

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

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RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying combined Statement of Fiduciary Net Position of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Fund), a fiduciary fund of Cook County, Illinois, as of December 31, 2020 and the related Statement of Changes in Fiduciary Net Position for the year then ended and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the County Employees' and Officers' Annuity and Benefit Fund of Cook County, as of and for the year ended December 31, 2019, were audited by other auditors whose report dated June 19, 2020 expressed an unmodified opinion on those statements.

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the required supplementary information as listed in the table of contents on pages 42 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming an opinion on the System's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 audit of the basic financial statements for the year ended December 31, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
June 11, 2021

**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 Fund) for the years ended December 31, 2020 and 2019. This discussion is presented as an overview of the financial activities of the Fund and should be read in conjunction with the Fund's financial statements.

Overview of the Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Fund'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 Fund's year end. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the Fund 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Financial Highlights

Net position increased by \$1,158,651,218 or 10.1% from \$11,490,959,220 at December 31, 2019 to \$12,649,610,438 at December 31, 2020. Comparatively, 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. The increase in net position for 2020 and 2019 was primarily due to the increase in the fair value of investments.

Rate of return of the Fund's investment portfolio was 12.74% for 2020, 19.07% for 2019, and (3.79%) for 2018.

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,					
	2020	2019	2018	Current Year <u>Increase (Decrease) in</u>	
				Dollars	Percent
Total assets	\$ 13,436,785,089	\$ 12,242,245,144	\$ 10,886,244,214	\$ 1,194,539,945	9.8%
Total liabilities	<u>787,174,651</u>	<u>751,285,924</u>	<u>1,024,220,432</u>	<u>35,888,727</u>	4.8%
Net position	<u>\$ 12,649,610,438</u>	<u>\$ 11,490,959,220</u>	<u>\$ 9,862,023,782</u>	<u>\$ 1,158,651,218</u>	10.1%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Changes in Fund 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,			Current Year Increase/(Decrease) in	
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Dollars</u>	<u>Percent</u>
Additions:					
Employer contributions	\$ 509,209,160	\$ 526,240,864	\$ 587,748,221	\$ (17,031,704)	-3.2%
Employee contributions	134,157,866	134,837,512	134,159,171	(679,646)	-0.5%
Net investment income (loss) (includes security lending activities)	1,465,457,845	1,865,645,039	(424,787,945)	(400,187,194)	-21.5%
Other	<u>35,954,901</u>	<u>35,158,714</u>	<u>27,479,205</u>	<u>796,187</u>	2.3%
Total additions	<u>2,144,779,772</u>	<u>2,561,882,129</u>	<u>324,598,652</u>	<u>(417,102,357)</u>	-16.3%
Deductions:					
Benefits	950,137,294	890,115,295	831,661,745	60,021,999	6.7%
Refunds	30,990,651	37,745,951	33,662,521	(6,755,300)	-17.9%
Administrative expenses	<u>5,000,609</u>	<u>5,085,445</u>	<u>5,134,047</u>	<u>(84,836)</u>	-1.7%
Total deductions	<u>986,128,554</u>	<u>932,946,691</u>	<u>870,458,313</u>	<u>53,181,863</u>	5.7%
Net increase (decrease)	1,158,651,218	1,628,935,438	(545,859,661)	(470,284,220)	-28.9%
Net position					
Beginning of year	<u>11,490,959,220</u>	<u>9,862,023,782</u>	<u>10,407,883,443</u>	<u>1,628,935,438</u>	16.5%
End of year	<u>\$ 12,649,610,438</u>	<u>\$ 11,490,959,220</u>	<u>\$ 9,862,023,782</u>	<u>\$ 1,158,651,218</u>	10.1%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Additions to Fund Net Position

Total additions were \$2,144,779,772 in 2020, \$2,561,882,129 in 2019, and \$324,598,652 in 2018.

Employer contributions decreased to \$509,209,160 in 2020 from \$526,240,864 in 2019 and \$587,748,221 in 2018. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior. The County made supplemental contributions of \$309,214,508 in 2020, \$320,296,720 in 2019, and \$378,436,000 in 2018.

Employee contributions, including permissive service credit purchases, decreased to \$134,157,866 in 2020 from \$134,837,512 in 2019, and increased from \$134,159,171 in 2018 when compared to 2019 employee contributions. The majority of members contribute 8.5% of covered wages.

Net investment income totaled \$1,465,457,845 for 2020 compared to net investment income of \$1,865,645,039 for 2019 and net investment loss of (\$424,787,945) for 2018. Investment earnings fluctuate primarily from the lower investment return in 2020 and overall performance of the financial markets from year to year.

Deductions to Fund Net Position

Total deductions were \$986,128,554 in 2020, \$932,946,691 in 2019, and \$870,458,313 in 2018.

Benefits increased to \$950,137,294 in 2020 from \$890,115,295 in 2019 and \$831,661,745 in 2018 due primarily to the 3% annual cost of living increases for annuitants and an increase in the number of retirees.

Refunds decreased to \$30,990,651 in 2020 from \$37,745,951 in 2019 and increased from \$33,662,521 in 2018. These changes are due to fluctuations in refund applications.

The cost to administer the Fund decreased by 1.7% to \$5,000,609 in 2020 from \$5,085,445 in 2019. Comparatively, the cost to administer the Fund decreased by 0.9 % to \$5,085,445 in 2019 from \$5,134,047 in 2018.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Actuarial Information

Pension Benefits

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

	Funding for Pension Benefits For the Years Ended December 31,		
	2020	2019	2018
Total pension liability	\$ 27,634,518,984	\$ 25,071,941,811	\$ 21,723,236,738
Plan fiduciary net position	12,649,610,438	11,490,959,220	9,862,023,782
Employer's net pension liability	\$ 14,984,908,546	\$ 13,580,982,591	\$ 11,861,212,956
Plan fiduciary net position as a percentage of the total pension liability	45.77%	45.83%	45.40%

Postemployment Healthcare Benefits

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

	Funding for Healthcare Benefits For the Years Ended December 31,		
	2020	2019	2018
Total other postemployment benefits liability	\$ 2,105,154,520	\$ 1,900,989,370	\$ 1,534,053,569
Plan fiduciary net position	-	-	-
Employer's net other postemployment benefits liability	\$ 2,105,154,520	\$ 1,900,989,370	\$ 1,534,053,569

