FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
(A COMPONENT UNIT OF THE CITY OF CHICAGO, ILLINOIS)

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014 AND 2013

CONTENTS

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FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014 AND 2013

CONTENTS

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
Firemen's Annuity and Benefit
Fund of Chicago

Report on the Financial Statements
We have audited the accompanying financial statements of Firemen's Annuity and Benefit Fund of Chicago (the Plan), a component unit of the City of Chicago, Illinois, which comprise the combining statements of pension plan fiduciary net position and health insurance supplement plan net position as of December 31, 2014 and 2013, and the related combining statements of changes in pension plan fiduciary net position and health insurance supplement plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

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Auditors' Responsibility (continued)
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 plan net position of Firemen's Annuity and Benefit Fund of Chicago as of December 31, 2014 and 2013, and the changes in plan net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the Plan implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. As a result, the financial statements now include substantially different note disclosures and required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 4g and the required supplementary information on pages 29 through 34 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements as a whole. The accompanying supplementary information on pages 35 through 37 is presented for purposes of additional analysis and is not a required part of the 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. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (continued)

Previously Audited Information

We also have previously audited the basic financial statements for the years ended December 31, 2012, 2011, 2010, and 2009 (which are not presented herein), and we expressed unmodified opinions on those financial statements. In our opinion, the information on page 37 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Legacy Professionals LLP

Chicago, Illinois

June 17, 2015

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2014 AND 2013

This section presents Management's Discussion and Analysis of the financial position and performance of the Firemen's Annuity and Benefit Fund of Chicago (the Plan) for the year ended December 31, 2014 and 2013. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The financial statements are prepared on an economic sources focus and accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The basic components of the financial package are described below:

Combining Statements of Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position provides a snapshot of account balances and net position held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net position. The net increase (decrease) in net position reports the change in net position as reported in the combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position of the prior year and the current year.

Notes to the Financial Statements provides additional information that is essential to achieving a better understanding of the data provided in the basic financial statements.

Required Supplementary Information provides schedules and related notes concerning actuarial information, funding progress and employer contributions.

Supplementary Information includes schedules of administrative expenses, investment expenses, additions by source, and deductions by type.

Financial Highlights

Plan Net Position

The condensed Combining Statements of Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position reflect the resources available to pay benefits to members. A summary of the Combining Statements of Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position is as follows:

Plan Net Position
As of December 31,

	2014	2013	2012	Current Year Increase/(Decrease) in Dollars	Percent
Assets:					
Receivables	$ 116,531,262	$ 113,622,242	$ 94,553,758	$ 2,909,020	2.6 %
Prepaid expenses	137,990	119,151	158,739	18,839	15.8 %
Investments, at fair value	922,505,115	1,007,046,152	942,774,569	(84,541,037)	-8.4 %
Collateral held for securities on loan	160,968,881	168,963,442	161,363,241	(7,994,561)	-4.7 %
Total assets	1,200,143,248	1,289,750,987	1,198,850,307	(89,607,739)	-6.9 %
Liabilities:					
Payables	3,165,966	4,082,688	5,064,268	(916,722)	-22.5%
Securities lending collateral	160,968,881	168,963,442	161,363,241	(7,994,561)	-4.7 %
Total liabilities	164,134,847	173,046,130	166,427,509	(8,911,283)	-5.1 %
Plan net position	$ 1,036,008,401	$ 1,116,704,857	$ 1,032,422,798	$ (80,696,456)	-7.2 %

Plan net position decreased by $80,696,456 or 7.2% from $1,116,704,857 at December 31, 2013 to $1,036,008,401 at December 31, 2014. Comparatively, plan net position increased by $84,282,059 or 8.2% from $1,032,422,798 at December 31, 2012 to $1,116,704,857 at December 31, 2013.

The decrease in plan net position for the year ended December 31, 2014 was primarily due to employer contributions and investment returns not exceeding benefit payments. Overall reduction of plan net position was significantly impacted by the liquidation of marketable securities to meet monthly benefit obligations.

The increase in plan net position for the year ended December 31, 2013 was primarily due to strong market performance across all asset classes as demonstrated by returns of 22.0% for the year ended December 31, 2013. Overall growth of plan net position was significantly offset by the liquidation of marketable securities to meet monthly benefit obligations.

Changes in Plan Net Position

The condensed Combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position reflects the changes in the resources available to pay benefits to members. A summary of the Combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position is as follows:

Changes in Plan Net Position
For the Years Ended December 31,

	2014	2013	2012	Current Year Increase/(Decrease) in Dollars	Percent
Additions:					
Employer contributions	$ 109,805,454	$ 106,219,800	$ 84,144,328	$ 3,585,654	3.4 %
Plan member contributions	48,056,393	42,520,218	53,272,730	5,536,175	13.0 %
Net investment income	30,179,163	189,895,723	134,480,603	(159,716,560)	-84.1 %
Net securities lending income	684,725	637,157	715,889	47,568	7.5 %
Other	11,394	(57,079)	3,459,687	68,473	120.0 %
Total additions	188,737,129	339,215,819	276,073,237	(150,478,690)	-44.4 %
Deductions:					
Benefits	261,571,672	247,057,741	228,585,731	14,513,931	5.9 %
Administrative expenses	3,066,946	3,101,827	3,063,965	(34,881)	-1.1 %
Annuitant health care	2,471,055	2,550,785	2,622,445	(79,730)	-3.1%
Litigation settlement	2,246	13,291	520,173	(11,045)	-83.1%
Refunds of contributions	2,321,666	2,210,116	2,631,674	111,550	5.0 %
Total deductions	269,433,585	254,933,760	237,423,988	14,499,825	5.7 %
Net increase (decrease) in plan net position	$ (80,696,456)	$ 84,282,059	$ 38,649,249	$ (164,978,515)	-195.7 %

Additions to Plan Net Position

Total additions were $188,737,129 in 2014, $339,215,819 in 2013 and $276,073,237 in 2012.

Employer contributions increased by $3,585,654 or 3.4% from $106,219,800 for the year ended December 31, 2013 to $109,805,454 for the year ended December 31, 2014. Comparatively, employer contributions increased by $22,075,472 or 26.2% from $84,144,328 for the year ended December 31, 2012 to $106,219,800 for the year ended December 31, 2013. During the year ended December 31, 2014, the Plan recognized an increase in employer contributions of approximately 3.4% as a result of an increase in plan member contributions (from which employer contributions are calculated) from the year ended December 31, 2011 to the year ended December 31, 2012.

Plan member contributions increased by $5,536,175 or 13.0% from $42,520,218 for the year ended December 31, 2013 to $48,056,393 for the year ended December 31, 2014. Comparatively, plan member contributions decreased by $10,752,512 or 20.2% from $53,272,730 for the year ended December 31, 2012 to $42,520,218 for the year ended December 31, 2013. Plan member contributions for the year ended December 31, 2014 increased as a result of approximately $3.3 million in retroactive member contributions and increased salaries due to the contract settlement between the Chicago Firefighters Union, Local No. 2 and the City of Chicago. Plan member contributions decreased during the year ended December 31, 2013 due to one time additional plan member contributions of approximately $8.3 million received during the year ended December 31, 2012 from the Lewis class action lawsuit against the City of Chicago.

