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

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 and 2019

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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 the Firemen's Annuity and Benefit Fund of Chicago (the Plan), a fiduciary fund 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, 2020, the related combining statements of changes in pension plan fiduciary net position and health insurance supplement plan net position for the year 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.

141 West Jackson Blvd.
Chicago, IL 60604
T: +1 312 332 4964
F: +1 312 332 0181
mitchelltitus.com

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.

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 the Firemen's Annuity and Benefit Fund of Chicago as of December 31, 2020, and the changes in plan net position 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 Management's Discussion and Analysis on pages 4 through 9 and the required supplementary information on pages 39 through 43 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 44 through 46 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.

MITCHELL TITUS

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.

2019 Financial Statements

The financial statements of the Plan as of December 31, 2019 and for the year then ended were audited by other auditors whose report dated June 22, 2020, expressed an unqualified opinion on those statements.

Mitchell & Titus, LLP

June 29, 2021

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED) DECEMBER 31, 2020 and 2019

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) as of and for the year ended December 31, 2020 and 2019. 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 resources measurement 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 provide 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 condition of the plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan Fiduciary Net Position and Health Insurance Supplement Plan Net Position show 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, employer contributions, and investment returns.

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,

	2020	2019	2018	Current Year Increase/(Decrease) in Dollars	Percent
Assets:					
Receivables	$ 389,817,097	$ 269,377,062	$ 255,802,652	$ 120,440,035	44.7%
Prepaid expenses	215,061	142,054	173,473	73,007	51.4%
Investments, at fair value	925,885,010	887,232,066	787,924,273	38,652,944	4.4%
Collateral held for securities on loan	75,812,634	80,087,047	91,416,894	(4,274,413)	(5.3)%
Total assets	1,391,729,802	1,236,838,229	1,135,317,292	154,891,573	12.5%
Liabilities:					
Payables	7,030,688	6,930,367	8,110,059	100,321	1.4%
Securities lending collateral	75,812,634	80,087,047	91,416,894	(4,274,413)	(5.3)%
Total liabilities	82,843,322	87,017,414	99,526,953	(4,174,092)	(4.8)%
Plan net position	$ 1,308,886,480	$ 1,149,820,815	$ 1,035,790,339	$ 159,065,665	13.8%

Plan net position increased by $159,065,665, or 13.8%, from $1,149,820,815 at December 31, 2019 to $1,308,886,480 at December 31, 2020. Comparatively, Plan net position increased by $114,030,476, or 11.0%, from $1,035,790,339 at December 31, 2018 to $1,149,820,815 at December 31, 2019.

The increase in Plan net position for the year ended December 31, 2020 was due primarily to strong investment returns and an increase in employer contributions due to 2020 being the first year of the City’s funding based on an actuarial basis sufficient to produce a funding level of 90% by December 31, 2055. Comparatively, the increase in Plan net position for the year ended December 31, 2019 was also due primarily to strong investment returns and an increase in employer contributions from the previous year.

Changes in Plan Net Position

The 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,

	2020	2019	2018	Current Year Increase/(Decrease) in Dollars	Percent
Additions:					
Employer contributions	$ 369,455,023	$ 255,947,691	$ 249,684,038	$ 113,507,332	44.3%
Plan member contributions	54,414,653	46,622,658	45,894,781	7,791,995	16.7%
Net investment income (loss)	104,987,077	160,619,148	(58,646,763)	(55,632,071)	(34.6)%
Net securities lending income	342,668	413,516	598,237	(70,848)	(17.1)%
Other	49,999	556,665	54,146	(506,666)	(91.0)%
Total additions	529,249,420	464,159,678	237,584,439	65,089,742	14.0%
Deductions:					
Benefits	362,831,685	342,884,926	320,595,085	19,946,759	5.8%
Administrative expenses	2,892,186	3,225,938	3,285,110	(333,752)	(10.3)%
Litigation settlement	1,131,165	565,425	-	565,740	100.1%
Refunds of contributions	3,328,719	3,452,913	4,067,219	(124,194)	(3.6)%
Total deductions	370,183,755	350,129,202	327,947,414	20,054,553	5.7%
Net increase (decrease) in plan net position	$ 159,065,665	$ 114,030,476	$ (90,362,975)	$ 45,035,189	39.5%

Additions to Plan Net Position

Total additions were $529,249,420 in 2020, $464,159,678 in 2019 and $237,584,439 in 2018.

Employer contributions increased by $113,507,332, or 44.3%, from $255,947,691 for the year ended December 31, 2019, to $369,455,023 for the year ended December 31, 2020. Comparatively, employer contributions increased by $6,263,653, or 2.5%, from $249,684,038 for the year ended December 31, 2018, to $255,947,691 for the year ended December 31, 2019.

During both of the years ended December 31, 2020 and 2019, the Plan recognized an increase in employer contributions due to both an increase in the required funding as required by the Illinois Compiled Statutes. The increase was also due to the intercept of state grant payments to make up for employer contribution shortfalls.

Additions to Plan Net Position (continued)

Plan member contributions increased by $7,791,995, or 16.7%, from $46,622,658 for the year ended December 31, 2019, to $54,414,653 for the year ended December 31, 2020. Comparatively, Plan member contributions increased by $727,877, or 1.6%, from $45,894,781 for the year ended December 31, 2018, to $46,622,658 for the year ended December 31, 2019. Plan member contributions for the year ended December 31, 2020 increase was due to retroactive salary increases from contract settlement. The 2019 increase was due to settlement of the Ernst lawsuit. Active participants were 4,697, 4,630, and 4,487 at the years ended December 31, 2020, 2019, and 2018, respectively.

Net investment income decreased by $56,632,071, or 34.6%, from net investment income of $160,619,148 for the year ended December 31, 2019, to net investment income of $104,987,077 for the year ended December 31, 2020. Comparatively, net investment income increased by $219,265,911, or 373.9%, from a net investment loss of $(58,646,763) for the year ended December 31, 2018, to a net investment income of $160,619,148 for the year ended December 31, 2019. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

The Plan's realized return on investments for the year ended December 31, 2020 was 12.4% versus 21.0% for the year ended December 31, 2019 and (6.2)% for the year ended December 31, 2018.

Portfolio Rate of Return
For the Years Ended December 31,

	2020	2019	2018
Domestic Equities	22.5%	31.4%	(5.8)%
Benchmark	20.9%	31.0%	(4.6)%
International Equities	11.8%	21.3%	(15.0)%
Benchmark	11.1%	21.6%	(14.6)%
Fixed income	8.8%	9.7%	(.4)%
Benchmark	7.5%	8.7%	0.0%
Total Plan	12.4%	21.0%	(6.2)%

Deductions to Plan Net Position

Total deductions were $370,183,755 in 2020, $350,129,202 in 2019 and $327,947,414 in 2018.