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Actuarial Information (continued)

Combined

The Fund actuary has performed a combined valuation of the pension and postemployment healthcare benefits provided by the Fund to measure the overall funded status and contribution requirements of the Fund. Such a valuation is required under Chapter 40, Article 5/9-199 of the Illinois Pension Code which provides that the Fund shall submit a report each year containing a detailed statement of the affairs of the Fund, 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 Fund's actuary and were used by the Fund's actuary to present the combined funding status in accordance with *Section 9-199*. The Fund's funding under the combined actuarial valuation is as follows:

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

	2020	2019	2018
Unfunded actuarial accrued liability	\$ 6,655,454,351	\$ 6,966,299,527	\$ 6,791,017,319
Funded ratio	63.87%	61.19%	60.75%

Contact Information

This financial report is designed to provide the employer, plan participants and others with a general overview of the Fund'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, 2020 and 2019

	2020			2019		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Assets						
Receivables						
Employer contributions less allowance of \$6,390,937 in 2020 and \$7,502,563 in 2019	\$ 195,048,545	\$ 195,048,545	\$ -	\$ 203,949,497	\$ 203,949,497	\$ -
Employee contributions	5,634,981	5,634,981	-	5,728,669	5,728,669	-
Accrued investment income	35,002,953	35,002,953	-	33,186,100	33,186,100	-
Receivable for securities sold	116,443,382	116,443,382	-	126,392,197	126,392,197	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	-	-	-	382,786	382,786	-
EGWP/Medicare Part D subsidy & other	12,210,594	2,025,337	10,185,257	11,593,953	2,774,646	8,819,307
Prescription rebates	873,121	-	873,121	814,807	-	814,807
Imprest balance receivable	1,441,000	-	1,441,000	1,441,000	-	1,441,000
Other	553,952	553,952	-	27,302	27,302	-
Total receivables	367,208,528	354,709,150	12,499,378	383,516,311	372,441,197	11,075,114
Investments						
U.S. and international equities	6,930,194,686	6,930,194,686	-	6,282,967,633	6,282,967,633	-
U.S. Government and government agency obligations	1,021,751,132	1,021,751,132	-	1,051,214,578	1,051,214,578	-
Corporate and foreign government obligations	1,424,006,422	1,424,006,422	-	1,106,718,809	1,106,718,809	-
Collective international equity fund	82,904,306	82,904,306	-	83,116,013	83,116,013	-
Commingled fixed income fund	40,925,720	40,925,720	-	41,141,429	41,141,429	-
Private global fixed fund limited partnership	244,996,202	244,996,202	-	258,865,492	258,865,492	-
Exchange traded funds	8,037,180	8,037,180	-	8,691,798	8,691,798	-
Private equities	938,804,581	938,804,581	-	678,909,985	678,909,985	-
Hedge funds	740,040,004	740,040,004	-	730,203,620	730,203,620	-
Real estate funds	776,471,639	776,471,639	-	689,481,138	689,481,138	-
Short-term investment	267,036,118	267,036,118	-	330,944,641	330,944,641	-
Total investments	12,475,167,990	12,475,167,990	-	11,262,255,136	11,262,255,136	-
Collateral held for securities on loan	594,408,571	594,408,571	-	596,473,697	596,473,697	-
Total assets	13,436,785,089	13,424,285,711	12,499,378	12,242,245,144	12,231,170,030	11,075,114
Liabilities						
Accounts payable	6,082,240	6,082,240	-	8,693,505	8,693,505	-
Healthcare & other benefits payable	12,499,378	-	12,499,378	11,075,114	-	11,075,114
Due to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	686,022	686,022	-	-	-	-
Payable for securities purchased	173,498,440	173,498,440	-	135,043,608	135,043,608	-
Securities lending collateral	594,408,571	594,408,571	-	596,473,697	596,473,697	-
Total liabilities	787,174,651	774,675,273	12,499,378	751,285,924	740,210,810	11,075,114
Net position						
Net position restricted for pensions	12,649,610,438	12,649,610,438	-	11,490,959,220	11,490,959,220	-
Net position restricted for postemployment healthcare benefits	-	-	-	-	-	-
Total	\$ 12,649,610,438	\$ 12,649,610,438	\$ -	\$ 11,490,959,220	\$ 11,490,959,220	\$ -

**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, 2020 and 2019

	2020			2019		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Additions						
Employer contributions						
Statutory	\$ 199,994,652	\$ 199,994,652	\$ -	\$ 205,944,144	\$ 205,944,144	\$ -
Supplemental	309,214,508	309,214,508	-	320,296,720	320,296,720	-
Allocation to postemployment healthcare	-	(43,430,445)	43,430,445	-	(38,237,172)	38,237,172
Total employer contributions	<u>509,209,160</u>	<u>465,778,715</u>	<u>43,430,445</u>	<u>526,240,864</u>	<u>488,003,692</u>	<u>38,237,172</u>
Employee contributions						
Salary deductions	129,389,135	129,389,135	-	129,339,031	129,339,031	-
Refund repayments	1,877,909	1,877,909	-	2,674,863	2,674,863	-
Former and miscellaneous service payments	528,376	528,376	-	768,064	768,064	-
Optional payments and deductions	109,582	109,582	-	41,495	41,495	-
Deductions in lieu of disability	2,252,864	2,252,864	-	2,014,059	2,014,059	-
Total employee contributions	<u>134,157,866</u>	<u>134,157,866</u>	<u>-</u>	<u>134,837,512</u>	<u>134,837,512</u>	<u>-</u>
Investment income						
Net appreciation in fair value of investments	1,305,533,430	1,305,533,430	-	1,681,234,945	1,681,234,945	-
Dividends	114,984,928	114,984,928	-	135,119,218	135,119,218	-
Interest	78,568,641	78,568,641	-	82,809,998	82,809,998	-
	<u>1,499,086,999</u>	<u>1,499,086,999</u>	<u>-</u>	<u>1,899,164,161</u>	<u>1,899,164,161</u>	<u>-</u>
Less investment expenses	(36,023,573)	(36,023,573)	-	(36,827,682)	(36,827,682)	-
Net investment income	<u>1,463,063,426</u>	<u>1,463,063,426</u>	<u>-</u>	<u>1,862,336,479</u>	<u>1,862,336,479</u>	<u>-</u>
Securities lending						
Income	2,912,136	2,912,136	-	3,985,214	3,985,214	-
Expenses	(517,717)	(517,717)	-	(676,654)	(676,654)	-
Net securities lending income	<u>2,394,419</u>	<u>2,394,419</u>	<u>-</u>	<u>3,308,560</u>	<u>3,308,560</u>	<u>-</u>
Other						
Employer federal subsidized programs	4,434,155	4,434,155	-	5,783,060	5,783,060	-
EGWP/Medicare Part D subsidy	28,493,977	-	28,493,977	25,698,131	-	25,698,131
Prescription plan rebates	3,706,118	-	3,706,118	3,184,779	-	3,184,779
Employee movements (to) from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(714,659)	(714,659)	-	252,406	252,406	-
Miscellaneous	35,310	35,310	-	240,338	240,338	-
Total other additions	<u>35,954,901</u>	<u>3,754,806</u>	<u>32,200,095</u>	<u>35,158,714</u>	<u>6,275,804</u>	<u>28,882,910</u>
Total additions	<u>2,144,779,772</u>	<u>2,069,149,232</u>	<u>75,630,540</u>	<u>2,561,882,129</u>	<u>2,494,762,047</u>	<u>67,120,082</u>