Net investment income decreased by $159,716,560 or 84.1% from $189,895,723 for the year ended December 31, 2013 to $30,179,163 for the year ended December 31, 2014. Comparatively, net investment income increased by $55,415,120 or 41.2% from $134,480,603 for the year ended December 31, 2012 to $189,895,723 for the year ended December 31, 2013. During the year ended December 31, 2014, U.S. equities posted positive returns due to moderate gross domestic product (GDP) growth, improving employment trends and rising consumer confidence levels. However, international equity returns did not fare as well due to slower growth prospects in international economies and a strengthening U.S. dollar. Fixed income returns performed well, especially treasuries, as interest rates continued to decline. Oil prices dropped significantly because of an excess of supply, this greatly impacted overall commodity returns. The Plan's realized return on investments for the year ended December 31, 2014 was 3.9% versus 22.0% for the year ended December 31, 2013 and 16.2% for the year ended December 31, 2012. Over the previous twenty years, the Plan's annual return is 9.2%, which is 1.2% above the actuarial assumed expected rate of return of 8%.

Additions to Plan Net Position (continued)

Portfolio Rate of Return
For the Years Ended December 31,

	2014	2013	2012
Domestic Equities	8.0%	36.1%	17.2%
S&P 500 Benchmark	13.7%	32.4%	16.0%
International Equities	-3.7%	23.1%	18.5%
MS World ex US	-3.9%	21.6%	17.0%
Fixed income	6.7%	1.1%	14.0%
Barclays Aggregate Benchmark	6.0%	-2.0%	4.2%
Total Plan	3.9%	22.0%	16.2%

Other additions increased by $68,473 or 120.0% from $(57,079) for the year ended December 31, 2013 to $11,394 for the year ended December 31, 2014. Comparatively, other additions decreased by $3,516,766 or (101.6%) from $3,459,687 for the year ended December 31, 2012 to ($57,079) for the year ended December 31, 2013. Other additions for the year ended December 31, 2012 include a one time receipt of interest on litigation contributions of approximately $3.5 million.

Deductions to Plan Net Position

Total deductions were $269,433,585 in 2014, $254,933,760 in 2013 and $237,423,988 in 2012.

Benefits increased by $14,513,931 or 5.9% from $247,057,741 for the year ended December 31, 2013 to $261,571,672 for the year ended December 31, 2014. Comparatively, benefits increased by $18,472,010 or 8.1% from $228,585,731 for the year ended December 31, 2012 to $247,057,741 for the year ended December 31, 2013. In recent times, benefits have increased yearly due to several factors; a contractual free healthcare incentive which has added annuitants above the expected number, cost of living increases, and new annuitants coming on the pension roll at higher rates than the annuitants that are being removed from the pension roll.

During the year ended December 31, 2012, the Plan made payments for litigation settlement expenses as the result of a court decision involving duty death widows. No payments relating to that court decision were made during the years ended December 31, 2013 and 2014.

Administrative expenses, annuitant health care, and refunds of contributions have all remained at relatively constant amounts over the last three years.

Actuarial Information

Pension Benefits

The Plan's funding for pension benefits as of December 31, 2014, 2013 and 2012 is as follows:

Funding for Pension Benefits
For the Years Ended December 31,

	2014	2013	2012
GASB Statement No. 67:			
Employer's net pension liability	$ 3,476,751,678	$ 3,161,507,315	N/A
Plan fiduciary net position as a percentage of the total pension liability	22.96%	26.10%	N/A
GASB Statement No. 25:			
Unfunded actuarial accrued liability	$ 3,350,451,313	$ 3,137,521,261	$ 3,026,854,179
Funded ratio	22.78%	24.01%	24.71%

The Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans* during the year ended December 31, 2014. See Note 1 in the financial statements for further information.

For the purposes of comparability in this year of transition, the funding information for pension benefits has been included for both GASB Statement No. 67 and the replaced GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* The employer's net pension liability and plan fiduciary net position as a percentage of the total pension liability as of December 31, 2012 is not available and has not been provided.

The primary difference between the employer's net pension liability (GASB Statement No. 67) and the unfunded actuarial accrued liability (GASB Statement No. 25) is the use of a blended investment rate of return as required under GASB Statement No. 67.

Actuarial Information (continued)

Postemployment Healthcare Benefits

Under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the Plan's funding for postemployment healthcare benefits as of December 31, 2014, 2013 and 2012 is as follows:

Funding for Health Insurance Supplement
For the Years Ended December 31,

	2014	2013	2012
Unfunded actuarial accrued liability	$ 4,994,927	$ 7,691,833	$ 46,205,891
Funded ratio	0.00%	0.00%	0.00%

Contributions for postemployment healthcare benefits are made on a "pay-as-you-go" basis resulting in a 0.00% funded ratio. Public Act 98-0043, effective June 29, 2013, terminates the retiree healthcare subsidy paid by the Plan after December 31, 2016.

Combined

The Plan actuary has performed a combined actuarial valuation of the pension and health insurance supplement benefits provided by the Plan to measure the overall funded status and contribution requirements of the Plan. The Plan's funding under the combined actuarial valuation as of December 31, 2014, 2013 and 2012 is as follows:

Funding for Combined Pension and Health Insurance Supplement
For the Years Ended December 31,

	2014	2013	2012
Actuarial accrued liability	$ 4,343,587,556	$ 4,136,426,376	$ 4,066,343,811
Actuarial value of assets	(988,141,316)	(991,213,282)	(993,283,741)
Unfunded actuarial accrued liability	$ 3,355,446,240	$ 3,145,213,094	$ 3,073,060,070
Funded ratio	22.75%	23.96%	24.43%

Contact Information

This financial report is designed to provide plan participants, retirees, beneficiaries, the employer and all other interested users with a complete, detailed, easy to understand financial portrait of the Plan at December 31, 2014. Comments, questions or concerns regarding this report or requests for additional information should be addressed to:

Kenneth Kaczmarz
Executive Director
Firemen's Annuity and Benefit Fund of Chicago
20 S. Clark Street
Suite 1400
Chicago, IL 60603

Firemen's Annuity and Benefit Fund of Chicago

Combining Statements of Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position

December 31, 2014 and 2013

	2014			2013		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
Assets						
Receivables						
Employer contributions - net	$ 110,864,400	$ 110,864,400	$ -	$ 108,149,962	$ 108,149,962	$ -
Investment income	2,625,326	2,625,326	-	2,652,213	2,652,213	-
Other	2,181,197	2,181,197	-	2,266,069	2,266,069	-
Securities lending	76,313	76,313	-	64,913	64,913	-
Unsettled trades	784,026	784,026	-	489,085	489,085	-
Total receivables	116,531,262	116,531,262	-	113,622,242	113,622,242	-
Prepaid expenses	137,990	137,990	-	119,151	119,151	-
Investments						
Cash deposits and short-term investments	48,055,082	48,055,082	-	42,437,852	42,437,852	-
Corporate bonds	111,583,549	111,583,549	-	113,836,187	113,836,187	-
Equities	634,792,663	634,792,663	-	705,561,913	705,561,913	-
Pooled funds	33,385,429	33,385,429	-	40,112,465	40,112,465	-
Private equity and venture capital	34,370,196	34,370,196	-	40,336,283	40,336,283	-
U.S. and Foreign Government obligations	60,318,196	60,318,196	-	64,761,452	64,761,452	-
Total investments	922,505,115	922,505,115	-	1,007,046,152	1,007,046,152	-
Collateral held for securities on loan	160,968,881	160,968,881	-	168,963,442	168,963,442	-
Total assets	1,200,143,248	1,200,143,248	-	1,289,750,987	1,289,750,987	-
Liabilities						
Accounts payable and accrued expenses	1,264,845	1,264,845	-	1,361,698	1,361,698	-
Participant accounts	557,734	557,734	-	557,734	557,734	-
Securities lending collateral	160,968,881	160,968,881	-	168,963,442	168,963,442	-
Securities lending	19,049	19,049	-	16,204	16,204	-
Unsettled trades	1,324,338	1,324,338	-	2,147,052	2,147,052	-
Total liabilities	164,134,847	164,134,847	-	173,046,130	173,046,130	-
Net position						
Net position restricted for pensions	1,036,008,401	1,036,008,401	-	1,116,704,857	1,116,704,857	-
Net position held in trust for health insurance supplement benefits	-	-	-	-	-	-
	$ 1,036,008,401	$ 1,036,008,401	$ -	$ 1,116,704,857	$ 1,116,704,857	$ -

See accompanying notes to financial statements.