Benefits increased by $19,946,759, or 5.8%, from $342,884,926 for the year ended December 31, 2019, to $362,831,685 for the year ended December 31, 2020. Comparatively, benefits increased by $22,289,841, or 7.0%, from $320,595,085 for the year ended December 31, 2018, to $342,884,929 for the year ended December 31, 2019. 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.

The Plan paid a litigation settlement of $513,272 to Plan members for a health insurance premium subsidy for the years ended December 31, 2017 and 2018, as ordered by the Circuit Court. $518,790 was paid for the current year's health care insurance subsidy. See Note 10 for further information regarding the reestablishment of the health insurance supplement plan.

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

Actuarial Information

Pension Benefits

Under GASB Statement No. 67, *Financial Reporting for Pension Plans*, the Plan's funding for pension benefits is as follows:

Funding for Pension Benefits
For the Years Ended December 31,

	2020	2019	2018
Total pension liability	$ 6,901,130,881	$ 6,542,490,710	$ 6,252,360,385
Plan fiduciary net position	1,308,886,480	1,149,820,815	1,035,790,339
City's net pension liability	$ 5,592,244,401	$ 5,392,669,895	$ 5,216,570,046
Plan fiduciary net position as a percentage of the total pension liability	18.97%	17.57%	16.57%

Actuarial Information (continued)

Postemployment Healthcare Benefits

Under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the Plan's funding for postemployment healthcare benefits is as follows:

Funding for Postemployment Healthcare Benefits
For the Years Ended December 31,

	2020	2019
Total health insurance supplement liability	$ 8,975,148	$ 10,076,760
Plan fiduciary net position	-	-
City's health insurance supplement	$ 8,975,148	$ 10,076,760
Plan fiduciary net position as a percentage of the total health insurance supplement	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.

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, 2020. Comments, questions or concerns regarding this report or requests for additional information should be addressed to:

Daniel Fortuna, Board President
Firemen's Annuity and Benefit Fund of Chicago
20 S. Clark Street, Suite 300
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, 2020 AND 2019

	2020			2019		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
Assets						
Receivables						
Employer contributions - net	$ 380,731,624	$ 380,731,624	$ -	$ 260,638,868	$ 260,638,868	$ -
Investment income	2,521,901	2,521,901	-	2,454,137	2,454,137	-
Other	2,393,369	2,393,369	-	2,265,193	2,265,193	-
Securities lending	19,957	19,957	-	45,655	45,655	-
Unsettled trades	4,150,246	4,150,246	-	3,973,209	3,973,209	-
Total receivables	389,817,097	389,817,097	-	269,377,062	269,377,062	-
Prepaid expenses	215,061	215,061	-	142,054	142,054	-
Investments						
Cash deposits and short-term investments	18,569,692	18,569,692	-	19,440,370	19,440,370	-
Corporate bonds	101,446,163	101,446,163	-	97,235,548	97,235,548	-
Equities	586,023,486	586,023,486	-	544,053,807	544,053,807	-
Pooled funds	101,131,653	101,131,653	-	113,788,730	113,788,730	-
Private equity and venture capital	42,013,685	42,013,685	-	37,407,381	37,407,381	-
U.S. and Foreign Government obligations	76,700,331	76,700,331	-	75,306,230	75,306,230	-
Total investments	925,885,010	925,885,010	-	887,232,066	887,232,066	-
Collateral held for securities on loan	75,812,634	75,812,634	-	80,087,047	80,087,047	-
Total assets	1,391,729,802	1,391,729,802	-	1,236,838,229	1,236,838,229	-
Liabilities						
Accounts payable and accrued expenses	1,320,137	1,320,137	-	1,272,459	1,272,459	-
Participant accounts	416,690	416,690	-	537,142	537,142	-
Securities lending collateral	75,812,634	75,812,634	-	80,087,047	80,087,047	-
Securities lending	4,977	4,977	-	11,397	11,397	-
Unsettled trades	5,288,884	5,288,884	-	5,109,369	5,109,369	-
Total liabilities	82,843,322	82,843,322	-	87,017,414	87,017,414	-
Net Position						
Net position restricted for pensions	1,308,886,480	1,308,886,480	-	1,149,820,815	1,149,820,815	-
Net position held in trust for health insurance supplement benefits	-	-	-	-	-	-
	$ 1,308,886,480	$ 1,308,886,480	$ -	$ 1,149,820,815	$ 1,149,820,815	$ -

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, 2020 AND 2019

	2020			2019		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
Additions						
Contributions						
Employer contributions						
Statutory	$ 367,819,023	$ 366,786,961	$ 1,032,062	$ 254,229,344	$ 253,663,919	$ 565,425
Exempt rank funding	1,636,000	1,636,000	-	1,718,347	1,718,347	-
Total employer contributions	369,455,023	368,422,961	1,032,062	255,947,691	255,382,266	565,425
Plan member						
Annuities	54,273,436	54,273,436	-	46,483,226	46,483,226	-
Death benefits	141,217	141,217	-	139,432	139,432	-
Total plan member contributions	54,414,653	54,414,653	-	46,622,658	46,622,658	-
Investment income						
Net appreciation in fair value of investments	93,984,233	93,984,233	-	143,016,788	143,016,788	-
Interest	8,350,431	8,350,431	-	10,445,744	10,445,744	-
Dividends	9,844,531	9,844,531	-	12,813,239	12,813,239	-
	112,179,195	112,179,195	-	166,275,771	166,275,771	-
Less investment expenses	(7,192,118)	(7,192,118)	-	(5,656,623)	(5,656,623)	-
Net investment income	104,987,077	104,987,077	-	160,619,148	160,619,148	-
Securities lending						
Income	595,978	595,978	-	2,632,234	2,632,234	-
Borrower rebates	(139,327)	(139,327)	-	(2,081,250)	(2,081,250)	-
Management fees	(113,983)	(113,983)	-	(137,468)	(137,468)	-
Net securities lending income	342,668	342,668	-	413,516	413,516	-
Gift Fund donations	3,180	3,180	-	3,180	3,180	-
Miscellaneous income	9,577	9,577	-	2,957	2,957	-
Tax levy interest	37,242	37,242	-	49,713	49,713	-
Litigation settlement	-	-	-	500,815	500,815	-
Total additions	529,249,420	528,217,358	1,032,062	464,159,678	463,594,253	565,425