**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 (Continued)

Years Ended December 31, 2020 and 2019

	2020			2019		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Deductions						
Benefits						
Annuity						
Employee	\$ 799,105,038	\$ 799,105,038	\$ -	\$ 751,788,339	\$ 751,788,339	\$ -
Spouse and children	64,617,964	64,617,964	-	60,115,798	60,115,798	-
Disability						
Ordinary	9,808,737	9,808,737	-	10,473,241	10,473,241	-
Duty	975,015	975,015	-	617,835	617,835	-
Healthcare less annuitant contributions of \$52,821,697 in 2020 and \$52,401,260 in 2019	75,630,540	-	75,630,540	67,120,082	-	67,120,082
Total benefits	950,137,294	874,506,754	75,630,540	890,115,295	822,995,213	67,120,082
Refunds	30,990,651	30,990,651	-	37,745,951	37,745,951	-
Net administrative expenses	5,000,609	5,000,609	-	5,085,445	5,085,445	-
Total deductions	986,128,554	910,498,014	75,630,540	932,946,691	865,826,609	67,120,082
Net increase	1,158,651,218	1,158,651,218	-	1,628,935,438	1,628,935,438	-
Net position						
Beginning of year	11,490,959,220	11,490,959,220	-	9,862,023,782	9,862,023,782	-
End of year	\$ 12,649,610,438	\$ 12,649,610,438	\$ -	\$ 11,490,959,220	\$ 11,490,959,220	\$ -

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Fund or 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 Fund 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 Fund's financial statements.

Based on the above criteria, the Fund 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 Fund.

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. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments includes gains and losses on investments bought and sold, as well as held during the year.

Allocated Expenses - Administrative expenses are initially paid by the Fund. These expenses are allocated between the Fund 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 Fund has set a capitalization threshold of \$100,000 for all capital asset types. As of December 31, 2020 and 2019, the Fund does not have any capital assets.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent Events - Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

The Fund 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 pension plan provisions can be amended only by the Illinois Legislature. The pension plan is a single employer defined benefit pension plan with a defined contribution minimum. The pension 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 Fund 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 Fund and three are elected by the annuitants of the Fund. 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 Fund and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Fund, to invest the Fund'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 Fund. The Board approves its own budget which is prepared by the administrative staff of the Fund. 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 Fund. 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Covered employees are required to contribute 8.5% (9% for sheriffs) of their salary to the Fund, 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 Fund 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 Fund for the years ended December 31, 2020 and 2019 was \$1,532,744,306 and \$1,553,498,503 respectively.

The Fund 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, 2020 and 2019, participants consisted of the following:

	<u>2020</u>	<u>2019</u>
Active members	19,102	19,551
Retired members	16,572	16,305
Beneficiaries	2,870	2,838
Inactive members	<u>16,404</u>	<u>15,422</u>
Total	<u>54,948</u>	<u>54,116</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 3. EMPLOYER'S PENSION LIABILITY

Net Pension Liability

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

	2020	2019
Total pension liability	\$ 27,634,518,984	\$ 25,071,941,811
Plan fiduciary net position	12,649,610,438	11,490,959,220
Employer's net pension liability	\$ 14,984,908,546	\$ 13,580,982,591
 Plan fiduciary net position as a percentage of the total pension liability	 <u>45.77%</u>	 <u>45.83%</u>

Refer to 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 Fund.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2020	December 31, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
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, 2020 and 2019 valuations were based on the results of an actuarial experience study conducted by Conduent, Inc. (formerly Buck Consultants, LLC) dated February 2018 covering a four-year period ending December 31, 2016. The Fund engaged Cavanaugh Macdonald Consulting to prepare the December 31, 2020 and 2019 valuations.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2020 and 2019 was 3.68% and 4.14%, 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 Fund'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 2.12% and 2.75% at December 31, 2020 and 2019, respectively, and the long-term investment rate of return of 7.25% at December 31, 2020 and 2019 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. As a result, for December 31, 2020 and 2019, the long-term rate of return of 7.25% was applied to projected benefit payments through 2044 and 2042 respectively and the municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was applied to all benefit payments after that date, resulting in a blended discount rate of 3.68% at December 31, 2020 and 4.14% at December 31, 2019.

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, 2020 and 2019. 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 2.68%	Current Discount Rate 3.68%	1% Increase 4.68%
Net Pension Liability - December 31, 2020	<u>\$ 19,498,281,825</u>	<u>\$ 14,984,908,546</u>	<u>\$ 11,352,586,219</u>
	1% Decrease 3.14%	Current Discount Rate 4.14%	1% Increase 5.14%
Net Pension Liability - December 31, 2019	<u>\$ 17,585,226,992</u>	<u>\$ 13,580,982,591</u>	<u>\$ 10,346,852,439</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 Fund are equal to the total contributions made by the employees to the Fund in the calendar year two years prior, multiplied by 1.54.

