COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY (A FIDUCIARY FUND OF COOK COUNTY, ILLINOIS)

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Financial Statements with Supplementary Information

December 31, 2019 and 2018

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COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019 AND 2018

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LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
County Employees' and Officers' Annuity
and Benefit Fund of Cook County

Report on the Financial Statements

We have audited the accompanying financial statements of County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan), a fiduciary fund of Cook County, Illinois, which comprise the combining statements of pension plan fiduciary net position and postemployment healthcare plan net position as of December 31, 2019 and 2018, and the related combining statements of changes in pension plan fiduciary net position and postemployment healthcare plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the plan net position of County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2019 and 2018, and the changes in plan net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 4e and the required supplementary information on pages 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements as a whole. The accompanying supplementary information on pages 40 through 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (continued)

Previously Audited Information

We also have previously audited the basic financial statements for the years ended December 31, 2017, 2016, 2015, and 2014 (which are not presented herein), and we expressed unmodified opinions on those financial statements. In our opinion, the information on page 43 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Legacy Professionals LLP

Westchester, Illinois

June 19, 2020

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents Management's Discussion and Analysis of the financial position and performance of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan) for the years ended December 31, 2019 and 2018. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Basic Financial Statements

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

> **Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position** provides a snapshot of account balances and net position held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.
>
> **Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position** shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net position. The net increase (decrease) in net position reports the change in net position as reported in the combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position of the prior year and the current year.
>
> **Notes to the Financial Statements** provide additional information that is essential to achieving a better understanding of the data provided in the basic financial statements.
>
> **Required Supplementary Information** provides schedules and related notes concerning actuarial information, funding progress, employer contributions and investment returns.
>
> **Supplementary Information** includes schedules of net administrative expenses, professional and consulting fees, investment expenses, additions by source, and deductions by type and employer contributions receivable.

Financial Highlights

Net position increased by $1,628,935,438 or 16.5% from $9,862,023,782 at December 31, 2018 to $11,490,959,220 at December 31, 2019. Comparatively, net position decreased by $545,859,661 or -5.2% from $10,407,883,443 at December 31, 2017 to $9,862,023,782 at December 31, 2018. The increase in net position for 2019 was primarily due to the increase in the fair value of investments. The decrease in net position for 2018 was primarily due to the decrease in the fair value of investments.

Rate of return of the Plan's investment portfolio was 19.07% for 2019, -3.79% for 2018 and 15.35% for 2017.

Net Position

The condensed Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position reflects the resources available to pay benefits to members. A summary of the Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Plan Net Position is as follows:

Plan Net Position
As of December 31,

				Current Year Increase (Decrease) in	
	2019	2018	2017	Dollars	Percent
Total assets	$ 12,242,245,144	$ 10,886,244,214	$ 11,765,897,724	$ 1,356,000,930	12.5%
Total liabilities	751,285,924	1,024,220,432	1,358,014,281	(272,934,508)	- 26.6%
Net position	$ 11,490,959,220	$ 9,862,023,782	$ 10,407,883,443	$ 1,628,935,438	16.5%

Changes in Plan Net Position

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

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

	2019	2018	2017	Current Year Increase/(Decrease) in Dollars	Current Year Increase/(Decrease) in Percent
Additions:					
Employer contributions	$ 526,240,864	$ 587,748,221	$ 559,205,626	$ (61,507,357)	-10.5%
Employee contributions	134,837,512	134,159,171	138,826,184	678,341	0.5%
Net investment income (loss) (includes security lending activities)	1,865,645,039	(424,787,945)	1,399,625,874	2,290,432,984	539.2%
Other	35,158,714	27,479,205	23,321,813	7,679,509	27.9%
Total additions	2,561,882,129	324,598,652	2,120,979,497	2,237,283,477	689.2%
Deductions:					
Benefits	890,115,295	831,661,745	790,352,526	58,453,550	7.0%
Refunds	37,745,951	33,662,521	32,995,364	4,083,430	12.1%
Administrative expenses	5,085,445	5,134,047	5,406,034	(48,602)	-0.9%
Total deductions	932,946,691	870,458,313	828,753,924	62,488,378	7.2%
Net increase (decrease)	1,628,935,438	(545,859,661)	1,292,225,573	2,174,795,099	398.4%
Net position					
Beginning of year	9,862,023,782	10,407,883,443	9,115,657,870	(545,859,661)	-5.2%
End of year	$ 11,490,959,220	$ 9,862,023,782	$ 10,407,883,443	$ 1,628,935,438	16.5%

Additions to Plan Net Position

Total additions were $2,561,882,129 in 2019, $324,598,652 in 2018 and $2,120,979,497 in 2017.

Employer contributions decreased to $526,240,864 in 2019 from $587,748,221 in 2018 and increased from $559,205,626 in 2017. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior. The County made supplemental contributions of $320,296,720 in 2019, $378,436,000 in 2018, and $353,800,000 in 2017.

Employee contributions, including permissive service credit purchases, increased to $134,837,512 in 2019 from $134,159,171 in 2018 and decreased from $138,826,184 in 2017 when compared to 2018 employee contributions. The majority of members contribute 8.5% of covered wages.

Net investment income totaled $1,865,645,039 for 2019 compared to net investment loss of ($424,787,945) for 2018 and net investment income of $1,399,625,874 for 2017. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Position

Total deductions were $932,946,691 in 2019, $870,458,313 in 2018 and $828,753,924 in 2017.

Benefits increased to $890,115,295 in 2019 from $831,661,745 in 2018 and $790,352,526 in 2017 due primarily to the 3% annual cost of living increases for annuitants and an increase in the number of retirees.

Refunds increased to $37,745,951 in 2019 from $33,662,521 in 2018 and increased from $32,995,364 in 2017. These changes are due to fluctuations in refund applications.

The cost to administer the Plan decreased by 0.9% to $5,085,445 in 2019 from $5,134,047 in 2018. Comparatively, the cost to administer the Plan decreased by 5.03% to $5,134,047 in 2018 from $5,406,034 in 2017.

Actuarial Information

Pension Benefits

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

	Funding for Pension Benefits For the Years Ended December 31,		
	2019	2018	2017
Total pension liability	$ 25,071,941,811	$ 21,723,236,738	$ 22,940,794,624
Plan fiduciary net position	11,490,959,220	9,862,023,782	10,407,883,443
Employer's net pension liability	$ 13,580,982,591	$ 11,861,212,956	$ 12,532,911,181
Plan fiduciary net position as a percentage of the total pension liability	45.83%	45.40%	45.37%

Postemployment Healthcare Benefits

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

	Funding for Healthcare Benefits For the Years Ended December 31,		
	2019	2018	2017
Total other postemployment benefits liability	$ 1,900,989,370	$ 1,534,053,569	$ 2,148,249,441
Plan fiduciary net position	-	-	-
Employer's net other postemployment benefits liability	$ 1,900,989,370	$ 1,534,053,569	$ 2,148,249,441

Contributions for postemployment healthcare benefits are made on a "pay-as-you-go" basis, resulting in a 0.00% funded ratio.

