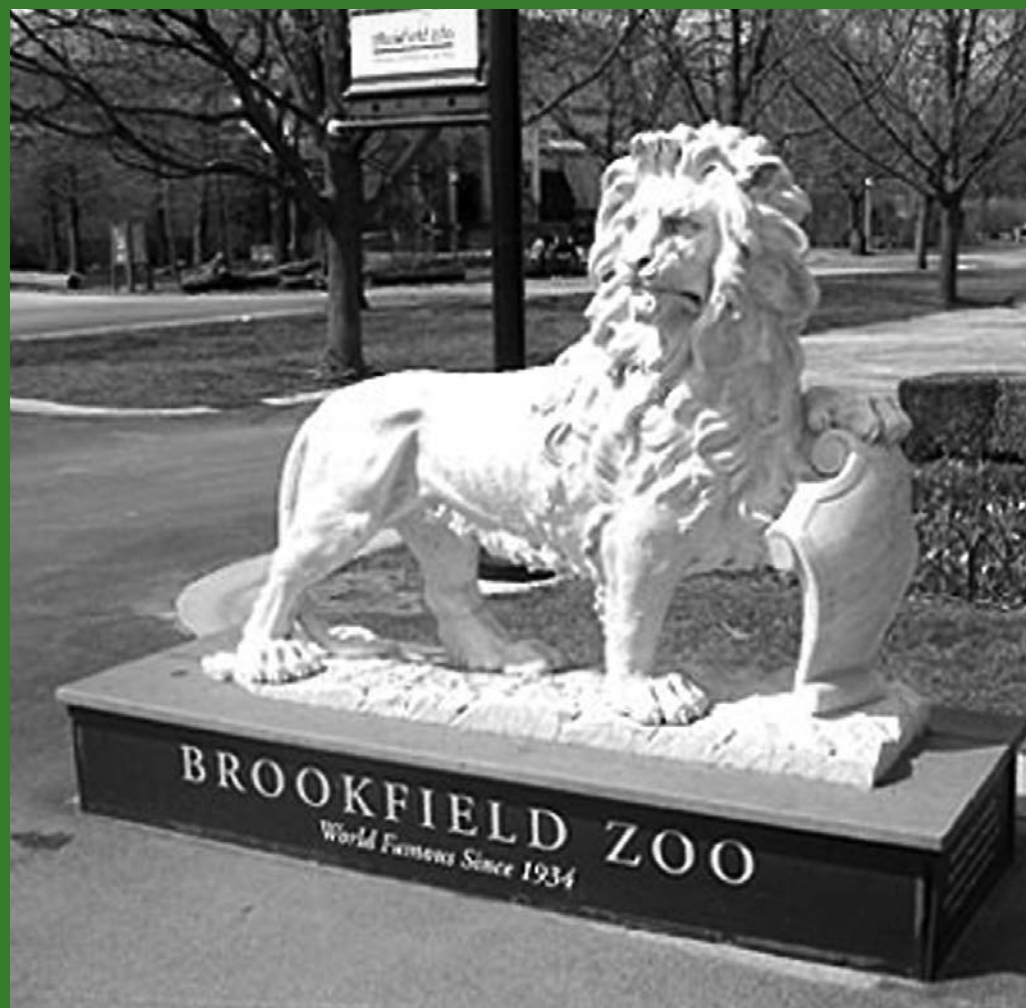


# Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

A Component Unit of Forest Preserve District of Cook County, Illinois

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Year Ended December 31, 2009



Forest Preserve District Employees'  
Annuity and Benefit Fund of Cook County

A Component Unit of Forest Preserve District of Cook County, Illinois

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For Year Ended December 31, 2009

Report prepared by the staff of the  
Forest Preserve District Employees' Annuity and Benefit Fund of Cook County



# TABLE OF CONTENTS

## INTRODUCTORY SECTION - PAGE 5

- 7 Principal Officials
- 8 Organizational Chart
- 10 Letter of Transmittal

## FINANCIAL SECTION - PAGE 15

- 17 Report of Independent Auditors
- 18 Management's Discussion and Analysis

### BASIC FINANCIAL STATEMENTS

- 22 Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets
- 24 Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets
- 26 Notes to Financial Statements

### REQUIRED SUPPLEMENTARY INFORMATION

- 40 Schedule of Funding Progress
- 41 Schedule of Employer Contributions
- 42 Notes to Schedule of Funding Progress and Schedule of Employer Contributions

### ADDITIONAL INFORMATION

- 43 Schedules of Administrative Expenses and Professional and Consulting Fees
- 44 Schedules of Investment Expenses
- 45 Additions by Source
- 45 Deductions by Type
- 45 Schedule of Taxes Receivable

## INVESTMENT SECTION - PAGE 47

- 48 Investment Report
- 50 Master Custodian's Certification
- 51 Summary of Investment Policy
- 54 Schedule of Investment Results
- 55 Schedule of Investment Summary and Asset Allocation
- 56 Schedule of Top Ten Largest Holdings
- 58 Schedule of Investment Manager Fees
- 59 Schedule of Brokerage Commissions

## ACTUARIAL SECTION - PAGE 63

- 64 Actuarial Certification
- 66 Actuarial Report - Pension Fund
- 78 Actuarial Report - Health Insurance

### ADDITIONAL ACTUARIAL TABLES

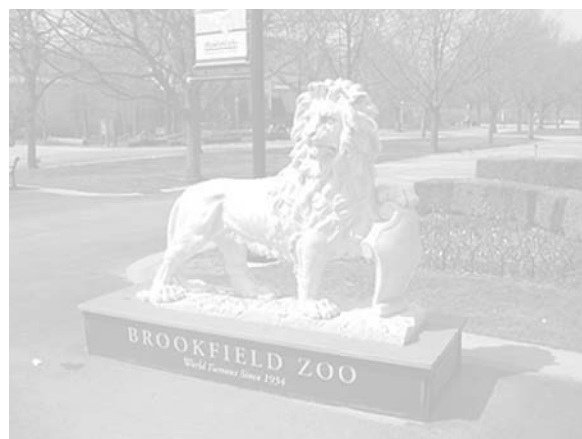
- 86 Schedule of Active Member Valuation Data - Pension Fund
- 86 Schedule of Retirees and Beneficiaries Added to and Removed from Rolls - Pension Fund
- 86 Solvency Test

### ADDITIONAL INFORMATION

- 87 Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method
- 89 Appendix 2: Summary of Principal Provisions
- 93 Appendix 3: Glossary of Terms

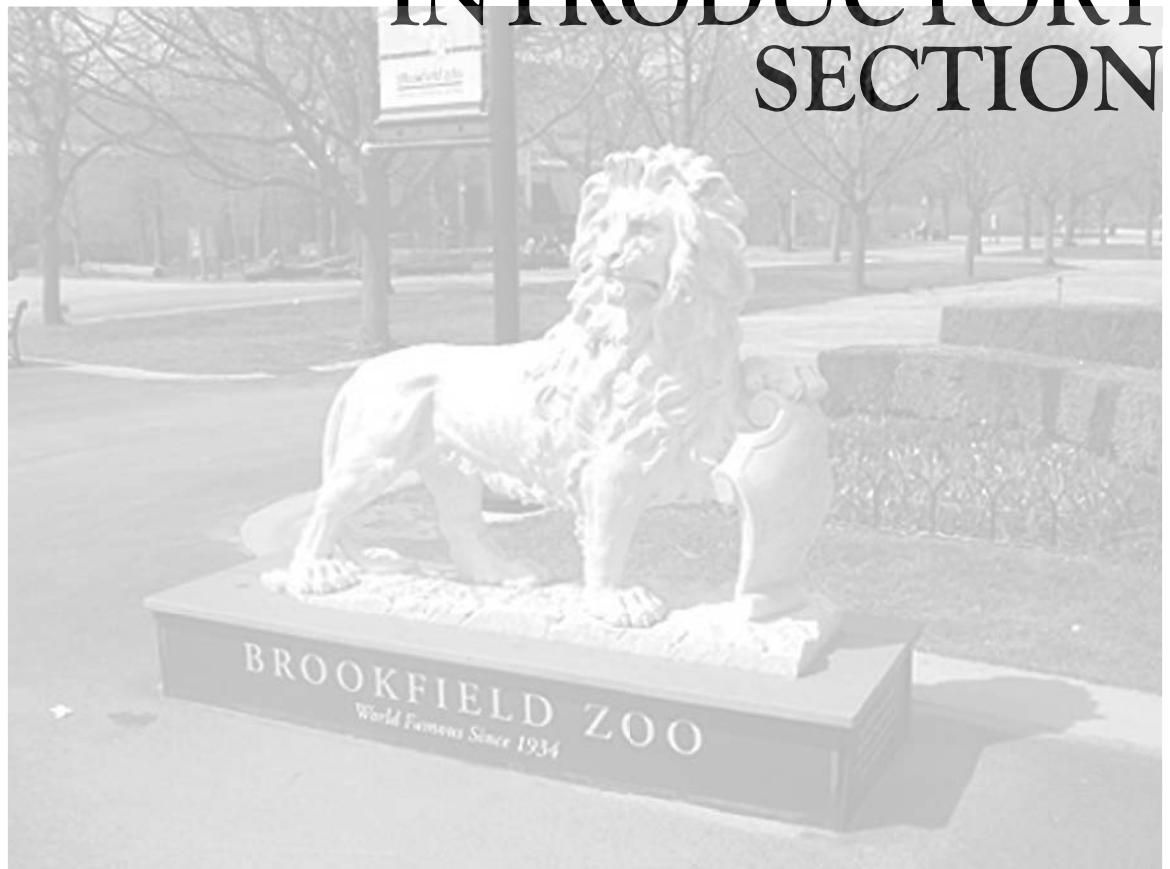
## STATISTICAL SECTION - PAGE 95

- 96 Statement of Changes in Plan Net Assets - Pension
- 98 Statement of Changes in Plan Net Assets - Postemployment Healthcare
- 100 Schedule of Retired Members by Benefit Type - Pension
- 101 Schedule of Retired Members by Benefit Type - Postemployment Healthcare
- 102 Schedule of Average Benefit Payments





# INTRODUCTORY SECTION



This page is intentionally left blank.

# Principal Officials

## Board of Trustees

**Joseph M. Fratto**  
President  
Ex-Officio Cook County Comptroller

**Mark Kilgallon**  
Vice President  
Elected Cook County Active

**William Granberry**  
Secretary  
Elected Forest Preserve Annuitant

**Robert Agnes**  
Pension Trustee  
Elected Forest Preserve Active

**Clem Balanoff**  
Pension Trustee  
Elected Cook County Active

**Robert Benjamin**  
Pension Trustee  
Ex-Officio Cook County Treasurer

**John E. Fitzgerald**  
Pension Trustee  
Elected Cook County Annuitant

**Patrick J. McFadden**  
Pension Trustee  
Elected Cook County Annuitant

**Antoinette Williams**  
Pension Trustee  
Elected Cook County Active

## Professional Consultants

**Legal Counsel**  
Burke Burns & Pinelli, LTD.

**Auditors**  
Legacy Professionals, LLP

**Investment Consultant**  
Marquette Associates

**Consulting Actuary**  
Goldstein & Associates

**Master Custodian**  
BNY Mellon

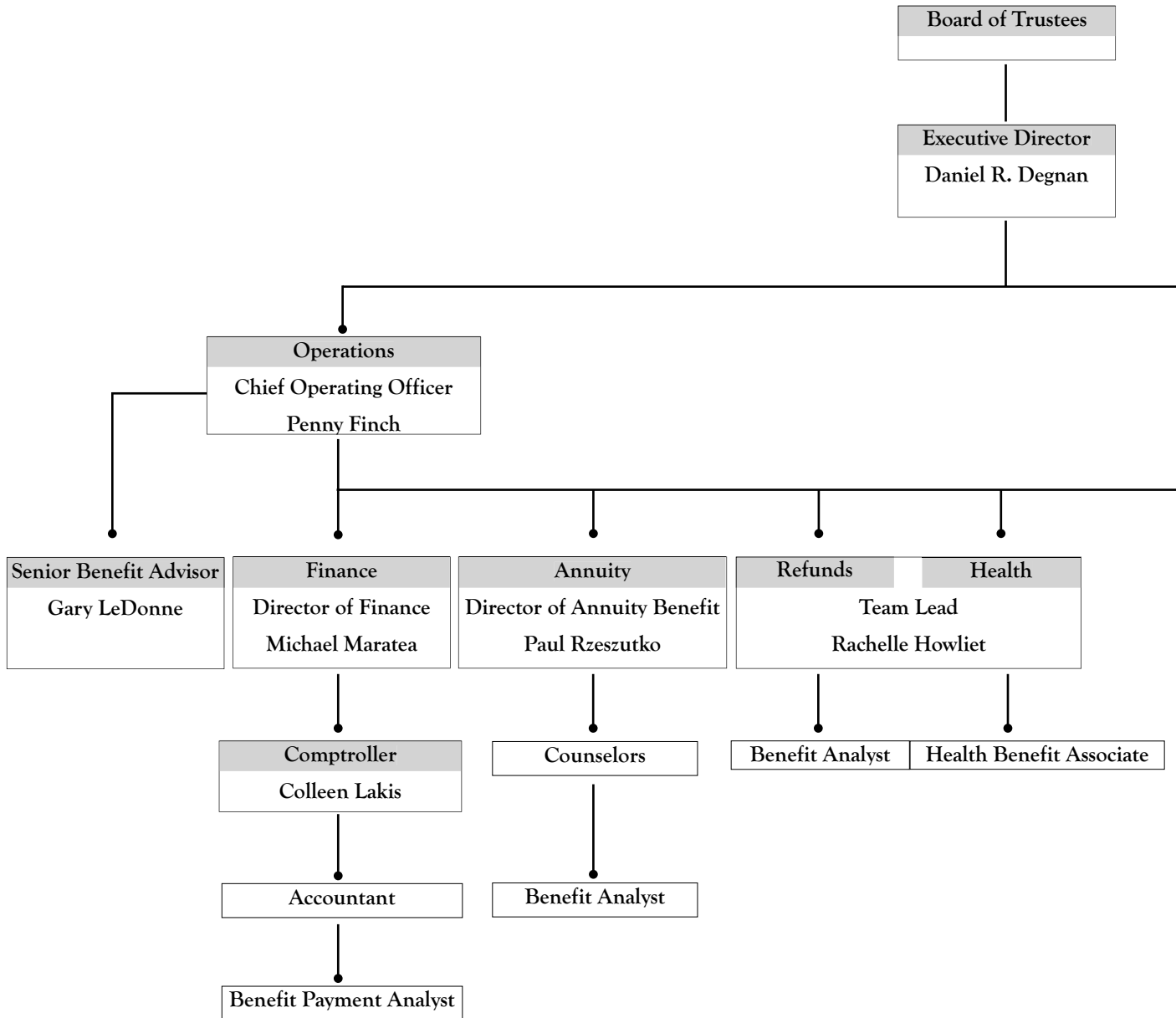
**Custodian**  
Cook County Treasurer

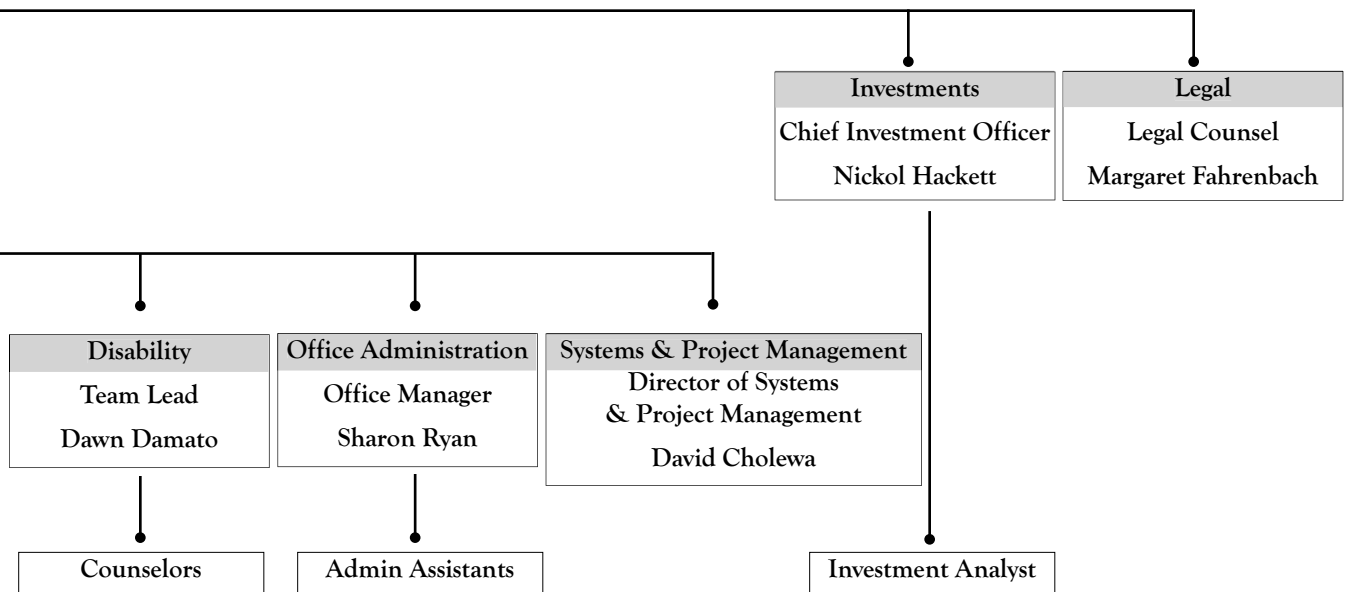
**Health Insurance Consultant**  
The Segal Company

Investment Managers are listed on page 58.  
Brokers used by Investment Managers are listed on page 59.



# Organizational Chart





# Letter of Transmittal

The Retirement Board  
of the  
County Employees' Annuity & Benefit Fund  
and Ex Officio for the  
Forest Preserve District Annuity & Benefit Fund  
33 North Dearborn Street, Suite 1000  
Chicago, Illinois 60602  
Telephone (312) 603-1200

May 21, 2010

Dear Pension Board Trustees and Members of the Fund:

We submit to you the Comprehensive Annual Financial Report (CAFR) of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (Fund) for the calendar year ended December 31, 2009. The contents of this report, including the financial statements, are the responsibility of the management of the Fund.

To the best of our knowledge and belief, the information contained in this report is complete and accurate in all material respects and is provided to allow the reader to gain an understanding of the Fund's operational activities. This report consists of five sections:

1. The Introductory Section contains this letter of transmittal, as well as administrative and organizational information.
2. The Financial Section contains the report of independent auditors, management's discussion and analysis of the financial statements, the financial statements of the Fund, and selected required supplemental information.
3. The Investment Section contains a synopsis of the Fund's investment policy, summary tables of investment data, and a recap of the current year's investment activity.
4. The Actuarial Section contains the reports of the consulting actuary, summaries of the major actuarial assumptions and other member data.
5. The Statistical Section contains historical revenue sources and uses as well as other relevant pensioner data.

For further management discussion of the financial statements included, we ask readers to review this report in conjunction with the Management Discussion and Analysis (MD&A) found in the Financial Section.

**Fund Background**

The Fund was established in 1931 by an act of the Illinois Legislature. It is a defined benefit pension plan that provides retirement, survivor, death, health and disability benefits to qualified employees and retirees of the Forest Preserve District of Cook County. The Fund is administered in accordance with 40 ILCS 5/10-101, et seq. The Fund is considered to be a component unit of the Forest Preserve District of Cook County, Illinois and is included in the Forest Preserve District's financial statements as a pension trust fund.

