Post-retirement annuity increases to begin upon the first anniversary of retirement for those who retire on or after July 1, 1985.

$800 maximum on surviving spouse benefit removed.

Remarriage will terminate spouse annuity only for remarriage before July 1, 1985.

Optional term annuity if life annuity less than $200.

1986 Spring Session

PA 84-1472 Changes the requirement from 10 years to 5 years for allowance after withdrawal while disabled.

Optional Plan of 3% contributions for 1% additional benefit per year of service. Provisions for payment of past service with interest. Provisions expire July 1, 1992. Such plan if elected by a member, would require a 3% of salary contribution (with interest for past service) and would produce an additional 1% per year of service benefit and would increase the employee annuity, post-retirement increase and spouse annuity. Additional optional benefits may not be established for more than 10 years of service. Membership in this plan is optional and as such, it is possible to delay election to just prior to retirement. The effective date of this optional plan is July 31, 1987 the date upon which approval was received from the Internal Revenue Service.

1987 Spring Session

PA 85-0964 Eligibility for retirement at age 50 instead of age 55.

No discount for age less than 60 with 30 or more years of service.

Accrual rate of 2.15% per year of service instead of 2%.

80% maximum benefit for future retirees instead of 75%.

Annuity based on 2 year final average salary instead of 4 year final average salary.

Ad hoc increases for present retiree, widow(er)'s and children.

Increase in employee contribution to 9%.

Decrease in the multiple to 2.19.

An alternative benefit for District Commissioners effective upon IRS approval (which was approved June 22, 1988).

1988 Session No legislative changes.

1989 Session

PA 86-0273 Signed August 24, 1989.

Average salary 104 consecutive weeks instead of 24 months.

Accrual rate of 2.2% of average salary for each of the first 20 years of service and 2.4% for each year of service in excess of 20.

Increase for surviving spouse of 3% of the amount of annuity on the date of employee's retirement or death in service.

Alternative annuity for commissioners age 60 with 6 years of service.

Widow(er)'s allowance of 60% plus 1% for each year of service of employee's annuity at the date of employee's death.

Ad hoc increases for widow(er)'s.

1990 Session

PA 86-0957 Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

PA 86-1488 Clarifies the date of 3% increase for surviving spouse.

Allows any City officer to transfer his MWRD service to the Municipal Fund.

1991 Session

PA 87-0794 Article 13 rewritten to preserve existing benefits, signed November 20, 1991.

Average salary 52 consecutive pay periods instead of 104 consecutive weeks.

Retirement annuity with 5 years service and age 60 instead of 10 years.

Early Retirement Contribution (ERC) Plan extended to June 30, 1997.

Age discount .5% for each full month employee is less than age 60 or each full month employee's service is less than 30 years, whichever is less.

Optional Plan extended to July 1, 1997.

Surviving spouse of employee who withdraws from service not eligible for annuity unless employee had 10 years of service.

Dissolution of marriage after retirement shall not divest spouse of an annuity if they had been married 10 years on the date of retirement.

For employee with Reciprocal service who retires on or after July 1, 1985 and dies after January 1, 1991 with 15 years in MWRD and service prior to September 5, 1975 spouse annuity shall be calculated as a percentage of total annuity minus amount payable by other fund as of date of death.

Surviving spouse annuity shall be discounted .25% for each full month the spouse is younger than the employee, with maximum 60%. The discount shall be reduced 10% for each full year the marriage was in effect as of the date of withdrawal or death in service.

Child annuity $250 with one parent alive or $350 when neither is alive.

1992 Session

PA 87-1265 Beginning January 1, 1993, all employee annuity increases are 3% compounded.

Beginning January 1, 1993, all non-term employee annuitants retiring at age 60 or older with at least 10 years of service get a $500 minimum annuity.

Beginning January 1, 1993, all non-term, non-Reciprocal, non-Disability (Annuity) employees who qualify for an annuity will get a $250 minimum annuity.

Employee may now purchase up to 15 years of optional service (previously 10 years).

Beginning January 1, 1993 all surviving spouse annuities are increased annually by 3% compounded if the employee had at least 10 years of service.