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, 2020 AND 2019

	2020			2019		
	Total	Pension	Health Insurance Supplement	Total	Pension	Health Insurance Supplement
Deductions						
Benefits						
Age and service benefits						
Employees	$ 302,386,066	$ 302,386,066	$ -	$ 283,673,909	$ 283,673,909	$ -
Spouses	37,180,884	37,180,884	-	36,407,193	36,407,193	-
Dependents	902,527	902,527	-	884,153	884,153	-
Total age and service benefits	340,469,477	340,469,477	-	320,965,255	320,965,255	-
Disability benefits						
Duty	13,546,256	13,546,256	-	13,561,386	13,561,386	-
Occupational	7,173,685	7,173,685	-	6,975,822	6,975,822	-
Ordinary	488,683	488,683	-	281,263	281,263	-
Total disability benefits	21,208,624	21,208,624	-	20,818,471	20,818,471	-
Gift Fund payments	319,000	319,000	-	325,000	325,000	-
Death benefits	834,584	834,584	-	776,200	776,200	-
Total benefits	362,831,685	362,831,685	-	342,884,926	342,884,926	-
Administrative expenses	2,892,186	2,892,186	-	3,225,938	3,225,938	-
Litigation settlement	1,131,165	99,103	1,032,062	565,425	-	565,425
Refunds of contributions	3,328,719	3,328,719	-	3,452,913	3,452,913	-
Total deductions	370,183,755	369,151,693	1,032,062	350,129,202	349,563,777	565,425
Net increase (decrease)	159,065,665	159,065,665	-	114,030,476	114,030,476	-
Net position						
Beginning of year	1,149,820,815	1,149,820,815	-	1,035,790,339	1,035,790,339	-
End of year	$ 1,308,886,480	$ 1,308,886,480	$ -	$ 1,149,820,815	$ 1,149,820,815	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - Accounting principles generally accepted in the United States of America (U.S. GAAP) 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. The Firemen's Annuity and Benefit Fund of Chicago (the Plan) has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Plan's financial statements.

Based on the above criteria, the Plan is considered to be a fiduciary fund of the City of Chicago, Illinois (the City) and is included in the City's financial statements.

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 (the 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. Where less than an entire investment holding is sold, average value is used to determine realized gain or loss.

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2020 and 2019, the Plan does not have any capital assets.

Estimates - The preparation of financial statements in conformity with U.S. GAAP 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.

COVID-19 Impact -These financial statements do not include any adjustments related to the impact of COVID-19 (coronavirus) on the Plan's net position. As a direct result of the coronavirus pandemic, market volatility has increased and impacted returns, while global economic activity has significantly slowed down with no certainty of when conditions may return to normal. The Plan anticipates that there may be an impact on the Plan's investments. The extent of the impact is currently being monitored and evaluated by the Plan.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events – Subsequent events have been evaluated through June 29, 2021, which is the date the financial statements were available to be issued, and management has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1931 and is governed by legislation contained in the Illinois 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 Illinois 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 10 years of service plus an additional 2% for each year in excess of 10 years with partial City contributions to a maximum of 50%.

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 one-tenth of the sum accumulated from contributions by the City for each completed year of service after the first 10 years. Tier 1 benefits are for participants who first become a fireman or paramedic under this Article before January 1, 2011.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

For Tier 2 employees, the annuity is based on an accrual rate of 2.5% reduced by one half of 1% per month for retirement prior to age 55, subject to a maximum of 75%. Tier 2 benefits are for participants who first become a fireman or paramedic under this Article on or after January 1, 2011.

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 10 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, 1966. There is no limit on the increases. If born after January 1, 1966, 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, 2020 and 2019, participation in the Plan consisted of the following:

	2020	2019
Retirees and beneficiaries currently receiving benefits	5,221	5,128
Terminated Plan participants entitled to but not yet receiving benefits	124	95
Active Plan participants	4,697	4,630
Total participants	10,042	9,853

Note 3. Employer's Pension Liability

Net Pension Liability

The components of the City's net pension liability of the Plan for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Total pension liability	$ 6,901,130,881	$ 6,542,490,710
Plan fiduciary net position	1,308,886,480	1,149,820,815
City's net pension liability	$ 5,592,244,401	$ 5,392,669,895
Plan fiduciary net position as a percentage of the total pension liability	18.97%	17.57%

See the schedule of changes in the City's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Plan.

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Net Pension Liability (continued)

The actuarial assumptions used in the December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study conducted for the period of January 1, 2012 through December 31, 2016, and were adopted and became effective on December 31, 2018.

The net pension liabilities were determined by actuarial valuations performed as of December 31, 2020 and 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2020 and 2019
Actuarial cost method	Entry-Age Normal
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Inflation	2.25% per year
Salary increases	3.5% per year, plus additional service-based increases
Investment rate of return	6.75% per year, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition last updated pursuant to an experience study of the period January 1, 2012 through December 31, 2016.
Post-retirement mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table, with scaling factors of 106% for males and 98% for females, projected generationally using scale MP-2017.
Disabled mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table, with scaling factors of 107% for males and 99% for females, projected generationally using scale MP-2017.
Pre-retirement mortality	RP-2014 Blue Collar Healthy Employee Mortality Table, with scaling factors of 92% for males and 100% for females, projected generationally using scale MP-2017.
Postretirement annuity increases	Tier 1 participants - 1.50% simple interest for 20 years for members born after January 1, 1966, 3.00% simple interest for life for members born before January 1, 1966. 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)

Discount Rate

A discount rate of 6.30% was used to measure the total pension liability at December 31, 2020. The discount rate was based on an expected rate of return on Plan investments of 6.75% and a municipal bond rate of 2.12%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. For this purpose, only employer contributions that are intended to fund benefits of current Plan members and their beneficiaries are included. Projected employer contributions and contributions from future Plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through the year 2076. Therefore, the long-term expected rate of return on Plan investments of 6.75% was applied to projected benefits for all periods through 2070 and the municipal bond index rate of 2.12% was applied thereafter to determine the total pension liability. The municipal bond rate as of December 31, 2020 was based on the Bond Buyer 20-Bond Index of general obligation municipal bonds.