The Fund is governed by a nine member Board of Trustees. Two Trustees serve as ex-officio Trustees; the Comptroller and Treasurer of Cook County, or their appointed designee. Seven Trustees are elected as follows; three from active employees of Cook County; two from annuitants of the Cook County Fund; one from active employees of the Forest Preserve District; and one from annuitants of the Forest Preserve Fund. Elected Trustees serve staggered three-year terms, so that not more than three Trustee positions are up for election each year.

As of December 31, 2009, the Fund consisted of 461 active members; 1,027 inactive members; 342 retirement annuitants and 159 survivor annuitants.

**Accounting System and Internal Control**

This report and the financial statements included were prepared to conform to the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The financial statements were prepared using the accrual basis of accounting. In accordance with the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recognized when the corresponding liabilities are incurred, regardless of when payment is made.

The Fund maintains a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records. Fund management and its outside auditor, Legacy Professionals LLP, continually review those controls for adequacy. The financial statements included in this report were audited by Legacy Professionals LLP and they have issued an unqualified opinion for calendar year ended December 31, 2009. A copy of their report is contained in the Financial Section.

## INTRODUCTORY SECTION

---

### Letter of Transmittal (continued)

#### **Investments**

The Trustees' authority to invest the Fund's assets is governed by 40 ILCS 5/1-101, et seq. and 40 ILCS 5/10-101, et seq. The Fund's Investment Policy, as amended December 3, 2009, provides additional strategies and safeguards for the Fund's investment objectives. The Fund's Investment Policy can be found at [www.cookcountypension.com](http://www.cookcountypension.com).

As of December 31, 2009, the total invested assets of the Fund were \$160.7 million compared to \$143.2 million as of December 31, 2008. The Fund's investment portfolio rate of return for year ended December 31, 2009 was 17.9% compared to -24.1% for year ended December 31, 2008. Additional information regarding Fund investments can be found in the Investment Section.

#### **Funding Status**

A common measurement to identify the health of a pension fund is the funded ratio, the ratio of assets to liabilities. This ratio is expressed in terms of actuarial values which are calculated using assumptions pertaining to retirement, termination and mortality rates, future salary trends as well as the investment rate of return.

The Fund engages an independent actuary to perform an actuarial valuation on an annual basis pursuant to the provisions of Illinois Statutes. Goldstein & Associates conducted the actuarial valuation for year ended December 31, 2009. On advice of Goldstein & Associates and in accordance with standard actuarial practices, they also performed an experience analysis for the period 2005 through 2008. This analysis was completed to substantiate the actuarial assumptions used in the valuation. As a result of this experience analysis, our actuary changed some of the assumptions utilized in the December 31, 2009 valuation. These changes in assumptions resulted in an increase of \$24,746,310 in the Fund's total actuarial liability.

Based on the December 31, 2009 combined pension and postemployment healthcare plans valuation, the funded ratio was 68.75%. The actuarial accrued liability for benefits was \$274,032,351, and the actuarial value of assets was \$188,396,534, resulting in an unfunded actuarial accrued liability of \$85,635,817. Additional information regarding funding can be found in the Actuarial Section.

**Major Initiatives**

We continue to pursue operational efficiencies aimed at improving service to all of our members. We have improved our communication efforts by launching our website, [www.cookcountypension.com](http://www.cookcountypension.com) and enhancing our member newsletters. As part of this initiative, our health benefit open enrollment communication packet has been simplified and we have begun to host open enrollment seminars for our retired members. In addition, several retirement seminars for active members were conducted.

In 2009, we embarked on an effort to improve our office technology. Those efforts included stabilizing and enhancing our infrastructure, redundancy capabilities and IT security, as well as integrating our benefit systems in an effort to make them compatible and more efficient.

We continue to review our investment strategy and processes. During 2009, in response to the newly enacted pension reform legislation (PA96-0006), we adopted a Procurement Policy for the Selection and Appointment of Consultants and Investment Advisers. In addition, we have amended our Investment Policy and reviewed our asset allocation. We have also implemented a Trustee education plan to comply with PA96-0006 requirements.

In 2010, we will continue to pursue operational efficiencies through process review and information technology enhancements. In 2010, we are also completing our first ever Comprehensive Annual Financial Report with the intent of fostering greater communication and transparency. Lastly, with the April 14, 2010 passage of two-tier pension reform for new employees hired after January 1, 2011 (PA96-0889), we are implementing several changes to our systems to accommodate these new benefits.

**Acknowledgements**

This report was prepared through the combined efforts of the Fund's staff under the direction of the Board of Trustees. On behalf of the Board of Trustees, I would like to thank the staff and professional consultants for their efforts in compiling this report.

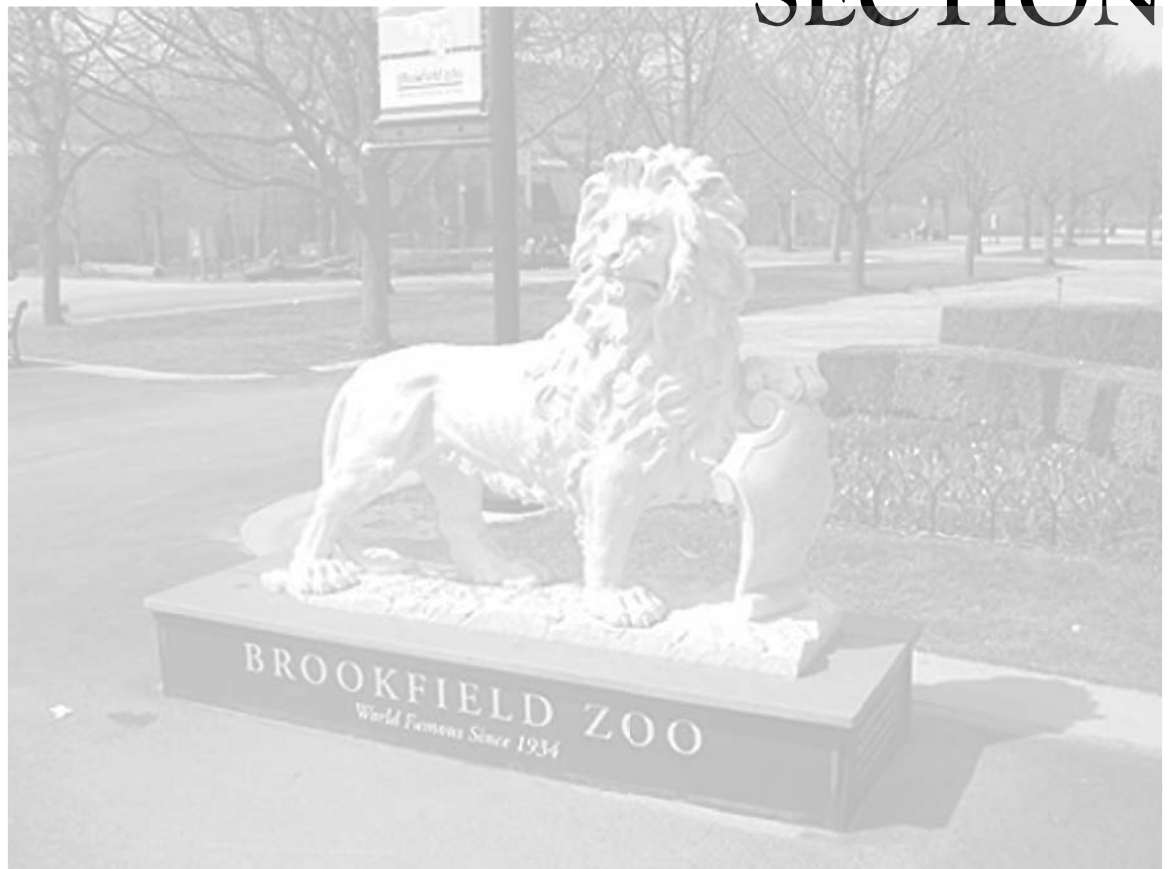
Respectfully submitted,



Daniel R. Degnan  
Executive Director



# FINANCIAL SECTION





This page is intentionally left blank.

# Report of Independent Auditors



## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of  
Forest Preserve District  
Employees' Annuity and  
Benefit Fund of Cook County

We have audited the accompanying combining statements of pension plan and postemployment healthcare plan net assets of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan) as of December 31, 2009 and 2008, and the related combining statements of changes in pension plan and postemployment healthcare plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2009 and 2008 and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the required supplementary information consisting of the schedule of funding progress, the schedule of employer contributions and the notes to those schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion for 2009 and 2008, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited the financial statements for the years ended December 31, 2007, 2006, 2005, and 2004 (which are not presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. Our reports for 2007, 2006, 2005 and 2004 on the required supplementary information stated that we applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information, but did not audit the information and expressed no opinion on it.

*Legacy Professionals LLP*

May 21, 2010

## Management's Discussion and Analysis (Unaudited)

This section presents Management's Discussion and Analysis of the financial position and performance of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County's (Plan) for the year ended December 31, 2009. 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 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 financial statements are described below:

**Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets** provides a snapshot of account balances and net assets held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time increases and decreases in net assets 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 and Postemployment Healthcare Plan Net Assets** shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net assets. The net increase (decrease) in net assets illustrates the change in net assets as reported in the Statements of Plan Net Assets from the prior year to 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 financial statements.

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

**Additional Information** includes schedules of administrative expenses, professional and consulting fees, investment expenses, additions by source and deductions by type and taxes receivable.

### Financial Highlights

**Net assets** increased by \$16,738,241 or 11.5% from \$145,319,547 at December 31, 2008 to \$162,057,788 at December 31, 2009. Comparatively, net assets decreased by \$54,840,810 or 27.4% from \$200,160,357 at December 31, 2007 to \$145,319,547 at December 31, 2008. The change in net assets for both years was primarily due to the fluctuation in the fair market value of the investments.

The **rate of return** of the Plan's investment portfolio was 17.9% for 2009, -24.1% for 2008 and 5.1% for 2007.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2009 was 68.75% compared to 82.49% for 2008. The decrease in the funded ratio during 2009 was due to a change in actuarial assumptions, primarily the mortality rates. The 2007 funded ratio was 86.73%.

## Plan Net Assets

The condensed Statements of Plan Net Assets reflects the resources available to pay benefits to members. A summary of the Plan Net Assets is as follows:

	Plan Net Assets As Of December 31,			Current Year	
	2009	2008	2007	Increase/(Decrease) in	
				Dollars	Percent
Total assets	\$174,499,289	\$153,364,798	\$215,718,916	\$21,134,491	13.8%
Total liabilities	12,441,501	8,045,251	15,558,559	4,396,250	54.6%
Net assets	<u>\$162,057,788</u>	<u>\$145,319,547</u>	<u>\$200,160,357</u>	<u>\$16,738,241</u>	11.5%

## Changes in Plan Net Assets

The condensed Statements of Changes in Plan Net Assets reflects the changes in the resources available to pay benefits to members. A summary of the Changes in Plan Net Assets is as follows:

	Changes in Plan Net Assets for the			Current Year	
	Years Ended December 31,			Increase/(Decrease) in	
	2009	2008	2007	Dollars	Percent
<b>Additions</b>					
Employer contributions	\$ 2,543,694	\$ 2,023,448	\$ 3,287,040	\$ 520,246	25.7%
Employee contributions	2,418,794	2,119,208	1,986,605	299,586	14.1%
Investment income (loss)					
(includes security lending activities)	24,683,791	(46,414,013)	9,989,189	71,097,804	153.2%
Other	219,919	127,464	245,951	92,455	72.5%
Total additions	<u>29,866,198</u>	<u>(42,143,893)</u>	<u>15,508,785</u>	<u>72,010,091</u>	170.9%
<b>Deductions</b>					
Benefits	12,423,521	12,159,401	11,868,717	264,120	2.2%
Refunds	472,953	518,400	464,666	(45,447)	-8.8%
Employee transfers to (from) Cook County	118,754	(119,434)	130,674	238,188	199.4%
Administrative expenses	112,729	138,550	114,674	(25,821)	-18.6%
Total deductions	<u>13,127,957</u>	<u>12,696,917</u>	<u>12,578,731</u>	<u>431,040</u>	3.4%
Net increase (decrease)	16,738,241	(54,840,810)	2,930,054	71,579,051	130.5%
<b>Net assets:</b>					
Beginning of year	<u>145,319,547</u>	<u>200,160,357</u>	<u>197,230,303</u>	<u>(54,840,810)</u>	-27.4%
End of year	<u>\$162,057,788</u>	<u>\$145,319,547</u>	<u>\$200,160,357</u>	<u>\$16,738,241</u>	11.5%

## FINANCIAL SECTION

### Management's Discussion and Analysis (continued)

---

#### Additions to Plan Net Assets

Total additions were \$29,866,198 in 2009, \$(42,143,893) in 2008 and \$15,508,785 in 2007.

Employer contributions increased to \$2,543,694 in 2009 from \$2,023,448 in 2008 but were lower than employer contributions of \$3,287,040 in 2007. Employer contributions are statutorily set at 1.30 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, increased to \$2,418,794 in 2009 from \$2,119,208 in 2008 and \$1,986,605 in 2007. Employees contribute 8.5% of covered wages.

Net investment income (loss) totaled \$24,683,791 for 2009 compared to \$(46,414,013) for 2008. Comparatively, net investment income totaled \$9,989,189 for 2007. The increase (decrease) in investment earnings resulted primarily from the overall performance of the financial markets from year to year.

#### Deductions to Plan Net Assets

Total deductions were \$13,127,957 in 2009, \$12,696,917 in 2008 and \$12,578,731 in 2007.

Benefits increased to \$12,423,521 in 2009 from \$12,159,401 in 2008 and \$11,868,717 in 2007 due primarily to the 3% annual cost of living increases for annuities.

Refunds decreased to \$472,953 in 2009 from \$518,400 in 2008 and increased from \$464,666 in 2007 due to fluctuations in refund applications.

Plan member transfers to (from) Cook County resulted from Forest Preserve District employees transferring employment to (from) Cook County. The accrued pension benefit obligation is transferred to (from) the Forest Preserve Fund (to) from the Cook County Fund.

The cost to administer the Plan decreased to \$112,729 in 2009 from \$138,550 in 2008, primarily due to a decrease in bank charges. Comparatively, the cost to administer the Plan increased to \$138,550 in 2008 from \$114,674 in 2007.

## Funding Status

The actuarial assets, liabilities and funding status for the Plan (including the pension and postemployment healthcare plans) are provided below:

	Actuarial Values December 31,			Current Year Increase/(Decrease) in	
	2009	2008	2007	Dollars	Percent
Actuarial assets	\$188,396,534	\$196,277,679	\$203,043,217	\$(7,881,145)	-4.0%
Actuarial liabilities	<u>274,032,351</u>	<u>237,927,630</u>	<u>234,120,194</u>	<u>36,104,721</u>	15.2%
Unfunded actuarial liabilities	<u>\$ 85,635,817</u>	<u>\$ 41,649,951</u>	<u>\$ 31,076,977</u>	<u>\$43,985,866</u>	105.6%
Funded ratio	<u>68.75%</u>	<u>82.49%</u>	<u>86.73%</u>		

**Actuarial assets** decreased to \$188,396,534 in 2009 from \$196,277,679 in 2008 due to large investment losses during 2008 after using the five-year smoothing of market values used to determine the actuarial value of assets. Comparatively, actuarial assets decreased to \$196,277,679 in 2008 from \$203,043,217 in 2007.

**Actuarial liabilities** increased to \$274,032,351 in 2009 from \$237,927,630 in 2008 due to a change in actuarial assumptions, primarily the mortality rates. Comparatively, actuarial liabilities increased to \$237,927,630 in 2008 from \$234,120,194 in 2007.

The **funded ratio** is one indicator of the financial strength of the Plan, measuring the ratio of net assets available to meet the actuarially determined future liabilities of the Plan. The decrease in the funded ratio to 68.75% in 2009 from 82.49% in 2008 was due to the changes in the actuarial assets and actuarial liabilities as explained in the preceding paragraphs. Comparatively, the funded ratio decreased to 82.49% in 2008 from 86.73% in 2007.

## Contact Information

This financial report is designed to provide the employer, plan participants and others with a general overview of the Plan's finances and show accountability for money it receives. Questions concerning any data provided in the report or requests for additional information should be addressed to:

Forest Preserve District Employees' Annuity  
and Benefit Fund of Cook County  
Attention: Executive Director  
33 North Dearborn Street  
Suite 1000  
Chicago, IL 60602

# Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2009

<u>ASSETS</u>	<u>Total</u>	<u>Pension</u>	<u>Postemployment Healthcare</u>
Cash	\$ 80,373	\$ 80,373	\$ -
Receivables			
Employer contributions less allowance of \$121,658 in 2009 and \$311,733 in 2008	2,553,587	2,435,168	118,419
Employee contributions	9,099	9,099	-
Accrued investment income	618,970	618,970	-
Receivable for securities sold	725,816	725,816	-
Other	-	-	-
Total receivables	<u>3,907,472</u>	<u>3,789,053</u>	<u>118,419</u>
Investments			
Equities	91,977,030	91,977,030	-
U.S. Government and government agency obligations	33,051,002	33,051,002	-
Corporate bonds	16,466,158	16,466,158	-
Collective investment funds	13,491,390	13,491,390	-
Short term investments	5,690,413	5,690,413	-
Total investments	<u>160,675,993</u>	<u>160,675,993</u>	<u>-</u>
Collateral held for securities on loan	9,835,451	9,835,451	-
Total assets	<u>174,499,289</u>	<u>174,380,870</u>	<u>118,419</u>
 <u>LIABILITIES</u>			
Accounts payable	57,747	57,747	-
Healthcare insurance payable	118,419	-	118,419
Due to County Employees' and Officers'			
Annuity and Benefit Fund of Cook County	1,179,097	1,179,097	-
Payable for securities purchased	1,151,757	1,151,757	-
Securities lending collateral	9,835,451	9,835,451	-
Securities lending payable	99,030	99,030	-
Total liabilities	<u>12,441,501</u>	<u>12,323,082</u>	<u>118,419</u>
Net assets held in trust for			
Pension benefits	162,057,788	162,057,788	-
Postemployment healthcare benefits	-	-	-
Total	<u>\$162,057,788</u>	<u>\$162,057,788</u>	<u>\$ -</u>

See schedule of funding progress on page 40.

See accompanying notes to financial statements.

## Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2008

<u>ASSETS</u>	<u>Total</u>	<u>Pension</u>	<u>Postemployment Healthcare</u>
Cash	\$ 1,053,712	\$ 1,053,712	\$ -
Receivables			
Employer contributions less allowance of \$121,658 in 2009 and \$311,733 in 2008	2,168,409	2,030,752	137,657
Employee contributions	9,354	9,354	-
Accrued investment income	372,070	372,070	-
Receivable for securities sold	15,402	15,402	-
Other	1,714	1,714	-
Total receivables	<u>2,566,949</u>	<u>2,429,292</u>	<u>137,657</u>
Investments			
Equities	71,182,808	71,182,808	-
U.S. Government and government agency obligations	13,527,057	13,527,057	-
Corporate bonds	6,566,481	6,566,481	-
Collective investment funds	44,266,268	44,266,268	-
Short term investments	7,680,461	7,680,461	-
Total investments	<u>143,223,075</u>	<u>143,223,075</u>	<u>-</u>
Collateral held for securities on loan	6,521,062	6,521,062	-
Total assets	<u>153,364,798</u>	<u>153,227,141</u>	<u>137,657</u>
<u>LIABILITIES</u>			
Accounts payable	54,952	54,952	-
Healthcare insurance payable	137,657	-	137,657
Due to County Employees' and Officers' Annuity and Benefit Fund of Cook County	1,195,879	1,195,879	-
Payable for securities purchased	36,671	36,671	-
Securities lending collateral	6,521,062	6,521,062	-
Securities lending payable	99,030	99,030	-
Total liabilities	<u>8,045,251</u>	<u>7,907,594</u>	<u>137,657</u>
Net assets held in trust for			
Pension benefits	145,319,547	145,319,547	-
Postemployment healthcare benefits	-	-	-
Total	<u>\$145,319,547</u>	<u>\$145,319,547</u>	<u>\$ -</u>

See schedule of funding progress on page 40.