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND HEALTH INSURANCE SUPPLEMENT PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
ADDITIONS						
Contributions						
Employer						
Property taxes - net	$ 78,999,454	$ 76,528,399	$ 2,471,055	$ 78,160,380	$ 75,609,595	$ 2,550,785
Personal property replacement taxes	30,806,000	30,806,000	-	26,650,296	26,650,296	-
Exempt rank funding	-	-	-	1,409,124	1,409,124	-
Total employer contributions	109,805,454	107,334,399	2,471,055	106,219,800	103,669,015	2,550,785
Plan member						
Annuities	47,918,572	47,918,572	-	42,833,052	42,833,052	-
Death benefits	137,821	137,821	-	136,648	136,648	-
Member litigation settlement						
Annuities	-	-	-	(447,177)	(447,177)	-
Death benefits	-	-	-	(2,305)	(2,305)	-
Total plan member contributions	48,056,393	48,056,393	-	42,520,218	42,520,218	-
Investment income						
Net appreciation in fair value of investments	14,636,970	14,636,970	-	174,413,709	174,413,709	-
Interest	8,301,304	8,301,304	-	7,722,977	7,722,977	-
Dividends	13,229,540	13,229,540	-	14,231,828	14,231,828	-
	36,167,814	36,167,814	-	196,368,514	196,368,514	-
Less investment expenses	(5,988,651)	(5,988,651)	-	(6,472,791)	(6,472,791)	-
Net investment income	30,179,163	30,179,163	-	189,895,723	189,895,723	-
Securities lending						
Income	495,962	495,962	-	532,297	532,297	-
Borrower rebates	391,109	391,109	-	316,863	316,863	-
Management fees	(202,346)	(202,346)	-	(212,003)	(212,003)	-
Net securities lending income	684,725	684,725	-	637,157	637,157	-
Gift Fund donations	4,810	4,810	-	5,220	5,220	-
Miscellaneous income	2,583	2,583	-	4,581	4,581	-
Tax levy interest	4,001	4,001	-	2,646	2,646	-
Interest (expense) on Lewis class contributions	-	-	-	(69,526)	(69,526)	-
Total additions	188,737,129	186,266,074	2,471,055	339,215,819	336,665,034	2,550,785

See accompanying notes to financial statements.

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND HEALTH INSURANCE SUPPLEMENT PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
DEDUCTIONS						
Benefits						
Age and service benefits						
Employees	$ 202,899,248	$ 202,899,248	$ -	$ 189,268,400	$ 189,268,400	$ -
Spouses	32,030,118	32,030,118	-	31,560,765	31,560,765	-
Dependents	884,327	884,327	-	927,159	927,159	-
Total age and service benefits	235,813,693	235,813,693	-	221,756,324	221,756,324	-
Disability benefits						
Duty	15,981,172	15,981,172	-	15,723,794	15,723,794	-
Occupational	8,393,676	8,393,676	-	8,154,848	8,154,848	-
Ordinary	81,531	81,531	-	138,775	138,775	-
Total disability benefits	24,456,379	24,456,379	-	24,017,417	24,017,417	-
Gift Fund payments	500,000	500,000	-	450,000	450,000	-
Death benefits	801,600	801,600	-	834,000	834,000	-
Total benefits	261,571,672	261,571,672	-	247,057,741	247,057,741	-
Administrative expenses	3,066,946	3,066,946	-	3,101,827	3,101,827	-
Annuitant health care	2,471,055	-	2,471,055	2,550,785	-	2,550,785
Litigation settlement	2,246	2,246	-	13,291	13,291	-
Refunds of contributions	2,321,666	2,321,666	-	2,210,116	2,210,116	-
Total deductions	269,433,585	266,962,530	2,471,055	254,933,760	252,382,975	2,550,785
NET INCREASE (DECREASE)	(80,696,456)	(80,696,456)	-	84,282,059	84,282,059	-
NET POSITION						
Beginning of year	1,116,704,857	1,116,704,857	-	1,032,422,798	1,032,422,798	-
End of year	$ 1,036,008,401	$ 1,036,008,401	$ -	$ 1,116,704,857	$ 1,116,704,857	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the above criteria, the Firemen's Annuity and Benefit Fund of Chicago (the Plan) is considered to be a component unit of the City of Chicago (the City) and is included in the City's financial statements as a pension trust fund.

New Accounting Pronouncement - In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. For defined benefit plans, Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employer and non-employer contributing entities for benefits provided through the pension plan. This Statement also enhances footnote disclosures and required supplementary information for pension funds.

Method of Accounting - The financial statements are presented using the accrual basis of accounting. Employer contributions are recognized as income pursuant to legal requirements as specified by the Illinois Compiled Statutes. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Cash deposits and short-term investments are carried at cost which approximates fair value. Pooled funds are carried at fair value as estimated by the Plan's investment managers. Private equity and venture capital are carried at fair value as estimated by the investment partnership. Foreign securities quoted in foreign currencies are translated into U.S. dollars at year end exchange rates.

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2014, the Plan does not have any capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates - The preparation of 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 - Subsequent events have been evaluated through June 17, 2015, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1931 and is governed by legislation contained in the Illinois Compiled Statutes (the Statutes), particularly 40 ILCS, Act 5, Article 6 (the Article), which specifically and exclusively refers to the Plan. The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was established for the purpose of providing retirement and disability benefits for employees of the City of Chicago employed under the provisions of the Municipal Personnel Ordinance as fire service and for the dependents of such employees.

The Statutes authorize a Board of Trustees (the Board) of eight members to carry out the provisions of the Article. According to the Article, four members of the Board are ex officio and four are elected by the employee members of the Plan. The four ex officio members are the City Treasurer, the City Clerk, the City Comptroller and the Deputy Fire Commissioner. All members of the Board of Trustees are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

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

The Plan provides retirement benefits, as well as, death and disability benefits. Employees who reach compulsory retirement age of 63, except for emergency medical technicians, which is age 65, with at least 10 years of service and less than 20 years of service are entitled to receive an annuity of 30% of average salary for the first ten years of service plus an additional 2% for each year in excess of 10 years with partial City contributions to a maximum of 50%.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

At age 50 or more with 10 or more but less than 20 years of service, a Tier 1 employee is entitled to an annuity of the entire sum accumulated for age and service annuity from deductions from salary, plus 1/10 of the sum accumulated from contributions by the City for each completed year of service after the first 10 years. For Tier 2 employees, the annuity is based on an accrual rate of 2.5% reduced by one half of one percent per month for retirement prior to age 55, subject to a maximum of 75%.

