

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 AND 2020

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 AND 2020

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## Independent Auditor's Report

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

### ***Opinions***

We have audited accompanying Combining Statement of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Fund), a fiduciary component unit of Cook County, Illinois, as of December 31, 2021 and 2020, the related Combining Statement of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position for the years then ended and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of December 31, 2021 and 2020, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Pensions Fund's Schedule of Changes in Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Related Notes and Schedule of Investment Returns, the Postemployment Healthcare Fund's Schedule of Changes in the Employer's Net Postemployment Healthcare Liability and Related Ratios and the Schedule of Employer Contributions and Related Notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The Schedules of Administrative Expenses and Professional and Consulting Fees, Schedules of Investment Expenses, Additions by Source, Deductions by Type, and the Schedule of Employer Contributions Receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Administrative Expenses and Professional and Consulting Fees, Schedules of Investment Expenses, Additions by Source, Deductions by Type, and the Schedule of Employer Contributions Receivable is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
June 3, 2022

**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 or the Plan) for the years ended December 31, 2021 and 2020. 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 during the 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 \$1,631,917,124 or 12.9% from \$12,649,610,438 at December 31, 2020 to \$14,281,527,562 at December 31, 2021. Comparatively, net position increased by \$1,158,561,218 or 10.1% from \$11,490,959,220 at December 31, 2019 to \$12,649,610,438 at December 31, 2020. The increase in net position for 2021 and 2020 was primarily due to the increase in the fair value of investments.

**Rate of return** of the Fund's investment portfolio was 17.15% (benchmark 14.67%) for 2021, 12.74% (benchmark 13.27%) for 2020, and 19.07% (benchmark 19.00%) for 2019.

**Funded ratio** for the Fund, based on the actuarial value of assets, was 67.16% in 2021, 63.87 % in 2020, and 61.19% in 2019.

**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:

	<b>Plan Net Position</b>			<b>Current Year</b>	
	<b>As of December 31,</b>			<b>Increase (Decrease) in</b>	
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>Percent</u>
Total assets	\$ 15,382,692,833	\$ 13,436,785,089	\$ 12,242,245,144	\$ 1,945,907,744	14.5%
Total liabilities	<u>1,101,165,271</u>	<u>787,174,651</u>	<u>751,285,924</u>	<u>313,990,620</u>	39.9%
Net position	<u>\$ 14,281,527,562</u>	<u>\$ 12,649,610,438</u>	<u>\$ 11,490,959,220</u>	<u>\$ 1,631,917,124</u>	12.9%

Total receivables increased to \$400,434,172 in 2021 from \$367,208,528 in 2020, and were \$383,516,311 in 2019. The increase in 2021 was the result of increased earned investment income not yet paid, increased investment securities sold but not settled, and a greater amount of healthcare rebate payments due from vendors at year-end. The amounts owed were received in the subsequent year. The decrease in 2020 was due to less employer contributions due from the tax levy and a lower volume of unsettled transactions from securities sold at year-end.



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

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

Total investments increased to \$14,188,869,915 in 2021 from \$12,475,167,990 in 2020, and were \$11,262,255,136 in 2019. The increase in 2021 was due to market value increases in equities, fixed income (U.S. government and government agency obligations, and corporate and foreign government obligations) securities, exchange traded funds, private equities, hedge funds, real estate funds, and short term investments. The increase in 2020 was due to market value increases in equities, corporate and foreign government obligations, private equities, hedge funds, and real estate funds investments.

Total liabilities increased to \$1,101,165,271 in 2021 from \$787,174,651 in 2020, and were \$751,285,924 in 2019. The increase in 2021 was the result of increased unsettled investment securities purchased, an increase in investment manager fees and administrative expense payable, and increased healthcare expenses due at year-end. The increase in 2020 was due to increased unsettled transaction from securities purchased and an increase in outstanding healthcare expenses due at year-end.