See accompanying notes to financial statements.



# Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2009

	<u>Total</u>	<u>Pension</u>	<u>Postemployment Healthcare</u>
<b>Additions</b>			
Employer contributions	\$ 2,543,694	\$ 1,282,642	\$ 1,261,052
Employee contributions			
Salary deductions	2,308,641	2,308,641	-
Refund repayments	61,103	61,103	-
Former and miscellaneous service payments	13,126	13,126	-
Deductions in lieu of disability	35,924	35,924	-
Total employee contributions	<u>2,418,794</u>	<u>2,418,794</u>	<u>-</u>
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	21,293,389	21,293,389	-
Dividends	2,134,853	2,134,853	-
Interest	1,387,313	1,387,313	-
Commission recapture	-	-	-
	<u>24,815,555</u>	<u>24,815,555</u>	<u>-</u>
Less investment expenses	(204,323)	(204,323)	-
Net investment income (loss)	<u>24,611,232</u>	<u>24,611,232</u>	<u>-</u>
Securities lending			
Income	85,076	85,076	-
Expenses	(12,517)	(12,517)	-
Net securities lending income	<u>72,559</u>	<u>72,559</u>	<u>-</u>
Other			
Medicare Part D subsidy	98,510	-	98,510
Prescription plan rebates	119,611	-	119,611
Miscellaneous	1,798	1,798	-
Total other additions	<u>219,919</u>	<u>1,798</u>	<u>218,121</u>
Total additions	<u>29,866,198</u>	<u>28,387,025</u>	<u>1,479,173</u>
<b>Deductions</b>			
Benefits			
Annuity			
Employee	9,144,321	9,144,321	-
Spouse and children	1,552,939	1,552,939	-
Disability			
Ordinary	225,234	225,234	-
Duty	21,854	21,854	-
Healthcare	1,479,173	-	1,479,173
Total benefits	<u>12,423,521</u>	<u>10,944,348</u>	<u>1,479,173</u>
Refunds	472,953	472,953	-
Employee transfers to (from) Cook County	118,754	118,754	-
Administrative expenses	112,729	112,729	-
Total deductions	<u>13,127,957</u>	<u>11,648,784</u>	<u>1,479,173</u>
Net increase (decrease)	<u>16,738,241</u>	<u>16,738,241</u>	<u>-</u>
Net assets held in trust for benefits			
Beginning of year	145,319,547	145,319,547	-
End of year	<u>\$162,057,788</u>	<u>\$162,057,788</u>	<u>\$ -</u>

See schedule of funding progress on page 40.

See accompanying notes to financial statements.

## Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

## Year Ended December 31, 2008

	<u>Total</u>	<u>Pension</u>	<u>Postemployment Healthcare</u>
<b>Additions</b>			
Employer contributions	\$ 2,023,448	\$ 523,928	\$ 1,499,520
Employee contributions			
Salary deductions	2,069,046	2,069,046	-
Refund repayments	16,313	16,313	-
Former and miscellaneous service payments	577	577	-
Deductions in lieu of disability	33,272	33,272	-
Total employee contributions	<u>2,119,208</u>	<u>2,119,208</u>	<u>-</u>
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	(49,843,804)	(49,843,804)	-
Dividends	1,924,214	1,924,214	-
Interest	1,541,243	1,541,243	-
Commission recapture	2,233	2,233	-
	(46,376,114)	(46,376,114)	-
Less investment expenses	(174,736)	(174,736)	-
Net investment income (loss)	<u>(46,550,850)</u>	<u>(46,550,850)</u>	<u>-</u>
Securities lending			
Income	163,891	163,891	-
Expenses	(27,054)	(27,054)	-
Net securities lending income	<u>136,837</u>	<u>136,837</u>	<u>-</u>
Other			
Medicare Part D subsidy	69,439	-	69,439
Prescription plan rebates	39,281	-	39,281
Miscellaneous	18,744	18,744	-
Total other additions	<u>127,464</u>	<u>18,744</u>	<u>108,720</u>
Total additions	<u>(42,143,893)</u>	<u>(43,752,133)</u>	<u>1,608,240</u>
<b>Deductions</b>			
Benefits			
Annuity			
Employee	8,955,164	8,955,164	-
Spouse and children	1,368,001	1,368,001	-
Disability			
Ordinary	207,396	207,396	-
Duty	20,600	20,600	-
Healthcare	1,608,240	-	1,608,240
Total benefits	12,159,401	10,551,161	1,608,240
Refunds	518,400	518,400	-
Employee transfers to (from) Cook County	(119,434)	(119,434)	-
Administrative expenses	138,550	138,550	-
Total deductions	<u>12,696,917</u>	<u>11,088,677</u>	<u>1,608,240</u>
Net increase (decrease)	(54,840,810)	(54,840,810)	-
Net assets held in trust for benefits			
Beginning of year	200,160,357	200,160,357	-
End of year	<u>\$145,319,547</u>	<u>\$145,319,547</u>	<u>\$ -</u>

See schedule of funding progress on page 40.

See accompanying notes to financial statements.

## Notes to Financial Statements

### Note 1: Summary of Significant Accounting Policies

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is administered in accordance with Chapter 40, Article 5/10 of the Illinois Compiled Statutes (formerly Chapter 108-1/2, Article 10 of the Illinois Revised Statutes).

**New Accounting Pronouncement** - Effective during the year ended December 31, 2009, the Plan implemented GASB 56, *Codification of Accounting and Financial Reporting Guidance in the AICPA Statement on Standards on Auditing Standards*. The pronouncement establishes accounting and financial reporting standards for related party transactions, subsequent and going concern considerations. The adoption of the statement did not have a significant impact on the Plan.

**Method of Accounting** - The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the levy year. Employee contributions are recognized in the period in which 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. Short term investments are carried at cost which approximates fair value. Where less than an entire holding is sold, average value is used to determine realized gain or loss.

**Allocated Expenses** - Administrative expenses are initially paid by the County Employees' and Officers' Annuity and Benefit Fund of Cook County (County Fund). These expenses are allocated between the County Fund and the Plan on a pro rata basis as applicable.

**General Fixed Assets** - The Plan has set a capitalization threshold of \$100,000 for all fixed asset types. As of December 31, 2009, the Plan does not have any capitalized fixed assets.

**Reclassifications** - Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

**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 May 21, 2010, which is the date the financial statements were available to be issued.

## Note 2: Plan Description

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County was established on July 1, 1931 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Article 5/10. The Plan can be amended only by the Illinois Legislature. The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death and disability benefits for full-time employees of the Forest Preserve District of Cook County, Illinois (Forest Preserve District) and the dependents of such employees. The Plan is considered to be a component unit of the Forest Preserve District of Cook County, Illinois and is included in the Forest Preserve District's financial statements as a pension trust fund.

The Statutes authorize a Board of Trustees (Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, four are elected by the employee members of the Plan and three are elected by the annuitants of the Plan. The two ex officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. All members of the Board 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, which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the Forest Preserve District Board of Cook County a detailed report of the financial affairs and status of the Plan. Provisions in other articles of Chapter 40 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 is specified by the Department of Insurance.

Covered employees are required to contribute 8.5% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The Forest Preserve District's total contribution is the 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 1.30. The source of funds for the Forest Preserve District's contributions has been designated by State Statute as the Forest Preserve District's annual property tax levy. The Forest Preserve District's payroll for employees covered by the Plan for the years ended December 31, 2009 and 2008 was \$24,967,115 and \$23,474,621 respectively.

The Forest Preserve District Employees' Annuity and Benefit Fund provides retirement as well as death and disability benefits. Employees age 50 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% for each year of credited service to a maximum benefit of 80% of the final average monthly salary. For retirees between age 50 and age 60, the monthly retirement benefit is reduced 1/2 percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

FINANCIAL SECTION

Notes to Financial Statements (continued)

**Note 2: Plan Description (continued)**

At December 31, 2009 and 2008, participants consisted of the following:

	<u>2009</u>	<u>2008</u>
Retirees and beneficiaries currently receiving benefits:		
Employees	342	347
Spouse	148	142
Children	11	9
Disability	8	8
	<u>509</u>	<u>506</u>
Current employees:		
Vested	249	250
Nonvested	<u>212</u>	<u>192</u>
	461	442
Total	<u>970</u>	<u>948</u>

Participants should refer to the summary plan description or applicable State Statutes for more complete information.

**Note 3: Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the Plan was 68.75% funded on an actuarial basis. The actuarial accrued liability for benefits was \$274,032,351 and the actuarial value of assets was \$188,396,354, resulting in an unfunded actuarial accrued liability (UAAL) of \$85,635,817. The covered payroll (annual payroll of active employees covered by the Plan) was \$24,967,115, and the ratio of the UAAL to the covered payroll was 342.99%.

**Note 3: Funded Status and Funding Progress (continued)**

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, present 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.

Additional information as of the latest actuarial valuation is as follows:

Valuation date	December 31, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market

## Actuarial assumptions:

Investment return rate	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	<u>2.0%</u> per year
Total	<u>5.0%</u> per year

Postretirement annuity increase	3.0% compounded per year
---------------------------------	--------------------------

Mortality rates - 2009	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rated down 1 year
------------------------	---

- 2008	1983 Group Annuity Mortality Table, male and female, rated up to two years
--------	---

Termination rates	Based on recent experience of the Plan
-------------------	--

Retirement rates	Rates of retirement for each age from 50 to 75 based on recent experience of the Plan. All employees are assumed to retire by age 75
------------------	--

Medical trend rate	8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached
--------------------	---

**Note 4: Summary of Employer Funding Policies**

Employer contributions are funded primarily through a Forest Preserve District tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.30.

The combined actuarial valuations of the pension and retiree health insurance benefits of the Plan as of December 31, 2009 and 2008 indicate the annual required contribution to be \$7,273,214 and \$6,094,316 for 2009 and 2008, respectively. The annual required contribution is based on an annual projected payroll of \$24,967,115 for 461 active members as of December 31, 2009 and \$23,474,621 for 442 active members as of December 31, 2008 and is computed as follows.

	<u>2009</u>	<u>2008</u>
Normal cost	\$5,878,215	\$5,356,280
30-year level dollar amortization of the unfunded liability	<u>3,390,342</u>	<u>2,529,693</u>
	9,268,557	7,885,973
Less estimated employee contributions	<u>(1,995,343)</u>	<u>(1,791,657)</u>
Actuarially determined contribution requirement	7,273,214	6,094,316
Expected net employer contribution from tax levy after 2.7% loss	<u>(2,512,857)</u>	<u>(2,138,669)</u>
Expected employer contribution short-fall of actuarially determined contribution requirement	<u>\$4,760,357</u>	<u>\$3,955,647</u>
Required tax levy multiple	<u>3.76</u>	<u>3.70</u>
Present authorized multiple	<u>1.30</u>	<u>1.30</u>

A Schedule of Funding Progress is located in the Required Supplementary Information on page 40. This schedule provides information about progress made in accumulating sufficient assets to pay benefits when due.

**Note 5: Investment Summary**

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 State 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 State Statutes. The following table presents a summarization of the fair value (carrying amount) of the Plan’s investments as of December 31, 2009 and 2008. Investments that represent 5% or more of the Plan’s net assets held in trust for benefits are separately identified.

<u>Investments</u>	<u>2009</u>	<u>2008</u>
Equities	\$ 91,977,030	\$ 71,182,808
U.S. Government and government agency obligations	33,051,002	13,527,057
Corporate bonds	16,466,158	6,566,481
Collective investment funds:		
Equity	4,606,017	3,032,441
Fixed income:		
NTGI Daily Aggregate Bond Index Fund	8,885,373	41,233,827
Short term investments:		
EB Temporary Investment Fund	5,546,794*	7,650,673
Others	143,619	29,788
Total investments	<u>\$160,675,993</u>	<u>\$143,223,075</u>

\* Does not meet the 5% threshold in current year.



**Note 5: Investment Summary (continued)****Investment Risk**

Government Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, specifies the disclosure requirements for deposits that are not covered by depository insurance and investment securities that are uninsured and are not registered in the name of the government or trust agent.

**Custodial Credit Risk**

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

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 as of December 31, 2009 and 2008.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended December 31, 2009 and 2008, the Plan's investment policy set the average credit quality for each manager's total fixed income portfolio (corporate and U.S. Government holdings) of not less than A- by two out of three credit agencies (Moody's Investor Service, Standard & Poors and/or Finch). The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2009 and 2008 as rated by Moody's Investors Service, Standard & Poor's and/or Finch:

<u>Type of Investment</u>	<u>Rating</u>	<u>2009</u>	<u>2008</u>
U.S. Government and government agency obligations	Aaa/AAA	\$32,882,708	\$13,527,057
	A/A	33,316	-
	Baa/BBB	29,072	-
	Not Rated	105,906	-
		<u>\$33,051,002</u>	<u>\$13,527,057</u>
Corporate bonds	Aaa/AAA	\$ 1,418,072	\$ 123,126
	Aa/AA	1,486,857	1,403,472
	A/A	7,939,589	3,757,356
	Baa/BBB	5,621,640	938,505
	Caa/CCC	-	344,022
	<u>\$16,466,158</u>	<u>\$ 6,566,481</u>	
Collective investment funds - fixed income	Not Rated	<u>\$ 8,885,373</u>	<u>\$41,233,827</u>
	Aaa/AAA	\$ 139,410	\$ -
Short term investments	Aa/AA	-	190
	Not Rated	5,551,003	7,680,271
		<u>\$ 5,690,413</u>	<u>\$ 7,680,461</u>

**Note 5: Investment Summary (continued)****Investment Risk (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. For the years ended December 31, 2009 and 2008, the Plan's investment policy set the duration for each manager's total fixed income portfolio to fall within plus or minus 30% of the duration for the fixed income performance benchmark (Barclays Capital Aggregate Fixed Income, which was 4.55 years at December 31, 2009 and 3.67 at December 31, 2008). The following table presents a summarization of the Plan's debt investments at December 31, 2009 and 2008, using the segmented time distribution method:

<u>Type of Investment</u>	<u>Maturity</u>	<u>2009</u>	<u>2008</u>
U.S. Government and government agency obligations	1 - 5 years	\$15,239,218	\$ 9,216,730
	6 - 10 years	4,776,850	3,243,307
	Over 10 years	13,034,934	1,067,020
		<u>\$33,051,002</u>	<u>\$13,527,057</u>
Corporate bonds	Less than 1 year	\$ -	\$ 344,024
	1 - 5 years	7,765,932	4,087,244
	6 - 10 years	6,224,228	2,135,213
	Over 10 years	2,475,998	-
		<u>\$16,466,158</u>	<u>\$ 6,566,481</u>

**Note 5: Investment Summary (continued)****Investment Risk (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. For the years ended December 31, 2009 and 2008, the Plan's investment policy limited the amount of investments in foreign equities to 20% of total Plan assets. The Plan's exposure to foreign currency risk at December 31, 2009 and 2008 is as follows:

<u>Type of Investment</u>	Fair Value (USD) <u>2009</u>	Fair Value (USD) <u>2008</u>
Equities:		
Australian dollar	\$ 352,257	\$ -
British pound	5,422,194	3,901,958
Canadian dollar	-	243,039
Danish krone	501,152	-
European euro	6,093,492	4,853,637
Hong Kong dollar	779,315	-
Japanese yen	2,244,192	1,944,307
Norwegian krone	559,266	94,556
Singapore dollar	197,151	495,874
Swiss franc	1,874,927	1,959,847
U.S. dollar	73,953,084	57,689,590
Total equities	<u>\$91,977,030</u>	<u>\$71,182,808</u>

For the years ended December 31, 2009 and 2008, net realized gain (loss) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was (\$4,690,677) and (\$10,350,123) respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. 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).

## Note 6: Derivatives

The Plan's investment policy permits the use of financial futures for hedging purposes only. Speculation and leveraging of financial futures within the portfolio is prohibited. The Plan uses financial futures to manage portfolio risk and to facilitate international portfolio trading.

A derivative security is a financial contract whose value is based on, or "derived" from, a traditional security, an asset, or a market index. Derivative instruments include futures and forward contracts 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.

Forward contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. At December 31, 2009 and 2008, the Plan's investments included the following forward currency contract balances:

	<u>2009</u>	<u>2008</u>
Forward Currency Contract Receivables	<u>\$453,367</u>	<u>\$ -</u>
Forward Currency Contract Payables	<u>\$454,433</u>	<u>\$ -</u>

All of the Plan's financial instruments are carried at fair value on the Combining Statement of Pension Plan and Postemployment Health Plan Net Assets included in investments. The gain or loss on financial instruments is recognized and recorded on the Combining Statement of Changes in Pension Plan and Postemployment Health Plan Net Assets as part of investment income.

## Note 7: Securities Lending

State Statutes and the investment policy 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.

As of November 10, 2008, the Plan has a limit as to the amount of securities on loan of \$10 million. Prior to November 10, 2008, the Plan was not limited as to the amount of securities on 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 119 days for 2009 and 76 days for 2008; however, any loan may be terminated on demand by either the Plan or the borrower. As of November 10, 2008, cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2009 and 2008 of 91 and 224 days, respectively. Prior to November 10, 2008, cash collateral was invested in a short term investment pool.

As of December 31, 2009 and 2008, the fair value (carrying amount) of loaned securities was \$9,584,272 and \$6,344,784 respectively. As of December 31, 2009 and 2008, the fair value (carrying amount) of collateral received by the Plan was \$9,835,451 and \$6,521,062 respectively.

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 indemnification to the Plan if borrowers fail to return the securities fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

During 2008, a security within the collateral pool became insolvent resulting in an insufficiency in the collateral pool. To prevent any one investor from incurring an additional loss should another investor exit the securities lending program, the Plan's custodian allocated a portion of the insolvent security to each investor in the collateral pool. As a result of the allocation, the Plan incurred an unrealized investment loss and corresponding securities lending payable in the amount of \$99,030 during the year ended December 31, 2008. No change was made during the year ended December 31, 2009.

During 2009, there were no losses due to default of a borrower or the lending agent.

**Note 7: Securities Lending (continued)**

A Summary of Securities Loaned at Fair Value as of December 31:

	<u>2009</u>	<u>2008</u>
Securities loaned - cash collateral:		
Equities	\$3,395,450	\$1,326,701
U.S. Government and government agency obligations	6,188,813	3,485,320
Corporate bonds	9	1,432,715
Total securities loaned - cash collateral	<u>9,584,272</u>	<u>6,244,736</u>
Securities loaned - non-cash collateral:		
Equities	-	100,048
Total	<u>\$9,584,272</u>	<u>\$6,344,784</u>

**Note 8: Commitment**

As of December 31, 2009, the Plan had capital commitments of \$6,000,000 for two limited partnership agreements.

## Note 9: Postemployment Group Healthcare Benefit Plan

The Plan has adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for Other Postemployment Benefits (OPEB) plans.

### Plan Description

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County administers a Postemployment Group Healthcare Benefit Plan (PGHBP), a single-employer defined benefit postemployment healthcare plan. PGHBP provides a healthcare premium subsidy to annuitants who elect to participate in PGHBP. The Plan is currently allowed, in accordance with State Statutes, to pay all or a portion of medical insurance premiums for the annuitants. Presently, the Plan subsidizes approximately 55% and 70% of the monthly premiums for employees and spouse annuitants, respectively. The remaining premium cost is borne by the annuitant.

PGHBP is administered in accordance with Chapter 40, Article 5/10 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the Plan's Board of Trustees.

At December 31, 2009 and 2008, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 282 and 279 respectively.

### Summary of Significant Accounting Policies

**Method of Accounting** - PGHBP'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. The cost for postemployment group health benefits is approximately equal to the premium subsidy. Actual costs may differ based on claims experience. Healthcare premium subsidies are recognized when due and payable.