Actuarial Information (continued)

Combined

The Plan actuary has performed a combined valuation of the pension and postemployment healthcare benefits provided by the Plan to measure the overall funded status and contribution requirements of the Plan. Such a valuation is required under Chapter 40, Article 5/9-199 of the Illinois Pension Code which provides that the Plan shall submit a report each year containing a detailed statement of the affairs of the Plan, its income and expenditures, and assets and liabilities. The combined valuation reflects the actuarial assumptions adopted by the Board based on the results of an actuarial experience study. These assumptions conform to the actuarial standards recommended by the Plan's actuary and were used by the Plan's actuary to present the combined funding status in accordance with *Section 9-199*. The Plan's funding under the combined actuarial valuation is as follows:

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

	2019	2018	2017
Unfunded actuarial accrued liability	$ 6,966,299,527	$ 6,791,017,319	$ 6,741,295,828
Funded ratio	61.19%	60.75%	60.09%

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:

County Employees' and Officers' Annuity
and Benefit Fund of Cook County
Attention: Executive Director
70 West Madison Street
Suite 1925
Chicago, Illinois 60602

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position

December 31, 2019 and 2018

	2019			2018		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Assets						
Receivables						
Employer contributions less allowance of $7,502,563 in 2019 and $8,185,337 in 2018	$ 203,949,497	$ 203,949,497	$ -	$ 222,543,029	$ 222,543,029	$ -
Employee contributions	5,728,669	5,728,669	-	14,314,210	14,314,210	-
Accrued investment income	33,186,100	33,186,100	-	29,686,644	29,686,644	-
Receivable for securities sold	126,392,197	126,392,197	-	34,415,136	34,415,136	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	382,786	382,786	-	381,010	381,010	-
EGWP/Medicare Part D subsidy & other	11,593,953	2,774,646	8,819,307	5,479,027	-	5,479,027
Prescription rebates	814,807	-	814,807	949,412	-	949,412
Imprest balance receivable	1,441,000	-	1,441,000	1,441,000	-	1,441,000
Other	27,302	27,302	-	11,349	11,349	-
Total receivables	383,516,311	372,441,197	11,075,114	309,220,817	301,351,378	7,869,439
Investments						
U.S. and international equities	6,282,967,633	6,282,967,633	-	4,958,851,665	4,958,851,665	-
U.S. Government and government agency obligations	1,051,214,578	1,051,214,578	-	1,170,334,505	1,170,334,505	-
Corporate and foreign government obligations	1,106,718,809	1,106,718,809	-	1,049,336,411	1,049,336,411	-
Collective international equity fund	83,116,013	83,116,013	-	70,371,275	70,371,275	-
Commingled fixed income fund	41,141,429	41,141,429	-	28,081,553	28,081,553	-
Private global fixed fund limited partnership	258,865,492	258,865,492	-	255,881,343	255,881,343	-
Exchange traded funds	8,691,798	8,691,798	-	55,162,948	55,162,948	-
Private equities	678,909,985	678,909,985	-	513,790,532	513,790,532	-
Hedge funds	730,203,620	730,203,620	-	666,385,423	666,385,423	-
Real estate funds	689,481,138	689,481,138	-	647,961,102	647,961,102	-
Short-term investment	330,944,641	330,944,641	-	218,141,023	218,141,023	-
Total investments	11,262,255,136	11,262,255,136	-	9,634,297,780	9,634,297,780	-
Collateral held for securities on loan	596,473,697	596,473,697	-	942,725,617	942,725,617	-
Total assets	12,242,245,144	12,231,170,030	11,075,114	10,886,244,214	10,878,374,775	7,869,439
Liabilities						
Accounts payable	8,693,505	8,693,505	-	12,634,128	12,634,128	-
Healthcare & other benefits payable	11,075,114	-	11,075,114	7,869,439	-	7,869,439
Payable for securities purchased	135,043,608	135,043,608	-	60,991,248	60,991,248	-
Securities lending collateral	596,473,697	596,473,697	-	942,725,617	942,725,617	-
Total liabilities	751,285,924	740,210,810	11,075,114	1,024,220,432	1,016,350,993	7,869,439
Net position						
Net position restricted for pensions	11,490,959,220	11,490,959,220	-	9,862,023,782	9,862,023,782	-
Net position held in trust for postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 11,490,959,220	$ 11,490,959,220	$ -	$ 9,862,023,782	$ 9,862,023,782	$ -

See accompanying notes to financial statements.

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
ADDITIONS						
Employer contributions						
Statutory	$ 205,944,144	$ 205,944,144	$ -	$ 209,312,221	$ 209,312,221	$ -
Supplemental	320,296,720	320,296,720	-	378,436,000	378,436,000	-
Allocation to postemployment healthcare	-	(38,237,172)	38,237,172	-	(38,310,969)	38,310,969
Total employer contributions	526,240,864	488,003,692	38,237,172	587,748,221	549,437,252	38,310,969
Employee contributions						
Salary deductions	129,339,031	129,339,031	-	129,003,778	129,003,778	-
Refund repayments	2,674,863	2,674,863	-	2,249,491	2,249,491	-
Former and miscellaneous service payments	768,064	768,064	-	660,852	660,852	-
Optional payments and deductions	41,495	41,495	-	164,362	164,362	-
Deductions in lieu of disability	2,014,059	2,014,059	-	2,080,688	2,080,688	-
Total employee contributions	134,837,512	134,837,512	-	134,159,171	134,159,171	-
Investment income						
Net appreciation (depreciation) in fair value of investments	1,681,234,945	1,681,234,945	-	(595,032,962)	(595,032,962)	-
Dividends	135,119,218	135,119,218	-	128,038,585	128,038,585	-
Interest	82,809,998	82,809,998	-	73,805,330	73,805,330	-
	1,899,164,161	1,899,164,161	-	(393,189,047)	(393,189,047)	-
Less investment expenses	(36,827,682)	(36,827,682)	-	(36,754,398)	(36,754,398)	-
Net investment income (loss)	1,862,336,479	1,862,336,479	-	(429,943,445)	(429,943,445)	-
Securities lending						
Income	3,985,214	3,985,214	-	6,160,217	6,160,217	-
Expenses	(676,654)	(676,654)	-	(1,004,717)	(1,004,717)	-
Net securities lending income	3,308,560	3,308,560	-	5,155,500	5,155,500	-
Other						
Employer federal subsidized programs	5,783,060	5,783,060	-	5,678,102	5,678,102	-
EGWP/Medicare Part D subsidy	25,698,131	-	25,698,131	18,324,171	-	18,324,171
Prescription plan rebates	3,184,779	-	3,184,779	3,294,421	-	3,294,421
Employee transfers from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	252,406	252,406	-	182,511	182,511	-
Miscellaneous	240,338	240,338	-	-	-	-
Total other additions	35,158,714	6,275,804	28,882,910	27,479,205	5,860,613	21,618,592
Total additions	2,561,882,129	2,494,762,047	67,120,082	324,598,652	264,669,091	59,929,561

See accompanying notes to financial statements.

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
DEDUCTIONS						
Benefits						
Annuity						
Employee	$ 751,788,339	$ 751,788,339	$ -	$ 704,246,643	$ 704,246,643	$ -
Spouse and children	60,115,798	60,115,798	-	55,983,104	55,983,104	-
Disability						
Ordinary	10,473,241	10,473,241	-	10,851,548	10,851,548	-
Duty	617,835	617,835	-	650,889	650,889	-
Healthcare less annuitant contributions of $52,401,260 in 2019 and $50,903,709 in 2018	67,120,082	-	67,120,082	59,929,561	-	59,929,561
Total benefits	890,115,295	822,995,213	67,120,082	831,661,745	771,732,184	59,929,561
Refunds	37,745,951	37,745,951	-	33,662,521	33,662,521	-
Net administrative expenses	5,085,445	5,085,445	-	5,134,047	5,134,047	-
Total deductions	932,946,691	865,826,609	67,120,082	870,458,313	810,528,752	59,929,561
NET INCREASE (DECREASE)	1,628,935,438	1,628,935,438	-	(545,859,661)	(545,859,661)	-
NET POSITION						
Beginning of year	9,862,023,782	9,862,023,782	-	10,407,883,443	10,407,883,443	-
End of year	$ 11,490,959,220	$ 11,490,959,220	$ -	$ 9,862,023,782	$ 9,862,023,782	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan) is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes (the Statutes).

Financial Reporting Entity - Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. The Plan has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Plan's financial statements.

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

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

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Where less than an entire investment holding is sold, average value is used to determine realized gain or loss.