Employees with at least 20 years of service are entitled to receive a minimum formula annuity upon attainment of age 50 for Tier 1 employees and age 55 for Tier 2 employees, of 50% of final average salary plus an additional amount equal to 2.5% of final average salary for each year of service or fraction thereof in excess of 20 years of service. For Tier 1 employees, final average salary is based on the highest average annual salary for any four consecutive years within the last ten years of service immediately preceding the date of retirement. For Tier 2 employees, the final average salary is based on 96 consecutive months within the last 120 months, capped at $106,800 indexed annually at the lesser of 3% and 50% of the Consumer Price Index (CPI-U). This annuity shall not exceed 75% of the final average salary. The monthly annuity is increased by 3% of the original annuity at the first of the month following the later of age 55 or the first anniversary of retirement and by 3% each first day of January thereafter, if born before January 1, 1955. There is no limit on the increases. If born after January 1, 1955, the monthly annuity is increased by 1.5% of the original annuity at the first of the month following the later of age 60 or the first anniversary of retirement and 1.5% on each first day of January thereafter, but not to exceed a total increase of 30%.

Participants should refer to the applicable State Statutes for more complete information.

Any employee of the City employed under the provisions of the Municipal Personnel Ordinance as fire service is covered by the Plan. At December 31, 2014 and 2013, participation in the Plan consisted of the following:

	2014	2013
Retirees and beneficiaries currently receiving benefits	4,703	4,642
Terminated plan participants entitled to but not yet receiving benefits	65	57
Active plan participants	4,809	4,685
Total participants	9,577	9,384

NOTE 3. EMPLOYER'S PENSION LIABILITY

Net Pension Liability

The components of the net pension liability of the Plan for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total pension liability	$ 4,512,760,079	$ 4,278,212,172
Plan fiduciary net position	1,036,008,401	1,116,704,857
Employer's net pension liability	$ 3,476,751,678	$ 3,161,507,315
Plan fiduciary net position as a percentage of the total pension liability	22.96%	26.10%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios on page 29 of the required supplementary information for additional information related to the funded status of the Plan.

The net pension liability was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2014
Actuarial cost method	Entry-Age Normal
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Inflation	3.00% per year
Salary increases	4.25% plus additional service based increases.
Investment rate of return	8.00% per year
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011, valuation pursuant to an experience study of the period January 1, 2003, through December 31, 2010.
Mortality	RP-2000 Combined Health Mortality Table, sex distinct. The mortality table used is a static table and provide an estimated margin of 15 percent for future mortality improvements as of the experience study performed as of December 31, 2011.
Disabled mortality	RP-2000 Combined Health Mortality Table, sex distinct, set forward six years
Pre-retirement	80 percent of the post-retirement rates
Postretirement annuity increases	Tier 1 participants - 1.50% simple interest for 20 years for members born in or after 1955, 3.00% simple interest for life for members born before 1955. Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Net Pension Liability (continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted by Gabriel Roeder Smith & Company which were adopted and effective for the December 31, 2011 valuation.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 employer contributions will be made at rates as specified by the Illinois Compiled Statutes. Based on those assumptions, the Plan's fiduciary net position and future contributions are only sufficient to finance future benefit payments of current plan members through the year 2062. A municipal bond rate of 3.56% was used in the development of the blended discount rate after that point. The 3.56% rate is based on the state and local bonds rate from the Federal Reserve statistical release (H.15) as of December 31, 2014, (described as Bond Buyer Index, general obligation, 20 years to maturity, mixed quality). Based on the long-term investment rate of return of 8.00% and the municipal bond rate of 3.56%, the blended discount rate is 7.60%. The blended discount rate was 7.80% as of December 31, 2013 which was based on the long-term investment rate of return of 8.00% and a 4.73% municipal bond rate.

Discount Rate Sensitivity

The following is an analysis of the net pension liability's sensitivity to changes in the discount rate. The following table presents the net pension liability of the employer using the discount rate of 7.60% as well as the employer's net pension liability calculated using a discount rate 1 percent lower (6.60%) and 1 percent higher (8.60%) than the current discount rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability	$ 3,963,802,628	$ 3,476,751,678	$ 3,060,756,725

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

Covered employees are required to contribute 9.125% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with statutory interest. The City, for its employer portion, is required by the Statutes to contribute the remaining amounts necessary to finance the requirements of the Plan. The City's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 2.26. The source of funds for the City's contribution has been designated by State Statutes as the City's annual property tax levy.

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES (CONTINUED)

Public Act 96-1495, effective as of January 1, 2011, requires that the City finance the Plan on an actuarial basis commencing with the 2015 tax levy year. The funding policy requires future employer contributions, employee contributions and other income to be sufficient to produce a funding level of 90% by the year ended December 31, 2040.

The combined funding information of the pension and health insurance supplement benefits of the Plan as of December 31, 2014 and 2013 are as follows:

	2014		
	Pension	Health Insurance Supplement	Combined
Normal cost	$ 71,752,493	$ 40	$ 71,752,533
Amortization of unfunded liability	258,053,667	2,677,592	260,731,259
Interest cost	13,403,877	61,874	13,465,751
Estimated member contributions	(38,944,626)	-	(38,944,626)
Annual required contribution	304,265,411	2,739,506	307,004,917
Estimated employer contribution	(109,528,112)	(2,640,888)	(112,169,000)
Employer contribution deficiency	$ 194,737,299	$ 98,618	$ 194,835,917
Actuarially determined multiplier			6.45
Present authorized multiplier			2.26

	2013		
	Pension	Health Insurance Supplement	Combined
Normal cost	$ 72,191,384	$ 1,404,028	$ 73,595,412
Amortization of unfunded liability	248,951,563	2,714,499	251,666,062
Interest cost	13,051,789	95,170	13,146,959
Estimated member contributions	(39,316,841)	-	(39,316,841)
Annual required contribution	294,877,895	4,213,697	299,091,592
Estimated employer contribution	(106,819,308)	(2,712,242)	(109,531,550)
Employer contribution deficiency	$ 188,058,587	$ 1,501,455	$ 189,560,042
Actuarially determined multiplier			6.52
Present authorized multiplier			2.26

NOTE 5. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. The pension code legislation can be amended only by the Illinois Legislature.

The Prior Service Annuity Reserve is a reserve account for the accumulation of City contributions to provide for: a) employee and spouse annuities that are based on service performed before the Plan's effective date of July 1, 1931 and b) any excess in minimum annuity formula requirements over the amounts required for age and service annuities, and for spouse annuities.

The City Contribution Reserve is used to accumulate amounts contributed by the City to provide for annuities based on age and service of each employee and spouse. An individual account is maintained for each employee and spouse until the employee retires, at which time the individual account balances are transferred to the Annuity Payment Reserve.

The Salary Deduction Reserve is similarly used to accumulate deductions made from employee salaries for age and service annuities for the employee and spouse. Individual accounts are maintained until the employee retires or withdraws from service before qualifying for an annuity. At retirement, account balances are transferred to the Annuity Payment Reserve. In case an eligible employee elects to take a refund of contributions instead of an annuity, the contribution refund is charged to this reserve.

The Annuity Payment Reserve receives the amounts transferred from the individual accounts in the City Contribution Reserve and the Salary Deduction Reserve when an employee retires and qualifies for an annuity. All age and service annuity payments are charged to this reserve.

The Death Benefit Reserve accumulates contributions from employees and the City for ordinary death benefits. All ordinary death benefits paid are charged to this reserve.

The Ordinary Disability Reserve accumulates contributions from employees and the City for ordinary disability benefits. All ordinary disability benefits paid are charged to this reserve.

The Supplementary Payment Reserve accumulates amounts to provide automatic annual postretirement increases to employee annuitants who retired before September 1, 1959 and amounts in excess of the original annuity grant due to increases in the minimum annuity.

The Gift Reserve accumulates donations to be used to provide an extra benefit to widowed spouse annuitants and orphaned child annuitants.