**Contributions** - The Plan funds PGHBP on a "pay-as-you-go" basis.

**Administrative Costs** - Administrative costs associated with PGHBP are paid by the Plan.

**Medical Trend Rate** - 8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached.

## Note 10: Related Party Transactions

The Plan shares Trustees and office space with the County Fund. The Plan reimburses the County Fund for shared administrative services provided by the County Fund. During the years ended December 31, 2009 and 2008, the County Fund allocated administrative expenditures of \$66,184 and \$57,636 respectively.

As of December 31, 2009 and 2008, the Plan owes the County Fund \$1,179,097 and \$1,195,879, respectively.

**Note 11: Pronouncements Issued Not Yet Effective**

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. Statement No. 51 is effective for the Plan's fiscal year ending December 31, 2010. The Plan is currently evaluating the impact of adopting Statement No. 51.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Statement No. 53 is effective for the Plan's fiscal year ending December 31, 2010. The Plan is currently evaluating the impact of adopting Statement No. 53.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 is effective for the Plan's fiscal year ending December 31, 2011. The Plan is currently evaluating the impact of adopting Statement No. 54.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement considers the timing and frequency of the measurement of actuarial liabilities for OPEB by agent employers and also considers the guidelines regarding the use of the alternative measurement method by agent employers with small individual OPEB plans. The provisions related to the frequency and timing of measurements are effective for the Plan's fiscal year ending December 31, 2012. The Plan is currently evaluating the impact of adopting Statement No. 57.

In December 2009, GASB issued Statement No. 58, *Statement on Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement provides accounting and financial reporting guidance for governments that have been granted protection from creditors under Chapter 9 of the United States Bankruptcy Code. The statement includes an analysis of the financial reporting consequences for governments that have been granted protection under Chapter 9. Statement No. 58 is effective for the Plan's fiscal year ending December 31, 2010. Retroactive application is required for all prior periods presented during which a government was in bankruptcy. The Plan is currently evaluating the impact of adopting Statement No. 58.



# Required Supplementary Information

## 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)
<i>Pension Benefits</i>						
2004 (1)	\$ 186,560,109	\$ 245,321,025	\$ 58,760,916	76.05%	\$ 16,635,794	353.22%
2005	\$ 189,066,378	\$ 217,588,298	\$ 28,521,920	86.89%	\$ 18,077,621	157.77%
2006 (2)	\$ 193,511,049	\$ 196,983,226	\$ 3,472,177	98.24%	\$ 19,172,756	18.11%
2007 (2)	\$ 203,043,217	\$ 205,392,258	\$ 2,349,041	98.86%	\$ 21,078,316	11.14%
2008 (2)	\$ 196,277,679	\$ 212,373,326	\$ 16,095,647	92.42%	\$ 23,474,621	68.57%
2009 (1) (2)	\$ 188,396,534	\$ 244,625,664	\$ 56,229,130	77.01%	\$ 24,967,115	225.21%
<i>Postemployment Group Healthcare Benefit Plan (PGHBP)</i>						
2006	\$ -	\$ 39,448,815	\$ 39,448,815	0.00%	\$ 19,172,756	205.75%
2007	\$ -	\$ 40,605,811	\$ 40,605,811	0.00%	\$ 21,078,316	192.64%
2008	\$ -	\$ 36,004,405	\$ 36,004,405	0.00%	\$ 23,474,621	153.38%
2009 (1)	\$ -	\$ 43,142,977	\$ 43,142,977	0.00%	\$ 24,967,115	172.80%
<i>Changes in Actuarial Assumptions</i>						
2006 (3)	\$ -	\$ (9,851,148)	\$ (9,851,148)	0.00%		
2007 (4)	\$ -	\$ (11,877,875)	\$ (11,877,875)	0.00%		
2008 (4)	\$ -	\$ (10,450,101)	\$ (10,450,101)	0.00%		
2009 (4)	\$ -	\$ (13,736,290)	\$ (13,736,290)	0.00%		
<i>Combined</i>						
2004 (1)	\$ 186,560,109	\$ 245,321,025	\$ 58,760,916	76.05%	\$ 16,635,794	353.22%
2005	\$ 189,066,378	\$ 217,588,298	\$ 28,521,920	86.89%	\$ 18,077,621	157.77%
2006	\$ 193,511,049	\$ 226,580,893	\$ 33,069,844	85.40%	\$ 19,172,756	172.48%
2007	\$ 203,043,217	\$ 234,120,194	\$ 31,076,977	86.73%	\$ 21,078,316	147.44%
2008	\$ 196,277,679	\$ 237,927,630	\$ 41,649,951	82.49%	\$ 23,474,621	177.43%
2009 (1)	\$ 188,396,534	\$ 274,032,351	\$ 85,635,817	68.75%	\$ 24,967,115	342.99%

(1) = Change in actuarial assumptions.

(2) = Pension benefits only. The information for 2005 and prior includes the PGHBP.

(3) = Due to a change in the interest rate assumption for the PGHBP  
(pension benefits and combined reports - 7.5%, PGHBP - 5.0%).

(4) = Due to a change in the interest rate assumption for the PGHBP  
(pension benefits and combined reports - 7.5%, PGHBP - 4.5%).

See notes to required supplementary information.

## Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution (1) (ARC) (a)	Required Statutory Basis (2) (b)	Employer Contributions (c)	Percent of ARC Contributed (c/a)
<i>Pension Benefits</i>				
2004	\$9,326,465	\$4,039,896	\$3,890,142	41.71%
2005	\$7,466,836	\$2,846,034	\$3,224,743	43.19%
2006 (3)	\$2,691,753	\$2,577,485	\$1,532,343	56.93%
2007 (3)	\$2,809,494	\$3,329,502	\$1,995,300	71.02%
2008 (3)	\$3,329,502	\$2,138,669	\$ 523,928	15.74%
2009 (3)	\$4,498,036	\$2,512,857	\$1,282,642	28.52%
<i>Postemployment Group Healthcare Benefit Plan (PGHBP)</i>				
2006	\$3,747,117	\$ -	\$1,187,670	31.70%
2007	\$3,729,144	\$ -	\$1,291,740	34.64%
2008	\$3,785,850	\$ -	\$1,499,520	39.61%
2009	\$3,490,173	\$ -	\$1,261,052	36.13%
<i>Changes in Actuarial Assumptions</i>				
2006 (4)	\$(1,063,504)	\$ -		
2007 (5)	\$ (611,216)	\$ -		
2008 (5)	\$(1,021,036)	\$ -		
2009 (5)	\$ (714,995)	\$ -		
<i>Combined</i>				
2004	\$9,326,465	\$4,039,896	\$3,890,142	41.71%
2005	\$7,466,836	\$2,846,034	\$3,224,743	43.19%
2006	\$5,375,366	\$2,577,485	\$2,720,013	50.60%
2007	\$5,927,422	\$3,329,502	\$3,287,040	55.45%
2008	\$6,094,316	\$2,138,669	\$2,023,448	33.20%
2009	\$7,273,214	\$2,512,857	\$2,543,694	34.97%

(1) = 30 Year level dollar amortization beginning in 2005.

40 Year level dollar amortization for 2004 and prior.

(2) = Tax levy after 2.7% overall loss beginning in 2004.

Tax levy after 1.8% overall loss for 2003 and prior.

(3) = Pension benefits only. The information for 2005 and prior includes PGHBP.

(4) = Due to a change in the interest rate assumption for the PGHBP  
(pension benefits and combined reports - 7.5%, PGHBP - 5.0%).

(5) = Due to a change in the interest rate assumption for the PGHBP  
(pension benefits and combined reports - 7.5%, PGHBP - 4.5%).

See notes to required supplementary information.

## FINANCIAL SECTION

### Required Supplementary Information (continued)

#### 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, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return	
Pension benefits	7.5% compounded annually
Retiree health insurance plan	4.5% compounded annually
Combined	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	<u>2.0%</u> per year
Total	<u>5.0%</u> per year
Postretirement annuity increases	3.0% compounded per year for employee and widow(er) annuitants
Medical trend rate	
2011	8.0%
2012	7.5%
2013	7.0%
2014	6.5%
2015	6.0%
2016	5.5%
2017 and later	5.0%
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years UP-1994 Mortality Table for Females, rated down 1 year
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

## Additional Information

### Schedules of Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Administrative expenses</b>		
Administrative expenses allocated from County		
Employees' and Officers' Annuity and Benefit		
Fund of Cook County	\$ 66,184	\$ 57,636
Bank charges	7,446	46,808
Election expense	2,588	-
Membership	-	3,000
Professional and consulting fees	27,511	23,106
Regulatory filing fees	9,000	8,000
Total	<u>\$112,729</u>	<u>\$138,550</u>
<b>Professional and consulting fees</b>		
Actuarial service	\$3,349	\$2,510
Audit	20,000	15,875
Consulting	1,284	1,950
Legal	2,547	2,471
Lobbyist	331	300
Total	<u>\$ 27,511</u>	<u>\$ 23,106</u>

FINANCIAL SECTION

Additional Information (continued)

Schedules of Investment Expenses

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Investment manager expense</b>		
Ariel Capital Management	\$ 152	\$ 13,000
Bear Stearns & Co., Inc.	-	7,554
BNY Mellon CIS	4,589	-
Channing Capital Management	24,754	-
Fiduciary Management Associates	7,395	1,677
Holland Capital Management	-	10,974
Lazard Asset Management, LLC	78,083	65,294
LM Capital Group, LLC	34,804	19,430
Morgan Stanley	-	11,396
Northern Trust Quantitative Advisors	6,291	11,619
RhumbLine Advisers	4,350	2,764
UBS Global Asset Management	-	15,277
William Blair & Company	34,489	6,694
	<u>194,907</u>	<u>165,679</u>
<b>Investment consulting fees</b>		
Marquette Associates, Inc.	4,416	4,104
<b>Investment custodian fees</b>		
BNY Mellon	5,000	4,953
<b>Total investment expenses</b>	<u>\$204,323</u>	<u>\$174,736</u>

### Additions By Source

Year Ended December 31,	Employer Contributions (1)	Employee Contributions (2)	Net Investment and Net Securities Lending Income (Loss) (3)	Other (4)	Total Additions
2004	\$3,890,142	\$2,020,255	\$ 15,490,826	\$ 17,712	\$21,418,935
2005	\$3,224,743	\$2,627,465	\$ 8,107,038	\$ 4,760	\$13,964,006
2006	\$2,720,013	\$1,690,781	\$ 18,117,244	\$175,844	\$22,703,882
2007	\$3,287,040	\$1,986,605	\$ 9,989,189	\$245,951	\$15,508,785
2008	\$2,023,448	\$2,119,208	\$(46,414,013)	\$127,464	\$(42,143,893)
2009	\$2,543,694	\$2,418,794	\$ 24,683,791	\$219,919	\$29,866,198

### Deductions By Type

Year Ended December 31,	Benefits	Refunds	Employee Transfers to (from) Cook County	Administrative Expenses	Total Deductions
2004	\$11,361,642	\$1,305,039	\$ 507,604	\$136,235	\$13,310,520
2005	\$11,108,689	\$ 730,332	\$ 186,159	\$113,138	\$12,138,318
2006	\$11,465,912	\$ 346,117	\$ 345,410	\$108,566	\$12,266,005
2007	\$11,868,717	\$ 464,666	\$ 130,674	\$114,674	\$12,578,731
2008	\$12,159,401	\$ 518,400	\$(119,434)	\$138,550	\$12,696,917
2009	\$12,423,521	\$ 472,953	\$ 118,754	\$112,729	\$13,127,957

1 - Includes net tax levy.

2 - Includes deductions in lieu of disability.

3 - Includes realized net gain or loss on investments sold and starting in 2005, net securities lending.

4 - Includes Medicare Part D, prescription plan rebates and miscellaneous income. 2006 is the first year for Medicare Part D and prescription plan rebates.

### Schedule of Taxes Receivable

December 31, 2009

Levy Year	Gross Levy	Uncollected Balance	Reserve for Loss and Costs	Net Uncollected Balance
2008	\$2,198,000	\$ 92,568	\$ 51,846	\$ 40,722
2009	2,582,587	2,582,587	69,722	2,512,865
Total		<u>\$2,675,155</u>	<u>\$121,568</u>	<u>\$2,553,587</u>

**Note:**

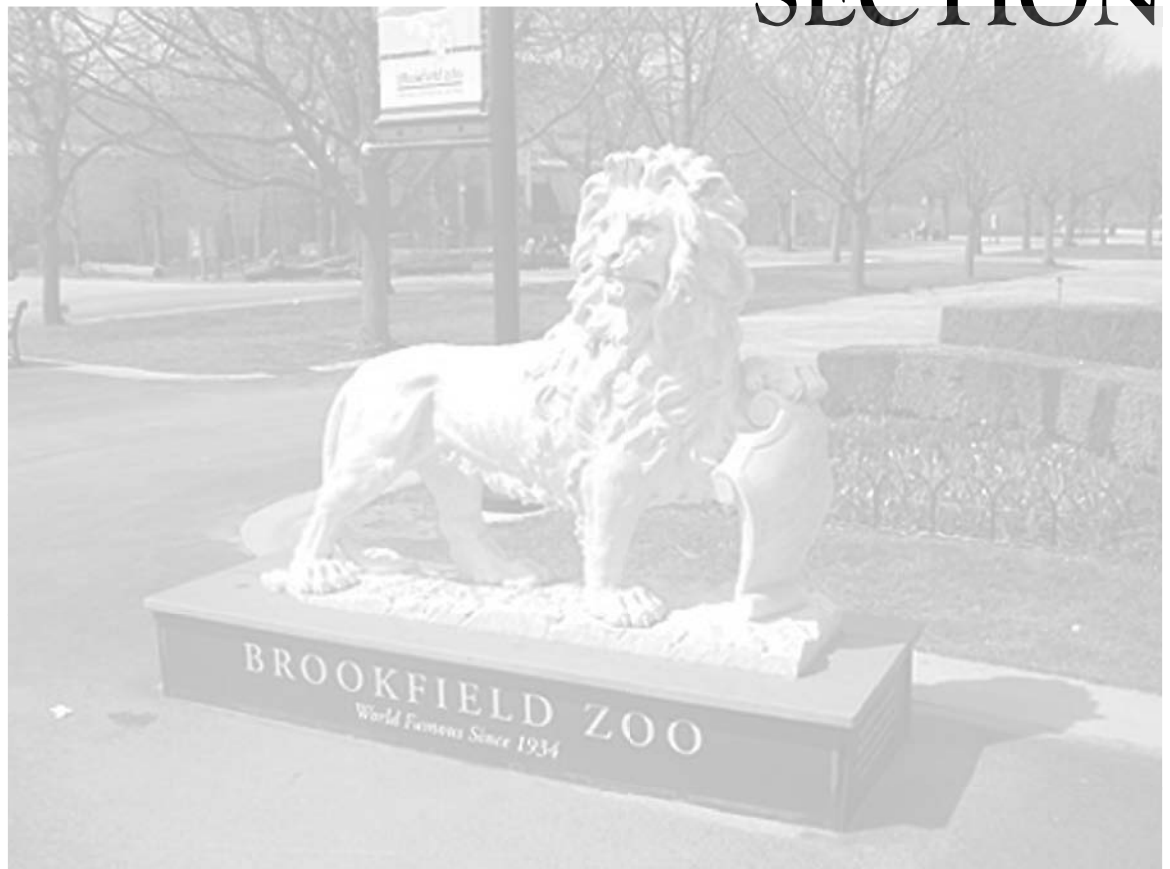
Uncollected taxes for the years 2007 and prior are fully reserved.

2008 tax levy includes net Illinois Replacement Tax of \$220,020.

2009 tax levy includes net Illinois Replacement Tax of \$258,558.



# INVESTMENT SECTION





## Investment Report

Presented below is a summary of the Fund's investment activities and results for 2009. A brief review of the legislative updates and investment policy changes, investment portfolio performance, market commentary, as well as operating activities are provided.

### **Recent Updates to Investment Policy**

On April 3, 2009, the Illinois General Assembly adopted pension reform legislation (PA96-0006), which augmented the pension code to provide for, among other things, the procurement of investment services, uniformity of investment contracts, as well as goals for the utilization of emerging managers.

The Fund's investment policy, as amended December 3, 2009, was modified accordingly to conform to the pension code amendments.

As provided by the legislation, the Fund developed a Procurement Policy for the Selection and Appointment of Consultants and Advisers. Due to the size of the Fund and the limited number of investment managers utilized by the Fund, emerging manager goals were deemed not to be viable on a stand-alone basis. Therefore, the Fund adopted the emerging manager and minority and women owned broker dealer utilization goals of the County Employees' and Officers' Annuity and Benefit Fund of Cook County. All results are reported on a combined basis.

### **Asset Allocation**

Asset allocation targets have been established for each asset class to minimize overall risk and achieve investment return objectives. Investment managers are assigned within an allocation to invest in specific asset classes with defined security selection styles and methodologies.

In the wake of the economic and market turmoil of 2008, the Fund re-examined its asset allocation to test its viability under more dynamic market conditions and benefit funding assumptions. As a result of this review, no changes were made to the Fund's asset allocation policy.

To review the Fund's target asset allocation please refer to the Schedule of Asset Allocation later in this section.

### *Rebalancing*

The Fund continued to implement its asset allocation target through portfolio rebalancing according to the revised investment policy. The Fund selected two open-end core real estate managers and has committed to begin funding its core real estate allocation. With this action, the Fund continued to move closer to its target asset allocation.

### **Investment Results**

Calendar year results for 2009 showed substantial gains compared to 2008, where both the Dow Industrials and S&P 500 suffered the worst results since 1931. As of December 31, 2009, the total fair value of invested assets under management was \$160.7 million. For 2009, the Fund returned 17.9%, net of fees, performing slightly below its policy benchmark of 20.6%. The portfolio's underperformance was mainly attributable to the re-balancing and variance from the Fund's target asset allocation at points throughout the year. The Fund outperformed its actuarial assumed rate of return of 7.5% for the period as a result of the rallies in the U.S. and foreign equity markets. The Fund's gross of fees performance for the year ranks in the 61st percentile when compared to the Wilshire Associates universes of public pension funds. On an intermediate basis, the Fund has slightly underperformed its policy benchmark for the three and five year periods.

**Market Environment***Fixed Income*

In 2009, the overall U.S. economy showed signs of recovery. Spurred by government stimulus and programs such as TALF, TARP, and the support of mortgages by the Federal Reserve, liquidity returned to the spread-related sectors of the fixed income markets. This helped the broad fixed income markets as measured by the BarCap Aggregate Index and the BarCap Intermediate Government/Credit indices to produce returns of 5.9% and 5.2%, respectively.

*Domestic Equity*

The general theme during the year was the lower the credit quality the better the return. The U.S. equity markets rebounded strongly from their lows in March 2009, as investors' appetite for risk led the rally. Mid-cap (Russell MidCap +40.5%) and small-cap stocks (Russell 2000 +27.2%) outperformed large-cap stocks (S&P 500 +26.5%). Growth stocks significantly outperformed value stocks across all capitalizations for the year.

*International Equity*

Overall, non-U.S. stocks (MSCI ACWI ex. U.S. +42.1%) benefited from a weak U.S. dollar and the global coordination of unprecedented fiscal stimulus and monetary accommodation which contributed to a rally in equities. Emerging markets showed particular strength (MSCI Emerging Markets +79.0%) especially in Brazil, Russia, India and China which constitute the BRIC countries (MSCI BRIC Index +93.5%). Among the developed markets, Hong Kong posted results of 60.2% followed by the UK at 43.0%. All results are in U.S. dollar terms.