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

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2019 and 2018, the Plan does not have any capital assets.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events - Subsequent events have been evaluated through June 19, 2020, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

The Plan was established on January 1, 1926, and is governed by legislation contained in the Illinois Compiled Statutes (the Statutes), particularly Chapter 40, Article 5/9 (the Article). Effective with the signing of Public Act 96-0889 into law on April 14, 2010, participants that first became contributors on or after January 1, 2011 are Tier 2 participants. All other participants that were contributing prior to January 1, 2011 are Tier 1 participants. The Plan can be amended only by the Illinois Legislature. The Plan is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was established for the purpose of providing retirement, death and disability benefits for full-time employees of the County and the dependents of such employees. The Plan is considered to be a fiduciary fund of Cook County, Illinois and is included in the County's financial statements.

The Statutes authorize a Board of Trustees (the 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 County 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% (9% for sheriffs) of their salary to the Plan, subject to the salary limitations for Tier 2 participants in Article 5/1-160. 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 County'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 1.54. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy. The County's payroll for employees covered by the Plan for the years ended December 31, 2019 and 2018 was $1,553,498,503 and $1,533,721,507 respectively.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The Plan provides retirement as well as death and disability benefits. Tier 1 employees age 50 or older and Tier 2 employees age 62 or older are entitled to receive a minimum formula annuity of 2.4% for each year of credited service if they have at least 10 years of service. The maximum benefit is 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced by ½% for each month the participant is below that age. The reduction is waived for Tier 1 participants having 30 or more years of credited service.

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

At December 31, 2019 and 2018, participants consisted of the following:

	2019	2018
Active members	19,551	19,671
Retired members	16,305	15,820
Beneficiaries	2,838	2,782
Inactive members	15,422	14,898
Total	54,116	53,171

NOTE 3. EMPLOYER'S PENSION LIABILITY

Net Pension Liability

The components of the employer's net pension liability of the Plan for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Total pension liability	$ 25,071,941,811	$ 21,723,236,738
Plan fiduciary net position	11,490,959,220	9,862,023,782
Employer's net pension liability	$ 13,580,982,591	$ 11,861,212,956
Plan fiduciary net position as a percentage of the total pension liability	45.83%	45.40%

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

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Net Pension Liability (continued)

The net pension liability was determined by actuarial valuations performed as of December 31, 2019 and 2018 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar - Open	Level Dollar - Open
Remaining amortization period	30 years	30 years
Asset valuation method	Five Year Smoothed Average Market	Five Year Smoothed Average Market
Actuarial assumptions		
Inflation	2.75% per year, compounded annually;	2.75% per year, compounded annually;
Salary increases	3.50% to 8.00%, based on age;	3.50% to 8.00%, based on age;
Investment rate of return	7.25% per year, compounded annually;	7.25% per year, compounded annually;
Retirement age	Rates of retirement for each age from 50 to 80 based on recent experience of the Plan where all employees are assumed to retire by age 80	Rates of retirement for each age from 50 to 80 based on recent experience of the Plan where all employees are assumed to retire by age 80
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006. Buck Modified MP-2017 projection scale.	RP-2014 Blue Collar Mortality Table, base year 2006. Buck Modified MP-2017 projection scale.
Postretirement annuity increase	Tier 1 participants - 3.0% compounded annually Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index	Tier 1 participants - 3.0% compounded annually Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

The actuarial assumptions used in the December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study conducted by Conduent, Inc. (formerly Buck Consultants, LLC) dated February 2018. The Plan engaged Cavanaugh Macdonald Consulting to prepare the December 31, 2019 and 2018 valuations.

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2019 and 2018 was 4.14% and 4.98% respectively. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on this assumption, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 2.75% and 4.13% at December 31, 2019 and 2018, respectively, and the long-term investment rate of return of 7.25% at December 31, 2019 and 2018 was used in the development of the blended discount rate. The municipal bond rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 7.25% and municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, the blended discount rate would be 4.14% at December 31, 2019 and 4.98% at December 31, 2018.

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

The following is an analysis of the net pension liability's sensitivity to changes in the discount rate at December 31, 2019 and 2018. The following table presents the net pension liability of the employer using the blended discount rate as well as the employer's net pension liability calculated using a discount rate 1 percent lower and 1 percent higher than the current discount rate:

	1% Decrease 3.14%	Current Discount Rate 4.14%	1% Increase 5.14%
Net Pension Liability - December 31, 2019	$ 17,585,226,992	$ 13,580,982,591	$ 10,346,852,439

	1% Decrease 3.98%	Current Discount Rate 4.98%	1% Increase 5.98%
Net Pension Liability - December 31, 2018	$ 15,172,534,698	$ 11,861,212,956	$ 9,169,383,954

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

Statutory Funding

Employer contributions are funded primarily through a tax levied by Cook County, Illinois. The employer contributions to be remitted to the Plan are equal to the total contributions made by the employees to the Plan in the calendar year two years prior, multiplied by 1.54.

Supplemental Funding

Per the 2019 IGA (Intergovernmental Agreement), the County is required to make supplemental payments totaling $320,296,720 by November 30, 2019, to promote the long-term fiscal sustainability of the Plan. During the year ended December 31, 2019, the County made supplemental contributions to the Plan totaling $320,296,720. Per the 2018 IGA, the County is required to make supplemental payments totaling $353,436,000 by November 30, 2018. During the year ended December 31, 2018, the County made supplemental contributions to the Plan totaling $378,436,000. The additional $25,000,000 received on December 31, 2018 pertains to the 2019 IGA.

NOTE 5. INVESTMENTS

Investment Policy

The Board of Trustees is responsible for establishing reasonable and consistent investment objectives, policies, and guidelines governing the investment of Plan assets in accordance with the Illinois Compiled Statutes. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the 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. During the year ended December 31, 2019 and 2018, there were no significant changes to the investment policy.

NOTE 5. INVESTMENTS (CONTINUED)

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

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Domestic equities	33.00%	5.45%
International equities	21.00%	5.65%
Fixed income	26.00%	1.75%
Real estate funds	9.00%	4.25%
Private equity	4.00%	7.25%
Hedge Funds	6.00%	3.25%
Short-term investment	1.00%	0.60%
Total investments	100.00%	

Long-Term Expected Real Rate of Return

The long-term expected real rates of return are the nominal expected returns for various asset classes net of the long-term inflation assumption of 2.25%. The nominal expected return is expressed as the annualized growth rate over 30 years (i.e., geometric or compounded return). A building block methodology is employed to develop long-term return expectations. Building block includes a long-term estimate of the short-term real rate, inflation, term premium, credit premium, equity risk premium among others. Current economic conditions (inflation, yields, valuation) serve as a starting point for development; however, over a 30-year horizon, risk premiums are largely influenced by long-term history. The 30-year geometric long-term expected real rate of return for each major asset class included with the Plan's target asset allocation as of December 31, 2019 are listed in the table above.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.07% and (3.79%) for the years ended December 31, 2019 and 2018 respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5. INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy is an 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 & Poor's and/or Fitch). The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2019 and 2018 valued by Moody's Investors Service, Standard & Poor's and/or Fitch:

Type of Investment	Rating	2019	2018
U.S. Government and	Aaa	$ 1,008,730,719	$ 1,126,661,748
government agency	Aa	4,512,518	4,446,042
obligations	A	1,647,521	1,034,254
	Baa	566,991	410,323
	Ba	113,670	-
	Not Rated	35,643,159	37,782,138
		$ 1,051,214,578	$ 1,170,334,505
Corporate and	Aaa	$ 122,430,000	$ 140,912,898
foreign government obligations	Aa	38,097,442	55,450,980
	A	218,228,365	244,845,248
	Baa	402,222,020	439,977,678
	Ba	64,735,538	47,343,211
	B	28,690,310	27,024,658
	Caa	3,336,325	-
	Not Rated	228,978,809	93,781,738
		$ 1,106,718,809	$ 1,049,336,411
Commingled fixed income fund	Not Rated	$ 41,141,429	$ 28,081,553
Short-term investment	Not Rated	$ 330,944,641	$ 218,141,023