Starting January 1, 1993 all surviving spouse annuitants of non-term employee annuitants who retired at age 60 or older with at least 10 years of MWRD service get a $500 minimum annuity.

1992 Session (continued)

Starting January 1, 1993 all surviving spouses of non-term, non-Reciprocal, non-Disability (Annuity) employee annuitants get a $250 minimum annuity.

Alternative annuity for commissioners at age 55 (previously 60).

"No spouse" refunds include 3% interest (previously without interest).

Signed January 25, 1993.

1993 Session No legislative changes

1994 Session No legislative changes

1995 Session No legislative changes

1996 Session No legislative changes

1997 Session

PA 90-0012 Approved June 13, 1997.

Allows equity investments to be up to 50% of total investments.

Excludes future Civil Service Board members from participation in the retirement fund.

Raises eligibility for retirement for new entrants from age 50 to 55.

Extends the Early Retirement Contribution (ERC) Plan to December 31, 2002 for employees with at least 10 years of MWRD service and raises the age of eligibility for new employees to age 55.

Extends the Optional Plan to December 31, 2002 for employees in service on or before June 30, 1997, limits annual contributions, and allows contributions within 30 days of withdrawal. Any employees entering service after June 30, 1997, are not eligible to participate in this Plan.

Clarifies that a disability annuity is not payable if the employee is able to work.

For all employees hired after June 13, 1997, the early retirement discount requires at least 10 years of District service to be eligible to make the early retirement contribution even if they have 30 years total, including reciprocal service.

Bases calculation of contribution to eliminate the early retirement discount on the highest salary used in the benefit calculation and clarifies that the contribution will be based on a portion of years.

1997 Session, continued

PA 90-0012, continued

Clarifies that 3% annual compounded cost of living increases apply to employees and spouses whose annuities began under predecessor provisions of the statutes and provides annual cost of living increases to a small group of employees who retired before July, 1985 with at least 10 years of service who previously did not receive these increases.

Requires that new employees have at least 3 years of service before a surviving spouse benefit is payable, if employee dies in service or 10 years of service if employee withdraws before age 55; minimum service is required for a non-duty related death (no minimum service is required for a duty related death).

Subjects the minimum surviving spouse annuities to the discount for age differential and requires the marriage to have been in continuous effect for 10 years to eliminate the discount for the age differential.

Provides a child's annuity to children of former employees with at least 10 years of service and to children of retired annuitants. Increases the minimum service requirement of new employees from 2 to 3 years before a child's annuity would be payable.

Clarifies that the determination of the amount of a child's annuity is dependent on the life status of the child's parent and not the employee's surviving spouse.

Removes the age limitation for eligibility for duty and ordinary disability benefits and provides that disability for new employees will not be paid for the first 3 days of the disability payment period unless the disability continues for at least 11 more days.

Eliminates benefits for children of employees receiving duty disability benefit.

Allows payment of disability for up to 5 years if disability occurs at age 60 or later.

Clarifies that calculation of the benefit under the alternative annuity plan be based on the final average salary as a commissioner instead of salary at the time of termination of service.

Requires that new employees return to work for at least one year before becoming eligible to make contributions for a period of leave of absence.

Clarifies that a year of service credit for purposes other than an annuity is to be based on 26 pay periods in 12 consecutive months.

1998 Session No legislative changes

1999 Session No legislative changes

2000 Session

PA 91-0887 Signed July 6, 2000

Allows the Fund's Trustees to approve use of the actuarial table recommended by the actuarial consultant for purpose of calculating a reversionary annuity.

In cases where a Workers' Compensation claim is in dispute, clarifies that duty disability benefits are paid only for the period of disability determined by the Illinois Industrial Commission or acknowledged by the employer.

Ordinary and duty disability benefits are terminated if the employee does not provide the Fund with access to medical and/or employment records, or refuses to follow medical advice and treatment to enable the employee to return to work.

No interest is used when calculating retroactive duty disability benefits.

Allows lump-sum payments for optional credit on past service by commissioners electing the Alternative provision.