**Securities Lending**

The financial turmoil of 2008, as attributed to the collapse of Lehman Brothers, significantly impacted the credit and liquidity risk associated with securities lending. The Fund took action to address liquidity constraints by reducing its securities lending exposure by limiting the amount of securities on loan to \$10 million. In addition, the Fund addressed investment risk by imposing conservative investment guidelines governing the credit profile of the collateral pool.

**Operating Cash Flow**

In aggregate, \$8 million, or 5% of the year end value of the investment portfolio, was utilized in 2009 to assist in the payment of benefits. These withdrawals are made in conjunction with the rebalancing of the Fund's portfolio asset allocation target.

**Additional Information**

The Master Custodian's certification letter for 2009, a summary of the Fund's Investment Policy and select investment schedules follow for your review.

## Master Custodian's Certification



May 21, 2010

To the Board of Trustees and the Executive Director:

BNY Mellon as custodian of the Forest Preserve District Employees Annuity And Benefit Fund (the "client") has established an "Account" that holds the clients property in safekeeping facilities of the Custodian (or other custodian banks or clearing operations), provided the recordkeeping of certain property of the client and completed the annual accounting certification for the year January 1, 2009 through December 31, 2009.

In addition, in accordance with the terms of the Custody Agreement dated, October 1, 2007, BNY Mellon also provides the following services as Custodian:

- Market settlement of purchases and sales and engage in other transactions, including free receipts and deliveries, exchanges and other voluntary corporate actions, with respect to securities or property received by the Custodian
- Take actions necessary to settle transactions in futures and/or options contracts, short selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments with third parties
- Lend the assets of the Account in accordance with a separate Securities Lending Agreement.
- Invest available cash in any collective fund, including a collective investment fund maintained by the Custodian or and affiliate of the Custodian for collective investment of employee benefit trusts or deposit in an interest bearing account of banking department of Custodian.
- Appoint subcustodians, including affiliates of the custodian, as to part or all of the Account.
- Hold property in nominee name, in bearer form or in book entry form, in a clearinghouse corporation or in a depository.
- Take all action necessary to pay for, and settle authorized transactions.
- Collect income payable to and distributions due to the Account.
- Collect all proceeds from securities, certificates of deposit or other investments which may mature or be called.
- Forward to the authorized party as designated by the client, proxies or ballots that are to be a voted by the authorized party.
- Attend to corporate actions that have no discretionary decision requirement
- Report the value of the Account as agreed upon by the client and custodian.
- Credit the account with income and maturity proceeds on securities contractual payment date.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Skirtich".

Michael D. Skirtich  
Client Service Officer

---

## Summary of Investment Policy

Under the guidance and direction of the Board and governed by the “prudent man rule”, it is the mission of the Fund and the Investment Staff to optimize the total return of the Fund’s investment portfolio through a policy of diversified investments using parameters of prudent risk management as measured on the total portfolio, acting at all times in the exclusive interest of the participants and beneficiaries of the Fund.

To accomplish this mission, the Board and Investment Staff understand and accept their fiduciary obligations to the members of the Fund. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5]. Investments made by the Fund shall satisfy the conditions of the Illinois Pension Code and applicable Illinois law and, in particular, the prudent man rule set forth in the Illinois Pension Code [40 ILCS 5/1-109].

Subject to these fiduciary standards, the Board and Investment Staff shall endeavor at all times to implement the Statement of Investment Policy in a manner consistent with the stated mission of the Fund, while ensuring transparency and compliance with all applicable laws and regulations.

### **The Policy is set forth by the Board in order to:**

- Establish a clear understanding of all involved parties of the investment goals and objectives of the Fund.
- Define and assign the responsibilities of all involved parties.
- Establish the relevant investment horizon for which the Fund assets will be managed.
- Establish risk parameters governing assets of the Fund.
- Establish target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for selecting, retaining and terminating Investment Professionals.
- Offer specific guidance to and define limitations for all Investment Managers regarding the investment of Fund assets.

In summary, the purpose of the Statement of Investment Policy is to formalize the Board’s investment objectives, policies and procedures and to define the duties and responsibilities of the various entities involved in the investment process. The Statement of Investment Policy is intended to serve as a guide, reference tool and communication link between the Board, Investment Staff and its Investment Professionals.

## INVESTMENT SECTION

### Summary of Investment Policy (continued)

---

#### Investment Objectives

The primary return objectives of the Fund are to:

- Preserve the safety of principal.
- Exceed, after investment management fees, a customized blended benchmark consistent with prudent levels of risk.
- Create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of Fund assets.

To achieve these objectives, the assets of the Fund have been allocated to meet its actuarial assumed rate of return of 7.5%. To evaluate success, the Board compares the performance of the Fund to the actuarial assumed rate of return and its custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets and it is re-balanced regularly.

While achieving the return objectives, the Fund is able to tolerate certain levels of risk, which are:

- To accept prudent levels of short-term and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the Fund.
- To tolerate appropriate levels of downside risk relative to the Fund's actuarial assumed rate of return of 7.5%. In doing so, the Board will attempt to minimize the probability of underperforming the Fund's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs.
- To accept certain variances in the asset allocation structure of the Fund relative to the broad financial markets and peer groups.
- To tolerate certain levels of short-term underperformance by the Fund's Investment Managers.

The investment objectives of the Fund are constrained by applicable law, time, taxes and liquidity. The Fund will operate in accordance with applicable law, as amended. The Fund has a long-term time horizon as the assets are used to pay qualified participant pension benefits. The Fund is a tax-exempt entity, but can be subject to taxes involving unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The Fund will attempt to minimize or to avoid incurring UBTI. The liquidity needs of the Fund are to meet the regular cash flow requirements of the Fund.

#### Asset Allocation and Rebalancing Procedures

The Board reviews the target asset allocation of the Fund at least once every three years. It will take into consideration applicable statutes, the actuarial rate of return of the Fund, the long-term nature of the asset pool, the cash flow needs of the Fund and the general asset allocation structure of its peers. It will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the Fund at prudent levels of risk.

The Board establishes the asset allocation targets and ranges and reviews them periodically. To ensure that the allocations meet the risk/return objectives of the Fund, the target allocations will be reviewed annually for reasonableness relative to significant economic market changes or changes to the long-term goals and objectives. Proper implementation of this guideline may require that a periodic adjustment or rebalancing be made to ensure conformance with asset allocation targets. Rebalancing requirements shall be reviewed on a continual basis. Rebalancing may also occur in the event of a change in the allocation percentages of asset class by the Board or subject to extraordinary market events. Rebalancing shall take place as soon as practical after said change or amendment has been approved.

**Schedule of Investment Results**

	For Year Ended	Annualized Returns	
	December 31, <u>2009</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fund	17.9%	-2.2%	1.4%
Policy Benchmark *	20.6%	-0.2%	2.8%
Domestic Equity	27.6%	N/A	N/A
Wilshire 5000	28.3%	-5.3%	0.9%
International Equity	34.2%	N/A	N/A
MSCI EAFE	42.1%	-3.0%	6.3%
Fixed Income	4.4%	N/A	N/A
BarCap Aggregate	5.9%	6.0%	5.0%

\* As of June 30, 2008, the Policy Benchmark is 25% S&P 500, 5% Russell 2000 Value, 7.5% Russell 1000 Value, 7.5% Russell 1000 Growth, 15% MSCI ACWI ex. U.S., 30% BarCap Aggregate, 10% BarCap Int. Gov./Cred. Prior to June 30, 2008 the Policy Benchmark was 55% Wilshire 5000 and 45% LB Aggregate.

N/A-Not Available. Prior to June 30, 2008, the Fund utilized a balanced investment mandate. The prior Investment Consultant did not segregate these composites in the calculation of rates of return.

Note: Returns are calculated using time and asset-weighted returns.

## Schedule of Investment Summary and Asset Allocation

<u>Asset Class</u>	For Year Ended December 31,					
	2009			2008		
	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Target</u>	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Target</u>
Domestic Equity	\$ 73,953,084	46%	40%	\$ 57,689,590	40%	40%
International Equity	22,629,963	14%	15%	16,525,659	12%	15%
Fixed Income	58,402,533	36%	25%	61,327,365	43%	25%
Real Estate	-	0%	10%	-	0%	10%
Hedge Funds of Funds	-	0%	10%	-	0%	10%
Cash	<u>5,690,413</u>	<u>4%</u>	<u>0%</u>	<u>7,680,461</u>	<u>5%</u>	<u>0%</u>
Total Investments	<u>\$160,675,993</u>	<u>100%</u>	<u>100%</u>	<u>\$143,223,075</u>	<u>100%</u>	<u>100%</u>



**Schedule of Top Ten Largest Holdings (Excludes Commingled Funds)**

For year ended December 31, 2009

<u>Top 10 Domestic Equity Holdings</u>	<u>Sector</u>	<u>Shares</u>	<u>Fair Value</u>	<u>% of Total</u>
Exxon Mobil Corp.	Energy	29,100	\$ 1,984,329	2.7%
Microsoft Corp.	Technology	44,810	1,365,809	1.8%
Apple Inc.	Technology	5,261	1,108,661	1.5%
Johnson & Johnson	Health Care	15,880	1,022,831	1.4%
Procter & Gamble Co.	Consumer Non-Durables	16,790	1,017,978	1.4%
IBM Corp.	Technology	7,660	1,002,694	1.4%
AT & T Inc.	Technology	33,540	940,126	1.3%
JP Morgan Chase & Co.	Financial Services	22,003	916,865	1.2%
General Electric Co.	Capital Goods	60,260	911,734	1.2%
Chevron Corp.	Energy	11,618	894,470	1.2%
Total Top 10 Domestic Equity Holdings		<u>246,922</u>	<u>\$ 11,165,497</u>	<u>15.1%</u>
Total Domestic Equity			<u>\$73,953,084</u>	<u>100.0%</u>

<u>Top 10 International Equity Holdings</u>	<u>Sector</u>	<u>Shares</u>	<u>Fair Value</u>	<u>% of Total</u>
Sanofi-Aventis (France)	Health Care	404,244	\$ 817,622	3.6%
British American Tobacco (United Kingdom)	Tobacco	10,350	711,739	3.1%
Anheuser-Busch INBEV (Belgium)	Consumer Non-Durables	21,857	603,637	2.7%
Canon Inc. (Japan)	Technology	11,560	567,001	2.5%
Aker Solutions (Norway)	Basic Industries	13,500	559,266	2.5%
Barclays (United Kingdom)	Banks	42,820	514,336	2.3%
Societe Generale (France)	Financial Services	115,400	505,663	2.2%
Sampo Bank (Finland)	Financial Services	7,200	463,237	2.0%
SAP (Denmark)	Technology	18,970	460,377	2.0%
Compagnie Financiere (France)	Financial Services	9,700	453,548	2.0%
Total Top 10 International Equity Holdings		<u>655,601</u>	<u>\$ 5,656,426</u>	<u>25.0%</u>
Total International Equity			<u>\$22,629,963</u>	<u>100.0%</u>

## Schedule of Top Ten Largest Holdings (Excludes Commingled Funds) continued

For year ended December 31, 2009

<u>Top 10 Fixed Income Holdings</u>	<u>Sector</u>	<u>Par</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA Pool #0948146 5.500% 11/01/2037	FNMA Pools	1,071,594	\$ 1,122,945	1.9%
FNMA Pool #0988684 6.000% 09/01/2038	FNMA Pools	768,884	815,140	1.4%
U.S. Treasury Note 1.375% 11/15/2012	U.S. Governments	800,000	794,248	1.4%
Federal Home Loan Mortgage Cons Bd 5.500% 07/18/2016	U.S. Agencies	700,000	782,691	1.3%
U.S. Treasury Note 2.625% 07/31/2014	U.S. Governments	750,000	753,750	1.3%
FNMA Pool #0AC7265 5.000% 11/01/2039	FNMA Pools	733,672	753,657	1.3%
FHLMC Pool #G0-5595 5.500% 04/01/2039	FHLMC Pools	718,076	753,003	1.3%
U.S. Treasury Note 0.875% 04/30/2011	U.S. Governments	695,000	695,924	1.2%
Goldman Sachs Group Inc. 5.350% 01/15/2016	Banking & Finance	650,000	675,136	1.2%
U.S. Treasury Note 4.250% 11/15/2013	U.S. Governments	600,000	648,186	1.1%
Total Top 10 Fixed Income Holdings		<u>7,487,226</u>	<u>\$ 7,794,680</u>	<u>13.3%</u>
Total Fixed Income			<u>\$58,402,533</u>	<u>100.0%</u>

A complete list of the portfolio holdings is available for review upon request.

**Schedule of Investment Manager Fees**

For year ended December 31, 2009

<u>Asset Category</u>	<u>Manager Fees</u>
<b>Domestic Equity</b>	
Ariel Capital Management	\$ 152
Channing Capital Management	24,754
Fiduciary Management Associates	7,395
RhumbLine Advisers	4,350
William Blair & Company	34,489
Total Domestic Equity Fees	<u>71,140</u>
<b>International Equity</b>	
Lazard Asset Management, LLC	78,083
<b>Fixed Income</b>	
BNY Mellon CIS	4,589
LM Capital Group, LLC	34,804
Northern Trust Quantitative Advisors	6,291
Total Fixed Income Fees	<u>45,684</u>
Total Investment Manager Fees	<u>\$194,907</u>

## Schedule of Brokerage Commissions

For year ended December 31, 2009

<u>Broker Name</u>	<u>Number of Shares</u>	<u>Commissions</u>	<u>Cost per Share</u>
<b>Domestic Equity Commissions</b>			
M.R. Beal & Co.*	210,217	\$ 5,022	\$0.024
Cabrera Capital Markets*	139,257	3,413	0.025
Cheevers & Co., Inc.*	139,876	3,278	0.023
Guzman & Co.*	205,836	2,573	0.013
Williams Capital Group*	109,179	2,380	0.022
Robert W. Baird & Co., Inc.	56,441	2,258	0.040
M. Ramsey King Securities, Inc.*	74,050	2,221	0.030
Credit Suisse First Boston	53,919	2,103	0.039
Liquidnet Inc.	100,568	2,011	0.020
Loop Capital Markets, LLC*	43,850	1,655	0.038
J.P. Morgan Securities	38,312	1,532	0.040
Melvin Securities, LLC*	31,962	1,242	0.039
Stifel, Nicolaus & Co.	32,936	1,217	0.037
Jefferies & Co., Inc.	308,176	1,187	0.004
Gardner Rich & Co.*	35,905	1,153	0.032
Merrill Lynch Securities	28,621	1,144	0.040
Brokers with < \$1,000 of Commissions	414,642	13,692	0.033
Total Domestic Equity Commissions	<u>2,023,747</u>	<u>\$48,081</u>	<u>\$0.024</u>

\*Women/minority-owned brokerage firm. The Retirement Board's brokerage policy encourages investment managers, as they search for best possible trade execution, to utilize women/minority-owned enterprises, specifically firms headquartered in the State of Illinois.

(continued)

**INVESTMENT SECTION****Schedule of Brokerage Commissions (continued)**

---

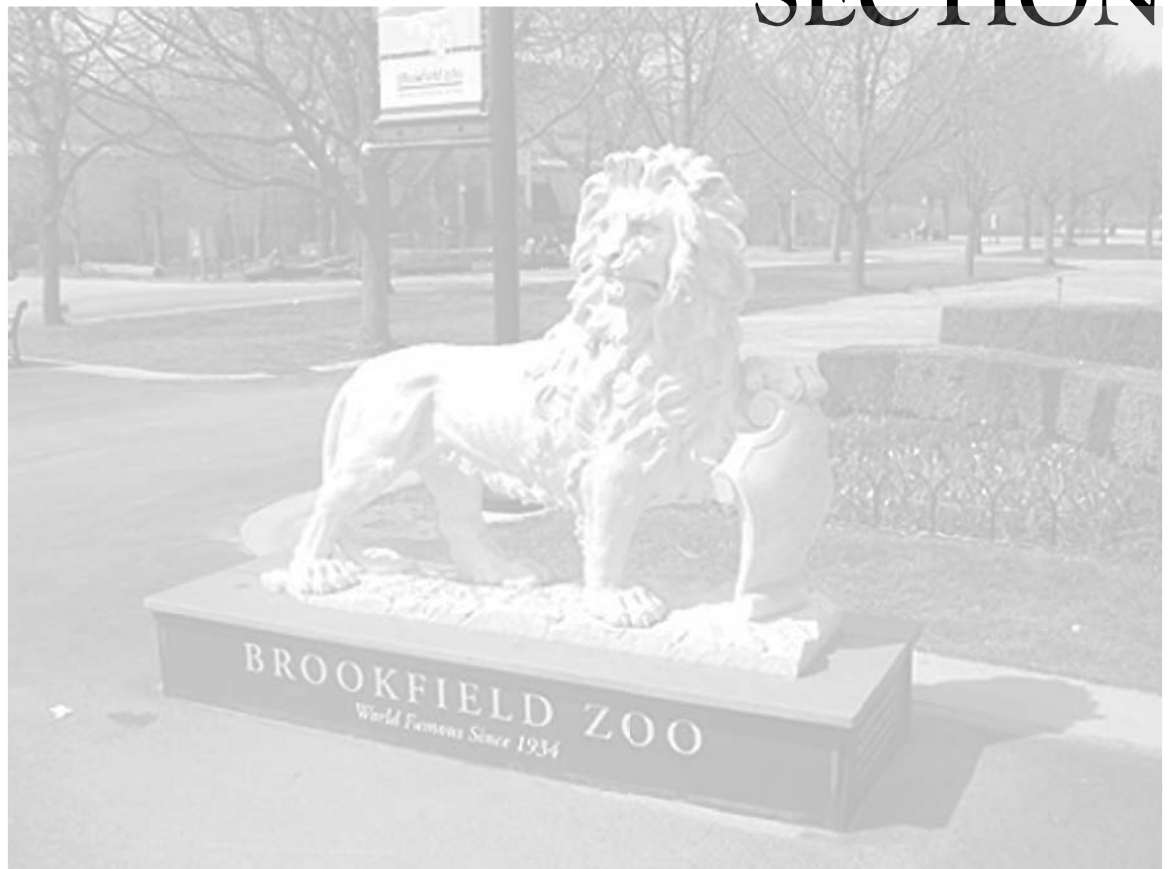
For year ended December 31, 2009

<u>Broker Name</u>	<u>Number of Shares</u>	<u>Commissions</u>	<u>Cost per Share</u>
<b>International Equity Commissions</b>			
UBS Securities	722,391	\$ 7,550	\$0.010
Credit Suisse First Boston	564,987	6,403	0.011
Merrill Lynch Securities	538,479	5,446	0.010
J.P. Morgan Securities	758,631	3,652	0.005
SG Securities, LTD	99,646	2,330	0.023
Deutsche Bank Securities, Inc.	250,562	2,296	0.009
Sanford C. Bernstein & Co., Inc.	293,330	1,872	0.006
Credit Lyonnais Securities	60,978	1,368	0.022
Bank J. Vontobel & Co., LTD	23,910	1,227	0.051
Goldman Sachs & Co.	249,936	1,140	0.005
Brokers with < \$1,000 of Commissions	<u>1,341,776</u>	<u>13,221</u>	<u>0.010</u>
Total International Equity Commissions	<u>4,904,626</u>	<u>\$46,505</u>	<u>\$0.009</u>

This page is intentionally left blank.



# ACTUARIAL SECTION





# Actuarial Certification

**GOLDSTEIN & ASSOCIATES**  
*Actuaries and Consultants*

29 SOUTH LaSALLE STREET SUITE 735  
CHICAGO, ILLINOIS 60603  
PHONE (312) 726-5877 FAX (312) 726-4323

May 20, 2010

Board of Trustees  
Forest Preserve District Employees'  
Annuity and Benefit Fund of Cook County  
33 North Dearborn Street, Suite 1000  
Chicago, Illinois 60602

## **ACTUARIAL CERTIFICATION**

We have completed the annual actuarial valuations of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Fund) as of December 31, 2009. We performed the following actuarial valuations: (1) an actuarial valuation of the pension benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 25, (2) an actuarial valuation of the retiree health insurance benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 43, and (3) a combined actuarial valuation of the pension and retiree health insurance benefits provided under the Fund to determine the financial condition and funding requirements of the Fund.