NOTE 5. INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with longer maturities are subject to increased risk of adverse interest rate changes. In an effort to mitigate this risk, the Plan's investment policy states that the duration for each manager's total fixed income portfolio shall not exceed 30% of the duration of its respective fixed income performance benchmark (*Bloomberg Barclays US Aggregate Fixed Income Index, Bloomberg Barclays US 1-3 Year Government/Credit Index,* which was 5.87 years at December 31, 2019 and 5.87 years at December 31, 2018*)*. The following table presents a summarization of the Plan's debt investments at December 31, 2019 and 2018, using the segmented time distribution method:

Type of Investment	Maturity	2019	2018
U.S. Government and government agency obligations	Less than 1 year	$ -	$ 167,349,384
	1 - 5 years	255,840,867	355,220,165
	5 - 10 years	188,143,448	186,092,265
	Over 10 years	607,230,263	461,672,691
		$ 1,051,214,578	$ 1,170,334,505
Corporate and foreign government obligations	Less than 1 year	$ 6,216,627	$ 219,808,611
	1 - 5 years	271,756,368	240,685,129
	5 - 10 years	337,402,395	290,893,458
	Over 10 years	491,343,419	297,949,213
		$ 1,106,718,809	$ 1,049,336,411
Commingled fixed income fund	1 - 5 years	$ 41,141,429	$ 28,081,553
Short-term investment	Less than 1 year	$ 330,944,641	$ 218,141,023

NOTE 5. INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's exposure to foreign currency risk at December 31, 2019 and 2018 is as follows:

Type of Investment	Fair Value (USD) 2019	Fair Value (USD) 2018
U.S. and international equities		
Australian dollar	$ 64,975,042	$ 61,079,609
Brazil real	47,176,852	36,260,689
British pound sterling	269,787,968	233,612,366
Canadian dollar	143,967,483	121,270,059
Chilean peso	2,690,695	2,579,305
Colombian peso	229,259	353,726
Danish krone	27,717,442	23,220,147
Egyptian pound	254,698	162,844
European euro	548,901,567	432,970,169
Hong Kong dollar	186,091,181	159,921,452
Hungarian forint	904,850	779,492
Indian rupee	19,722,568	17,563,526
Indonesian rupiah	10,845,405	9,088,212
Israeli shekel	8,409,897	6,620,433
Japanese yen	394,011,003	315,882,453
Malaysian ringgit	6,128,297	5,079,458
Mexican peso	13,549,503	10,215,052
New Taiwan dollar	64,691,046	46,706,841
New Turkish lira	321,273	54,295
New Zealand dollar	6,494,738	12,423,410
Norwegian krone	14,780,532	11,186,482
Philippines peso	4,751,295	4,107,072
Polish zloty	3,533,224	5,221,095
Russian ruble	473,980	418,882
Singapore dollar	32,354,412	28,583,794
South African rand	17,120,665	16,043,067
South Korean won	52,590,803	46,400,568
Swedish krona	53,562,423	50,572,540
Swiss franc	137,494,181	90,292,671
Thailand baht	10,250,963	7,826,846
United Arab Emirates dirham	2,184,317	1,304,847
U.S. dollar	4,137,000,071	3,201,050,263
Total U.S. and international equities	$ 6,282,967,633	$ 4,958,851,665

NOTE 5. INVESTMENTS (CONTINUED)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2019	Fair Value (USD) 2018
Corporate and foreign government obligations		
Brazil real	$ 42,536	$ 927,578
British pound sterling	1,985,212	728,888
Canadian dollar	576,455	732,473
Chinese yuan renminbi	-	733,031
Czech koruna	-	2,579,712
European euro	11,066,623	1,582,488
Hungarian forint	-	1,108,290
Indian rupee	-	14,540
Japanese yen	-	1,021,298
Mexican peso	263,747	541,343
Peruvian sol	-	532,737
Philippines peso	-	2,466,560
Polish zloty	863	465,682
Russian ruble	-	701,429
Singapore dollar	-	93,330
South African rand	270,338	-
South Korean won	-	279,744
Swedish krona	-	453,178
Taiwan dollar	-	760,528
New Turkish lira	-	989,532
Norwegian krone	728,988	695,979
U.S. dollar	1,091,784,047	1,031,928,071
Total corporate and foreign government obligations	$ 1,106,718,809	$ 1,049,336,411
Private equities		
European euro	$ 45,808,248	$ 30,651,851
U.S. dollar	633,101,737	483,138,681
Total private equities	$ 678,909,985	$ 513,790,532

For the years ended December 31, 2019 and 2018, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $203,265,693 and $478,576,208 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 fiduciary net position and postemployment healthcare plan net position. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current year and the previous years.

NOTE 6. DERIVATIVES

Derivative transactions involve, to varying degrees, credit risk, interest rate risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The following table summarizes the derivatives held within the Fund's investment portfolio as of December 31, 2019 and 2018.

	Notional Amounts		Fair Value	
	2019	2018	2019	2018
Hedging derivative instruments				
Foreign currency contracts purchased	$ -	$ -	$ (82,053,047)	$ (119,728,163)
Foreign currency contracts sold	-	-	81,926,715	119,604,889
Futures				
Equity	-	2,858,634	-	(173,650)
Fixed Income	(105,683,341)	(42,720,771)	(1,305,798)	1,329,775
Swaps				
Interest rate swaps	-	-	-	(775,834)
Inflation rate swaps	-	-	-	(299,536)
Return swaps	-	-	-	27,002

Forward Currency Forward Contracts

Forward currency 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. Forward currency contracts are reported at fair value within the combining statement of pension plan fiduciary net position and postemployment healthcare plan net position included in investments. The gain or loss on forward currency contracts is recognized and recorded on the combining statement of changes in pension plan fiduciary net position and postemployment healthcare plan net position as part of investment income. The foreign currency contracts are short-term in nature.

NOTE 6. DERIVATIVES (CONTINUED)

Forward Currency Forward Contracts (continued)

The Plan's exposure to foreign currency risk at December 31, 2019 and 2018 is as follows:

	2019	2018
Foreign currency exchange sales		
Currency		
Australian dollar	$ 5,922,970	$ 5,775,404
Brazil real	107,216	1,188,837
British pound sterling	3,333,837	4,163,582
Canadian dollar	2,475,982	5,841,758
Chilean peso	594,846	-
Chinese yuan renminbi	2,847,408	2,640,904
Colombian peso	297,762	488,418
Czech koruna	527,865	2,813,404
Danish krone	-	27,273
European euro	5,109,574	5,645,797
Hong Kong dollar	131,792	57,624
Hungarian forint	431,020	1,108,290
Indian rupee	1,780,857	1,370,140
Indonesian rupiah	251,921	876,101
Israeli shekel	841,443	994,922
Japanese yen	2,441,775	3,935,175
Mexican peso	993,987	218,311
New Taiwan dollar	1,243,234	-
New Zealand dollar	533,765	2,073,553
Norwegian krone	2,467,533	2,249,579
Peruvian sol	502,988	532,737
Philippines peso	266,597	2,775,428
Polish zloty	637,504	740,795
Russian ruble	2,068,233	701,429
Singapore dollar	2,969,976	1,613,291
South Korean won	1,264,814	1,386,691
South African rand	-	251,139
Swedish krona	1,623,465	2,742,988
Swiss franc	868,637	2,003,079
Taiwan dollar	-	2,538,580
Thailand baht	291,623	1,042,820
Turkish lira	41,458	1,406,242
U.S. dollar	39,056,633	60,400,598
Total	$ 81,926,715	$ 119,604,889