A discount rate of 6.34% was used to measure the total pension liability at December 31, 2019. The discount rate was based on an expected rate of return on Plan investments of 6.75% and a municipal bond rate of 2.74%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the statutory contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments only through the year 2071. As a result, the long-term expected rate of return on Plan investments was applied to projected benefit payments through the year 2071, and the municipal bond rate was applied to all benefit payments after that date. The municipal bond rate as of December 31, 2019 was from the Federal Reserve statistical release (H.15) and described as Bond Buyer Index, general obligation, 20 years to maturity, mixed quality.

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Discount Rate Sensitivity

The following is an analysis of the net pension liability's sensitivity to changes in the discount rate at December 31, 2020 and 2019. The following table presents the net pension liability of the City using the blended discount rate as well as the City's net pension liability calculated using a discount rate 1% lower and 1% higher than the current discount rate:

	1% Decrease 5.30%	Current Discount Rate 6.30%	1% Increase 7.30%
City's Net Pension Liability December 31, 2020	$ 6,430,419,190	$ 5,592,244,401	$ 4,891,244,244

	1% Decrease 5.34%	Current Discount Rate 6.34%	1% Increase 7.34%
City's Net Pension Liability December 31, 2019	$ 6,187,183,329	$ 5,392,669,895	$ 4,728,523,491

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. Public Act 99-0506, enacted into law on May 30, 2016, specifies the amounts of contributions to be paid by the City as follows:

Plan Year Ending December 31,	Required Statutory Contribution
2016	$ 208,000,000
2017	$ 227,000,000
2018	$ 235,000,000
2019	$ 245,000,000
2020	$ 371,257,505

Beginning with the Plan year ended December 31, 2020, the City is required to fund the Plan on an actuarial basis sufficient to produce a funding level of 90% by the year ending December 31, 2055.

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 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 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 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 (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, 2020 and 2019 were comprised of the following reserve surplus (deficit) balances:

	2020	2019
Prior Service Annuity Reserve	$ 2,885,307,684	$ 2,856,333,907
City Contribution Reserve	806,201,086	804,147,905
Annuity Payment Reserve	1,286,862,819	1,212,262,402
Salary Deduction Reserve	664,475,514	662,728,882
Death Benefit Reserve (deficit)	(22,613,747)	(21,271,900)
Ordinary Disability Reserve	642,677	590,610
Supplementary Payment Reserve (deficit)	(256,821)	(249,915)
Gift Reserve	12,687,553	12,662,390
Reserve (deficit)	(4,324,420,285)	(4,377,383,466)
Total fiduciary net position for pension benefits	$ 1,308,886,480	$ 1,149,820,815

NOTE 6. INVESTMENTS

Investment Policies

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 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 Statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the Statutes. During the years ended December 31, 2020 and 2019, there were no significant changes to the investment policies.

NOTE 6. INVESTMENTS (CONTINUED)

Long-Term Expected Rate of Return

The Plan's investment policies in accordance with the Statutes establish the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	60%	6.68%
Fixed income	20%	2.19%
Real estate	8%	5.75%
Other investments	12%	4.66%
Total	100%	

The long-term expected real rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing 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 are listed in the preceding table.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return percentage on pension plan investments, net of pension plan investment expense, was 11.67% and 20.4 for the years ended December 31, 2020 and 2019, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2020 and 2019 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.

NOTE 6. INVESTMENTS (CONTINUED)

Credit Risk (continued)

Type of Investment	Rating	2020	2019
Cash deposits and short-term investments	Not Rated	$ 18,569,692	$ 19,440,370
Corporate bonds	Aaa/AAA	$ 978,628	$ 4,923,943
	Aa/AA	4,036,614	3,771,884
	A/A	18,855,401	11,580,406
	Baa/BBB	36,781,473	38,127,448
	Ba/BB	13,459,495	13,556,876
	B/B	4,123,509	2,657,751
	Caa/CCC	709,266	1,205,925
	Ca/CC	-	307,901
	Not Rated	10,206,741	13,397,145
	U.S. Government Guaranteed	12,295,036	7,706,269
		$ 101,446,163	$ 97,235,548
Pooled funds - fixed income	Aa/AA	$ -	$ 16,212,984
	A/A	-	1,299,010
	Ba/BB	-	3,022,026
	Not Rated	17,820,608	-
		$ 17,820,608	$ 20,534,020
U.S. and Foreign Government obligations	Aaa/AAA	$ 21,997,417	$ 3,444,813
	Aa/AA	1,576,566	4,118,944
	A/A	346,670	3,186,510
	Baa/BBB	-	1,190,456
	Ba/BB	-	1,161,615
	B/B	-	-
	Caa/CCC	-	171,404
	Ca/CC	24,300	129,513
	Not Rated	123,689	1,487,929
	U.S. Government Guaranteed	52,631,689	60,415,046
		$ 76,700,331	$ 75,306,230

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, 2020 and 2019 using the segmented time distribution method:

Type of Investment	Maturity	2020	2019
Cash deposits and short-term investments	Less than 1 year	$ 18,569	$ 19,440,370
Corporate bonds	Less than 1 year	$ 1,916,157	$ 3,531,432
	1-5 years	24,801,690	24,474,883
	5-10 years	33,937,188	33,007,126
	Over 10 years	40,791,128	36,222,107
		$ 101,446,163	$ 97,235,548
Pooled funds - fixed income	Less than 1 year	$ -	$ 3,292
	1-5 years	2,934,466	3,022,026
	5-10 years	14,886,142	17,508,702
		$ 17,820,608	$ 20,534,020
U.S. and Foreign Government obligations	Less than 1 year	$ 7,691,677	$ 5,500,182
	1-5 years	10,423,405	18,097,386
	5-10 years	20,909,994	16,422,968
	Over 10 years	37,675,255	35,285,694
		$ 76,700,331	$ 75,306,230

Custodial Risk

Custodial credit risk—Custodial credit risk applies to investments, cash, and certificates of deposit. For an investment, 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 that are in the possession of an outside party. For cash and certificates of deposit, custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned. As of December 31, 2020 and 2019, cash deposits of $2,247,151 and $2,001,892, respectively, were exposed to custodial credit risk as uninsured and uncollateralized. The Fund does not have a formal policy regarding custodial credit risk.