Supplemental Funding

Per the 2020 IGA (Intergovernmental Agreement), the County is required to make supplemental payments totaling \$306,214,508 by November 30, 2020, to promote the long-term fiscal sustainability of the Fund. During the year ended December 31, 2020, the County made supplemental contributions to the Fund totaling \$309,214,508, which includes \$28,000,000 paid on December 31, 2020, pertaining to the 2021 IGA. Per the 2019 IGA, the County is required to make supplemental payments totaling \$320,296,720 by November 30, 2019. During the year ended December 31, 2019, the County made supplemental contributions to the Fund totaling \$320,296,720, which includes \$25,000,000 paid on December 31, 2019 pertaining to the 2020 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 Fund assets in accordance with the Illinois Compiled Statutes. The Fund 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 Fund'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, 2020 and 2019, there were no significant changes to the investment policy.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 5. INVESTMENTS (CONTINUED)

The Fund'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%	5.58%
International equities	21.00%	5.88%
Fixed income	26.00%	1.43%
Real estate funds	9.00%	4.52%
Private equity	4.00%	6.91%
Hedge Funds	6.00%	2.91%
Short-term investment	1.00%	0.03%
Total investments	<u>100.00%</u>	

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 2.00%. 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 Fund's target asset allocation as of December 31, 2020 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 12.50% and 19.07% for the years ended December 31, 2020 and 2019, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 Fund'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 Fund's credit quality ratings of investments at December 31, 2020 and 2019 valued by Moody's Investors Service, Standard & Poor's and/or Fitch:

Type of Investment	Rating	2020	2019
U.S. Government and government agency obligations	Aaa	\$ 940,302,740	\$ 1,008,730,719
	Aa	5,796,599	4,512,518
	A	1,219,136	1,647,521
	Baa	3,645,493	566,991
	Ba	-	113,670
	Not Rated	70,787,164	35,643,159
		<u>\$ 1,021,751,132</u>	<u>\$ 1,051,214,578</u>
Corporate and foreign government obligations	Aaa	\$ 116,667,847	\$ 122,430,000
	Aa	44,788,835	38,097,442
	A	345,792,273	218,228,365
	Baa	468,489,357	402,222,020
	Ba	114,801,400	64,735,538
	B	46,954,187	28,690,310
	Caa	1,698,529	3,336,325
	Ca	366,750	-
Not Rated	284,447,244	228,978,809	
		<u>\$ 1,424,006,422</u>	<u>\$ 1,106,718,809</u>
Commingled fixed income fund	Not Rated	<u>\$ 40,925,720</u>	<u>\$ 41,141,429</u>
Short-term investment	Not Rated	<u>\$ 267,036,118</u>	<u>\$ 330,944,641</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 Fund'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 6.22 years at December 31, 2020 and 5.87 years at December 31, 2019). The following table presents a summarization of the Fund's debt investments at December 31, 2020 and 2019, using the segmented time distribution method:

Type of Investment	Maturity	2020	2019
U.S. Government and government agency obligations	Less than 1 year	\$ 12,752,364	\$ -
	1 - 5 years	254,759,387	255,840,867
	5 - 10 years	209,146,971	188,143,448
	Over 10 years	545,092,410	607,230,263
		<u>\$ 1,021,751,132</u>	<u>\$ 1,051,214,578</u>
Corporate and foreign government obligations	Less than 1 year	\$ 16,680,318	\$ 6,216,627
	1 - 5 years	370,773,966	271,756,368
	5 - 10 years	435,323,612	337,402,395
	Over 10 years	601,228,526	491,343,419
		<u>\$ 1,424,006,422</u>	<u>\$ 1,106,718,809</u>
Commingled fixed income fund	1 - 5 years	<u>\$ 40,925,720</u>	<u>\$ 41,141,429</u>
Short-term investment	Less than 1 year	<u>\$ 267,036,118</u>	<u>\$ 330,944,641</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 Fund's exposure to foreign currency risk at December 31, 2020 and 2019 is as follows:

Type of Investment	Fair Value (USD) 2020	Fair Value (USD) 2019
U.S. and international equities		
Australian dollar	\$ 71,073,063	\$ 64,975,042
Brazil real	40,620,209	47,176,852
British pound sterling	224,724,672	269,787,968
Canadian dollar	134,320,290	143,967,483
Chilean peso	2,884,589	2,690,695
Colombian peso	79,443	229,259
Danish krone	45,672,504	27,717,442
Egyptian pound	185,284	254,698
European euro	573,587,863	548,901,567
Hong Kong dollar	222,846,809	186,091,181
Hungarian forint	870,457	904,850
Indian rupee	21,077,536	19,722,568
Indonesian rupiah	13,010,969	10,845,405
Israeli shekel	10,385,739	8,409,897
Japanese yen	381,539,043	394,011,003
Malaysian ringgit	6,329,165	6,128,297
Mexican peso	14,010,089	13,549,503
New Taiwan dollar	82,944,533	64,691,046
New Turkish lira	-	321,273
New Zealand dollar	1,620,420	6,494,738
Norwegian krone	8,873,462	14,780,532
Philippines peso	4,196,132	4,751,295
Polish zloty	1,867,353	3,533,224
Russian ruble	335,264	473,980
Singapore dollar	28,663,462	32,354,412
South African rand	14,808,018	17,120,665
South Korean won	73,289,937	52,590,803
Swedish krona	62,559,810	53,562,423
Swiss franc	140,257,776	137,494,181
Thailand baht	10,761,483	10,250,963
Turkish lira	394,915	-
United Arab Emirates dirham	2,782,255	2,184,317
U.S. dollar	4,733,622,142	4,137,000,071
Total U.S. and international equities	<u>\$ 6,930,194,686</u>	<u>\$ 6,282,967,633</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 5. INVESTMENTS (CONTINUED)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2020	Fair Value (USD) 2019
Corporate and foreign government obligations		
Australian dollar	\$ 52,451	\$ -
Brazil real	118,469	42,536
British pound sterling	2,773,406	1,985,212
Canadian dollar	402,084	576,455
Chinese yuan renminbi	53,116	-
Colombian peso	157,657	-
European euro	15,220,670	11,066,623
Hungarian forint	45,446	-
Mexican peso	742,361	263,747
New Zealand dollar	29,937	-
Norwegian krone	755,399	-
Polish zloty	535,677	863
Russian ruble	471,766	-
South African rand	1,291,103	270,338
Turkish lira	1,048,644	-
Norwegian krone	-	728,988
U.S. dollar	1,400,308,236	1,091,784,047
Total corporate and foreign government obligations	<u>\$ 1,424,006,422</u>	<u>\$ 1,106,718,809</u>
Private equities		
European euro	\$ 66,889,887	\$ 45,808,248
U.S. dollar	1,116,910,896	633,101,737
Total private equities	<u>\$ 1,183,800,783</u>	<u>\$ 678,909,985</u>