The Reserve surplus (deficit) represents the difference between the actuarially determined present value of all future pension payments and the value of the Plan's present assets plus the present value of future contributions. A deficit indicates that additional assets will be needed to provide for future benefits, while a surplus indicates that present assets and future contributions exceed the expected requirements for future pension payments.

NOTE 5. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

Net position restricted for pensions as of December 31, 2014 and 2013 were comprised of the following reserve surplus (deficit) balances:

	2014	2013
Prior Service Annuity Reserve	$ 1,901,579,646	$ 1,807,719,302
City Contribution Reserve	793,701,286	780,689,058
Annuity Payment Reserve	956,431,718	890,307,515
Salary Deduction Reserve	654,502,027	643,844,287
Death Benefit Reserve (deficit)	(16,685,210)	(15,545,191)
Ordinary Disability Reserve	394,955	343,150
Supplementary Payment Reserve	44,310	88,099
Gift Reserve	7,729,076	6,573,690
Reserve (deficit)	(3,261,689,407)	(2,997,315,053)
Total fiduciary net position for pension benefits	$ 1,036,008,401	$ 1,116,704,857

NOTE 6. INVESTMENTS

Investment Policy

The Board of Trustees is responsible for establishing reasonable and consistent investment objectives, policies and guidelines governing the investment of Plan assets in accordance with the Illinois Compiled Statutes. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the Statutes. All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the Statutes. During the year ended December 31, 2014 and 2013, there were no changes to the investment policy.

The Plan's investment policy in accordance with the Illinois Compiled Statutes establishes the following target allocation across asset classes:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Domestic equities	40.00%	7.60%
International equities	25.00%	7.80%
Fixed income	21.00%	3.00%
Real estate	2.00%	6.15%
Alternative investments	8.00%	5.25%
Cash deposits & short-term investments	4.00%	2.25%
Total	100.00%	

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in September 2011 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are listed in the table above.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.4% for the year ended December 31, 2014. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Summary

The following table presents a summarization of the fair value (carrying amount) of the Plan's investments as of December 31, 2014 and 2013. Investments that represent 5% or more of the Plan's net position are separately identified.

Investments	2014	2013
Cash deposits and short-term investments	$ 48,055,082	$ 42,437,852
Corporate bonds	111,583,549	113,836,187
Equities	634,792,663	705,561,913
Pooled funds:		
Fixed income	24,438,141	29,194,654
Equities	8,947,288	10,917,811
Private equity and venture capital	34,370,196	40,336,283
U.S. and Foreign Government obligations	60,318,196	64,761,452
Total	$ 922,505,115	$ 1,007,046,152

During 2014 and 2013, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $74,013,652 and $97,751,200 respectively. These amounts are included in the net appreciation in fair value of investments as reported on the Combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in plan assets being reported in both the current year and the previous year(s).

The Plan does not isolate that portion of net appreciation (depreciation) in fair value of investments resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such fluctuations are included with net appreciation (depreciation) in fair value of investments. Net realized gains and (losses) on foreign currency transactions represent net exchange gains or losses on closed foreign currency contracts, disposition of foreign currencies, and the difference between the amount of investment income and foreign withholding taxes recorded on the Plan's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized gains and (losses) on foreign currency transactions arise from changes in the value of open foreign currency contracts and assets and liabilities other than investments at the year end, resulting from changes in the exchange rate.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Plan's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. At December 31, 2014 and 2013, the Plan's exposure to such risk was $1,022,694 and $3,471,952 respectively, comprised of foreign currencies held outside the custodial bank.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counter party, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the Plan's name, and held by the counter party. To minimize custodial credit risk, the Plan's custodian physically (or through agreement with a sub-custodian) maintains possession of securities owned by the Plan. In addition, the Plan seeks to maintain a fully invested position in accordance with established target asset allocation and minimize cash deposits. At December 31, 2014 and 2013, the Plan had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name.

NOTE 6. INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. Government obligations or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The Plan establishes minimum investment rating guidelines for each investment manager based on their area of concentration and level of allowable risk. The following table presents a summarization at December 31, 2014 and 2013 of the lowest credit quality rating of investments in corporate bonds, foreign government obligations, short-term investments, and fixed income mutual funds as valued by Moody's Investors Service and/or Standard & Poor's, as applicable:

Type of Investment	Rating	2014	2013
Cash deposits and short-term investments	Not Rated	$ 48,055,082	$ 42,437,852
Corporate bonds	Aaa/AAA	$ 4,974,083	$ 5,607,278
	Aa/AA	3,009,473	4,689,814
	A/A	13,648,286	15,288,260
	Baa/BBB	36,721,996	40,036,453
	Ba/BB	20,849,408	16,696,649
	B/B	9,274,254	7,865,390
	Caa/CCC	3,726,112	3,688,880
	Ca/CC	572,181	485,658
	C/C	349,781	20,250
	D/D	528,180	76,000
	Not Rated	8,083,223	11,236,365
	U.S. Government Guaranteed	9,846,572	8,145,190
		$ 111,583,549	$ 113,836,187
Pooled funds - fixed income	Not Rated	$ 24,438,141	$ 29,194,654
U.S. and Foreign Government obligations	Aaa/AAA	$ 7,478,347	$ 10,095,430
	Aa/AA	10,332,204	14,628,776
	A/A	5,476,966	1,329,058
	Baa/BBB	2,885,973	5,666,964
	Ba/BB	580,078	934,476
	Not Rated	3,289,842	966,832
	U.S. Government Guaranteed	30,274,786	31,139,916
		$ 60,318,196	$ 64,761,452

NOTE 6. INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. The Plan requires investment managers to display an overall level of interest rate risk that is consistent with the benchmark specified by the Plan. The following table presents a summarization of debt investments at December 31, 2014 and 2013 using the segmented time distribution method:

Type of Investment	Maturity	2014	2013
Cash deposits and short-term investments	Less than 1 year	$ 48,055,082	$ 42,437,852
Corporate bonds	Less than 1 year	$ 1,753,197	$ 4,617,628
	1-5 years	16,030,450	18,298,613
	5-10 years	41,633,921	34,490,072
	Over 10 years	52,165,981	56,429,874
		$ 111,583,549	$ 113,836,187
Pooled funds - fixed income	Less than 1 year	$ 2,098,716	$ 2,421,102
	1-5 years	22,339,425	3,136,002
	5-10 years	-	23,637,550
		$ 24,438,141	$ 29,194,654
U.S. and Foreign Government obligations	Less than 1 year	$ 2,496,829	$ 2,345,374
	1-5 years	14,669,417	15,748,211
	5-10 years	14,419,357	16,333,790
	Over 10 years	28,732,593	30,334,077
		$ 60,318,196	$ 64,761,452

NOTE 6. INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan requires investment managers to invest in at least ten countries if investing in foreign obligations and/or equities. The Plan's exposure to foreign currency risk at December 31, 2014 and 2013 is as follows:

Type of Investment	Fair Value (USD) 2014	Fair Value (USD) 2013
Corporate bonds:		
Australian dollar	$ 576,849	$ 635,713
Brazilian real	316,116	343,711
British pound	356,827	354,408
Canadian dollar	-	143,098
European euro	223,588	1,547,861
Mexican peso	406,839	419,862
New Zealand dollar	-	680,663
U.S. dollar	109,703,330	109,710,871
	$ 111,583,549	$ 113,836,187
Pooled funds:		
Canadian dollar	$ -	$ 58,153
U.S. dollar	33,385,429	40,054,312
	$ 33,385,429	$ 40,112,465
U.S. and Foreign Government obligations:		
Brazilian Real	$ 644,083	$ 296,688
Canadian dollar	-	1,885,107
Chilean Peso	324,578	-
European euro	-	1,515,160
Mexican peso	3,676,977	2,963,093
New Zealand dollar	227,861	763,330
Philippines peso	986,920	1,023,825
U.S. dollar	54,457,777	56,314,249
	$ 60,318,196	$ 64,761,452