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, 2020 and 2019 is as follows:

Type of Investment	Fair Value (USD) 2020	Fair Value (USD) 2019
Corporate bonds:		
Mexican peso	$ -	$ -
U.S. dollar	101,446,163	97,235,548
	$ 101,446,163	$ 97,235,548
U.S. and Foreign Government obligations:		
Argentine peso	$ 88,662	$ 180,741
Brazilian real	625,245	1,049,615
Chinese yuan	157,851	147,136
Indonesian rupiah	360,889	336,680
Japanese yen	346,670	337,120
Malaysian ringgit	-	466,987
Mexican peso	1,365,471	1,330,743
Norwegian krone	-	431,497
Russian ruble	909,863	1,064,800
South African rand	-	-
U.S. dollar	72,845,680	69,960,911
	$ 76,700,331	$ 75,306,230

NOTE 6. INVESTMENTS (CONTINUED)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2020	Fair Value (USD) 2019
Equities:		
Australian dollar	$ 4,745,955	$ 4,435,438
Brazilian real	4,820,983	5,542,717
British pound	25,762,661	28,758,291
Canadian dollar	5,450,750	3,378,386
Chilean peso	745,420	606,163
Chinese yuah	2,712,909	-
Colombian peso	-	289,624
Czech koruna	156,506	185,464
Danish krone	6,119,590	3,078,578
Egyptian pound	334,415	318,812
European euro	49,610,022	43,344,564
Hong Kong dollar	28,789,300	24,489,065
Hungarian forint	486,013	578,645
Indian rupee	6,063,780	4,929,897
Indonesian rupiah	1,557,500	1,926,253
Israeli shekel	-	724,755
Japanese yen	24,203,309	30,091,140
Malaysian ringgit	521,681	664,619
Mexican peso	3,035,351	4,542,327
New Zealand dollar	761,193	74,315
Norwegian krone	663,853	666,465
Pakistan rupee	-	66,287
Philippines peso	498,506	649,872
Polish zloty	811,757	1,032,614
Qatari riyal	227,954	116,979
Singapore dollar	1,128,792	744,642
South African rand	-	2,537,719
South Korean won	10,999,250	10,310,328
Swedish krona	4,822,491	4,111,596
Swiss franc	10,609,154	8,225,370
Taiwan dollar	7,834,264	7,424,555
Thailand baht	784,944	1,519,348
Turkish lira	426,492	964,649
United Arab Emirates dirham	-	348,147
U.S. dollar	381,338,691	347,376,183
	$ 586,023,486	$ 544,053,807

NOTE 6. INVESTMENTS (CONTINUED)

Additional Investment Disclosures

During 2020 and 2019, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $37,746,568 and $37,801,045, respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the statements of changes in pension plan fiduciary 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 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 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.

NOTE 7. FAIR VALUE MEASUREMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

<u>Basis of Fair Value Measurement</u>

- Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- Level 2 — Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2020 and 2019:

		Fair Value Measurements at 12/31/2020 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash deposits and short-term investments	$ 8,794,143	$ 7,294,143	$ 1,500,000	$ -
Corporate bonds	101,446,163	-	101,446,163	-
Equities	586,023,487	586,023,487	-	-
Pooled funds	13,034,038	13,034,038	-	-
U.S. and Foreign Government obligations	76,700,331	-	76,700,331	-
	785,998,162	$ 606,351,668	$ 179,646,494	$ -
Investments measured at net asset value	139,886,848			
Total investments at fair value	$ 925,885,010			

		Fair Value Measurements at 12/31/2019 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash deposits and short-term investments	$ 10,657,984	$ 3,586,051	$ 7,071,933	$ -
Corporate bonds	97,235,548	-	97,235,548	-
Equities	544,053,807	544,053,807	-	-
Pooled funds	46,782,611	46,782,611	-	-
U.S. and Foreign Government obligations	75,306,230	-	75,306,230	-
	774,036,180	$ 594,422,469	$ 179,613,711	$ -
Investments measured at net asset value	113,195,886			
Total investments at fair value	$ 887,232,066			

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Measurements

Cash deposits, equities, and pooled funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the measurement date.

Level 2 Measurements

Short-term investments, corporate bonds, and U.S. Government and Foreign Government obligations 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 to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and, therefore, have little or no price transparency are valued using the investment manager's best estimates.

The valuation methods for investments measured at net asset value (NAV) are presented on the following table:

	Fair Value		Unfunded	Redemption Frequency	Redemption Notice
	12/31/2020	12/31/2019	Commitments	(If Eligible)	Period
Investments measured at net asset value					
Short-term investments (1)	$ 9,775,549	$ 8,782,386	$ -	Daily	N/A
Pooled funds (2)	88,097,614	67,006,119	-	Daily	N/A
Private equity and venture capital (3)	42,013,685	37,407,381	44,781,771	Closed-end	N/A
Total	$ 139,886,848	$ 113,195,886			

(1) Short-term investments - This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(2) Pooled funds - This investment is made up of two equity funds, four fixed income funds, and a commingled real estate account all with an investment objective to maximize the total return. The fair value of the investments in this type has been determined using the NAV per share of the investments.

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

(3) Private equity and venture capital - This investment consists of eleven limited partnership investments with an investment objective to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in limited partnerships, privately issued securities, private equity funds, and other pooled investments with a focus on the venture sector and undervalued alternative investments. Closed-end limited partnership interests are generally illiquid and cannot be redeemed. It is expected that the liquidation of the limited partnership interests will generally coincide with the terms of the various partnership agreements. The limited partnership termination dates range from November 20, 2017 to March 24, 2032 but may be terminated earlier or extended later as set forth in the terms of the applicable partnership agreement. One of the eleven partnerships is open-ended with an infinite life, unless the general partner determines otherwise. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.

NOTE 8. SECURITIES LENDING

The 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 53 days in 2020 and 2019; 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, 2020 and 2019 of 30 and 25 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, 2020 and 2019, the fair value (carrying amount) of loaned securities was $73,843,288 and $77,932,832, respectively. As of December 31, 2020 and 2019, the fair value (carrying amount) of cash collateral received by the Plan was $75,812,634 and $80,087,047, respectively. The cash collateral is included as an asset and a corresponding liability on the statements of plan net position.

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.

NOTE 8. SECURITIES LENDING (CONTINUED)

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, 2020 and 2019.

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

	2020	2019
Corporate bonds	$ 14,864,470	$ 10,275,452
Equities	57,310,914	66,009,902
U.S. and Foreign Government obligations	1,667,904	1,647,478
Total	$ 73,843,288	$ 77,932,832

NOTE 9. 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.