Investment Activity

For the years ended December 31, 2020 and 2019, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was \$214,539,440 and \$203,265,693, 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 Fund assets being reported in both the current year and the previous years.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019.

	Notional Amounts		Fair Value	
	2020	2019	2020	2019
Hedging derivative instruments				
Foreign currency contracts purchased	\$ -	\$ -	\$ (96,196,997)	\$ (82,053,047)
Foreign currency contracts sold	-	-	96,083,458	81,926,715
Futures				
Equity	6,860,640	-	45,545	-
Fixed Income	(161,114,898)	(105,683,341)	(504,223)	(1,305,798)
Swaps				
Interest rate swaps	-	-	739,957	-
Zero coupon swaps	-	-	87,817	-
Credit default swaps	-	-	(8,897)	-

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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 6. DERIVATIVES (CONTINUED)

Forward Currency Forward Contracts (continued)

The Fund's exposure to foreign currency risk at December 31, 2020 and 2019 is as follows:

	2020	2019
Foreign currency exchange sales		
Currency		
Australian dollar	\$ 6,399,671	\$ 5,922,970
Brazil real	1,750,534	107,216
British pound sterling	2,885,510	3,333,837
Canadian dollar	4,244,880	2,475,982
Chilean peso	-	594,846
Chinese yuan renminbi	5,176,485	2,847,408
Colombian peso	337,617	297,762
Czech koruna	1,314,366	527,865
European euro	2,463,484	5,109,574
Hong Kong dollar	18,910	131,792
Hungarian forint	244,716	431,020
Indian rupee	2,552,091	1,780,857
Indonesian rupiah	1,740,371	251,921
Israeli shekel	2,404,256	841,443
Japanese yen	3,671,796	2,441,775
Mexican peso	1,231,826	993,987
New Taiwan dollar	-	1,243,234
New Zealand dollar	769,860	533,765
Norwegian krone	2,053,075	2,467,533
Peruvian sol	-	502,988
Philippines peso	340,803	266,597
Polish zloty	1,028,284	637,504
Russian ruble	2,175,746	2,068,233
Singapore dollar	742,808	2,969,976
South Korean won	793,229	1,264,814
South African rand	47,697	-
Swedish krona	1,535,423	1,623,465
Swiss franc	2,645,447	868,637
Thailand baht	1,140,167	291,623
Turkish lira	1,062,606	41,458
U.S. dollar	45,311,800	39,056,633
Total	\$ 96,083,458	\$ 81,926,715

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 6. DERIVATIVES (CONTINUED)

Forward Currency Forward Contracts (continued)

	2020	2019
Foreign currency exchange purchases		
Currency		
Australian dollar	\$ (1,514,900)	\$ (1,213,651)
Brazil real	(1,065,083)	(1,098,767)
British pound sterling	(3,720,531)	(3,642,161)
Canadian dollar	(1,449,233)	(590,784)
Chilean peso	(944,121)	(1,468,306)
Chinese yuan renminbi	(2,125,157)	(3,750,096)
Colombian peso	(861,240)	(791,855)
Czech koruna	(447,017)	(391,863)
European euro	(29,175,497)	(23,661,651)
Hong Kong dollar	(5,133,634)	(96,746)
Hungarian forint	(722,834)	(961,258)
Indian rupee	(478,918)	(791,964)
Indonesian rupiah	-	(1,008,583)
Israeli shekel	(217,863)	(402,227)
Japanese yen	(1,657,059)	(446,655)
Mexican peso	(276,438)	(216,356)
New Taiwan dollar	(408,259)	(1,347,741)
New Zealand dollar	(625,295)	(917,351)
Norwegian krone	(1,861,563)	(859,120)
Peruvian sol	-	(500,737)
Russian ruble	(537,760)	-
Philippines peso	(165,493)	(172,848)
Polish zloty	(309,279)	(147,110)
Singapore dollar	(42,597)	(408,598)
South Korean won	(600,976)	(535,524)
South African rand	(2,013,370)	(302,810)
Swedish krona	(292,856)	(530,282)
Swiss franc	(2,778,387)	(2,487,437)
Thailand baht	-	(282,400)
Turkish lira	-	(179,164)
U.S. dollar	(36,771,637)	(32,849,002)
	\$ (96,196,997)	\$ (82,053,047)

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.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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 Fund's Future and Swaps investments' interest rate risk exposure at December 31, 2020 and 2019, using the segmented time distribution method:

<u>Derivative Type</u>	<u>Maturity</u>	<u>2020</u>	<u>2019</u>
Futures	Less than 1 Year	<u>\$ (458,678)</u>	<u>\$ (1,305,798)</u>
Swaps	Less than 1 Year	\$ 4,327	\$ -
	1 - 5 years	166,141	-
	5 - 10 years	682,362	-
	Over 10 years	<u>(33,953)</u>	<u>-</u>
			<u>\$ 818,877</u>

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Fund 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 Fund 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 Fund until delivery and payment takes place. As of December 31, 2020 and 2019, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately \$60,305,143 and \$31,356,662 respectively.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