There have been no changes in the benefit provisions of the Fund during the period between the date of the last actuarial valuation and the date of the current valuation.

Based on an experience analysis of the Fund over the period 2005 through 2008, we made the following changes in the actuarial assumptions used for the December 31, 2009 actuarial valuation from the assumptions used for the December 31, 2008 valuation: (1) the mortality assumption was changed from the 1983 Group Annuity Mortality Table for Males and Females, rated up two years, to the UP-1994 Mortality Table for Males, rated down 2 years, and the UP-1994 Mortality Table for Females, rated down 1 year, (2) termination rates were increased by approximately 250% for males and 200% for females, and (3) rates of retirement were revised to result in fewer expected retirements and a lower expected average age at retirement. The other actuarial assumptions used for the December 31, 2009 valuation were the same as the assumptions used for the December 31, 2008 valuation.

The funding objective of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period. Employer contributions come from a property tax levied by the County equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.30. The 1.30 is known as the tax multiple.

For the year beginning January 1, 2010 the net employer contribution to the Fund is expected to cover 25.2% of the actuarially determined contribution requirement. We have estimated that a tax multiple of 5.17 would have been required to have employer contributions cover the full actuarially determined contribution requirement for the year 2010.

**GOLDSTEIN & ASSOCIATES**  
*Actuaries and Consultants*

The entry age normal actuarial cost method was used for the December 31, 2009 actuarial valuation. This is the same actuarial cost method that was used for the December 31, 2008 valuation.

The asset values used for the valuation were based on the asset information contained in the audited financial statements for the Fund for the year ending December 31, 2009. For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

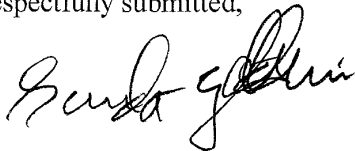
The valuation has been based on the membership data, which was supplied by the administrative staff of the Fund. We have made additional tests to ensure its accuracy.

The trend data schedules presented in the financial section of the Comprehensive Annual Financial Report (CAFR) were prepared by the staff of the Fund based on information contained in our actuarial reports. All exhibits, tables, schedules, and appendices included in the accompanying actuarial section were prepared by us based on information provided by the Fund.

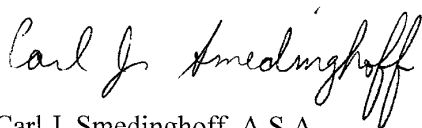
The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement No. 25 and Governmental Accounting Standards Board (GASB) Statement No. 43.

In our opinion, the following valuation results fairly present the financial condition of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2009.

Respectfully submitted,



Sandor Goldstein, F.S.A.  
Consulting Actuary



Carl J. Smedinghoff, A.S.A.  
Associate Actuary

# Actuary's Report - Pension Fund

## A. Purpose and Summary

We have carried out an actuarial valuation of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2009. The purpose of the valuation was to determine the financial position and annual required contribution of the Fund for reporting purposes pursuant to GASB Statement No. 25. According to GASB Statement No. 25, postemployment healthcare benefits provided by the Fund are not included in this valuation. Pursuant to GASB Statement No. 43, postemployment health care benefits were valued separately and the results of that valuation are presented separately.

This report is intended to present the results of the valuation of the pension benefits provided by the Fund. The results of the valuation are summarized below:

1. Total Actuarial Liability	\$244,625,664
2. Actuarial Value of Assets	188,396,534
3. Unfunded Actuarial Liability	56,229,130
4. Funded Ratio	77.0%
5. Annual Required Contribution	
For Year Beginning January 1, 2010	7,626,778

## B. Data Used for the Valuation

**Participant Data.** The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of December 31, 2009, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 461 active contributors, 509 members receiving benefits, and 1,027 inactive members included in the valuation. The total active payroll as of December 31, 2009 was \$24,967,115.

**Exhibit 1****Summary of Membership Data**

	Year Ending December 31,	
	<u>2009</u>	<u>2008</u>
1. Number of Members		
(a) Active Members		
(i) Vested	249	250
(ii) Non-vested	<u>212</u>	<u>192</u>
(iii) Total Active Members	461	442
(b) Members Receiving		
(i) Retirement Annuities	342	347
(ii) Surviving Spouse's Annuities	148	142
(iii) Children's Annuities	11	9
(iv) Ordinary Disability Benefits	7	6
(v) Duty Disability Benefits	1	2
(c) Inactive Members	<u>1,027</u>	<u>997</u>
(d) Total	<u>1,997</u>	<u>1,945</u>
2. Annual Salaries		
(a) Total Salary	\$24,967,115	\$23,474,621
(b) Average Salary	54,159	53,110
3. Total Accumulated Contributions of Active Members	\$27,770,873	\$26,296,166
4. Annual Benefit Payments Currently Being Made		
(a) Retirement Annuities	\$ 9,292,443	\$ 8,829,733
(b) Surviving Spouse's Annuities	1,552,829	1,346,063
(c) Children's Annuities	38,897	29,616
(d) Ordinary Disability Benefits	159,435	152,819
(e) Duty Disability Benefits	14,608	18,819
(f) Total Annual Benefit Payments	<u>\$11,058,212</u>	<u>\$10,377,050</u>

An age and service distribution for active members is provided in Exhibit 2.

ACTUARIAL SECTION

Actuary's Report - Pension Fund (continued)

**Exhibit 2**

**Age and Service Distribution for Active Members**

Year 2009

Number of Members and Average Salaries by Age and Service Grouping

Age	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35+	Total
under 25	1 \$43,944	7 \$35,701	1 \$34,091							9 \$36,438
25-29	2 \$29,569	31 \$41,398	1 \$45,348	1 \$53,408						35 \$41,178
30-34	4 \$37,780	17 \$46,464	5 \$45,827							26 \$45,006
35-39	4 \$45,242	12 \$48,259	1 \$78,033	7 \$66,496	5 \$57,342	1 \$38,339				30 \$54,288
40-44	4 \$49,084	30 \$52,286	4 \$49,735	5 \$53,459	16 \$59,877	6 \$46,850				65 \$53,389
45-49	6 \$38,329	19 \$47,829	9 \$47,671	5 \$69,767	11 \$63,476	23 \$58,072	7 \$54,257	2 \$55,763		82 \$54,169
50-54	1 \$61,612	17 \$49,155	6 \$47,798	5 \$63,861	13 \$66,856	15 \$50,802	15 \$60,796	6 \$51,707		78 \$55,855
55-59	1 \$20,800	10 \$50,631	5 \$64,639	9 \$73,499	14 \$67,029	14 \$54,259	11 \$61,109	3 \$57,182	1 \$46,405	68 \$60,294
60-64	1 \$61,393	6 \$36,357	2 \$130,016	5 \$54,012	5 \$62,994	8 \$50,375	2 \$61,185	3 \$42,990	2 \$96,639	34 \$58,007
65-69			2 \$76,113	5 \$61,756	3 \$75,464	8 \$44,535				18 \$57,982
70+		1 \$20,800	2 \$79,606	5 \$77,379	3 \$59,719	1 \$39,747	2 \$47,689		2 \$66,640	16 \$63,404
<b>Number</b>	24	150	38	47	70	76	37	14	5	461
<b>Salary</b>	\$41,887	\$46,403	\$57,791	\$65,565	\$63,872	\$52,313	\$58,965	\$51,592	\$74,593	\$54,159

**Assets.** In November of 1994, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 25, which establishes standards of financial reporting for governmental pension plans. The statement is effective for periods beginning after June 15, 1996. Under GASB Statement No. 25, the actuarial value of assets to be used for determining a plan's funded status and annual required contribution needs to be market related. In determining the actuarial value of assets, smoothing changes in the market value of assets over a period of three to five years is considered to be appropriate.

The asset values used for the valuation were based on the asset information contained in the financial statements for the Fund for the year ending December 31, 2009. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. The resulting actuarial value of assets is \$188,396,534. The development of this actuarial value of assets is outlined in Exhibit 3. The market value of assets as of December 31, 2009 amounted to \$162,057,788.

ACTUARIAL SECTION

Actuary's Report - Pension Fund (continued)

**Exhibit 3**

**Actuarial Value of Assets**

**A. Development of Investment Gain (Loss) for 2009**

1. Market Value of Assets as of 12/31/2008	\$145,319,547
2. Employer and Miscellaneous Contributions	2,763,613
3. Employee Contributions	2,418,794
4. Benefits and Expenses	13,127,957
5. Expected Market Value (Based on 7.5% assumed rate of return)	147,980,391
6. Actual Market Value	162,057,788
7. Investment Gain (Loss) (6 - 5)	14,097,377

**B. Development of Actuarial Value of Assets as of 12/31/09**

8. Market Value of Assets as of December 31, 2009	\$162,057,788
9. Investment Gain/(Loss) for 2006	4,390,582
10. 20% of Gain/(Loss) for 2006	878,116
11. Investment Gain/(Loss) for 2007	(4,537,367)
12. 40% of Gain/(Loss) for 2007	(1,814,947)
13. Investment Gain/(Loss) for 2008	(61,106,388)
14. 60% of Gain/(Loss) for 2008	(36,663,833)
15. Investment Gain/(Loss) for 2009	14,077,397
16. 80% of Gain/(Loss) for 2009	11,261,918
17. Actuarial Value of Assets as of December 31, 2009 (8 - 10 - 12- 14 - 16)	<u>\$188,396,534</u>

### C. Fund Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2009 as provided in Articles 9 and 10 of the Illinois Pension Code. A summary of the principal provisions of the Fund on which the valuation was based is provided in Appendix 2.

### D. Actuarial Assumptions and Cost Method

Based on an experience analysis of the Fund over the period 2005 through 2008, we made some changes in the actuarial assumptions used for the December 31, 2009 actuarial valuation from the assumptions used for the December 31, 2008 valuation. These changes in assumption were as follows: (1) the mortality assumption was changed from the 1983 Group Annuity Mortality Table for Males and Females, rated up two years, to the UP-1994 Mortality Table for Males, rated down 2 years, and the UP-1994 Mortality Table for Females, rated down 1 year, (2) termination rates were increased by approximately 250% for males and 200% for females, and (3) rates of retirement were revised to result in fewer expected retirements and a lower expected average age at retirement. The actuarial assumptions used for the December 31, 2009 valuation are outlined in Appendix 1. In our opinion, the actuarial assumptions used for the valuation are reasonable, taking into account Fund experience and future expectations and represent our best estimate of anticipated experience.

The entry age actuarial cost method was used for the December 31, 2009 valuation, with costs allocated on the basis of earnings. This is the same actuarial cost method that was used for the December 31, 2008 valuation.



## ACTUARIAL SECTION

### Actuary's Report - Pension Fund (continued)

#### E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 4. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability.

As of December 31, 2009, the total actuarial liability is \$244,625,664, the actuarial value of assets is \$188,396,534 and the unfunded actuarial liability is \$56,229,130. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 77.0%.

#### Exhibit 4

#### Actuarial Liability and Funded Status

	Year Ending December 31,	
	2009	2008
1. Actuarial Liability For Active Members		
(a) Basic Retirement Annuity	\$62,376,905	\$53,972,245
(b) Automatic Increase in Retirement Annuity	18,560,984	14,412,196
(c) Additional Benefits Under Optional Plan	4,936,692	4,771,905
(d) Post-retirement Survivor's Annuity	10,062,485	10,466,793
(e) Pre-retirement Survivor's Annuity	2,163,737	2,695,879
(f) Lump Sum Payments and Refunds	2,578,842	1,320,780
(g) Total	<u>\$100,679,645</u>	<u>\$87,639,798</u>
2. Actuarial Liability For Members Receiving Benefits		
(a) Retirement Annuities	\$78,621,075	\$66,402,530
(b) Automatic Increase in Retirement Annuities	21,962,952	16,468,745
(c) Survivor Annuities to Survivors of Current Retirees	14,023,131	15,638,971
(d) Survivor Annuities to Current Survivors	15,784,300	12,767,504
(e) Lump Sum Death Benefits	136,961	162,236
(h) Total	<u>\$130,528,419</u>	<u>\$111,439,986</u>
3. Actuarial Liability For Inactive Members	<u>13,417,600</u>	<u>13,293,542</u>
4. Total Actuarial Liability	<u>\$244,625,664</u>	<u>\$212,373,326</u>
5. Actuarial Value of Assets	<u>188,396,534</u>	<u>196,277,679</u>
6. Unfunded Actuarial Liability	<u>\$ 56,229,130</u>	<u>\$ 16,095,647</u>
7. Funded Ratio	77.0%	92.4%

**Impact of Changes in Actuarial Assumptions.** We have estimated that the changes made in the actuarial assumptions used for the December 31, 2009 actuarial valuation had the impact of increasing the Fund's total actuarial liability as of December 31, 2009 by \$22,154,565.

## F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning January 1, 2010 is developed in Exhibit 5. The total normal cost is \$5,171,883, employee contributions are estimated to be \$2,122,205, resulting in the employer's share of the normal cost of \$3,049,678.

Based on a payroll of \$24,967,115 as of December 31, 2009, the employer's share of the normal cost can be expressed as 12.21% of payroll.

### Exhibit 5

## Employer's Normal Cost for Year Beginning January 1, 2010

	Dollar <u>Amount</u>	Percent <u>of Payroll</u>
1. Basic Retirement Annuity	\$2,455,876	9.84%
2. Automatic Increase in Retirement Annuity	704,500	2.82
3. Additional Benefits Under Optional Plan	153,385	0.61
4. Post-retirement Survivor's Annuity	375,262	1.50
5. Pre-retirement Survivor's Annuity	158,239	0.63
6. Lump Sum Benefits and Refunds	993,316	3.98
7. Duty Disability Benefits	14,608	0.06
8. Ordinary Disability Benefits	159,435	0.64
9. Children's Benefits	38,897	0.16
10. Administrative Expenses	<u>118,365</u>	<u>0.47</u>
11. Total Normal Cost	\$ 5,171,883	20.71%
12. Employee Contributions	<u>2,122,205</u>	<u>8.50</u>
13. Employer's Share of Normal Cost	<u>\$3,049,678</u>	<u>12.21%</u>

**Note.** Normal costs for duty disability benefits, ordinary disability benefits, and children's benefits are calculated on an annual payout basis. The above figures are based on a total active payroll of \$24,967,115 as of December 31, 2009.

## ACTUARIAL SECTION

### Actuary's Report - Pension Fund (continued)

---

#### G. Annual Required Contribution for GASB Statement No. 25

GASB Statement No. 25 requires the disclosure of the annual required employer contribution (ARC), calculated in line within certain parameters. Pursuant to GASB Statement No. 25, we have calculated the annual required contribution for the year beginning January 1, 2010 as the employer's normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2010 for purposes of GASB Statement No. 25 is as follows:

1. Employer's normal cost	\$3,049,678
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	4,577,100
3. Annual required contribution (1 + 2)	<u>\$7,626,778</u>

## H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 25 established financial reporting standards for defined benefit pension plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of six years, is to be provided in two schedules of historical trend information, as follows.

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and
2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2009 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 6 and 7.

We have also made calculations to determine the Net Pension Obligation (NPO) as of December 31, 2009. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 27 for calculating the NPO. According to GASB Statement No. 27, an employer's NPO is equal to the cumulative difference between the annual pension cost and the employer's contribution.

The Net Pension Obligation as of December 31, 2009 is determined in Exhibit 8.

The following information is applicable to the calculations of the information shown in Exhibits 6, 7, and 8:

Valuation Date	December 31, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market value
Actuarial Assumptions	
Investment return rate	7.5% per year
Projected salary increases	5.0% per year
Inflation rate	3.0% per year
Postretirement benefit increase	3.0% per year

ACTUARIAL SECTION

Actuary's Report - Pension Fund (continued)

**Exhibit 6**

**Schedule of Funding Progress**

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2000	\$171,593,116	\$177,865,868	103.70%	\$(6,272,752)	\$32,211,624	-19.47%
2001	184,441,770	180,733,922	98.00%	3,707,848	28,631,232	12.95%
2002	212,045,541	172,954,688	81.60%	39,090,853	25,781,400	151.62%
2003	218,727,197	170,114,265	77.80%	48,612,932	17,348,472	280.21%
2004	245,321,025	186,560,109	76.05%	58,760,916	16,635,794	353.22%
2005	217,588,298	189,066,378	86.89%	28,521,920	18,077,621	157.77%
2006	196,983,226 <sup>1</sup>	193,511,049	98.24%	3,472,177 <sup>1</sup>	19,172,756	18.11%
2007	205,392,258 <sup>1</sup>	203,043,217	98.86%	2,349,041 <sup>1</sup>	21,078,316	11.14%
2008	212,373,326 <sup>1</sup>	196,277,679	92.42%	16,095,647 <sup>1</sup>	23,474,621	68.57%
2009	244,625,664 <sup>1</sup>	188,396,534	77.01%	56,229,130 <sup>1</sup>	24,967,115	225.21%

<sup>1</sup> Pension benefits only.

**Exhibit 7**

**Schedule of Employer Contributions**

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
2000	\$3,741,475	\$3,355,316	89.68%
2001	4,816,346	3,675,320	76.31%
2002	5,165,491	3,993,607	77.31%
2003	7,725,882	3,436,122	44.48%
2004	9,326,465	3,890,142	41.71%
2005	7,466,836	3,224,743	43.19%
2006	2,691,753 <sup>1</sup>	1,532,343 <sup>1</sup>	56.93%
2007	2,809,494 <sup>1</sup>	1,995,300 <sup>1</sup>	71.02%
2008	3,329,502 <sup>1</sup>	523,928 <sup>1</sup>	15.74%
2009	4,498,036 <sup>1</sup>	1,282,642 <sup>1</sup>	28.52%

<sup>1</sup> Pension benefits only.

**Exhibit 8****Net Pension Obligation as of December 31, 2009**

1. NPO as of 12-31-2008	\$13,701,283
2. Annual Required Contribution (ARC)	4,498,036
3. Interest on NPO	1,027,596
4. Adjustment to ARC	(1,115,296)
5. Annual Pension Cost for 2009 (2 + 3 + 4)	<u>\$ 4,410,336</u>
6. Total Employer Contribution for 2009	<u>1,282,642</u>
7. NPO as of 12-31-2009 (1 + 5 - 6)	<u><u>\$16,828,977</u></u>

# Actuary's Report - Health Insurance

## A. Purpose and Summary

We have performed an actuarial valuation as of December 31, 2009 of the retiree health insurance benefits provided by the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County. The purpose of the valuation was to determine the total actuarial liability and annual required contribution for retiree health insurance benefits provided by the Fund for financial reporting purposes pursuant to GASB Statement No. 43. GASB Statement 43 does not apply to the funding of retiree health insurance benefits and valuations for funding purposes may differ significantly from the results presented here.

This report is intended to present the results of the valuation of the retiree health insurance benefits provided by the Fund for purposes of GASB Statement No. 43. The results of the valuation are summarized below:

1. Total Actuarial Liability	\$43,142,977
2. Actuarial Value of Assets	0
3. Unfunded Actuarial Liability	43,142,977
4. Annual Required Contribution	
For Year Beginning January 1, 2010	3,876,537

## B. Data Used for the Valuation

**Participant Data.** The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of December 31, 2009, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 461 active employees, 282 annuitants currently receiving benefits, and 33 terminated employees entitled to benefits but not yet receiving them.