NOTE 9. DERIVATIVES (CONTINUED)

The Plan's portfolio includes the following derivative instruments at December 31, 2020 and 2019:

	2020		2019	
Derivative	Notional Value	Fair Value	Notional Value	Fair Value
Options	$ -	$ 22,281	$ -	$ 11,725
Futures purchase commitments	18,495,127	-	(49,142,353)	-
Futures sales commitments	(18,495,127)	-	49,142,353	-
Swap assets	4,368,878	166,359	55,896,000	541,126
Swap liabilities	(2,728,041)	(132,360)	(434,500)	(97,438)
Total	$ 1,640,837	$ 56,280	$ 55,461,500	$ 455,413

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 the years ended December 31, 2020 and 2019, the options expire approximately one to three 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 year ended December 31, 2020, the futures contracts mature from two months to eighteen months after year end. For the year ended December 31, 2019, the futures contracts mature from two months to eighteen months 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 both of the years ended December 31, 2020 and 2019, the swaps have maturity dates ranging from January 2021 through October 2050.

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

NOTE 10. HEALTH INSURANCE SUPPLEMENT PLAN

Plan Description

Public Act 98-0043, effective June 28, 2013, initially terminated the health insurance supplement to be paid by the Plan after December 31, 2016. During the year ended December 31, 2019, the Circuit Court ordered that all eligible City of Chicago employee annuitants of the Plan are entitled to receive a health insurance premium subsidy for each month after December 31, 2016 in which they meet the eligibility requirements.

Eligible City of Chicago employee annuitants (both current and future employee annuitants, but not spousal or child annuitants) of the Plan are entitled to receive a health insurance premium subsidy of $55 per month from the Plan if the annuitant is not qualified to receive Medicare benefits or $21 per month from the Plan if the annuitant is qualified to receive Medicare benefits, representing a partial reimbursement for healthcare costs. The remaining costs for healthcare are borne by the City and the annuitant.

To be eligible for the health insurance premium subsidy, the annuitant must have retired on or after August 23, 1989; the annuitant must have been hired prior to April 4, 2003; and the annuitant must have either, (a) participated in a group healthcare plan for which the Plan offers to deduct health insurance premiums from monthly annuities in accordance with the 1983 and 1985 amendments to the Illinois Pension Code Statutes (currently either the Blue Cross/Blue Shield plans sponsored by the City of Chicago or the Aetna plans sponsored by Local 2), or (b) for the period between January 1, 2017 and December 31, 2019, participated in any health insurance plan and paid their healthcare insurance coverage themselves, either through an account on which the annuitant is named or an account established for the benefit of the annuitant.

At December 31, 2020, participants potentially eligible for the health insurance supplement consisted of the following:

Active members	1,750
Inactive plan members or beneficiaries currently receiving benefits 15	2,781
Inactive plan members entitled to but not yet receiving benefit payments	15
Total participants	4,546

Benefits Provided - The Plan pays a health insurance premium subsidy of $55 per month if the annuitant is not qualified to receive Medicare benefits or $21 per month if the annuitant is qualified to receive Medicare benefits.

Contributions - The Plan pays the health insurance premium subsidies on a “pay-as-you-go” basis through an allocation of Employer contributions from the City of Chicago.

NOTE 10. HEALTH INSURANCE SUPPLEMENT PLAN (CONTINUED)

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.

Net Health Insurance Supplement Liability

The components of the City's net health insurance supplement liability for the year ended December 31, 2020 are as follows:

Total health insurance supplement liability	$ 8,975,148
Plan fiduciary net position	-
City's net health insurance supplement liability	$ 8,975,148
Plan fiduciary net position as a percentage of the total health insurance supplement liability	0.0%

Contributions for health insurance premium subsidies are made on a "pay-as-you-go" basis. There are no dedicated assets for health insurance premiums subsidies resulting in a 0.0% funded ratio.

See the schedule of changes in the City's net health insurance supplement liability and related ratios in the required supplementary information for additional information related to the funded status of the health insurance supplement plan.

The net health insurance supplement liability was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial methods and assumptions:

Discount rate	2.12%
Election percentage	30% of pre-Medicare eligible retirees and 60% of post-Medicare eligible retirees are assumed to receive the supplement.
Mortality	Post-retirement mortality rates for non-disabled pensioners were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Post-retirement mortality rates for disabled pensioners were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality Tables, scaled by 92% for males and 100% for females, and projected generationally using scale MP-2017.

The actuarial assumptions used in the December 31, 2020 valuation was based on the results of an actuarial experience study conducted for the period of January 1, 2012 through December 31, 2016, and were adopted and became effective December 31, 2018.

NOTE 10. HEALTH INSURANCE SUPPLEMENT PLAN (CONTINUED)

Discount Rate

As there are no assets dedicated to the health insurance supplement plan, the discount rate used to measure the total health insurance supplement liability was 2.12% based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2020.

Sensitivity of the Net Health Insurance Supplement Liability to Changes in the Discount Rate

The following is an analysis of the net health insurance supplement liability's sensitivity to changes in the discount rate at December 31, 2020. The following table presents the net health insurance supplement liability of the employer using the current discount rate as well as the employer's net health insurance supplement liability calculated using a discount rate one percent lower and one percent higher than the current discount rate:

	1% Decrease 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
City's Net Health Insurance Supplement Liability	$10, 053,959	$ 8,975,148	$ 8,071,377

NOTE 11. EMPLOYER CONTRIBUTIONS RECEIVABLE - NET

Employer contributions due and not paid prior to year end are recorded as contributions receivable with a provision for uncertain collections. The allowance for uncollectible accounts is based on the likelihood of future collections. Employer contributions receivable at December 31, 2020 and 2019 consist of the following:

	2020	2019
Employer contributions receivable for	$ 380,731,624	$ 260,638,868
Less: allowance for uncollectible accounts	-	-
Total	$ 380,731,624	$ 260,638,868

NOTE 12. 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 13. 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.

During the year ended December 31, 2020, three of the Plan's Trustees and the Executive Director were also directors of the Corporation. However, only two the Plan's Trustees remained as directors of the Corporation as of December 31, 2020.

During both of the years ended December 31, 2020 and 2019, the Plan contributed to the Corporation 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 Plan.

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 May 2034. Rental expense for 2020 and 2019 was $179,617 and $177,181, respectively. Future minimum rental payments required under the noncancelable operating lease is as follows:

Year ending December 31,	
2021	$ 240,808
2022	244,452
2023	248,096
2024	251,740
2025	255,384
2026	259,028
2027	262,672
2028	266,316
2029	269,960
2030	273,604
2031	277,248
2032	280,892
2033	284,535
2034	119,189
Total	$ $3,533,924

NOTE 15. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. It postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates have been updated for each applicable pronouncement according to Statement No. 95.