		Fair Value Measurements at 12/31/2020 Using		
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level				
U.S. and international equities	\$ 6,930,194,686	\$ 6,930,194,686	\$ -	\$ -
U.S. Government and government agency obligations	1,021,751,132	502,789,238	518,961,894	-
Corporate and foreign government obligations	1,424,006,422	-	1,424,006,422	-
Exchange traded funds	8,037,180	8,037,180	-	-
Total investments by fair value level	9,383,989,420	\$ 7,441,021,104	\$ 1,942,968,316	\$ -
Investments measured at net asset value				
Total investments at fair value	\$ 12,475,167,990			

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

	Total	Fair Value Measurements at 12/31/2019 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	\$ 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			

Level 1 Measurements

U.S. Government obligations, 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.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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		Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
	12/31/2020	12/31/2019			
Investments measured at net asset value:					
Collective international equity fund (1)					
Lazard/Wilmington Emerging Markets Sudan Free Portfolio	\$ 82,904,306	\$ 83,116,013	\$ -	Daily	N/A
Commingled fixed income fund (2)					
MacKay Shields Defensive Bond Arbitrage Fund Ltd.	40,925,720	41,141,429	-	Daily	5 days
Private global fixed fund limited partnership (3)					
Franklin Templeton Global Multisector Plus Fund, L.P.	244,996,202	258,865,492	-	Monthly	15 days
Private equities (4)	938,804,581	678,909,985	170,494,433	Closed Ended	N/A
Hedge funds (5)					
Burnham Harbor Fund Ltd. RC Kenwood Fund Ltd.	533,277,504 206,762,500	535,014,672 195,188,948	- -	Monthly Quarterly	95 days 90 days
Real estate funds (6)					
JPMCB Strategic Property Fund PRISA Separate Account Artemis Real Estate Partners Others	267,959,235 248,165,695 12,321,643 248,025,066	274,387,829 251,997,195 8,259,296 154,836,818	- - 36,428,876 63,992,550	Quarterly Quarterly Closed Ended Quarterly	45 days 90 days N/A 90 days
Short-term investment (7)					
BNY Mellon EB Temporary Investment Fund	267,036,118	330,944,641	-	Daily	N/A
Total investments measured at net asset value	<u>\$ 3,091,178,570</u>	<u>\$ 2,812,662,318</u>			

- (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.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

- (4) Private equities - This investment consists of 79 limited partnership investments in 2020 and 78 in 2019, 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.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 9. SECURITIES LENDING

State Statutes and the investment policy permit the Fund 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 Fund'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 Fund does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 110 days for 2020 and 117 days for 2019; however, any loan may be terminated on demand by either the Fund or the borrower. Cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2020 and 2019 of 76 and 56 days, respectively.

As of December 31, 2020 and 2019, the fair value (carrying amount) of loaned securities was \$859,748,216 and \$975,308,040, respectively. As of December 31, 2020 and 2019, the fair value (carrying amount) of cash collateral received by the Fund was \$594,408,571 and \$596,473,697, 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, 2020 and 2019, the fair value (carrying amount) of non-cash collateral received by the Fund was \$287,720,165 and \$404,530,922, respectively.

Although the Fund's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. 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 Fund if borrowers fail to return the securities or fail to pay the Fund for income distributions by the issuers of securities while the securities are on loan.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 9. SECURITIES LENDING (CONTINUED)

A summary of securities loaned at fair value as of December 31, 2020 and 2019 is as follows:

	2020	2019
Securities loaned - backed by cash collateral		
U.S. and international equities	\$ 358,795,706	\$ 446,175,774
U.S. Government and government agency obligations	90,154,039	49,919,899
Exchange traded funds	4,320,584	6,664,738
Corporate and foreign government obligations	126,418,677	77,408,275
Total securities loaned - backed by cash collateral	579,689,006	580,168,686
Securities loaned - backed by non-cash collateral		
U.S. and international equities	201,131,621	333,379,234
U.S. Government and government agency obligations	78,153,339	55,824,110
Exchange traded funds	517,851	5,349,602
Corporate and foreign government obligations	256,399	586,408
Total securities loaned - backed by non-cash collateral	280,059,210	395,139,354
Total	\$ 859,748,216	\$ 975,308,040

NOTE 10. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY

Plan Description

The Fund 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 Fund's Board of Trustees. PGHBP provides a healthcare benefit to annuitants of Cook County, Illinois (the employer) who elect to participate in the PGHBP.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

Plan Description (continued)

At December 31, 2020 and 2019, participants consisted of the following:

	2020	2019
Active members	19,102	19,551
Inactive plan members or beneficiaries currently receiving benefit payments	11,905	11,953
Inactive plan members entitled to but not yet receiving benefit payments	1,708	1,510
Total	32,715	33,014

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. For the valuation of the obligation as of December 31, 2020, the employee and spouse annuitants are expected to pay between 55% - 67% and 48% - 62% of the annual medical costs, respectively, which increased from the prior year ranges by 1% - 10% depending upon Medicare enrollment and coverage selection. The remaining costs are funded by an allocation from the Fund.

Method of Accounting - The PGHBP's financial statements have been combined with the Fund'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, 2020 and 2019 were as follows:

	2020	2019
Total postemployment healthcare liability	\$ 2,105,154,520	\$ 1,900,989,370
Plan fiduciary net position	-	-
Employer's net postemployment healthcare liability	\$ 2,105,154,520	\$ 1,900,989,370
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%	0.00%

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

Employer's Net Postemployment Healthcare Liability (Continued)

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.