Refund repayments are calculated using a compound interest rate equal to 8% or the actuarial investment return assumption used in the most recent Annual Actuarial Statement, whichever is greater.

2001 Session

PA 92-0053 Signed July 12, 2001

Provides automatic annual increases of retirement annuities to commence on the first day of the month in which the first anniversary of the date of retirement occurs.

Provides a minimum retirement annuity equal to $500 per month for an employee with at least 10 years of District service, plus $25 per month for each year of service in excess of 10 years, to a maximum of $750 per month.

Provides a minimum surviving spouse annuity equal to the greater of:

a) $500 per month for the surviving spouse of an employee with at least 10 years of District service, plus $25 per month for each year of service in excess of 10 years, to a maximum of $750 per month; or
b) 50% of retirement annuity to of the deceased spouse at the time of death.

Provides an increase in a child's annuity to $500 per month for 1 child and $350 per month for each additional child if one parent is living. If neither parent is living, provides an increase in a child's annuity to $1,000 per month for one child and $500 for each additional child. In either case, the maximum benefit is $2,500 per month for all children of the employee, to be divided equally among the children.

Allows equity investments to be up 65% of total investments.

2002 Session

PA 92-0599 Signed June 28, 2002

Provides for early retirement without discount for any employee who retires on or after January 1, 2003 but on or before December 31, 2007 if the employee is at least age 50 but less than age 60 and has at least 10 years of service credit exclusive of any reciprocal service and the sum of his years of creditable service and his age equals at least 80.

Provides for a revised Optional plan of additional benefits and contributions for the period from January 1, 2003 to December 31, 2007. The rate of contributions is 4% of pensionable earnings. The additional benefit is 1% per year of Optional contributions. Participation is limited to employees with at least 10 years of creditable service with this Fund. The maximum additional benefit that may be accumulated under this plan,

2002 Session, continued

PA 92-0599, continued

including any additional benefit accumulated under a prior optional benefit plan, is 12%. Participation requires an irrevocable written election. Payment for service prior to the irrevocable election is limited to the same calendar year. The cost of payment to establish Optional credit before the election is 4% of the salary for the applicable period of service, plus interest from the date of service to the date of payment at the higher of 8% per year or the actuarial investment return assumption. The tax levy for Optional contributions is equal to the amount of Optional contributions.

2003 Session

PA 93-0334 Signed July 24, 2003

Provides for active employees having at least ten years of MWRD service credit and meeting other requirements to purchase up to 2 years of active military credit toward their retirement annuity. The employees' contributions are to be calculated based upon the starting salary and are to include the employer's normal cost at the time of payment, plus regular interest of 3% per year compounded annually.

2004 Session

No legislative changes

2005 Session

PA 94-0621 Signed August 18, 2005

For all new entrants, requires that disability annuitants have a minimum of five years of service exclusive of disability service to qualify for a benefit.

Provides for the minimum annuity as detailed in HB 478 for all employee and surviving annuitants regardless of whether an age discount applied to the employee's annuity calculation.

Clarifies surviving spouse annuity eligibility for the spouse of an employee who withdraws from service prior to the attainment of the minimum retirement age yet who has enough service to qualify for a future annuity. Changes make reference to a minimum retirement age, which varies dependent on start date, rather than a fixed age. Changes also provide for surviving spouse annuity eligibility for the spouse of a withdrawn employee who was eligible for an annuity at age 62 but died prior to annuity application.

Provides for calculation method for the surviving spouse annuity of a vested employee who separated from service before minimum retirement age and had not yet begun to receive an annuity.

Grants child annuities to children of deceased employees and former annuitants if the child is over age 18 but under age 23 and is a full time student.

Eliminates the three-day wait (for employees hired after June 13, 1997) for duty disability benefits that did not continue 11 additional days.

Provides ordinary disability benefits for employees hired after June 13, 1997 beginning the 31st day after the last day work provided all sick leave is exhausted.

Allows commissioner alternative contributions to be made pre-tax, pending IRS approval.