In June 2017, the GASB issued Statement No. 87, *Leases*. Statement No. 87 was issued to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement No. 87 is effective for the Plan's fiscal year ending December 31, 2022.

NOTE 15. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations.* Statement No. 91 was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

Statement No. 91 is effective for the Plan's fiscal year ending December 31, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Statement No. 93 was issued to address the result of global reference rate reform, when London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021, and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Statement No. 93 is effective for the Plan's fiscal year ending December 31, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost including pension plan administrative expense	$ 112,478,105	$ 105,367,286	$ 97,143,246	$ 93,366,729	$ 94,115,473	$ 87,203,153	$ 83,095,601
Interest on the total pension liability	410,128,090	408,586,099	410,821,674	371,622,080	342,084,603	338,986,636	329,965,941
Benefit changes	-	-	-	-	227,212,695	-	-
Difference betw een expected and actual experience	174,717,534	(65,213,748)	(56,417,879)	26,954,338	24,110,158	(7,980,712)	-
Assumption changes	30,468,135	190,954,465	382,610,753	414,218,762	(74,372,930)	176,281,502	88,448,895
Benefit payments	(362,831,685)	(342,884,926)	(320,595,085)	(302,518,486)	(283,085,767)	(274,459,754)	(261,571,672)
Refunds	(3,328,719)	(3,452,913)	(4,067,219)	(3,579,629)	(3,673,250)	(3,557,317)	(2,321,666)
Pension plan administrative expense	(2,991,289)	(3,225,938)	(3,285,110)	(3,171,986)	(3,216,823)	(3,149,549)	(3,069,192)
Net change in total pension liability	358,640,171	290,130,325	506,210,380	596,891,808	323,174,159	313,323,959	234,547,907
Total pension liability							
Beginning of year	6,542,490,710	6,252,360,385	5,746,150,005	5,149,258,197	4,826,084,038	4,512,760,079	4,278,212,172
End of year	$6,901,130,881	$6,542,490,710	$6,252,360,385	$5,746,150,005	$5,149,258,197	$4,826,084,038	$4,512,760,079
Plan fiduciary net position							
Contributions - employer	$ 368,422,961	$ 255,382,266	$ 249,684,038	$ 228,452,611	$ 154,101,396	$ 236,104,362	$ 107,334,399
Contributions - employee	54,414,653	46,622,658	45,894,781	47,364,276	48,959,929	46,552,247	48,056,393
Net investment income	105,366,987	161,082,443	(58,000,233)	140,569,856	60,881,106	7,595,562	30,867,889
Benefit payments	(362,831,685)	(342,884,926)	(320,595,085)	(302,518,486)	(283,085,767)	(274,459,754)	(261,571,672)
Refunds	(3,328,719)	(3,452,913)	(4,067,219)	(3,579,629)	(3,673,250)	(3,557,317)	(2,321,666)
Pension plan administrative expense	(2,991,289)	(3,225,938)	(3,285,110)	(3,171,986)	(3,216,823)	(3,149,549)	(3,069,192)
Other	12,757	506,886	5,853	22,879	(53,891)	7,141	7,393
Net change in plan fiduciary net position	159,065,665	114,030,476	(90,362,975)	107,139,521	(26,087,300)	9,092,692	(80,696,456)
Plan fiduciary net position							
Beginning of year	1,149,820,815	1,035,790,339	1,126,153,314	1,019,013,793	1,045,101,093	1,036,008,401	1,116,704,857
End of year	$1,308,886,480	$1,149,820,815	$1,035,790,339	$1,126,153,314	$1,019,013,793	$1,045,101,093	$1,036,008,401
City's net pension liability	$5,592,244,401	$5,392,669,895	$5,216,570,046	$4,619,996,691	$4,130,244,404	$3,780,982,945	$3,476,751,678
Plan fiduciary net position as a percentage of the total pension liability	18.97%	17.57%	16.57%	19.60%	19.79%	21.66%	22.96%
Covered-employee payroll	$ 500,367,870	$ 457,082,316	$ 456,969,301	$ 469,407,281	$ 478,470,944	$ 465,231,594	$ 460,189,982
Employer's net pension liability as a percentage of covered-employee payr	1117.63%	1179.80%	1141.56%	984.22%	863.22%	812.71%	755.50%

Note: This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF CITY CONTRIBUTIONS AND RELATED NOTES

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 466,556,303	$ 442,044,761	$ 412,220,284	$ 372,845,121	$ 333,952,291	$ 323,544,987	$ 304,265,411	$ 294,877,895	$ 271,505,718	$ 250,056,273
Contributions in relation to the actuarially determined contribution	(368,422,961)	(255,382,266)	(249,684,038)	(228,452,611)	(154,101,396)	(236,104,362)	(107,334,399)	(103,669,015)	(81,521,883)	(82,869,839)
Contribution deficiency	$ 98,133,342	$ 186,662,495	$ 162,536,246	$ 144,392,510	$ 179,850,895	$ 87,440,625	$ 196,931,012	$ 191,208,880	$ 189,983,835	$ 167,186,434
Covered employee payroll	$ 500,367,870	$ 457,082,316	$ 456,969,301	$ 469,407,281	$ 478,470,944	$ 465,231,594	$ 460,189,982	$ 416,491,784	$ 418,964,763	$ 425,385,354
Contributions as a percentage of covered employee payroll	73.63%	55.87%	54.64%	48.67%	32.21%	50.75%	23.32%	24.89%	19.46%	19.48%

Notes to Schedule

Valuation date:
Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the end of the year.

Methods and assumptions used to establish "actuarially determined contribution" rates:

Actuarial cost method	Entry Age Actuarial cost method
Amortization method	30-year open, level dollar amortization
Asset valuation method	5-year smoothed market

Actuarial assumptions:

Investment rate of return	6.75%, net of investment expense
Projected salary increases	3.50% to 25.00%, varying by years of service
Mortality	Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.

Cost-of-living adjustments — Tier 1: 3% compound
Tier 2: The lesser of 3% or one-half of the change in CPI, simple

Other assumptions:
Same as those used in the December 31, 2020 actuarial funding valuations.