NOTE 6. DERIVATIVES (CONTINUED)

Forward Currency Forward Contracts (continued)

	2019	2018
Foreign currency exchange purchases		
Currency		
Australian dollar	$ (1,213,651)	$ (2,420,985)
Brazil real	(1,098,767)	(385,672)
British pound sterling	(3,642,161)	(1,688,995)
Canadian dollar	(590,784)	(3,494,140)
Chilean peso	(1,468,306)	(1,853,262)
Chinese yuan renminbi	(3,750,096)	(4,581,231)
Colombian peso	(791,855)	(493,295)
Czech koruna	(391,863)	(233,691)
European euro	(23,661,651)	(21,869,186)
Hong Kong dollar	(96,746)	-
Hungarian forint	(961,258)	-
Indian rupee	(791,964)	(1,355,601)
Indonesian rupiah	(1,008,583)	(1,134,166)
Israeli shekel	(402,227)	(2,198,794)
Japanese yen	(446,655)	(1,501,240)
Mexican peso	(216,356)	(241,996)
New Taiwan dollar	(1,347,741)	-
New Zealand dollar	(917,351)	(3,378,101)
Norwegian krone	(859,120)	(1,171,395)
Peruvian sol	(500,737)	-
Philippines peso	(172,848)	(308,868)
Polish zloty	(147,110)	(275,114)
Singapore dollar	(408,598)	(1,046,909)
South Korean won	(535,524)	(1,106,947)
South African rand	(302,810)	(1,894,716)
Swedish krona	(530,282)	(1,782,559)
Swiss franc	(2,487,437)	(9,456,032)
Taiwan dollar	-	(1,778,052)
Thailand baht	(282,400)	(2,874,171)
Turkish lira	(179,164)	(416,709)
U.S. dollar	(32,849,002)	(50,786,336)
	$ (82,053,047)	$ (119,728,163)

Futures & Swaps

Futures are agreements to purchase or sell a specific amount of an asset at a specified maturity for an agreed-upon price. Futures contracts are reported at fair value in the equity and fixed income investments on the combining statement of pension plan fiduciary net position and postemployment healthcare plan net position. The gain or loss on futures contracts is reported as part of investment income on the combining statement of changes in pension plan fiduciary net position and postemployment healthcare plan net position. These instruments are not rated by the credit rating agencies.

NOTE 6. DERIVATIVES (CONTINUED)

Futures & Swaps (continued)

Swaps are arrangements to exchange currency or assets. Swaps are reported at fair value in the fixed income investments on the combining statement of pension plan fiduciary net position and postemployment healthcare plan net position. The gain or loss on futures contracts is reported as part of investment income on the combining statement of changes in pension plan fiduciary net position and postemployment healthcare plan net position. These instruments are not rated by the credit rating agencies.

The following table presents a summarization of the Plan's Future and Swaps investments' interest rate risk exposure at December 31, 2019 and 2018, using the segmented time distribution method:

Derivative Type	Maturity	2019	2018
Futures	Less than 1 Year	$ (1,305,798)	$ 1,156,125
Swaps	Less than 1 Year	$ -	$ 27,002
	1 - 5 years	-	(304,633)
	5 - 10 years	-	(785,776)
	Over 10 years	-	15,039
		$ -	$ (1,048,368)

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at the purchase price which equals fair value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment takes place. As of December 31, 2019 and 2018, the Plan contracted to acquire securities on a when-issued basis with a total principal amount of approximately $31,356,662 and $37,540,000 respectively.

NOTE 8. FAIR VALUE MEASUREMENTS

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

Basis of Fair Value Measurement

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

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2019 and 2018:

		Fair Value Measurements at 12/31/2019 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. and international equities	$ 6,282,967,633	$ 6,282,967,633	$ -	$ -
U.S. Government and government agency obligations	1,051,214,578	-	1,051,214,578	-
Corporate and foreign government obligations	1,106,718,809	-	1,106,718,809	-
Exchange traded funds	8,691,798	8,691,798	-	-
Total investments by fair value level	8,449,592,818	$ 6,291,659,431	$ 2,157,933,387	$ -
Investments measured at net asset value	2,812,662,318			
Total investments at fair value	$ 11,262,255,136			

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

	Total	Fair Value Measurements at 12/31/2018 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. and international equities	$ 4,958,851,665	$ 4,958,851,665	$ -	$ -
U.S. Government and government agency obligations	1,170,334,505	-	1,170,334,505	-
Corporate and foreign government obligations	1,049,336,411	-	1,049,336,411	-
Exchange traded funds	55,162,948	55,162,948	-	-
Total investments by fair value level	7,233,685,529	$ 5,014,014,613	$ 2,219,670,916	$ -
Investments measured at net asset value	2,400,612,251			
Total investments at fair value	$ 9,634,297,780			

Level 1 Measurements

U.S. and international equities and exchange traded funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the measurement date.

Level 2 Measurements

U.S. Government and government agency obligations and corporate and foreign government obligations are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates.

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Fair Value 12/31/2019	Fair Value 12/31/2018	Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
Investments measured at net asset value:					
Collective international equity fund (1)					
Lazard/Wilmington Emerging Markets Sudan Free Portfolio	$ 83,116,013	$ 70,371,275	$ -	Daily	N/A
Commingled fixed income fund (2)					
MacKay Shields Defensive Bond Arbitrage Fund Ltd.	41,141,429	28,081,553	-	Daily	5 days
Private global fixed fund limited partnership (3)					
Franklin Templeton Global Multisector Plus Fund, L.P.	258,865,492	255,881,343	-	Monthly	15 days
Private equities (4)	678,909,985	513,790,532	259,295,162	Closed Ended	N/A
Hedge funds (5)					
Burnham Harbor Fund Ltd.	535,014,672	490,556,721	-	Monthly	95 days
RC Kenwood Fund Ltd.	195,188,948	175,828,702	-	Quarterly	90 days
Real estate funds (6)					
JPMCB Strategic Property Fund	274,387,829	272,741,485	-	Quarterly	45 days
PRISA Separate Account	251,997,195	247,088,693	-	Quarterly	90 days
Artemis Real Estate Partners	8,259,296	-	41,741,671	Closed Ended	N/A
Others	154,836,818	128,130,924	129,395,647	Quarterly	90 days
Short-term investment (7)					
BNY Mellon EB Temporary Investment Fund	330,944,641	218,141,023	-	Daily	N/A
Total investments measured at net asset value	$ 2,812,662,318	$ 2,400,612,251			

(1) Collective international equity fund - The fund's investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-related securities of issuers that are located, or do significant business, in emerging market countries. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(2) Commingled fixed income fund - The fund's investment objective is to track the performance of the Barclays U.S. Aggregate Index. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(3) Private global fixed income fund limited partnership - The partnership's investment objective is to maximize total investment return by investing in a portfolio of fixed and floating rate debt securities and debt obligations of governments, government-related or corporate issuers worldwide, as well as derivative financial instruments. The fair value of the investment in the partnership fund has been determined using the NAV per share (or its equivalent) of the investment.

(4) Private equities - This investment consists of 78 limited partnership investments in 2019 and 79 in 2018, with an investment objective to achieve long-term capital appreciation and capital preservation through investments in limited partnerships, privately issued securities, private equity funds, and other pooled investments. Closed-end limited partnership interests are generally illiquid and cannot be redeemed. It is expected that liquidation of the limited partnership interests will generally coincide with the terms of the various underlying partnership agreements. These underlying private equity partnerships generally have a fund life per the Limited Partnership Agreements of approximately 10 to 12 years plus 2 to 3 one-year extensions. However, the underlying general partners may extend their funds indefinitely to facilitate an orderly liquidation of the underlying assets. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.