Provides an annuity for the surviving spouse of a commissioner who elects the commissioner's alternative plan from a fixed 66 2/3% of the commissioner's annuity at death to the greater of 66 2/3% or 60% plus 1% per year of service up to a maximum of 85% of the annuity earned by the commissioner on the date of death. The number

2005 Session, continued

PA 94-0621, continued

of years used to calculate the commissioner's annuity would also be used to calculate the annuity for the surviving spouse.

Changes refund eligibility to allow for a refund of contributions for a separated employee who was hired on or after June 13, 1997 who is between ages 50 and 55 with over 20 years of service.

Clarifies that interest paid on a refund to estate should be calculated through the date of withdrawal.

Allows for refunds to be repaid within 90 days of withdrawal.

Empowers the Board to assess and collect interest on amounts due the Fund using the current actuarial interest rate assumption.

2006 Session No legislative changes

2007 Session Signed August 17, 2007

PA 95-0279 Modifies child annuity eligibility requirements for adopted children. Removes the stipulation that proceedings to adopt the child must have begun at least one year prior to death.

PA 95-0521 Signed August 28, 2007

Requires the retirement system or pension fund to divest its assets with an Illinois finance entity if the entity does not annually certify that it complies with the requirements of the High Risk Home Loan Act.

PA 95-0586 Signed August 31, 2007

Effective January 1, 2008, the annuity effective date for employee and spouse annuities is the first of the month following retirement. Employee and spouse annuities are payable for the full month if the annuitant was alive on the first day of the month.

The $10.00 per child monthly duty disability benefit was placed back into legislation for employees who were in service before June 13, 1997. This provision was inadvertently eliminated from the language at the time of the 1991 re-draft of 40 ILCS 5/13.

The contribution definition was revised to clarify that the 7 ½ % contribution for the employee's and child's annuity consisted of a 7% contribution for the retirement annuity and ½ % for the annual retiree cost of living increase.

The method of calculation of refunds after death was amended to clarify that the ½% allocated for the retiree cost of living was not included in a refund payable upon death. Further, to whom payment of a refund after death should be distributed was clarified. Payment is first made to a spouse, then to beneficiary as designated by the employee, and if there is no beneficiary form, then to the late employee's children in equal parts. If there is no spouse, then payment is made to the designated beneficiary.

If there is no spouse or designated beneficiary, then payment is made to any children of the deceased employee. If there is no spouse, designated beneficiary, or child then distribution is made to the heirs in accordance with the laws of descent and distribution in the State of Illinois.

2007 Session, continued

PA 95-0586, continued

The Retirement Fund Board of Trustees was granted authority to invest the Fund's reserves according to the Prudent-Person Rule. This rule requires a fiduciary (trustee) to discharge his/her duties with the care, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

2008 Session

PA 95-0891 Signed August 22, 2008.

Amends the MWRDGC statutes, 70 ILCS 2605/5.9, to allow the MWRDGC to transfer interest income to the Retirement Fund.

PA 95-0923 Signed August 26, 2008.

Adds two additional Trustees to the Retirement Fund Board, one appointed retiree and one elected active employee. The appointed retiree is recommended by the Board of Commissioners and approved by the Board Trustees of the Fund. Each of the three appointed trustees now serves a term of three years and each of the four elected active employees will now serve a term of four years. The term of one appointed and one elected trustee expires each year.

2009 Session

PA 96-0006 Signed April 3, 2009.

Expands the Illinois Governmental Ethics Act (5 ILCS 420/4A-101) to require that pension board members annually file a statement of economic interest.

Expands the definition of "fiduciary" (40 ILCS 5/1-101.2) to include any person who, with respect to a pension fund or retirement system, "renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the pension fund or retirement system, or has any authority or responsibility to do so." It also provides an expanded definition of "consultant" (40 ILCS 5/1-101.5)

Sets out specific goals, targets, and reporting requirements for the utilization of emerging investment managers by pension funds. Provides a definition of "emerging manager" as "a qualified investment advisor that manages an investment portfolio of at least $10 million but less than $10 billion and is a 'minority owned business,' 'female owned business,' or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act."