NOTE 6. INVESTMENTS (CONTINUED)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2014	Fair Value (USD) 2013
Equities:		
Australian dollar	$ 3,114,290	$ 3,796,322
Brazilian real	4,916,111	6,170,583
British pound	38,614,339	49,891,959
Canadian dollar	8,031,965	5,896,189
Chilean peso	294,668	370,980
Czech koruna	178,043	91,091
Danish krone	1,804,069	1,584,200
Egyptian pound	249,152	193,165
European euro	46,027,686	60,495,696
Hong Kong dollar	14,465,523	14,574,241
Hungarian forint	112,458	146,434
Indian rupee	6,091,334	4,631,132
Indonesian rupiah	1,564,808	711,017
Israeli shekel	531,012	202,380
Japanese yen	40,041,013	43,249,727
Malaysian ringgit	1,249,733	1,413,958
Mexican peso	2,029,287	1,919,480
New Zealand dollar	168,916	297,778
Nigerian naira	-	101,128
Norwegian krone	1,956,223	2,625,778
Pakistan rupee	301,674	333,918
Philippines peso	259,255	156,082
Polish zlotych	488,096	534,856
Singapore dollar	580,596	779,350
South African rand	3,727,042	3,368,854
South Korean won	8,667,942	11,545,186
Swedish krona	3,740,329	2,622,377
Swiss franc	8,465,150	9,594,536
Taiwan dollar	5,175,212	5,707,533
Thailand baht	1,533,670	926,629
Turkish lira	573,125	429,947
United Arab Emirates dirham	104,014	34,606
U.S. dollar	429,735,928	471,164,801
	$ 634,792,663	$ 705,561,913

NOTE 7. SECURITIES LENDING

State Statutes and the Board of Trustees permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest. The Plan is not restricted as to the type or amount of securities it may loan. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults.

The average term of securities loaned was 55 days in 2014 and 55 days in 2013; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity at December 31, 2014 and 2013 of 37 days and 37 days, respectively. Cash collateral may also be invested in term loans in which the investments (term loans) match the term of the securities loaned.

As of December 31, 2014 and 2013, the fair value (carrying amount) of loaned securities was $156,276,791 and $165,131,339 respectively. As of December 31, 2014 and 2013, the fair value (carrying amount) of cash collateral received by the Plan was $160,968,881 and $168,963,442 respectively. The cash collateral is included as an asset and a corresponding liability on the statements of plan net position. As of December 31, 2014 and 2013 the fair value (carrying amount) of non-cash collateral received by the Plan was $0.

Although the Plan'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. 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 Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

There were no losses due to default of a borrower or the lending agent during the years ended December 31, 2014 and 2013.

A summary of securities loaned at fair value as of December 31:

	2014	2013
Corporate bonds	$ 9,449,189	$ 12,454,146
Equities	141,247,084	144,031,022
U.S. and Foreign Government obligations	5,580,518	8,646,171
Total	$ 156,276,791	$ 165,131,339

NOTE 8. DERIVATIVES

The Plan invests in derivative financial instruments as provided by the Plan's statement of investment policy. The Plan uses derivative financial instruments to gain exposure to an asset class or manage portfolio risk. 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 options, forward contracts, swaps, and futures as part of the Plan's portfolio. 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.

The Plan's portfolio includes the following derivative instruments at December 31, 2014 and 2013:

	2014		2013	
Derivative	Notional Value	Fair Value	Notional Value	Fair Value
Options	$ -	$ (4,009)	$ -	$ 12,906
Futures purchase commitments	(45,425,400)	-	(15,936,557)	-
Futures sales commitments	45,425,400	-	15,936,557	-
Swap assets	556,188	17,046	193,697	6,021
Swap liabilities	-	-	(1,030,000)	(89,524)
Total	$ 556,188	$ 13,037	$ (836,303)	$ (70,597)

The Plan uses options to reduce the risk of holding an asset. An option is a contract that conveys the right, but not the obligation, to buy (call) or sell (put) an item at an agreed upon price during a certain period of time or on a specific date. For both of the years ended December 31, 2014 and 2013, the options expire approximately two to six months after year end.

Futures contracts are used to provide exposure to an asset class using uninvested cash. These contracts are a legally binding agreement, made on the trading floor of a futures exchange, to buy or sell a commodity or financial instrument sometime in the future. Futures contracts have little credit risk, as organized exchanges are the guarantors. For the years ended December 31, 2014 and 2013, the futures contracts mature from one month to 3.5 years after year end.

Swaps are used by the Plan to hedge certain risks such as interest rate risk, or to speculate on changes in the underlying price of an asset. Traditionally, a swap is the exchange of one security for another to change the maturity, quality, structure of an issue, or because investment objectives have changed. For the year ended December 31, 2014, the swaps have maturity dates ranging from June 2019 through June 2036. For the year ended December 31, 2013, the swaps have maturity dates ranging from June 2018 through June 2036.

NOTE 8. DERIVATIVES (CONTINUED)

The Plan's derivative instruments are reported at fair value in equity investments on the combining statements of pension plan fiduciary net position and health insurance supplement plan net position. The gain or loss on derivative instruments is reported as part of investment income on the combining statements of changes in pension plan fiduciary net position and health insurance supplement plan net position.

NOTE 9. EMPLOYER CONTRIBUTIONS RECEIVABLE - NET

Employer contributions receivable at December 31, 2014 and 2013 consist of the following:

	2014	2013
Property taxes	$ 88,277,752	$ 88,500,357
Personal property replacement taxes	32,215,124	29,423,124
Less allowance for uncollectible accounts	(9,628,476)	(9,773,519)
Total	$ 110,864,400	$ 108,149,962

NOTE 10. HEALTH INSURANCE SUPPLEMENT PLAN

Plan Description

The City offers group health benefits to annuitants and their eligible dependents through the City of Chicago Annuitant Medical Benefits Program (the Program). The Plan and the City share in the cost of providing health care coverage to the annuitants or their surviving spouses who elect to participate in the Program. The Plan, in accordance with State Statutes, subsidizes the cost of monthly group health care premiums up to $95 per month for non-Medicare recipients and $65 per month for Medicare recipients. The remaining cost to participate in the Program is borne by the City of Chicago and the annuitant.

Public Act 98-0043, effective June 28, 2013, terminates the retiree healthcare subsidy paid by the Plan after December 31, 2016.

At December 31, 2014 and 2013, the number of annuitants or surviving spouses whose cost to participate in the Program was subsidized totaled 2,948 and 3,102 respectively.

Note 10. Health Insurance Supplement Plan (continued)

Summary of Significant Accounting Policies

Actuarial Cost Method - Entry age normal

Actuarial Value of Assets - No assets (pay-as-you-go)

Amortization Method - Level dollar

Amortization Period - 3 year closed period commencing December 31, 2013.

Projected Salary Increases - 4.25% per year, plus an additional percentage related to service and promotion.

Health Care Cost Trend Rate - 0.0% (fixed dollar subsidy)

Discount Rate - 4.5% per year

Inflation Rate Assumption - 3.0% per year

Method of Accounting - The Health Insurance Supplement Plan's financial statements have been combined with the Plan's financial statements and are presented using the accrual basis of accounting. The Plan considers the premium subsidy an additional retirement benefit, with no contribution rate or asset allocation associated with it.

Contributions - The Plan funds the Health Insurance Supplement Plan on a "pay-as-you-go" basis.