### Exhibit 1

## Summary of Membership Data

	Year Ending December 31,	
	<u>2009</u>	<u>2008</u>
1. Annuitants Currently Receiving Benefits	282	279
2. Terminated Employees Entitled To Benefits But Not Yet Receiving Them	33	35
3. Active Employees	<u>461</u>	<u>442</u>
4. Total Number of Members	<u>776</u>	<u>756</u>

**Assets.** Assets are not being accumulated in advance for the payment of retiree health insurance benefits. The benefits are paid out of current year employer contributions. According to the Fund's financial statements, as of December 31, 2009, net assets of the postemployment healthcare plan were \$0.

## C. Program Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2009 as provided in Articles 9 and 10 of the Illinois Pension Code.

The Fund pays all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. Currently, the Fund is paying 55% of the total premiums for retiree annuitants, including the cost of any family coverage, and 70% of the premiums for survivor annuitants, including the cost of any family coverage.

An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50. The surviving spouse of an employee who dies in service or of retiree in receipt of a retirement annuity is entitled to a surviving spouse's annuity.

## D. Actuarial Assumptions and Cost Method

In performing the actuarial valuation of the retiree health insurance program for purposes of GASB Statement No. 43, we used such parameters and assumptions as are prescribed in GASB Statement No. 43 for actuarial valuations of retiree health insurance benefits. These parameters and assumptions are described below:

**Interest Rate Assumption** - Under GASB Statement No. 43, if no assets have been accumulated under a retiree health insurance program, the interest rate assumption is to be based on the investments of the employer. As governmental employers are able to invest only in short term, fixed income securities, we have used an interest rate assumption of 4.5% per year in performing the actuarial valuation of the retiree health insurance program.

**Medical Trend Rate Assumption** - One of the most important assumptions is the medical trend rate assumption used to increase per member medical costs in future years. The medical trend rate assumption that we have used starts at 8.0% in 2011 and gradually declines to 5.0% by the year 2017 as follows:

<u>Year</u>	<u>Medical Trend</u>
2011	8.0%
2012	7.5%
2013	7.0%
2014	6.5%
2015	6.0%
2016	5.5%
2017 and later	5.0%



## ACTUARIAL SECTION

### Actuary's Report - Health Insurance (continued)

#### D. Actuarial Assumptions and Cost Method (continued)

##### Per Member Costs

**Current Pensioners** - We have been provided with information regarding premium rates as of January 1, 2010 for each pensioner currently participating in the retiree health insurance program. We applied the Fund's current reimbursement rates to these premiums to determine the per member cost to the Fund for pensioners currently participating in the retiree health insurance program.

**Currently Active Employees** - We have been provided with information regarding premium rates as of January 1, 2010 for each of the health insurance plans available to retirees and the number of retirees participating in each plan.

Based on this information, we developed average per member total costs to be used for currently active employees. We developed average per member total costs separately for the following categories:

	<u>Average Total Monthly Cost Per Retiree</u>
1. Employee retirees under age 65	\$1,222.09
2. Spouse retirees under age 65	\$1,051.01
3. Employee retirees over age 65	\$ 593.09
4. Spouse retirees over age 65	\$ 383.67

GASB Statement No. 43 provides projection of future retiree health care benefits should be based on actuarial standards issued by the Actuarial Standards Board. Actuarial Standards of Practice No. 6 provides that actuaries should consider the variation of health care costs by age and should use appropriate age bands if the costs vary significantly.

We have therefore developed age-adjusted costs per retiree that are equivalent to the above average costs per retiree by using the Aging Curve for Health Care Costs that is included in Table 4 of the study Aging Curves for Health Care Costs in Retirement, by Jeffrey P. Petertil, published in the July 2005 issue of the *North American Actuarial Journal*.

The percent increases in health care costs by age that are shown in Table 4 of the above paper are as follows:

<u>Age Band</u>	<u>Representative One Year Aging Factor</u>
50-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90 and over	0.0%

## D. Actuarial Assumptions and Cost Method (continued)

Applying the previous rates of increases in health care costs by age, we developed costs per retiree by five-year age groups that were equivalent to the above average costs per retiree. This was done separately for the under age 65 costs per retiree and the over age 65 costs per retiree, for both employee retirees and spouse retirees. The cost per retiree by five-year age groups were developed so the total of the age-adjusted costs was equal to the total of the level average costs.

The age adjusted retiree monthly costs that we developed using the above approach are as follows:

<u>Age Band</u>	<u>Age Adjusted Monthly Cost Per Employee Retiree</u>	<u>Age Adjusted Monthly Cost Per Spouse Retiree</u>
50-54	\$ 918.56	\$ 843.47
55-59	\$1,088.33	\$ 999.35
60-64	\$ 1,317.73	\$ 1,210.00
65-69	\$ 497.06	\$ 300.15
70-74	\$ 569.26	\$ 343.75
75-79	\$ 636.24	\$ 384.20
80-84	\$ 685.37	\$ 413.87
85-89	\$ 711.45	\$ 429.61

In determining the costs to the Fund, we took into account that the Fund pays 55% of the total premiums for retirees and 70% of the total premiums for survivors.

**Participation Rates** - Based on current participation data, we have assumed future participation rates in the retiree health insurance program to be as follows:

<u>Category</u>	<u>Participation Rate</u>
Employee retirees under age 65	63%
Spouse retirees under age 65	39%
Employee retirees over age 65	51%
Spouse retirees over age 65	51%

**Other Actuarial Assumptions** - The other actuarial assumptions that we used in performing the actuarial valuation of the retiree health insurance benefits provided by the Fund are similar to the actuarial assumptions that we use in the actuarial valuation of pension benefits. These assumptions are outlined in Appendix 1.

The entry age actuarial cost method was used for the December 31, 2009 valuation. This is the same actuarial cost method that we use for the actuarial valuation of pension benefits provided by the Fund.

## ACTUARIAL SECTION

### Actuary's Report - Health Insurance (continued)

#### E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 2. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability.

As of December 31, 2009, the total actuarial liability for retiree health insurance benefits provided by the Fund is \$43,142,977, the actuarial value of assets is \$0 and the unfunded actuarial liability is \$43,142,977.

#### Exhibit 2

#### Actuarial Liability and Funded Status

	Year Ending December 31,	
	<u>2009</u>	<u>2008</u>
1. Actuarial Liability For Active Members	\$20,560,518	\$16,416,777
2. Actuarial Liability For Members Receiving Benefits	<u>22,582,459</u>	<u>19,587,628</u>
3. Total Actuarial Liability	<u>\$43,142,977</u>	<u>\$36,004,405</u>
4. Actuarial Value of Assets	<u>0</u>	<u>0</u>
5. Unfunded Actuarial Liability	<u>\$43,142,977</u>	<u>\$36,004,405</u>

#### F. Normal Cost

The normal cost for the year beginning January 1, 2010 is shown below. The total normal cost is \$1,290,533. Based on a payroll of \$24,967,115 as of December 31, 2009, the total normal cost can be expressed as 5.17% of payroll.

#### Normal Cost for Year Beginning January 1, 2010

	<u>Dollar Amount</u>	<u>Percent of Payroll</u>
Total Normal Cost	\$1,290,533	5.17%

## G. Annual Required Contribution for GASB Statement No. 43

Pursuant to GASB Statement No. 43, we have calculated the annual required contribution for the year beginning January 1, 2010 as the normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2010 for purposes of GASB Statement No. 43 is as follows:

	Year Ending December 31
	<u>2009</u>
1. Total Normal Cost	\$1,290,533
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	<u>2,586,004</u>
3. Annual required contribution (1 + 2)	<u>\$3,876,537</u>

## H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 43 established financial reporting standards for retiree health insurance plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of three years, is to be provided in two schedules of historical trend information, as follows:

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and
2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2009 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 3 and 4.

We have also made calculations to determine the Net OPEB Obligation (NOO) as of December 31, 2009. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 45 for calculating the NOO. According to GASB Statement No. 45, an employer's NOO is equal to the cumulative difference between the annual OPEB cost and the employer's contribution.

## ACTUARIAL SECTION

### Actuary's Report - Health Insurance (continued)

---

#### H. GASB Disclosure Information (continued)

The Net OPEB Obligation as of December 31, 2009 is determined in Exhibit 5.

The following information is applicable to the calculations of the information shown in Exhibits 3, 4, and 5:

Valuation Date	December 31, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Actuarial Assumptions	
Investment return rate	4.5% per year
Inflation rate	3.0% per year
Increases in Postretirement health care costs	
2011	8.0%
2012	7.5%
2013	7.0%
2014	6.5%
2015	6.0%
2016	5.5%
2017 and later	5.0%

**Exhibit 3**

**Schedule of Funding Progress**

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2006	\$39,448,815	-	0.00%	\$39,448,815	\$19,172,756	205.75%
2007	40,605,811	-	0.00%	40,605,811	21,078,316	192.64%
2008	36,004,405	-	0.00%	36,004,405	23,474,621	153.38%
2009	43,142,977	-	0.00%	43,142,977	24,967,115	172.80%

**Exhibit 4**

**Schedule of Employer Contributions**

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
2006	\$3,747,117	\$1,187,670	31.70%
2007	3,729,144	1,291,740	34.64%
2008	3,785,850	1,499,520	39.61%
2009	3,490,173	1,261,052	36.13%

**Exhibit 5**

**Net OPEB Obligation as of December 31, 2009**

1. NOO as of 12-31-2008	\$2,286,330
2. Annual Required Contribution (ARC)	3,490,173
3. Interest on NOO	102,885
4. Adjustment to ARC	(137,043)
5. Annual OPEB Cost for 2009 (2 + 3 + 4)	<u>3,456,015</u>
6. Total Employer Contribution for 2009	<u>1,261,052</u>
7. NOO as of 12-31-2009 (1 + 5 + 6)	<u><u>\$4,481,293</u></u>

# Additional Actuarial Tables

**TABLE I**

Schedule of Active Member Valuation Data- Pension Fund	Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
	12/31/00	885	\$32,211,624	\$36,397	2.9%
	12/31/01	708	28,631,232	40,440	11.1%
	12/31/02	614	25,781,400	41,989	3.8%
	12/31/03	385	17,348,472	45,061	7.3%
	12/31/04	368	16,635,794	45,206	0.3%
	12/31/05	373	18,077,621	48,465	7.2%
	12/31/06	394	19,172,756	48,662	0.4%
	12/31/07	418	21,078,316	50,427	3.6%
	12/31/08	442	23,474,621	53,110	5.3%
	12/31/09	461	24,967,115	54,159	2.0%

**TABLE II**

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls- Pension Fund	Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		Average Annual Benefit	% Increase in Average Annual Benefit
		Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
	2000	23	\$ 570,365	26	\$247,306	364	\$ 5,313,570	\$14,598	7.4%
	2001	26	443,414	20	142,894	370	5,614,090	15,173	3.9%
	2002	35	673,286	18	156,333	387	6,131,043	15,842	4.4%
	2003	113	2,828,066	30	239,967	470	8,719,142	18,551	17.1%
	2004	40	801,673	6	219,147	504	9,301,668	18,456	-0.5%
	2005	20	464,338	27	361,476	497	9,404,530	18,923	2.5%
	2006	29	759,165	27	262,810	499	9,900,885	19,841	4.9%
	2007	16	615,191	25	559,530	490	9,956,546	20,319	2.4%
	2008	34	789,897	35	570,647	489	10,175,796	20,809	2.4%
	2009	27	1,124,442	26	454,966	490	10,845,272	22,133	6.4%

**TABLE III**

Solvency Test	Accrued Liabilities for							
	Fiscal Year Ended	(1)	(2)	(3)	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets		
		Active and Inactive Members Accumulated Contributions	Members Currently Receiving Benefits	Active and Inactive Member Employer Portion		(1)	(2)	(3)
2000	\$26,469,965	\$ 67,315,185	\$75,807,966	\$177,865,868	100%	100%	100%	
2001	30,945,931	72,446,232	81,049,608	180,733,922	100%	100%	95%	
2002	32,936,933	85,617,905	93,490,702	172,954,688	100%	100%	58%	
2003	26,406,208	131,627,943	60,693,046	170,114,265	100%	100%	20%	
2004	25,969,092	146,514,493	72,837,440	186,560,109	100%	100%	19%	
2005	27,436,728	123,563,142	66,588,428	189,066,378	100%	100%	57%	
2006	27,929,859	127,792,810	70,858,224	193,511,049	100%	100%	53%	
2007	29,282,123	127,857,635	76,980,436	203,043,217	100%	100%	60%	
2008	30,401,379	126,422,220	81,104,031	196,277,679	100%	100%	49%	
2009	31,830,611	147,429,265	94,772,475	188,396,534	100%	100%	10%	

## Additional Information

### Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method

The actuarial assumptions used for the December 31, 2009 actuarial valuation are summarized below. These assumptions are based on an experience analysis of the Fund over the period 2005 through 2008. The assumptions were adopted by the Board as of December 31, 2009 based on the recommendation of the actuary.

**Mortality Rates.** The UP-1994 Mortality Table for Males, rated down 2 years, and the UP-1994 Mortality Table for Females, rated down 1 year.

**Termination Rates.** Termination rates based on the recent experience of the Fund were used. The following is a sample of the termination rates used:

Attained Age	Rates of Termination - Age at Entrance					
	Males			Females		
	<u>27</u>	<u>32</u>	<u>37</u>	<u>27</u>	<u>32</u>	<u>37</u>
27	.145			.183		
32	.116	.165		.117	.165	
37	.030	.105	.141	.030	.093	.114
42	.030	.030	.085	.030	.030	.060
47	.030	.030	.030	.030	.030	.030

**Retirement Rates.** Rates of retirement for each age from 50 to 75 based on the recent experience of the Fund. The following are samples of the rates of retirement used:

#### Less Than 30 Years of Service at Retirement

Age	Rates of Retirement	
	<u>Males</u>	<u>Females</u>
50	.010	.012
55	.060	.072
60	.250	.216
65	.150	.120
70	.250	.200
75	1.000	1.000



ACTUARIAL SECTION

Additional Information (continued)

Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method (continued)

30 or More Years of Service at Retirement

<u>Age</u>	<u>Rates of Retirement</u>	
	<u>Males</u>	<u>Females</u>
50	.150	.128
55	.300	.213
60	.375	.230
65	.270	.120
70	.450	.200
75	1.000	1.000

**Salary Progression.** 5.0% per year, compounded annually.

**Interest Rate.** For the Pension Fund valuation, 7.5% per year, compounded annually. For the Health Insurance valuation, 4.5% per year, compounded annually.

**Loading For Reciprocal Benefits.** Costs and liabilities of active employees were loaded by 1% for reciprocal annuities where the Forest Preserve District is the last employer. It was assumed that 50% of inactive members with one or more year of service would receive a reciprocal annuity where the District is not the last employer. These reciprocal annuities were valued as of the member's retirement date as 10 times an inactive member's accumulated contributions.

**Marital Status.** 85% of participants were assumed to be married.

**Spouse's Age.** The spouse of a male employee was assumed to be four years younger than the employee. The spouse of a female employee was assumed to be four years older than the age of the employee.

**Actuarial Cost Method.** The entry age actuarial cost method was used, with costs allocated on the basis of earnings. Actuarial gains and losses are reflected in the unfunded actuarial liability and are amortized over an open 30-year period.

## Appendix 2: Summary of Principal Provisions

**Participant.** A person employed by the Forest Preserve District whose salary or wages is paid in whole or in part by the Forest Preserve District. An employee in service on or after January 1, 1984 shall be deemed as a participant regardless of when he or she became an employee.

**Service.** For all purposes except the minimum retirement annuity and ordinary disability benefit, service during four months in any calendar year constitutes one year of service. For the minimum retirement annuity, all service is computed in whole calendar months. Service for any 15 days in a calendar month shall constitute a month of service.

For purposes of the minimum retirement annuity, service shall include:

- a. Any time during which the employee performed the duties of his or her position and contributed to the Fund.
- b. Vacations and leaves of absence with whole or part pay.
- c. Periods during which the employee receives a disability benefit from the Fund, and
- d. Certain periods of accumulated sick leave.

**Retirement Annuity – Eligibility.** An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50.

### Retirement Annuity – Amount

**Money Purchase Annuity.** The amount of annuity based on the sum accumulated from the employee's salary deductions for age and service annuity plus 1/10 of the sum accumulated from the contributions by the Forest Preserve District for age and service annuity for each completed year of service after the first 10.

**Minimum Formula Annuity.** The amount of annuity provided is equal to 2.4% of final average salary for each year of service. Final average salary is the highest average monthly salary for any 48 consecutive months within the last 10 years of service. Salary for pension purposes is actual salary earned exclusive of overtime or extra salary. The maximum amount of annuity is 80% of final average salary.

If an employee retires before age 60, the annuity is reduced by .5% for each full month or fraction thereof that the employee is under age 60 when the annuity begins, unless the employee has 30 or more years of service, in which case there is no reduction for retirement before age 60.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the employee is entitled to receive the Minimum Formula Annuity.

**Automatic Increase in Retirement Annuity.** Employees who retire from service having attained age 60 or more, or, if retirement occurs on or after January 1, 1991, with at least 30 years of service, 3% of the annuity beginning January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60 with less than 30 years of service, increases begin in January of the year immediately following the year in which age 60 is attained. Beginning January 1, 1998, increases are calculated as 3% of the monthly annuity payable at the time of the increase.

## Appendix 2: Summary of Principal Provisions (continued)

**Optional Plan of Contributions and Benefits.** During the period through June 30, 2005, an employee may establish optional credit for additional benefits by making additional contributions of 3% of salary. The additional benefit is equal to 1% of final average salary for each year of service for which optional contributions have been paid. The additional benefit shall be included in the calculation of the automatic annual increase and the calculation of the survivor's annuity.

### Surviving Spouse's Annuity – Death in Service

**Money Purchase Annuity.** The amount of annuity based on the accumulated salary deductions and Forest Preserve District contributions for both the employee and the spouse.

**Minimum Formula Annuity.** A minimum annuity is provided for the eligible surviving spouse of an employee who dies in service with any number of years of service. The amount of such minimum spouse's annuity is equal to 65% of the annuity the employee would have been entitled to as of the date of death, provided the spouse on such date is age 55 or older, or that the employee had 30 or more years of service. If the spouse is under age 55 and the employee had less than 30 years of service, the amount of the spouse's annuity shall be discounted by .5% for each month that the spouse is less than age 55 on the date of the employee's death. The amount of the surviving spouse's annuity shall not be less than 10% of the employee's final average salary as of the date of death.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the surviving spouse shall be entitled to receive the Minimum Formula Annuity.

**Surviving Spouse's Annuity – Death after Retirement.** The amount of the annuity is the greater of the money purchase annuity or the minimum formula. The surviving spouse of an annuitant who dies on or after July 1, 2002 shall be entitled to an annuity of 65% of the employee's annuity at the time of death if the employee had at least 10 years of service, reduced by .5% per month that the spouse is under age 55 at the time of the employee's death. There is no reduction for age if the employee had at least 30 years of service.

**Automatic Annual Increase in Surviving Spouse's Annuity.** On the January 1 occurring on or immediately after the first anniversary of the deceased employee's death, the surviving spouse's annuity shall be increased by 3% of the amount of annuity payable at the time of the increase. On each January 1 thereafter, the annuity shall be increased by an additional 3% of the amount of annuity payable at the time of the increase.

**Child's Annuity.** Annuities are provided for unmarried children of a deceased employee who are under age 18. An adopted child is entitled to the child's annuity if such child was legally adopted at least one year before the child's annuity becomes payable. The child's annuity is payable under the following conditions:

- a. the death of the employee was a duty related death; or
- b. if the death is not a duty related death, the employee died while in service and had completed at least four years of service from the date of his or her original entrance in service and at least two years from the latest re-entrance; or
- c. if the employee died while in receipt of an annuity, he or she must have withdrawn from service after attainment of age 50

The amount of the annuity is the greater of 10% of the employee's final salary at the date of death or \$140 per month for each child.