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF INVESTMENT RETURNS

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expen	11.7%	20.4%	(6.6)%	17.9%	7.5%	(.1)%	3.4%

Note: This schedule is intended to show information for 10 years. The additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION - HEALTH INSURANCE SUPPLEMENT

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION – HEALTH INSURANCE SUPPLEMENT

SCHEDULE OF CHANGES IN THE CITY'S NET HEALTH INSURANCE SUPPLEMENT LIABILITY AND RELATED RATIOS

	2020
Total health insurance supplement liability	
Service cost	$ 161,182
Interest	266,380
Benefit changes	-
Difference between expected and actual experience	(1,403,312)
Assumption changes	906,200
Benefit payments	(1,032,062)
Net change in total health insurance supplement liability	(1,101,612)
Total health insurance supplement liability	
Beginning of year	10,076,760
End of year	$ 8,975,148
Plan fiduciary net position	
Contributions - employer	$ 1,032,062
Benefit payments	(1,032,062)
Net change in plan fiduciary net position	-
Plan fiduciary net position	
Beginning of year	-
End of year	$ -
City's net health insurance supplement liability	$ 8,975,148
Plan fiduciary net position as a percentage of the total health insurance supplement liability	0.00%
Covered-employee payroll	$ 219,890,380
Employer's net health insurance supplement liability as a percentage of covered-employee payroll	4.08%

Note: This schedule is intended to show information for 10 years.
The additional years' information will be displayed as it becomes available.

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION – HEALTH INSURANCE SUPPLEMENT

SCHEDULE OF CITY CONTRIBUTIONS AND RELATED NOTES

LAST TEN FISCAL YEARS

	2020
Actuarially determined contribution	$ 1,032,062
Contributions in relation to the actuarially determined	(1,032,062)
Contribution deficiency	$ -
Covered employee payroll	$219,890,380
Contributions as a percentage of covered employee payroll	4.08%

Notes to Schedule

Valuation date:
December 31, 2020

Actuarial cost method	Entry Age Normal Cost
Amortization method	30-year open, level dollar amortization
Actuarial assumptions:	
Discount rate	2.12%
Election percentage	20% of pre-Medicare eligible retirees and 60% of post-Medicare eligible retirees are assumed to receive the subsidy
Mortality	Post-retirement mortality rates for non-disabled pensioners were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Post-retirement mortality rates for disabled pensioners were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality Tables, scaled by 92% for males and 100% for females, and projected generationally using scale MP-2017.

Note: This schedule is intended to show information for ten years.
The additional years' information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

SUPPLEMENTARY INFORMATION

SCHEDULES OF ADMINISTRATIVE EXPENSES

YEARS ENDED DECEMBER 31 2020 AND 2019

	2020	2019
Administrative Expenses		
Employee benefits	$ 327,237	$ 358,164
Equipment and maintenance	86,440	102,329
General and administrative	143,967	226,783
Insurance and surety bond	150,849	152,388
Office salaries	1,416,196	1,440,482
Printing and postage	34,637	81,344
Professional and consulting fees		
Actuarial	91,437	113,906
Audit	50,000	61,000
Consulting	27,577	37,812
Legal	236,819	343,280
Medical	143,658	124,332
Payroll administration	3,752	6,937
Rent	179,617	177,181
Total administrative expenses	$ 2,892,186	$ 3,225,938

FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31 2020 AND 2019

	2020	2019
Investment Manager Expenses		
Adams Street Partners, LLC	$ 492,180	$ 328,344
Apollo Global Management, LLC	19,941	23,274
BlackRock	109,259	11,660
Brandes Investment Partners	275,243	338,836
Brown Advisory	365,857	230,497
CBRE	1,639,676	35,161
Chicago Equity Partners, LLC	-	53,230
Credit Suisse	11,363	12,803
Earnest Partners, LLC	132,679	153,696
Epoch Investment Partners, Inc.	-	208,237
Garcia Hamilton & Associates, L.P.	20,009	18,423
GlobeFlex Capital, L.P.	328,382	413,006
Highclere International Investors	49,324	-
Jackson Square	368,451	240,983
JP Morgan	44,947	-
Keeley Asset Management Corp.	128,338	175,690
Kennedy Capital Management	177,665	183,561
Logan Capital Management, Inc.	178,523	168,284
Loomis, Sayles & Company, L.P.	234,135	255,468
LSV Asset Management	405,376	449,724
Mesirow Financial	1,239	829
Neuberger Berman	314,265	355,262
Pomona Management, LLC	199,674	224,892
Principal Real Estate Investors, LLC	158,605	139,818
Rhumbline Advisers	9,763	10,742
The Boston Company Asset Management, LLC	121,581	156,587
WAMCO	181,741	-
Wells Fargo	173,377	189,178
Western Asset Management Company	-	197,129
William Blair & Company	501,271	399,506
	6,642,864	4,974,820
Other Trading Expenses and Investment Fees		
Northern Trust	297,010	318,415
Investment Consulting Fees		
Callan LLC	279,244	276,088
Bloomberg	-	6,800
	279,244	282,888
Investment Custodian Fees		
Northern Trust	73,000	80,500
Total investment expenses	$ 7,292,118	$ 5,656,623

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
2014	$ 109,805,454	$ 48,056,393	$ 30,863,888	$ 11,394	$ 188,737,129
2015	$ 238,485,820	$ 46,552,247	$ (346,886)	$ 7,949,589	$ 292,640,770
2016	$ 156,158,391	$ 48,959,929	$ 55,362,185	$ 5,525,415	$ 266,005,920
2017	$ 228,452,611	$ 47,364,276	$ 140,507,402	$ 85,333	$ 416,409,622
2018	$ 249,684,038	$ 45,894,781	$ (58,048,526)	$ 54,146	$ 237,584,439
2019	$ 255,947,691	$ 46,622,658	$ 161,032,664	$ 556,665	$ 464,159,678
2020	$ 368,422,961	$ 54,414,653	$ 104,987,077	$ 1,032,062	$ 529,249,420

DEDUCTIONS BY TYPE

Year Ended December 31,	Benefits	Administrative Expenses	Annuitant Health Care	Other	Total Deductions
2014	$ 261,571,672	$ 3,066,946	$ 2,471,055	$ 2,323,912	$ 269,433,585
2015	$ 274,459,754	$ 3,149,549	$ 2,381,458	$ 3,557,317	$ 283,548,078
2016	$ 283,085,767	$ 3,216,823	$ 2,056,995	$ 3,733,635	$ 292,093,220
2017	$ 302,518,486	$ 3,171,986	$ -	$ 3,579,629	$ 309,270,101
2018	$ 320,595,085	$ 3,285,110	$ -	$ 4,067,219	$ 327,947,414
2019	$ 342,884,926	$ 3,225,938	$ 565,425	$ 3,452,913	$ 350,129,202
2020	$ 362,831,685	$ 2,991,289	$ 1,032,062	$ 3,328,179	$ 370,183,755