(5) Hedge funds - The investment objective of the hedge funds is to invest in non-traditional portfolio managers, diversified portfolios of hedge funds having a low correlation with major investment markets, and diversified groups of alternative investment funds that invest or trade in a wide variety of financial instruments and strategies. The fair value of the investment in the hedge funds has been determined using the NAV per share (or its equivalent) of the investment.

(6) Real estate funds - These investments include a commingled pension trust fund, an insurance company separate account, and other real estate funds that are designed as funding vehicles for tax-qualified pension plans. Their investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Due to the nature of the investments and available cash on hand, significant redemptions in this type of investment may at times be subject to additional restrictions.

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

NOTE 9. 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.

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 117 days for 2019 and 75 days for 2018; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2019 and 2018 of 56 and 77 days, respectively.

As of December 31, 2019 and 2018, the fair value (carrying amount) of loaned securities was $975,308,040 and $1,188,389,587 respectively. As of December 31, 2019 and 2018, the fair value (carrying amount) of cash collateral received by the Plan was $596,473,697 and $942,725,617 respectively. The cash collateral is included as an asset and a corresponding liability on the combining statements of pension plan fiduciary net position and postemployment healthcare plan net position. As of December 31, 2019 and 2018, the fair value (carrying amount) of non-cash collateral received by the Plan was $404,530,922 and $278,065,381 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 or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

NOTE 9. SECURITIES LENDING (CONTINUED)

A summary of securities loaned at fair value as of December 31, 2019 and 2018 is as follows:

	2019	2018
Securities loaned - backed by cash collateral		
U.S. and international equities	$ 446,175,774	$ 663,838,237
U.S. Government and government agency obligations	49,919,899	130,459,946
Exchange traded funds	6,664,738	40,377,541
Corporate and foreign government obligations	77,408,275	83,164,383
Total securities loaned - backed by cash collateral	580,168,686	917,840,107
Securities loaned - backed by non-cash collateral		
U.S. and international equities	333,379,234	221,564,089
U.S. Government and government agency obligations	55,824,110	47,724,114
Exchange traded funds	5,349,602	-
Corporate and foreign government obligations	586,408	1,261,277
Total securities loaned - backed by non-cash collateral	395,139,354	270,549,480
Total	$ 975,308,040	$ 1,188,389,587

NOTE 10. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY

Plan Description

The Plan administers a Postemployment Group Healthcare Benefit Plan (PGHBP), a single-employer defined benefit postemployment healthcare plan. The 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. PGHBP provides a healthcare benefit to annuitants of Cook County, Illinois (the employer) who elect to participate in the PGHBP.

NOTE 10. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

Plan Description (continued)

At December 31, 2019 and 2018, participants consisted of the following:

	2019	2018
Active members	19,551	19,671
Inactive plan members or beneficiaries currently receiving benefit payments	11,953	11,809
Inactive plan members entitled to but not yet receiving benefit payments	1,510	1,592
Total	33,014	33,072

Benefits provided - The PGHBP provides healthcare and vision benefits for annuitants and their dependents.

Contributions - The PGHBP is funded on a "pay-as-you-go" basis. The employee and spouse annuitants pay between 52% - 66% and 42% - 56% of the annual medical costs, respectively, depending upon Medicare eligibility and coverage type. The remaining costs are funded by an allocation from the Plan.

Method of Accounting - The PGHBP's financial statements have been combined with the Plan's financial statements and are presented using the accrual basis of accounting. Healthcare expenses are recognized when incurred and estimable.

Employer's Net Postemployment Healthcare Liability

The components of the employer's net postemployment healthcare liability at December 31, 2019 and 2018 were as follows:

	2019	2018
Total postemployment healthcare liability	$ 1,900,989,370	$ 1,534,053,569
Plan fiduciary net position	-	-
Employer's net postemployment healthcare liability	$ 1,900,989,370	$ 1,534,053,569
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%	0.00%

Contributions for postemployment healthcare benefits are made on a "pay-as-you-go" basis. There are no dedicated assets for healthcare benefits resulting in a 0.00% funded ratio.

See the schedule of changes in the employer's net postemployment healthcare liability and related ratios in the required supplementary information for additional information related to the funded status of the PGHBP.

NOTE 10. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

The net postemployment healthcare liability was determined by actuarial valuation performed as of December 31, 2019 and 2018 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar - Open	Level Dollar - Open
Remaining amortization period	30 years	30 years
Actuarial assumptions:		
Inflation	2.75% per year	2.75% per year
Salary increases	3.50% to 8.00%, based on age	3.50% to 8.00%, based on age
Health care cost trend rates	7.25% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare 5.75% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for post-Medicare	7.25% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare 5.75% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for post-Medicare
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Buck (formerly Conduent) Modified MP-2017	RP-2014 Blue Collar Mortality Table, base year 2006, Buck (formerly Conduent) Modified MP-2017

The actuarial assumptions used in the December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study conducted by Buck Consultants, LLC (formerly Conduent, Inc.) over the period 2013 through 2016.

Discount Rate

The blended discount rate used to measure the total postemployment healthcare liability at December 31, 2019 and 2018 was 2.75% and 4.13% respectively. The projection of cash flows used to determine the discount rate assumed that the employer's contributions will continue to follow the current funding policy. Based on this assumption, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Municipal bond rates of 2.75% and 4.13% at December 31, 2019 and 2018, respectively, and the long-term investment rate of return of 0% were used in the development of the blended discount rates. The municipal bond rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index.

NOTE 10. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

Sensitivity of the Net Postemployment Healthcare Liability to Changes in the Discount Rate

The following is an analysis of the net postemployment healthcare liability's sensitivity to changes in the discount rate at December 31, 2019 and 2018. The following table presents the net postemployment healthcare liability of the employer using the blended discount rate as well as the employer's net postemployment healthcare liability calculated using a discount rate 1 percent lower and 1 percent higher than the current discount rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Net postemployment healthcare liability as of December 31, 2019	$ 2,252,215,661	$ 1,900,989,370	$ 1,622,569,147

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Net postemployment healthcare liability as of December 31, 2018	$ 1,803,057,515	$ 1,534,053,569	$ 1,319,144,094

Sensitivity of the Net Postemployment Healthcare Liability to Changes in the Health Care Cost Trend Rate

The following is an analysis of the net postemployment healthcare liability's sensitivity to changes in the health care cost trend rate at December 31, 2019 and 2018. The following table presents the net postemployment healthcare liability of the employer using the health care cost trend rate as well as the employer's net postemployment healthcare liability calculated using a health care cost trend rate 1 percent lower and 1 percent higher than the current health care cost trend rate:

	1% Decrease	Health Care Cost Trend Rate	1% Increase
Net postemployment healthcare liability as of December 31, 2019	$ 1,589,836,565	$ 1,900,989,370	$ 2,306,985,201

	1% Decrease	Health Care Cost Trend Rate	1% Increase
Net postemployment healthcare liability as of December 31, 2018	$ 1,289,159,107	$ 1,534,053,569	$ 1,850,456,464

NOTE 11. RELATED PARTY TRANSACTIONS

The Plan has common Trustees and shares office space with the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (Forest Fund) who reimburses the Plan for shared administrative services provided by the Plan. During the years ended December 31, 2019 and 2018, the Plan allocated administrative expenditures of $100,658 and $99,627 respectively to the Forest Fund.

As of December 31, 2019 and 2018, the Forest Fund owes the Plan $382,786 and $381,010 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

NOTE 12. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* This Statement No. 95 primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, and extends the effective dates of certain accounting and financial reporting periods beginning after June 15, 2018. The Plan's effective dates have been updated for each applicable pronouncement according to Statement No. 95.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Statement No. 83 is effective for the Plan's fiscal year ending December 31, 2020.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 is effective for the Plan's fiscal year ending December 31, 2020.

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

In June 2017, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Statement No. 88 was issued to improve the information that is disclosed in notes to government financial statements related to debt. This Statement also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 is effective for the Plan's fiscal year ending December 31, 2020.