## Appendix 2: Summary of Principal Provisions (continued)

**Duty Disability Benefits.** Duty disability benefits are payable to an employee who becomes disabled as a result of an accidental injury incurred while in the performance of an act of duty. Benefits begin on the first regular and normal work date for which the employee does not receive a salary. The amount of the duty disability benefit is equal to 75% of the employee's salary at the date of injury, reduced by the amount the employee receives from Workers' Compensation. However, if the disability, in any measure has resulted from any physical defect or disease that existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary. The Fund contributes the 8.5% of salary normally contributed by the employee for pension purposes.

If the disability commences prior to age 60, duty disability benefits are payable during disability until the employee attains age 65. If the disability begins after age 60, the benefit is payable during disability for a period of 5 years.

Recipients of duty disability benefits also have a right to receive child's disability benefits of \$10 per month on account of each unmarried child less than age 18. Total children's disability benefits shall not exceed 15% of the employee's salary.

**Ordinary Disability Benefits.** Ordinary disability benefits are provided for employees who become disabled as the result of any cause other than injury incurred in the performance of an act of duty. The amount of the benefit is 50% of the employee's annual salary at the time of disability. The Fund contributes the 8.5% of salary normally contributed by the employee for pension purposes.

Ordinary disability benefits are payable after the first 30 days of disability provided the employee is not then in receipt of salary. Ordinary disability benefits are payable until the first of the following shall occur:

- a. the disability ceases; or
- b. the date that total payments equal the lesser of (1)  $\frac{1}{4}$  of the total service rendered prior to disability, and (2) five years.

An employee unable to return to work at the expiration of ordinary disability benefit is entitled to an annuity beginning on the date of the employee's withdrawal from service regardless of age on such date.

**Death Benefit.** Upon the death of an active or retired employee, a death benefit of \$1,000 is payable to the employee's designated beneficiary or to the employee's estate if no beneficiary has been designated.

**Group Health Benefits.** The Fund may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. Currently, the Fund is paying 55% of the premiums for retiree annuitants and 70% of the premiums for survivor annuitants.

**Refund to Employee Upon Withdrawal From Service.** Upon withdrawal from service, an employee under the age of 55, or anyone with less than 10 years of service is eligible for a refund. The employee is entitled to a refund of the amount accumulated to his or her credit for age and service annuity and the survivor's annuity together with the total amount contributed for the automatic annual increase, without interest. Upon receipt of such refund, the employee forfeits all rights to benefits from the Fund.

## Appendix 2: Summary of Principal Provisions (continued)

**Election of Refund in Lieu of Annuity.** If an employee's annuity or spouse's annuity is less than \$150.00 per month, such employee or spouse annuitant may elect a refund of the employee's accumulated contributions in lieu of a monthly annuity.

**Refund For Surviving Spouse's Annuity.** If an employee is unmarried at the time of retirement, all contributions for surviving spouse's annuity will be refunded with interest at the rate of 3% per year, compounded annually.

**Refund of Remaining Amounts.** In the event that the total amount accumulated to the account of employee from employee contributions for annuity purposes has not been paid to the employee and surviving spouse as a retirement or surviving spouse's annuity before the death of the survivor of the employee and spouse, a refund of any excess amount shall be paid to the children of the employee, in equal parts, or if there are no children, to the beneficiaries of the employee or the administrator of the estate.

**Employee Contributions.** Employees contribute through salary deductions 8.5% of salary to the Fund, 6.5% being for the retirement annuity, 1.5% being for the surviving spouse's annuity, and .5% being for the automatic increase in retirement annuity.

**Employer Contributions.** The Forest Preserve District levies a tax annually equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.30.

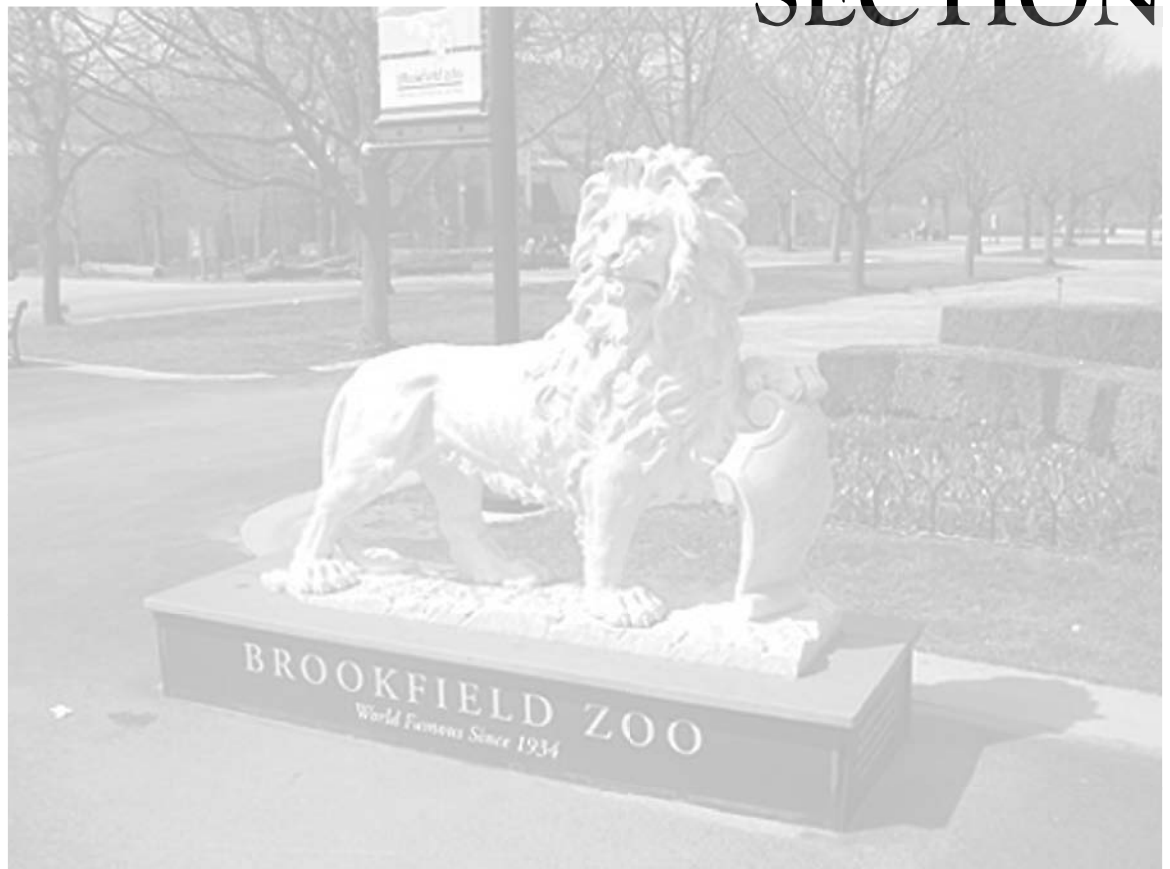
**Employer Pick-up of Employee Contributions.** Since April 15, 1982, regular employee contributions have been designated for federal income tax purposes as being made by the employer. The employee's W-2 salary is therefore reduced by the amount of contribution. For pension purposes, the salary remains unchanged. For purposes of benefits, refunds, and financing, these contributions are treated as employee contributions.

### Appendix 3: Glossary of Terms Used in Report

1. **Actuarial Present Value.** The value of an amount or series of amounts payable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.
2. **Actuarial Cost Method or Funding Method.** A procedure for determining the actuarial present value of pension plan benefits and for determining an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an actuarial accrued liability.
3. **Normal Cost.** That portion of the present value of pension plan benefits, which is allocated to a valuation year by the actuarial cost method.
4. **Actuarial Accrued Liability or Accrued Liability.** That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension benefits which is not provided for by future normal costs.
5. **Actuarial Value of Assets.** The value assigned by the actuary to the assets of the pension plan for purposes of an actuarial valuation.
6. **Unfunded Actuarial Liability.** The excess of the actuarial liability over the actuarial value of assets.
7. **Entry Age Actuarial Cost Method.** A cost method under which the present value of the projected benefits of each individual included in an actuarial valuation is allocated as a level dollar amount or level percent of the individual's earnings between entry age and assumed exit age. The portion of this actuarial present value of benefits allocated to a valuation year is called the normal cost. The portion of this actuarial present value of benefits not provided at a valuation date by the actuarial present value of future value of normal costs is called the actuarial liability.  
  
Under this method, the actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial liability.
8. **Actuarial Assumptions.** Assumptions as to future events affecting pension costs.
9. **Actuarial Valuation.** The determination, as of the valuation date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for a pension plan.
10. **Vested Benefits.** Benefits that are not contingent on an employee's future service.



# STATISTICAL SECTION





## Statement of Changes in Plan Net Assets - Pension

For year ended December 31, 2009, with comparative totals for 9 years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Additions:					
Employer contributions	\$ 1,282,642	\$ 523,928	\$ 1,995,300	\$ 1,532,343	\$ 1,897,331
Employee contributions	2,418,794	2,119,208	1,986,605	1,690,781	2,627,465
Net investment and net securities					
lending income (loss)	24,683,791	(46,414,013)	9,989,189	18,117,244	8,107,038
Other	1,798	18,744	2,446	10,025	4,760
Total additions	<u>28,387,025</u>	<u>(43,752,133)</u>	<u>13,973,540</u>	<u>21,350,393</u>	<u>12,636,594</u>
Deductions:					
Benefits					
Retirement	9,144,321	8,955,164	8,847,306	8,776,342	8,463,855
Survivors	1,552,939	1,368,001	1,296,424	1,175,199	1,084,061
Disability	247,088	227,996	189,742	160,882	233,361
Refunds					
Death	23,360	160,624	60,125	138,714	33,804
Separation	318,195	221,159	342,470	123,915	659,239
Other	131,398	136,617	62,071	83,488	37,289
Employee transfers to (from)					
Cook County	118,754	(119,434)	130,674	345,410	186,159
Net administrative and					
miscellaneous expenses	112,729	138,550	114,674	108,566	113,138
Total deductions	<u>11,648,784</u>	<u>11,088,677</u>	<u>11,043,486</u>	<u>10,912,516</u>	<u>10,810,906</u>
Net increase (decrease)	16,738,241	(54,840,810)	2,930,054	10,437,877	1,825,688
Net assets held in trust for benefits:					
Beginning of period	145,319,547	200,160,357	197,230,303	186,792,426	184,966,738
End of period	<u>\$162,057,788</u>	<u>\$145,319,547</u>	<u>\$200,160,357</u>	<u>\$197,230,303</u>	<u>\$186,792,426</u>

\* Refund breakout for 2004 is unavailable due to the transition to a new actuary.

See accompanying notes to the financial statements.

**For year ended December 31, 2009, with comparative totals for 9 years**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Additions:					
Employer contributions	\$ 2,220,982	\$ 1,950,014	\$ 2,877,894	\$ 2,763,293	\$ 2,516,402
Employee contributions	2,020,255	2,320,665	3,256,643	3,095,756	3,064,172
Net investment and net securities					
lending income (loss)	15,490,826	26,692,476	(9,451,652)	1,519,589	7,866,065
Other	17,712	-	-	-	30,984
Total additions	<u>19,749,775</u>	<u>30,963,155</u>	<u>(3,317,115)</u>	<u>7,378,638</u>	<u>13,477,623</u>
Deductions:					
Benefits					
Retirement	8,293,288	7,694,693	5,348,014	4,819,344	4,636,738
Survivors	1,066,113	894,102	853,358	775,882	714,462
Disability	333,081	366,028	398,326	321,795	292,674
Refunds					
Death	N/A	91,127	34,837	62,318	104,026
Separation	N/A	1,956,437	506,712	406,653	639,099
Other	1,305,039	624,890	74,013	31,568	76,500
Employee transfers to (from)					
Cook County	507,604	-	-	-	-
Net administrative and miscellaneous expenses					
	136,235	156,129	200,848	146,758	135,957
Total deductions	<u>11,641,360</u>	<u>11,783,406</u>	<u>7,416,108</u>	<u>6,564,318</u>	<u>6,599,456</u>
Net increase (decrease)	8,108,415	19,179,749	(10,733,223)	814,320	6,878,167
Net assets held in trust for benefits:					
Beginning of period	<u>176,858,323</u>	<u>157,678,574</u>	<u>168,411,797</u>	<u>167,597,477</u>	<u>160,719,310</u>
End of period	<u>\$184,966,738</u>	<u>\$176,858,323</u>	<u>\$157,678,574</u>	<u>\$168,411,797</u>	<u>\$167,597,477</u>

\* Refund breakout for 2004 is unavailable due to the transition to a new actuary.

See accompanying notes to the financial statements.

## Statement of Changes in Plan Net Assets - Postemployment Healthcare

For year ended December 31, 2009, with comparative totals for 9 years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Additions:					
Employer contributions	\$1,261,052	\$1,499,520	\$1,291,740	\$1,187,670	\$1,327,412
Other	218,121	108,720	243,505	165,819	-
Total additions	<u>1,479,173</u>	<u>1,608,240</u>	<u>1,535,245</u>	<u>1,353,489</u>	<u>1,327,412</u>
Deductions:					
Healthcare Benefits	<u>1,479,173</u>	<u>1,608,240</u>	<u>1,535,245</u>	<u>1,353,489</u>	<u>1,327,412</u>
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

## For year ended December 31, 2009, with comparative totals for 9 years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Additions:					
Employer contributions	\$1,669,160	\$1,482,680	\$1,115,714	\$910,977	\$831,815
Other	-	-	-	-	-
Total additions	<u>1,669,160</u>	<u>1,482,680</u>	<u>1,115,714</u>	<u>910,977</u>	<u>831,815</u>
Deductions:					
Healthcare Benefits	<u>1,669,160</u>	<u>1,482,680</u>	<u>1,115,714</u>	<u>910,977</u>	<u>831,815</u>
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	-	-	-	-	-
End of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

## Schedule of Retired Members by Benefit Type- Pension

As of December 31, 2009

<u>Monthly Pension Amount</u>	<u>Retirement</u>		<u>Survivor</u>		<u>Total</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
\$ 0 - 499	36	6	2	55	38	61
\$ 500 - 999	46	1	1	41	47	42
\$ 1,000 - 1,499	41	4	0	23	41	27
\$ 1,500 - 1,999	33	2	1	13	34	15
\$ 2,000 - 2,499	25	5	0	6	25	11
\$ 2,500 - 2,999	34	4	0	3	34	7
\$ 3,000 - 3,499	24	0	0	1	24	1
\$ 3,500 - 3,999	19	1	0	1	19	2
\$ 4,000 - 4,499	11	2	0	1	11	3
\$ 4,500 - 4,999	25	2	0	0	25	2
\$ 5,000 - 5,499	10	0	0	0	10	0
\$ 5,500 - 5,999	5	0	0	0	5	0
\$ 6,000 - 6,499	3	0	0	0	3	0
\$ 6,500 - 6,999	1	0	0	0	1	0
\$ 7,000 - 7,499	0	1	0	0	0	1
\$ 7,500 - 7,999	0	0	0	0	0	0
\$ 8,000 - 8,499	0	0	0	0	0	0
\$ 8,500 - 8,999	0	0	0	0	0	0
\$ 9,000 +	1	0	0	0	1	0
Total	<u>314</u>	<u>28</u>	<u>4</u>	<u>144</u>	<u>318</u>	<u>172</u>

## Schedule of Retired Members by Benefit Type - Postemployment Healthcare

As of December 31, 2009

<u>Monthly Pension Amount</u>	<u>Retirement</u>		<u>Survivor</u>		<u>Total</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
\$ 0 - 499	3	2	0	18	3	20
\$ 500 - 999	14	0	1	28	15	28
\$ 1,000 - 1,499	14	3	0	21	14	24
\$ 1,500 - 1,999	25	2	0	8	25	10
\$ 2,000 - 2,499	19	3	0	6	19	9
\$ 2,500 - 2,999	25	3	0	3	25	6
\$ 3,000 - 3,499	21	0	0	1	21	1
\$ 3,500 - 3,999	15	0	0	1	15	1
\$ 4,000 - 4,499	7	2	0	0	7	2
\$ 4,500 - 4,999	19	2	0	0	19	2
\$ 5,000 - 5,499	9	0	0	0	9	0
\$ 5,500 - 5,999	3	0	0	0	3	0
\$ 6,000 - 6,499	2	0	0	0	2	0
\$ 6,500 - 6,999	1	0	0	0	1	0
\$ 7,000 - 7,499	0	0	0	0	0	0
\$ 7,500 - 7,999	0	0	0	0	0	0
\$ 8,000 - 8,499	0	0	0	0	0	0
\$ 8,500 - 8,999	0	0	0	0	0	0
\$ 9,000 +	1	0	0	0	1	0
Total	<u>178</u>	<u>17</u>	<u>1</u>	<u>86</u>	<u>179</u>	<u>103</u>

# Schedule of Average Benefit Payments

		Years of Credited Service						
		<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>
2000	Average Monthly Pension	85	368	677	0	0	3,602	3,069
	Average Monthly Final Average Salary	N/A	N/A	2,456	0	0	5,414	4,254
	Number of New Retirees	1	5	3	0	0	1	8
2001	Average Monthly Pension	138	897	1,034	972	0	3,742	3,437
	Average Monthly Final Average Salary	N/A	N/A	3,614	2,719	0	5,125	4,559
	Number of New Retirees	1	2	5	1	0	1	3
2002	Average Monthly Pension	448	491	897	1,456	0	2,100	3,286
	Average Monthly Final Average Salary	N/A	N/A	2,571	3,388	0	2,768	4,294
	Number of New Retirees	3	4	4	5	0	1	8
2003	Average Monthly Pension	188	525	892	1,936	2,503	2,899	3,145
	Average Monthly Final Average Salary	N/A	N/A	2,724	3,686	3,468	4,125	4,294
	Number of New Retirees	8	3	24	5	20	24	16
2004	Average Monthly Pension	299	573	1,020	1,714	0	1,781	2,585
	Average Monthly Final Average Salary	N/A	N/A	3,310	2,770	0	2,941	3,645
	Number of New Retirees	6	6	19	5	0	1	5
2005	Average Monthly Pension	158	0	1,154	1,624	0	0	3,345
	Average Monthly Final Average Salary	N/A	0	3,115	2,815	0	0	4,404
	Number of New Retirees	2	0	4	4	0	0	1
2006	Average Monthly Pension	0	891	784	2,424	2,395	2,397	6,083
	Average Monthly Final Average Salary	0	N/A	2,516	4,926	3,509	3,121	7,920
	Number of New Retirees	0	4	2	5	1	1	1
2007	Average Monthly Pension	0	778	1,957	1,197	4,570	4,536	2,197
	Average Monthly Final Average Salary	0	N/A	7,208	3,101	7,323	6,010	2,816
	Number of New Retirees	0	1	2	2	1	1	1
2008	Average Monthly Pension	314	459	1,030	1,540	2,270	3,298	4,323
	Average Monthly Final Average Salary	N/A	N/A	4,917	3,224	3,109	4,926	5,877
	Number of New Retirees	3	4	2	3	3	3	1
2009	Average Monthly Pension	0	580	265	0	2,380	5,070	3,587
	Average Monthly Final Average Salary	0	N/A	2,027	0	4,015	6,662	4,789
	Number of New Retirees	0	2	1	0	4	2	2

N/A - Not Available

This page is intentionally left blank.





**FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY  
AND BENEFIT FUND OF COOK COUNTY**

33 North Dearborn Street, Suite 1000

Chicago, IL 60602

312.603.1200

[www.cookcountypension.com](http://www.cookcountypension.com)

**FOREST PRESERVE PENSION FUND**

*Our objective is to provide exceptional service in the support and administration of your annuity, health and disability benefits.*

*In addition, along with your Board of Trustees, we are also committed to effectively managing the assets of both the Cook County and Forest Preserve Funds.*