**Changes in 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:

	<b>Changes in Plan Net Position For the Years Ended December 31,</b>			<b>Current Year Increase/(Decrease) in</b>	
	2021	2020	2019	Dollars	Percent
<b>Additions:</b>					
Employer contributions	\$ 541,300,175	\$ 509,209,160	\$ 526,240,864	\$ 32,091,015	6.3%
Employee contributions	133,368,302	134,157,866	134,837,512	(789,564)	-0.6%
Net investment income (includes security lending activities)	1,960,919,641	1,465,457,845	1,865,645,039	495,461,796	33.8%
Other	39,562,675	36,669,560	34,906,308	2,893,115	7.9%
Total additions	<u>2,675,150,793</u>	<u>2,145,494,431</u>	<u>2,561,629,723</u>	<u>529,656,362</u>	24.7%
<b>Deductions:</b>					
Benefits	1,001,104,106	950,137,294	890,115,295	50,966,812	5.4%
Refunds and death benefit	36,979,751	30,990,651	37,745,951	5,989,100	19.3%
Employee transfers to (from) the Forest Preserve Fund	42,007	714,659	(252,406)	(672,652)	-94.1%
Administrative expenses	5,107,805	5,000,609	5,085,445	107,196	2.1%
Total deductions	<u>1,043,233,669</u>	<u>986,843,213</u>	<u>932,694,285</u>	<u>56,390,456</u>	5.7%
Net increase (decrease)	1,631,917,124	1,158,651,218	1,628,935,438	473,265,906	40.8%
<b>Net position</b>					
Beginning 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%
End of year	<u>\$ 14,281,527,562</u>	<u>\$ 12,649,610,438</u>	<u>\$ 11,490,959,220</u>	<u>\$ 1,631,917,124</u>	12.9%

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

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

**Additions to Net Position**

Total additions were \$2,675,150,793 in 2021, \$2,145,494,431 in 2020, and \$2,561,882,129 in 2019.

Employer contributions increased to \$541,300,175 in 2021 from \$509,209,160 in 2020. Comparatively, employer contribution decreased to \$509,209,160 in 2020 from \$526,240,864 in 2019. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior. The County made supplemental contributions of \$339,961,760 in 2021, \$309,214,508 in 2020, and \$320,296,720 in 2019.

Employee contributions, including permissive service credit purchases, decreased to \$133,368,302 in 2021 from \$134,157,866 in 2020 and \$134,837,512 in 2019. Employees are required to contribute 8.5% (9% for sheriffs) of their pensionable salary to the Fund.

Net investment income totaled \$1,960,919,641 for 2021 compared to net investment income of \$1,465,457,845 in 2020 and \$1,865,645,039 in 2019. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

**Deductions to Net Position**

Total deductions were \$1,043,233,669 in 2021, \$986,843,213 in 2020, and \$932,946,691 in 2019.

Benefits increased to \$1,001,104,106 in 2021 from \$950,137,294 in 2020 and \$890,115,295 in 2019 due primarily to the 3% annual cost of living increases for annuitants and an increase in the number of retirees.

Refunds increased to \$36,979,751 in 2021 from \$30,990,651 in 2020 and decreased from \$37,745,951 in 2019. These changes are due to fluctuations in refund applications.

Employee transfers to (from) the Cook County Fund resulted from Forest Preserve District employees transferring employment to or (from) Cook County. The accumulated contributions and the accrued pension benefit obligation are transferred between the Forest Preserve Fund and the Cook County Fund.

The cost to administer the Fund increased to \$5,107,805 in 2021 from \$5,000,609 in 2020. Comparatively, the cost to administer the Fund decreased by to \$5,000,609 in 2020 from \$5,085,445 in 2019.

**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:

	<b>Funding for Pension Benefits For the Years Ended December 31,</b>		
	2021	2020	2019
Total pension liability	\$ 25,118,790,453	\$ 27,634,518,984	\$ 25,071,941,811
Plan fiduciary net position	<u>14,281,527,562</u>	<u>12,649,610,438</u>	<u>11,490,959,220</u>
Employer's net pension liability	<u>\$ 10,837,262,891</u>	<u>\$ 14,984,908,546</u>	<u>\$ 13,580,982,591</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>56.86%</u>	<u>45.77%</u>	<u>45.83%</u>

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:

	<b>Funding for Healthcare Benefits For the Years Ended December 31,</b>		
	2021	2020	2019
Total other postemployment benefits liability	\$ 1,978,062,391	\$ 2,105,154,520	\$ 1,900,989,370
Plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Employer's net other postemployment benefits liability	<u>\$ 1,978,062,391</u>	<u>\$ 2,105,154,520</u>	<u>\$ 1,900,989,370</u>

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,**

	2021	2020	2019
Unfunded actuarial accrued liability	\$ 6,268,859,053	\$ 6,655,454,351	\$ 6,966,299,527
Funded ratio	67.16%	63.87%	61.19%