NOTE 12. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Statement No. 89 was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 is effective for the Plan's fiscal year ending December 31, 2021.

In August 2018, GASB issued Statement No. 90, *Major Equity Interests - An Amendment of GASB Statements No. 14 and No.61*. Statement No. 90 was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 is effective for the Plan's fiscal year ending December 31, 2020.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* Statement No. 91 was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. Statement No. 91 is effective for the Plan's fiscal year ending December 31, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. Statement No. 92 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for the Plan's fiscal year ending December 31, 2022.

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

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* This Statement No. 94 was issued to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for the Plan's fiscal year ending December 31, 2023.

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

NOTE 13. SUBSEQUENT EVENTS

The Plan has been named as a defendant in a class action litigation, entitled *Lori G. Levin, et. al., v. The Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund of Cook County*, in which the plaintiff seeks, on behalf of herself and similarly situated annuitants, the ability to purchase health insurance administered by the Plan, despite her ineligibility under the Board's policy. On June 7, 2019, the Appellate Court reversed the order of the Circuit Court of Cook County affirming the Board's decision denying Ms. Levin's participation in the health insurance program administered by the Plan. The Plan successfully filed a petition for leave to appeal the decision to the Illinois Supreme Court. On May 21, 2020, the Illinois Supreme Court entered a *Per Curiam* Opinion stating that one Justice had recused himself and that it was not able to obtain the constitutionally required concurrence of at least four justices necessary to enter a decision. Accordingly, the appeal was dismissed. Because the *Per Curiam* Opinion was only recently entered, the Plan has not yet determined what, if any, further legal action it intends to take but it is probable that the decision could have a financial impact on the Plan, although the financial impact is not reasonably estimable at this time.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Pension

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 367,986,188	$ 440,682,868	$ 478,904,097	$ 559,176,234	$ 496,161,454	$ 491,887,347
Interest	1,078,970,836	1,027,348,255	1,082,982,064	1,002,950,495	994,674,970	958,433,835
Difference between expected and actual experience	1,775,621	(278,982,116)	(152,859,373)	318,014,746	(126,330,351)	-
Changes of assumptions	2,760,713,592	(1,601,212,188)	(950,493,320)	(1,893,474,930)	1,329,087,966	-
Expected benefit payments, including refunds of employee contributions	(860,741,164)	(805,394,705)	(757,930,854)	(709,560,225)	(676,470,215)	(622,003,259)
Net change in total pension liability	3,348,705,073	(1,217,557,886)	(299,397,386)	(722,893,680)	2,017,123,824	828,317,923
Total pension liability						
Beginning of year	21,723,236,738	22,940,794,624	23,240,192,010	23,963,085,690	21,945,961,866	21,117,643,943
End of year	$ 25,071,941,811	$ 21,723,236,738	$ 22,940,794,624	$ 23,240,192,010	$ 23,963,085,690	$ 21,945,961,866
Plan fiduciary net position						
Contributions - employer	$ 488,003,692	$ 549,437,252	$ 511,750,985	$ 414,703,155	$ 136,075,504	$ 146,075,414
Contributions - employee	134,837,512	134,159,171	138,826,184	139,355,592	137,707,719	129,325,318
Net investment income	1,865,645,039	(424,787,945)	1,399,625,874	629,442,470	(21,896,696)	488,890,897
Expected benefit payments, including refunds of employee contributions	(860,741,164)	(805,394,705)	(757,930,854)	(709,560,225)	(676,470,215)	(622,003,259)
Administrative expenses	(5,085,445)	(5,134,047)	(5,406,034)	(5,373,555)	(5,151,110)	(5,010,206)
Other	6,275,804	5,860,613	5,359,418	4,046,158	4,380,293	3,753,960
Net change in plan fiduciary net position	1,628,935,438	(545,859,661)	1,292,225,573	472,613,595	(425,354,505)	141,032,124
Plan fiduciary net position						
Beginning of year	9,862,023,782	10,407,883,443	9,115,657,870	8,643,044,275	9,068,398,780	8,927,366,656
End of year	$ 11,490,959,220	$ 9,862,023,782	$ 10,407,883,443	$ 9,115,657,870	$ 8,643,044,275	$ 9,068,398,780
Employer's net pension liability	$ 13,580,982,591	$ 11,861,212,956	$ 12,532,911,181	$ 14,124,534,140	$ 15,320,041,415	$ 12,877,563,086
Plan fiduciary net position as a percentage of the total pension liability	45.83%	45.40%	45.37%	39.22%	36.07%	41.32%
Covered payroll	$ 1,553,498,503	$ 1,533,721,507	$ 1,567,480,401	$ 1,580,251,254	$ 1,572,417,298	$ 1,514,550,023
Employer's net pension liability as a percentage of covered payroll	874.22%	773.36%	799.56%	893.82%	974.30%	850.26%

Note:

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

See Report of Independent Auditors.

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Pension

Schedule of Employer Contributions and Related Notes

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 523,625,965	$ 562,815,816	$ 514,888,487	$ 519,642,931	$ 595,370,046	$ 540,218,287	$ 493,724,370	$ 454,327,461	$ 352,850,988	$ 283,892,734
Contributions in relation to the actuarially determined contribution	(488,003,692)	(549,437,252)	(511,750,985)	(414,703,155)	(136,075,504)	(146,075,414)	(147,720,014)	(152,734,539)	(160,652,118)	(144,539,577)
Contribution deficiency	$ 35,622,273	$ 13,378,564	$ 3,137,502	$ 104,939,776	$ 459,294,542	$ 394,142,873	$ 346,004,356	$ 301,592,922	$ 192,198,870	$ 139,353,157
Covered payroll	$ 1,553,498,503	$ 1,533,721,507	$ 1,567,480,401	$ 1,580,251,254	$ 1,572,417,298	$ 1,514,550,023	$ 1,484,269,715	$ 1,478,253,368	$ 1,456,444,123	$ 1,494,093,569
Contributions as a percentage of covered payroll	31.41%	35.82%	32.65%	26.24%	8.65%	9.64%	9.95%	10.33%	11.03%	9.67%

Notes to Schedule

Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Valuation Date	December 31, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Inflation	2.75% per year, compounded annually
Salary increases	3.50% to 8.00%, based on age
Investment rate of return	7.25% per year, compounded annually
Retirement age	Based on actual past experience, assume all employees retire by age 80 (Tier 1 participants) and 75 (Tier 2 participants)
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Buck Modified MP-2017 projection scale
Postretirement annuity increases	Tier 1 participants - 3.0% compounded annually
	Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Pension

Schedule of Investment Returns

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	19.07%	-3.79%	15.35%	7.67%	-0.10%	5.90%

Note:

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

See Report of Independent Auditors.

REQUIRED SUPPLEMENTARY INFORMATION - POSTEMPLOYMENT HEALTHCARE

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Postemployment Healthcare

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

	2019	2018	2017
Total postemployment healthcare liability			
Service cost	$ 46,682,354	$ 40,557,095	$ 82,344,830
Interest	64,502,784	68,565,681	84,911,522
Changes in benefit terms	(81,634,771)	(292,725,744)	(79,293,990)
Difference between expected and actual experience	(9,467,033)	(92,253,919)	(55,814,160)
Changes of assumptions	385,089,639	(300,028,016)	(66,330,809)
Benefit payments	(38,237,172)	(38,310,969)	(47,454,621)
Net change in total postemployment healthcare liability	366,935,801	(614,195,872)	(81,637,228)
Total postemployment healthcare liability			
Beginning of year	1,534,053,569	2,148,249,441	2,229,886,669
End of year	$ 1,900,989,370	$ 1,534,053,569	$ 2,148,249,441
Plan fiduciary net position			
Contributions - employer	$ 38,237,172	$ 38,310,969	$ 47,454,641
Benefit payments - net	(38,237,172)	(38,310,969)	(47,454,641)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position			
Beginning of year	-	-	-
End of year	$ -	$ -	$ -
Employer's net postemployment healthcare liability	$ 1,900,989,370	$ 1,534,053,569	$ 2,148,249,441
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%	0.00%	0.00%
Covered payroll	$ 1,603,347,918	$ 1,576,658,158	$ 1,602,986,483
Employer's net postemployment healthcare liability as a percentage of covered payroll	118.56%	97.30%	134.02%

Note:

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

See Report of Independent Auditors.