Imposes conflict-of-interest prohibitions that involve an investment transaction with an investment adviser when the pension board member, employee, consultant, or their spouse: (1) has a direct interest in the income gains, or profits of the investment advisor; or (2) has a relationship with that investment adviser that would result in a pecuniary benefit to the board member, employee, or consultant (40 ILCS 5/1-110)

Makes several changes regarding the use of investment advisers and investment services (40 ILCS 5/1-113.14).

Requires that every retirement system and pension fund governed by the Illinois Pension Code is subject to the Illinois Open Meetings Act (40 ILCS 5/1-113.16). All retirement systems and pension funds, must maintain an official website, updated at least quarterly with information concerning the investment of funds.

2009 Session, continued

PA 96-0006, continued

Requires all board members to attend at least 8 hours of training per year on the topics of ethics, fiduciary duty and investments. Each pension board must annually certify that its members received the required training. The certification must be sent to the Division of Insurance of the Department of Financial and Professional Regulation (40 ILCS 5/1-113.18).

Expands the gift ban provisions to all of the pension systems (40 ILCS 5/1-125) and enumerates the number of allowable exemptions.

PA 96-0251 Signed August 11, 2009.

Technical clarification regarding the effective date of a reversionary annuity. The benefit wold begin on the first of the month following the death of the annuitant and would be payable for the full month if the reversionary annuitant was alive on the day of the month.

Increased child annuity benefits to an unmarried child under the age of 18 years (under the age of 23 years in the case of a full-time student) to $500 per month for each child, up to a maximum of $5,000 for all children of the employee if one parent is alive. The child's annuity shall be $1,000 for each child, up to a maximum of $5,000 if neither parent is alive. The effective date of the child's annuity benefit shall be the first of the month following the death of the employee or annuitant. The benefit would be payable for the full month if the annuitant was less than age 18 (or 23 if a full-time student) on the first of the month.

2010 Session

PA 96-0889 Signed April 14, 2010.

The provisions apply to a person who first becomes an employee and a participant of any retirement system in Illinois, other than a retirement system established under Article 2,3,4,5,6,or 18 of the Illinois Compiled Statutes, on or after January 1, 2011.

The major changes from the existing benefit structure are as follows:

- Normal retirement age to receive full benefits is increased to 67.
- The age to receive a reduced (early retirement) benefit is increased to 62.
- The reduction for early retirement is one-half of one percent for each month a member's age is under 67.
- Increases in the number of months used to calculate the final average salary to the highest 96 months over the last 120 months of service.
- Caps the final rate of earnings at $106,800 in 2011, which will increase annually by three percent or one-half of the increase of the Consumer Price Index.
- Changes the surviving spouse pension to sixty-six and two-thirds percent of the pension of the deceased member.
- Limits the annual pension increase for retirees to three percent or one-half of the increase in the Consumer Price Index, whichever is lower based on the original amount of the pension.
- Modifies the date the retiree cost of living increase would be paid to the first of the month following the attainment of age 67 or the first anniversary of the commencement of the annuity, whichever is later.

2010 Session, continued

PA 96-1490 Signed December 30, 2010.
This bill made technical changes to the two-tier system implemented by Public Act 96-0889.

2011 Session

PA 96-1513 Signed February 1, 2011
Effective June 1, 2011, two persons of either the same or opposite gender may enter into a legal relationship referred to as a civil union. Parties to the civil union have the same obligations, responsibilities, protections and benefits afforded by Illinois law to a married couple.

PA 97-0504 Signed August 23, 2011
Effective January 1, 2012, elected or appointed members of a public body subject to the Open Meetings Act must complete the electronic training on the Illinois Attorney General website once during their term of election or appointment as follows:

- Any person who is an elected or appointed member of a public body on January 1, 2012, must complete the electronic training between January 1, 2012 and January 1, 2013.
- Any person who becomes an elected or appointment member of a public body after January 1, 2012, must complete the electronic training no later than the 90th day after taking the oath of office or if not required to take the oath of office, after otherwise assuming responsibilities as a member of the public body.

Elected or appointed members need not complete the electronic training on an annual basis thereafter unless they are also designated to receive training on compliance with the Open Meetings Act.