Administrative Costs - Administrative costs associated with the Health Insurance Supplement Plan are paid by the Plan's employer contributions.

Actuarial Valuations - Actuarial valuations of the Plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the Plan reflect a long-term perspective and are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and Plan members to that point.

NOTE 10. HEALTH INSURANCE SUPPLEMENT PLAN (CONTINUED)

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Health Insurance Supplement Plan was 0% funded on an actuarial basis. The actuarial accrued liability for benefits was $4,994,927 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $4,994,927. The covered payroll (annual payroll of active employees covered by the Plan) was $460,189,982 and the ratio of the UAAL to the covered payroll was 1.09%.

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. DEFERRED COMPENSATION PLAN

The Plan offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The deferred compensation plan, which is funded through employee contributions, is available to all Plan employees and permits them to defer a portion of their salary until future years. Participation in the deferred compensation plan is optional. The deferred compensation is managed by a third party administrator. The assets of the deferred compensation plan are placed in trust with the third party for the exclusive benefit of the participants and their beneficiaries and are not considered assets of the Plan.

NOTE 12. RELATED PARTY TRANSACTIONS

The Plan has allowed the Ende, Menzer, Walsh & Quinn Retirees', Widows' and Children's Assistance Fund (the Corporation) to utilize its facilities and equipment to accommodate the once a year distribution to widows and orphans in December at no additional expense to the Plan. This distribution by the Corporation, to the widows and orphans, had been handled by the Plan.

Three of the Plan's Trustees and the Executive Director are also directors of the Ende, Menzer, Walsh & Quinn Retirees', Widows' and Children's Assistance Fund.

During the years ended December 31, 2014 and 2013, the Firemen's Annuity and Benefit Fund of Chicago contributed $500,000 and $450,000 respectively, to the Ende, Menzer, Walsh & Quinn Retirees', Widows' and Children's Assistance Fund from the balances in the gift reserve account as allowed under the discretionary authority granted by 40ILCS Act 5, Article 6-202 to render financial assistance to qualified widows and children annuitants of the participants of the Firemen's Annuity and Benefit Fund of Chicago.

Note 13. Commitments

The Plan has a total capital commitment to twelve limited partnerships totaling $65,500,000. As of December 31, 2014, $49,805,842 has been invested, leaving a commitment of $15,694,158.

Note 14. Lease Agreements

The Plan leases office facilities with lease payments subject to an escalation clause for increases in real estate taxes and maintenance charges. The lease runs through March 2020.

During 2006, the Plan entered into a noncancelable operating lease for office space for disaster recovery at an offsite facility which is subject to an escalation clause for increases in real estate taxes and maintenance charges. The lease runs through September 2016.

Rental expense for 2014 and 2013 was $225,904 and $212,467 respectively.

Future minimum rental payments required under the noncancelable operating leases are as follows:

Year ending December 31,	
2015	$ 171,845
2016	162,798
2017	123,307
2018	127,221
2019	131,136
2020	33,273
Total	$ 749,580

Note 15. Pronouncements Issued Not Yet Effective

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* and Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employer whose employees are provided with defined contribution pensions. Statement No. 68 is effective for the Plan's fiscal year ending December 31, 2015.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. This standard requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 71 is effective for the Plan's fiscal year ending December 31, 2015.

NOTE 15. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In March 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for fair value measurement and application. The Statement 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*. This Statement establishes requirements for pension plans that are not administered through a trust (not covered by Statements 67 and 68). The requirements in this Statement for reporting pensions generally are the same as Statement 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.* This Statement replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This Statement addresses the financial reports of defined benefit Other Postemployment Benefit Plans that are administered through trusts that meet specified criteria. The Statement 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, *Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This Statement requires governments to report a liability on the financial statements for the Other Postemployment Benefits that they provide. The Statement 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.

The Plan is currently evaluating the impact of adopting the above GASB Statements.

NOTE 16. SUBSEQUENT EVENT

On May 31, 2015 Senate Bill 777 was passed by the State of Illinois Legislature. The bill has not been sent to the governor, nor enacted into law, as of the date of this report. Should this bill become law, the Plan will provide additional reporting that will address the impact to the Plan.

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Firemen's Annuity and Benefit Fund of Chicago

Required Supplementary Information - Pension

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

December 31, 2014

Total pension liability	
Service cost	$ 83,095,601
Interest	329,965,941
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	88,448,895
Expected benefit payments, including refunds of employee contributions	(263,893,338)
Pension plan administrative expense	(3,069,192)
Net change in total pension liability	234,547,907
Total pension liability	
Beginning of year	4,278,212,172
End of year	$4,512,760,079
Plan fiduciary net position	
Contributions - employer	$ 107,334,399
Contributions - employee	48,056,393
Net investment income	30,867,889
Expected benefit payments, including refunds of employee contributions	(263,893,338)
Administrative expenses	(3,069,192)
Other	7,393
Net change in plan fiduciary net position	(80,696,456)
Plan fiduciary net position	
Beginning of year	1,116,704,857
End of year	$1,036,008,401
Employer's net pension liability	$3,476,751,678
Plan fiduciary net position as a percentage of the total pension liability	22.96%
Covered-employee payroll	$ 460,189,982
Employer's net pension liability as a percentage of covered-employee payroll	755.50%

See report of independent auditors.

Firemen's Annuity and Benefit Fund of Chicago

Required Supplementary Information - Pension

Schedule of Employer Contributions

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 304,265,411	$ 294,877,895	$ 271,505,718	$ 250,056,273	$ 218,388,037	$ 203,866,919	$ 189,940,561	$ 188,201,379	$ 160,246,525	$ 161,696,388
Contributions in relation to the actuarially determined contribution	(107,334,399)	(103,669,015)	(81,521,883)	(82,869,839)	(80,947,311)	(89,211,671)	(81,257,754)	(72,022,810)	(76,763,308)	(90,128,915)
Contribution deficiency	$ 196,931,012	$ 191,208,880	$ 189,983,835	$ 167,186,434	$ 137,440,726	$ 114,655,248	$ 108,682,807	$ 116,178,569	$ 83,483,217	$ 71,567,473
Covered employee payroll	$ 460,189,982	$ 416,491,784	$ 418,964,763	$ 425,385,354	$ 400,404,320	$ 400,912,173	$ 396,181,778	$ 389,124,547	$ 387,442,074	$ 341,252,492
Contributions as a percentage of covered employee payroll	23.32%	24.89%	19.46%	19.48%	20.22%	22.25%	20.51%	18.51%	19.81%	26.41%

Notes to Schedule

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Projected Unit Credit
Amortization method	Prior to 2015, the total City contribution is generated by a tax equal to 2.26 times the contributions by the firemen to the Plan two years prior to the year of the tax levy. Beginning in tax levy year 2015, the statutory contribution are equal to a level percentage of pay contribution determined so that the Plan attains a 90 percent funded ratio by the end of 2040 on an open group basis.
Remaining amortization period	Not applicable. An amortization payment is not directly calculated. The amortization payment is the difference between the total statutory contribution and the employer normal cost contribution.
Asset valuation method	5 year smoothed market
Inflation	3.00% per year
Salary increases	Salary increase rates based on age-related productivity and merit rates plus inflation.
Investment rate of return	8.00% per year
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011, valuation pursuant to an experience study of the period January 1, 2003, through December 31, 2010.
Mortality	RP-2000 Combined Health Mortality Table, sex distinct
Disabled mortality	RP-2000 Combined Health Mortality Table, sex distinct, set forward six years
Pre-retirement mortality	80 percent of the post-retirement rates
Postretirement annuity increases	A retiree born before January 1, 1955, with at least 20 years of service or receiving a mandatory retirement minimum annuity, receives an increase of 3 percent of the original annuity, starting on the first of the month following the first anniversary of his retirement or the first of the month following attainment of age 55, whichever is later, and shall not be subject to a 30 percent maximum increase. For retirees born after January 1, 1955, automatic increases are 1.5 percent of the original annuity, commencing at age 60, or the first anniversary of retirement, if later, to a maximum of 30 percent. For participants that first became members on or after January 1, 2011, increases are equal to the lesser of 3.00 percent and 50 percent of CPI-U of the original benefit, commencing at age 60.