The net postemployment healthcare liability was determined by actuarial valuation performed as of December 31, 2020 and 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2020	December 31, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
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	7.00% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare 5.50% 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 projection scale	RP-2014 Blue Collar Mortality Table, base year 2006, Buck (formerly Conduent) Modified MP-2017 projection scale

The actuarial assumptions used in the December 31, 2020 and 2019 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.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

Discount Rate

The blended discount rate used to measure the total postemployment healthcare liability at December 31, 2020 and 2019 was 2.12% and 2.75%, 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 Fund's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Municipal bond rates of 2.12% and 2.75% at December 31, 2020 and 2019, 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 for 2019 and 2020 are based on the S&P Municipal Bond 20 Year High Grade Rate Index and Municipal Bond 20-Year Index Rate, respectively

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, 2020 and 2019. 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 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
Net postemployment healthcare liability as of December 31, 2020	<u>\$ 2,508,946,266</u>	<u>\$ 2,105,154,520</u>	<u>\$ 1,786,550,734</u>
	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Net postemployment healthcare liability as of December 31, 2019	<u>\$ 2,252,215,661</u>	<u>\$ 1,900,989,370</u>	<u>\$ 1,622,569,147</u>

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

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, 2020 and 2019. 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, 2020	<u>\$ 1,748,461,101</u>	<u>\$ 2,105,154,520</u>	<u>\$ 2,574,177,221</u>
	1% Decrease	Health Care Cost Trend Rate	1% Increase
Net postemployment healthcare liability as of December 31, 2019	<u>\$ 1,589,836,565</u>	<u>\$ 1,900,989,370</u>	<u>\$ 2,306,985,201</u>

NOTE 11. RELATED PARTY TRANSACTIONS

The Fund 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 Fund for shared administrative services provided by the Fund. During the years ended December 31, 2020 and 2019, the Fund allocated administrative expenditures of \$102,610 and \$100,658, respectively, to the Forest Fund.

As of December 31, 2020, the Fund owed \$686,022 to the Forest Fund. As of December 31, 2019, the Fund was owed \$382,786 from the Forest Fund. These amounts include plan transfers from Fund members transferring from one Fund to the other.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 12. PRONOUNCEMENTS ISSUED EFFECTIVE FISCAL YEAR ENDING DECEMBER 31, 2020

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 Fund's fiscal year ending December 31, 2020. We evaluated Statement No. 83 and have concluded that the requirements of the statement do not materially impact the financial operations of the Fund. Therefore, the Fund will pass on implementation of the Statement.

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 Fund's fiscal year ending December 31, 2020. We evaluated Statement No. 84 and confirmed that the Fund is a fiduciary component unit of Cook County, Illinois. Refer to Note 1 for more information.

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 Fund's fiscal year ending December 31, 2020. We evaluated Statement No. 88 and have concluded that the operations of the Fund do not fall within the scope of Statement No. 88. Therefore, there is no impact on the Fund's financial statements.

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 Fund's fiscal year ending December 31, 2020. We evaluated Statement No. 90 and have concluded that the requirements of Statement No. 90 for a Fiduciary Fund's majority equity interest refer back to GASB Statement No. 72, *Fair Value Measurement*, which requires that a Fiduciary Fund (like the Pension Trust Fund) report majority equity interests as investments and report at fair value. Therefore, the implementation of Statement No. 90 does not change the Fund's reporting of majority equity interests.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement No. 97 primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Statement No. 96 requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. Statement No. 96 is effective for the Fund's fiscal year ending December 31, 2022.

In May 2020, 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 Fund's effective dates have been updated for each applicable pronouncement according to Statement No. 95.

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

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 Fund's fiscal year ending December 31, 2022.

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 Fund's fiscal year ending December 31, 2021.

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 Fund'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 Fund'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 Fund's fiscal year ending December 31, 2022.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

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 Fund's fiscal year ending December 31, 2023.

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

NOTE 14. SUBSEQUENT EVENTS

The Fund 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 Fund, 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 Fund. The Fund 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 and the Clerk of the Supreme Court issued a mandate to Appellate and Circuit Courts. Based upon the Appellate Court's decision entered on June 7, 2019, the matter was then remanded to the Retirement Board with specific instructions. The Retirement Board allowed the Plaintiff to participate in the health insurance program as was consistent with the directions from the Appellate Court. Because the Circuit Court was not re-vested with jurisdiction, Plaintiff's motions to certify the class, issue notice and award damages and attorneys' fees were dismissed for want of jurisdiction and that order was entered as a final order. On April 23, 2021, the Plaintiff filed an appeal from the order entered by the Circuit Court.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 469,652,001	\$ 367,986,188	\$ 440,682,868	\$ 478,904,097	\$ 559,176,234	\$ 496,161,454	\$ 491,887,347
Interest	1,038,868,271	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	192,731,447	1,775,621	(278,982,116)	(152,859,373)	318,014,746	(126,330,351)	-
Changes of assumptions	1,766,822,859	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	(905,497,405)	(860,741,164)	(805,394,705)	(757,930,854)	(709,560,225)	(676,470,215)	(622,003,259)
Net change in total pension liability	2,562,577,173	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	25,071,941,811	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	\$ 27,634,518,984	\$ 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	\$ 465,778,715	\$ 488,003,692	\$ 549,437,252	\$ 511,750,985	\$ 414,703,155	\$ 136,075,504	\$ 146,075,414
Contributions - employee	134,157,866	134,837,512	134,159,171	138,826,184	139,355,592	137,707,719	129,325,318
Net investment income	1,465,457,845	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	(905,497,405)	(860,741,164)	(805,394,705)	(757,930,854)	(709,560,225)	(676,470,215)	(622,003,259)
Administrative expenses	(5,000,609)	(5,085,445)	(5,134,047)	(5,406,034)	(5,373,555)	(5,151,110)	(5,010,206)
Other	3,754,806	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	1,158,651,218	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	11,490,959,220	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	\$ 12,649,610,438	\$ 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	\$ 14,984,908,546	\$ 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	45.77%	45.83%	45.40%	45.37%	39.22%	36.07%	41.32%
Covered payroll	\$ 1,532,744,306	\$ 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	977.65%	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.