PA 97-0609 Signed August 26, 2011
The provisions apply to a person who first becomes an employee and a participant of any retirement system in Illinois on or after January 1, 2012, and is receiving a retirement annuity and accepts on a contractual basis a position to provide services to a governmental agency from which he or she retired, then that person's annuity shall be suspended during the during the contractual service.

PA 97-0318 Signed August 12, 2011
The provisions of the Open Meetings Act are herby expanded to allow closed meetings between internal or external auditors and governmental audit committees, finance committees and their equivalents when the discussion involves internal control weakness, identification of potential fraud risk areas, known or suspected frauds and fraud interviews conducted in accordance with generally accepted auditing standards.

2012 Session

PA 97-0651 Signed January 5, 2012
Expands the duties of fiduciaries to include the responsibility to report a reasonable suspicion of a false statement or other fraud to the Board of Trustees or the State's Attorney of the jurisdiction where the fraudulent activity occurred.

2012 Session, continued

PA 97-0894 Signed August 3, 2012

Effective with the 2013 fiscal year, increases the maximum tax levy from 2.19 multiplied by the employee contributions two years prior to the lesser of 4.19 multiplied by the employee contributions two years prior or the actuarially determined contribution requirement. Increases employee retirement contributions for Tier 1 employees by 1% per year for three years, starting with the first pay period paid in 2013. Resulting contribution rates for Tier 1 members are 10% in 2013, 11% in 2014, and 12% in 2015. The Tier 1 employee contribution rate will revert to 9% the first pay period paid on or after the date when the funded ratio of the Fund is determined to have reached the 90% funding goal.

2013 Session

PA 98-0433 Signed August 16, 2013

Creates an exception to the current RFP requirements for investment services. The competitive bid process will not be required for contracts for follow-on funds with the same fund sponsor through closed-end funds.

PA 98-0597 Signed November 20, 2013

Effective June 1, 2014, makes changes permitting same-sex marriage in the State of Illinois. Provides for reciprocity, recognizing same-sex marriages solemnized in other states and countries in which same-sex marriage is legal. Allows for voluntary conversion of civil unions to marriages.

2014 Session

PA 98-1022 Signed August 22, 2014

Effective February 1, 2015, the Boards of the Illinois retirement systems shall establish goals for utilization of investment managers that meet the definition of minority owned business, female owned business, and disabled person owned business. The systems will set a goal for each category.

Furthermore, beginning January 1, 2015, no contract for investment or consulting services or commitment to a private market fund shall be awarded by a retirement system unless such entity first discloses the following:

1) The number and percentage of its senior staff who are minority, female, or disabled.
2) The number of contracts for services that the applying entity has with a minority owned business, female owned business, or business owned by a person with a disability.
3) The number of contracts for services that the applying entity has with businesses other than a minority owned business, female owned business, business owned by a person with a disability, if more than 50% of the services under that contract are performed by a minority person, a female, or a person with a disability.

2014 Session, continued

Provides that a retirement system must consider such information (within the bounds of financial and fiduciary prudence) before awarding a contract for investment services, consulting services, or commitment to a private market firm. The Act also provides that if an investment firm meeting the system's criteria responds to an RFP for investment services and meets the definition of a minority owned business, then that firm shall be allowed to present to the Board before a final decision is made for that RFP.

2015 Session

PA 99-0008 Signed July 9, 2015

Effective July 1, 2015, provides that if the employer fails to transmit required contributions to the pension fund, the fund may certify to the State Comptroller the amount due, and the Comptroller must, beginning in 2016, deduct and remit to the fund the certified amounts from payments of State funds to the employer.

PA 99-0462 Signed August 25, 2015

Effective January 1, 2016, adds an aspirational goal for Illinois pension funds to use emerging investment managers for not less than 20% of the total funds under management. It shall also be the goal that not less than 20% of investment managers be minorities, females, and persons with disabilities. It establishes a goal to use businesses owned by minorities, females, and persons with disabilities for not less than 20% of contracts awarded for information technology services, accounting services, insurance brokers, architectural and engineering services and legal services.

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