See report of independent auditors.

Firemen's Annuity and Benefit Fund of Chicago

Required Supplementary Information - Pension

Schedule of Investment Returns

December 31, 2014

Annual money-weighted rate of return, net of investment expense	3.4%

See report of independent auditors.

Required Supplementary Information -
Health Insurance Supplement

Firemen's Annuity and Benefit Fund of Chicago

Required Supplementary Information - Health Insurance Supplement

Schedule of Funding Progress

Year Ended December 31,		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
2009		$ -	$ 47,932,528	$47,932,528	0.00%	$400,912,173	11.96%
2010		$ -	$ 48,221,878	$48,221,878	0.00%	$400,404,320	12.04%
2011		$ -	$ 46,980,335	$46,980,335	0.00%	$425,385,354	11.04%
2012		$ -	$ 46,205,891	$46,205,891	0.00%	$418,964,763	11.03%
2013	(1)	$ -	$ 7,691,833	$ 7,691,833	0.00%	$416,491,784	1.85%
2014	(1)	$ -	$ 4,994,927	$ 4,994,927	0.00%	$460,189,982	1.09%

(1) Public Act 98-0043, effective June 28, 2013, terminates the retiree healthcare subsidy paid by the Plan after December 31, 2016.

See accompanying notes to schedule of funding progress and schedule of employer contributions.

Firemen's Annuity and Benefit Fund of Chicago

Required Supplementary Information - Health Insurance Supplement

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percent of ARC Contributed (b/a)
2009	$ 4,370,229	$ 2,645,135	60.53%
2010	$ 4,427,729	$ 2,644,290	59.72%
2011	$ 4,469,292	$ 2,628,163	58.80%
2012	$ 4,275,669	$ 2,622,445	61.33%
2013	$ 4,213,697	$ 2,550,785	60.54%
2014	$ 2,739,506	$ 2,471,055	90.20%

See accompanying notes to schedule of funding progress and schedule of employer contributions.

REQUIRED SUPPLEMENTARY INFORMATION - HEALTH INSURANCE SUPPLEMENT

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2014
Actuarial cost method	Entry Age Normal
Actuarial value of assets	No assets (Pay-as-you-go)
Amortization method	Level Dollar
Remaining Amortization period	3 year closed
Actuarial assumptions	
Discount rate	4.50% per year
Inflation	3.00% per year
Health care cost trend rate	0.00% (fixed dollar subsidy)
Projected salary increases	4.25% per year plus an additional percentage related to service and promotion

SUPPLEMENTARY INFORMATION

Firemen's Annuity and Benefit Fund of Chicago

Supplementary Information

Schedules of Administrative Expenses

Years Ended December 31, 2014 and 2013

	2014	2013
Administrative expenses		
Disaster recovery	$ 29,001	$ 25,630
Employee benefits	380,879	431,631
Equipment and maintenance	38,015	29,950
General and administrative	168,073	150,204
Insurance and surety bond	156,653	155,520
Office salaries	1,574,975	1,520,102
Printing and postage	53,716	50,651
Professional and consulting fees		
Accounting	4,000	6,000
Actuarial	71,720	69,121
Audit	36,000	35,000
Consulting	18,311	18,311
Legal	202,631	304,263
Medical	103,081	90,206
Payroll administration	3,987	2,771
Rent	225,904	212,467
Total administrative expenses	$ 3,066,946	$ 3,101,827

Firemen's Annuity and Benefit Fund of Chicago

Supplementary Information

Schedules of Investment Expenses

Years Ended December 31, 2014 and 2013

	2014	2013
Investment manager expenses		
Adams Street Partners, LLC	$ 190,641	$ 261,709
Advent Capital Management, LLC	-	126,745
Apollo Global Management, LLC	78,520	74,815
BA Partners	81,215	140,445
Brandes Investment Partners	386,242	396,505
Brown Advisory	244,287	98,422
Chicago Equity Partners, LLC	76,464	82,823
Credit Suisse	21,894	23,013
Earnest Partners, LLC	153,797	141,214
Epoch Investment Partners, Inc.	365,245	342,508
GlobeFlex Capital, L.P.	480,978	464,015
Jackson Square (Formerly Delaware Investments)	264,686	281,208
Keeley Asset Management Corp.	195,790	204,610
Kennedy Capital Management	223,779	229,808
Logan Capital Management, Inc.	184,704	207,557
Loomis, Sayles & Company, L.P.	280,834	284,778
LSV Asset Management	418,199	400,545
Marvin & Palmer Associates, Inc.	-	154,759
Mesirow Financial	78,970	89,199
Metropolitan West Capital Management, LLC	224,388	241,534
Muller & Monroe Asset Management, LLC	10,716	10,773
Neuberger Berman	395,211	416,748
Northern Trust	323,402	322,190
Pomona Management LLC	188,213	346,018
Rhumbline Advisers	22,720	23,108
The Boston Company Asset Management, LLC	184,525	197,092
Western Asset Management Company	208,456	205,414
William Blair & Company	393,970	398,175
	5,677,846	6,165,730
Investment consulting fees		
Callan Associates Inc.	253,305	249,561
Investment custodian fees		
Northern Trust	57,500	57,500
Total investment expenses	$ 5,988,651	$ 6,472,791

Firemen's Annuity and Benefit Fund of Chicago

Supplementary Information

Additions by Source

Year Ended December 31,	Employer Contributions	Plan Member Contributions	Net Investment and Net Securities Lending Income (Loss)	Other	Total Additions
2009	$ 91,856,806	$ 41,604,787	$ 208,537,084	$ 36,804	$ 342,035,481
2010	$ 83,591,601	$ 41,730,194	$ 150,834,484	$ 30,282	$ 276,186,561
2011	$ 85,498,002	$ 51,917,510	$ (22,450,374)	$ 33,594	$ 114,998,732
2012	$ 84,144,328	$ 53,272,730	$ 135,196,492	$ 3,459,687	$ 276,073,237
2013	$ 106,219,800	$ 42,520,218	$ 190,532,880	$ (57,079)	$ 339,215,819
2014	$ 109,805,454	$ 48,056,393	$ 30,863,888	$ 11,394	$ 188,737,129

Deductions by Type

Year Ended December 31,	Benefits	Administrative Expenses	Annuitant Health Care	Other	Total Deductions
2009	$ 196,391,656	$ 3,021,756	$ 2,645,135	$ 2,526,229	$ 204,584,776
2010	$ 213,159,055	$ 3,047,179	$ 2,644,290	$ 2,901,987	$ 221,752,511
2011	$ 218,897,479	$ 3,212,515	$ 2,628,163	$ 2,565,203	$ 227,303,360
2012	$ 228,585,731	$ 3,063,965	$ 2,622,445	$ 3,151,847	$ 237,423,988
2013	$ 247,057,741	$ 3,101,827	$ 2,550,785	$ 2,223,407	$ 254,933,760
2014	$ 261,571,672	$ 3,066,946	$ 2,471,055	$ 2,323,912	$ 269,433,585