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Postemployment Healthcare

Schedule of Employer Contributions and Related Notes

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 157,705,345	$ 133,228,086	$ 187,348,423	$ 206,678,514	$ 190,871,452	$ 189,907,202	$ 178,698,965	$ 156,700,388	$ 165,176,771	$ 163,823,488
Contributions in relation to the actuarially determined contribution	(38,237,172)	(38,310,969)	(47,454,621)	(49,565,249)	(50,756,817)	(43,957,458)	(40,097,630)	(37,986,237)	(38,185,306)	(40,183,057)
Contribution deficiency	$ 119,468,173	$ 94,917,117	$ 139,893,802	$ 157,113,265	$ 140,114,635	$ 145,949,744	$ 138,601,335	$ 118,714,151	$ 126,991,465	$ 123,640,431
Covered payroll	$ 1,603,347,918	$ 1,576,658,158	$ 1,602,986,483	$ 1,609,559,234	$ 1,597,597,077	$1,514,550,023	$1,484,269,715	$ 1,478,253,368	$ 1,456,444,123	$ 1,494,093,569
Contributions as a percentage of covered payroll	2.38%	2.43%	2.96%	3.08%	3.18%	2.90%	2.70%	2.57%	2.62%	2.69%

Notes to Schedule

Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Valuation Date:	December 31, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Inflation	2.75% per year
Salary increases	3.50% to 8%, based on age
Health care cost trend rate	7.25% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare 5.75% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for post-Medicare
Retirement age	Based on actual past experience, assume all employees retire by age 80 (Tier 1 participants) and 75 (Tier 2 participants)
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Buck (formerly Conduent) Modified MP-2017 projection scale

See Report of Independent Auditors.

SUPPLEMENTARY INFORMATION

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Schedules of Net Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2019 and 2018

	2019	2018
Administrative expenses		
Bank charges	$ 33,150	$ 32,791
Document imaging	-	40,269
Election expense	105,612	109,904
Employee benefits	515,339	453,329
Insurance - fidelity, fiduciary and liability	185,141	133,047
Maintenance of equipment, systems, software and support	447,247	412,385
Membership, conference and training	22,257	25,058
Office expense	67,273	99,333
Postage	92,010	106,743
Printing and stationery	47,144	74,165
Professional and consulting fees	533,833	638,274
Recovery site expense	32,608	106,203
Regulatory filing fees	8,000	8,000
Rent	526,635	462,115
Salaries	2,569,854	2,532,058
Total	5,186,103	5,233,674
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(100,658)	(99,627)
Net administrative expenses	$ 5,085,445	$ 5,134,047

	2019	2018
Professional and consulting fees		
Actuarial service	$ 90,335	$ 135,986
Audit	67,200	86,238
Consulting	231,680	181,907
Legal	116,937	206,461
Lobbyist	27,681	27,682
Total	$ 533,833	$ 638,274

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Schedules of Investment Expenses

Years Ended December 31, 2019 and 2018

	2019	2018
Investment manager expense		
Adelante Capital Management	$ 539,997	$ 457,100
Angelo Gordon	246,596	244,784
Ariel Investments	678,862	623,201
Artemis Real Estate Partners	313,434	-
Blackstone Alternative Asset Management	5,677,392	5,377,349
CastleArk Management	656,740	1,245,229
CBRE Global Investors	355,312	332,240
Channing Capital Management	1,124,165	1,606,152
Franklin Templeton Investments	2,845,937	2,937,650
Frontier Capital Management	1,181,541	1,304,572
Garcia Hamilton	166,157	73,848
Great Lakes Advisors, Inc.	477,712	469,673
J.P. Morgan Asset Management	3,255,713	3,474,764
Killian Capital Management	-	253,180
LaSalle Investment Management	94,680	135,598
Lazard Asset Management, LLC	716,271	658,675
LM Capital Group, LLC	655,518	614,451
MacKay Shields	1,039,832	911,975
Mellon Capital	129,983	168,333
Mesirow Financial	3,381,152	3,642,946

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
INVESTMENT MANAGER EXPENSE (CONTINUED)		
Mondrian Investment Partners, Ltd.	$ 1,105,729	$ 1,157,706
Muller and Monroe Asset Management	321,028	350,000
NCM Capital	442,471	423,628
New Century Investment Management	269,937	403,002
PGIM Investments	803,037	126,420
Progress Investment Management	2,238,364	2,141,325
Prudential Real Estate Investors	2,001,087	1,942,989
RhumbLine Advisers	217,221	172,931
Russell Investments	216,041	225,498
SPC Capital Management	41,427	70,000
Strategic Global Advisors	683,272	110,310
State Street Global Advisors	384,621	400,370
The Rock Creek Group	1,426,769	1,392,256
Wells Capital Management	1,470,332	1,152,034
William Blair & Company	777,626	1,263,872
	35,935,956	35,864,061
INVESTMENT CONSULTING FEES		
Callan LLC	386,431	380,736
INVESTMENT CUSTODIAN FEES		
BNY Mellon	505,295	509,601
Total investment expenses	$ 36,827,682	$ 36,754,398

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Additions by Source

Year Ended December 31,	Employer Contributions	Employee Contributions	Net Investment and Net Securities Lending Income (1)	Other (2)	Total Additions
2014	$190,032,872	$129,325,318	$ 488,890,897	$ 9,742,062	$ 817,991,149
2015	$186,832,321	$137,707,719	$ (21,896,696)	$ 11,457,843	$ 314,101,187
2016	$464,268,404	$139,355,592	$ 629,442,470	$ 14,019,340	$ 1,247,085,806
2017	$559,205,626	$138,826,184	$ 1,399,625,874	$ 23,321,813	$ 2,120,979,497
2018	$587,748,221	$134,159,171	$ (424,787,945)	$ 27,479,205	$ 324,598,652
2019	$526,240,864	$134,837,512	$ 1,865,645,039	$ 35,158,714	$ 2,561,882,129

Deductions by Type

Year Ended December 31,	Benefits	Refunds	Net Administrative Expenses	Total Deductions
2014	$645,601,458	$ 26,347,361	$ 5,010,206	$ 676,959,025
2015	$701,031,411	$ 33,273,171	$ 5,151,110	$ 739,455,692
2016	$742,396,434	$ 26,702,222	$ 5,373,555	$ 774,472,211
2017	$790,352,526	$ 32,995,364	$ 5,406,034	$ 828,753,924
2018	$831,661,745	$ 33,662,521	$ 5,134,047	$ 870,458,313
2019	$890,115,295	$ 37,745,951	$ 5,085,445	$ 932,946,691

1 - Includes realized and unrealized net gain or loss on investments and net securities lending income.

2 - Includes employer federal subsidized programs, EQWP/Medicare Part D, prescription/repayment plan rebates and miscellaneous income.

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Schedule of Employer Contributions Receivable

December 31, 2019

Contribution Year	Contributions Receivable	Uncollected Balance	Reserved	Net Contributions Receivable
2018	$ 211,449,224	$ 1,945,095	$ 759,354	$ 1,185,741
2019	$ 209,506,965	209,506,965	6,743,209	202,763,756
		$ 211,452,060	$ 7,502,563	$ 203,949,497

Note:

Employer contributions are funded primarily through property taxes levied by Cook County, Illinois.