**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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 536,955,558	\$ 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
Contributions in relation to the actuarially determined contribution	(465,778,715)	(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)
Contribution deficiency	\$ 71,176,843	\$ 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
Covered payroll	\$ 1,532,744,306	\$ 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
Contributions as a percentage of covered payroll	30.39%	31.41%	35.82%	32.65%	26.24%	8.65%	9.64%	9.95%	10.33%	11.03%

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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	12.50%	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**

	2020	2019	2018	2017
Total postemployment healthcare liability				
Service cost	\$ 66,338,671	\$ 46,682,354	\$ 40,557,095	\$ 82,344,830
Interest	53,508,403	64,502,784	68,565,681	84,911,522
Changes in benefit terms	(65,649,811)	(81,634,771)	(292,725,744)	(79,293,990)
Difference between expected and actual experience	(15,827,767)	(9,467,033)	(92,253,919)	(55,814,160)
Changes of assumptions	209,226,099	385,089,639	(300,028,016)	(66,330,809)
Benefit payments	(43,430,445)	(38,237,172)	(38,310,969)	(47,454,621)
Net change in total postemployment healthcare liability	204,165,150	366,935,801	(614,195,872)	(81,637,228)
Total postemployment healthcare liability				
Beginning of year	1,900,989,370	1,534,053,569	2,148,249,441	2,229,886,669
End of year	<u>\$ 2,105,154,520</u>	<u>\$ 1,900,989,370</u>	<u>\$ 1,534,053,569</u>	<u>\$ 2,148,249,441</u>
Plan fiduciary net position				
Contributions - employer	\$ 43,430,445	\$ 38,237,172	\$ 38,310,969	\$ 47,454,641
Benefit payments - net	(43,430,445)	(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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's net postemployment healthcare liability	<u>\$ 2,105,154,520</u>	<u>\$ 1,900,989,370</u>	<u>\$ 1,534,053,569</u>	<u>\$ 2,148,249,441</u>
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>\$ 1,583,198,305</u>	<u>\$ 1,603,347,918</u>	<u>\$ 1,576,658,158</u>	<u>\$ 1,602,986,483</u>
Employer's net postemployment healthcare liability as a percentage of covered payroll	<u>132.97%</u>	<u>118.56%</u>	<u>97.30%</u>	<u>134.02%</u>

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 172,996,709	\$ 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
Contributions in relation to the actuarially determined contribution	(43,430,445)	(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)
Contribution deficiency	\$ 129,566,264	\$ 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
Covered payroll	\$ 1,583,198,305	\$ 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
Contributions as a percentage of covered payroll	2.74%	2.38%	2.43%	2.96%	3.08%	3.18%	2.90%	2.70%	2.57%	2.62%

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, 2020

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	7.00% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare 5.50% 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

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Administrative expenses		
Bank charges	\$ 33,890	\$ 33,150
Election expense	73,721	105,612
Employee benefits	520,752	515,339
Insurance - fidelity, fiduciary and liability	141,315	185,141
Maintenance of equipment, systems, software and support	323,703	447,247
Membership, conference and training	15,610	22,257
Office expense	46,373	67,273
Postage	105,421	92,010
Printing and stationery	56,400	47,144
Professional and consulting fees	567,149	533,833
Recovery site expense	37,142	32,608
Regulatory filing fees	8,000	8,000
Rent	528,745	526,635
Salaries	<u>2,644,998</u>	<u>2,569,854</u>
Total	5,103,219	5,186,103
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	<u>(102,610)</u>	<u>(100,658)</u>
Net administrative expenses	<u><u>\$ 5,000,609</u></u>	<u><u>\$ 5,085,445</u></u>
 Professional and consulting fees		
Actuarial service	\$ 67,202	\$ 90,335
Audit	67,400	67,200
Consulting	227,426	231,680
Legal	177,464	116,937
Lobbyist	27,657	27,681
Total	<u><u>\$ 567,149</u></u>	<u><u>\$ 533,833</u></u>

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

Schedules of Investment Expenses

Years Ended December 31, 2020 and 2019

	2020	2019
Investment manager expense		
Adelante Capital Management	\$ 500,639	\$ 539,997
Angelo Gordon	263,969	246,596
Ariel Investments	694,121	678,862
Artemis Real Estate Partners	440,954	313,434
Blackstone Alternative Asset Management	5,892,178	5,677,392
CastleArk Management	695,878	656,740
CBRE Global Investors	333,780	355,312
Channing Capital Management	1,038,148	1,124,165
Clarion Partners	992,912	-
Franklin Templeton Investments	2,556,229	2,845,937
Frontier Capital Management	1,142,388	1,181,541
Garcia Hamilton	214,648	166,157
Great Lakes Advisors, Inc.	466,193	477,712
J.P. Morgan Asset Management	2,786,838	3,255,713
LaSalle Investment Management	627,514	94,680
Lazard Asset Management, LLC	782,617	716,271
LM Capital Group, LLC	709,485	655,518
MacKay Shields	912,491	1,039,832
Mellon Capital	141,109	129,983
Mesirow Financial	3,462,051	3,381,152

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

Schedules of Investment Expenses

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Investment manager expense (continued)		
Mondrian Investment Partners, Ltd.	\$ 1,113,435	\$ 1,105,729
Muller and Monroe Asset Management	286,058	321,028
NCM Capital	440,193	442,471
New Century Investment Management	287,544	269,937
PGIM Investments	858,933	803,037
Progress Investment Management	159,991	2,238,364
Prudential Real Estate Investors	1,990,541	2,001,087
RhumbLine Advisers	237,313	217,221
Russell Investments	182,279	216,041
SPC Capital Management	15,993	41,427
Strategic Global Advisors	666,907	683,272
State Street Global Advisors	383,980	384,621
The Rock Creek Group	1,442,330	1,426,769
Wells Capital Management	1,544,922	1,470,332
William Blair & Company	864,429	777,626
	<u>35,128,990</u>	<u>35,935,956</u>
Investment consulting fees		
Callan LLC	<u>391,878</u>	<u>386,431</u>
Investment custodian fees		
BNY Mellon	<u>502,705</u>	<u>505,295</u>
Total investment expenses	<u>\$ 36,023,573</u>	<u>\$ 36,827,682</u>

**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
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
2020	509,209,160	134,157,866	1,465,457,845	35,954,901	2,144,779,772

Deductions by Type

Year Ended December 31,	Benefits	Refunds	Net Administrative Expenses	Total Deductions
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
2020	950,137,294	30,990,651	5,000,609	986,128,554

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, 2020

Contribution Year	Contributions Receivable	Uncollected Balance	Reserved	Net Contributions Receivable
2019	\$ 209,506,965	\$ 538,712	\$ 38,399	\$ 500,313
2020	200,939,168	200,939,168	6,390,937	194,548,231
		<u>\$ 201,477,880</u>	<u>\$ 6,429,336</u>	<u>\$ 195,048,544</u>

Note:

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