**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, 2021 and 2020

	2021			2020		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
<b>Assets</b>						
<b>Receivables</b>						
Employer contributions less allowance of \$7,231,365 in 2021 and \$6,390,937 in 2020	\$ 195,286,088	\$ 195,286,088	\$ -	\$ 195,048,545	\$ 195,048,545	\$ -
Employee contributions	5,623,324	5,623,324	-	5,634,981	5,634,981	-
Accrued investment income	38,777,422	38,777,422	-	35,002,953	35,002,953	-
Receivable for securities sold	129,946,647	129,946,647	-	116,443,382	116,443,382	-
EGWP/Medicare Part D subsidy & other	28,234,791	9,820,317	18,414,474	12,210,594	2,025,337	10,185,257
Prescription rebates	1,103,276	-	1,103,276	873,121	-	873,121
Imprest balance receivable	1,441,000	-	1,441,000	1,441,000	-	1,441,000
Other	21,624	21,624	-	553,952	553,952	-
<b>Total receivables</b>	<b>400,434,172</b>	<b>379,475,422</b>	<b>20,958,750</b>	<b>367,208,528</b>	<b>354,709,150</b>	<b>12,499,378</b>
<b>Investments</b>						
U.S. and international equities	7,635,101,620	7,635,101,620	-	6,930,194,686	6,930,194,686	-
U.S. Government and government agency obligations	1,473,893,826	1,473,893,826	-	1,021,751,132	1,021,751,132	-
Corporate and foreign government obligations	1,451,709,977	1,451,709,977	-	1,424,006,422	1,424,006,422	-
Collective international equity fund	98,052,511	98,052,511	-	82,904,306	82,904,306	-
Commingled fixed income fund	36,954,580	36,954,580	-	40,925,720	40,925,720	-
Private global fixed fund limited partnership	234,288,180	234,288,180	-	244,996,202	244,996,202	-
Exchange traded funds	9,662,015	9,662,015	-	8,037,180	8,037,180	-
Private equities	1,107,947,617	1,107,947,617	-	938,804,581	938,804,581	-
Hedge funds	814,964,951	814,964,951	-	740,040,004	740,040,004	-
Real estate funds	968,510,214	968,510,214	-	776,471,639	776,471,639	-
Short-term investments	357,784,424	357,784,424	-	267,036,118	267,036,118	-
<b>Total investments</b>	<b>14,188,869,915</b>	<b>14,188,869,915</b>	<b>-</b>	<b>12,475,167,990</b>	<b>12,475,167,990</b>	<b>-</b>
Collateral held for securities on loan	793,388,746	793,388,746	-	594,408,571	594,408,571	-
<b>Total assets</b>	<b>15,382,692,833</b>	<b>15,361,734,083</b>	<b>20,958,750</b>	<b>13,436,785,089</b>	<b>13,424,285,711</b>	<b>12,499,378</b>
<b>Liabilities</b>						
Accounts payable	8,120,850	8,120,850	-	6,082,240	6,082,240	-
Healthcare & other benefits payable	20,958,750	-	20,958,750	12,499,378	-	12,499,378
Due to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	998,679	998,679	-	686,022	686,022	-
Payable for securities purchased	277,698,246	277,698,246	-	173,498,440	173,498,440	-
Securities lending collateral	793,388,746	793,388,746	-	594,408,571	594,408,571	-
<b>Total liabilities</b>	<b>1,101,165,271</b>	<b>1,080,206,521</b>	<b>20,958,750</b>	<b>787,174,651</b>	<b>774,675,273</b>	<b>12,499,378</b>
<b>Net position</b>						
Net position restricted for pensions	14,281,527,562	14,281,527,562	-	12,649,610,438	12,649,610,438	-
Net position held in trust for postemployment healthcare benefits	-	-	-	-	-	-
<b>Total</b>	<b>\$ 14,281,527,562</b>	<b>\$ 14,281,527,562</b>	<b>\$ -</b>	<b>\$ 12,649,610,438</b>	<b>\$ 12,649,610,438</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

**Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position**

Years Ended December 31, 2021 and 2020

	2021			2020		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
<b>Additions</b>						
Employer contributions						
Statutory	\$ 201,338,415	\$ 201,338,415	\$ -	\$ 199,994,652	\$ 199,994,652	\$ -
Supplemental	339,961,760	339,961,760	-	309,214,508	309,214,508	-
Allocation to postemployment healthcare	-	(34,230,005)	34,230,005	-	(43,430,445)	43,430,445
Total employer contributions	<u>541,300,175</u>	<u>507,070,170</u>	<u>34,230,005</u>	<u>509,209,160</u>	<u>465,778,715</u>	<u>43,430,445</u>
Employee contributions						
Salary deductions	127,259,463	127,259,463	-	129,389,135	129,389,135	-
Refund repayments	3,055,193	3,055,193	-	1,877,909	1,877,909	-
Former and miscellaneous service payments	677,061	677,061	-	528,376	528,376	-
Optional payments and deductions	48,637	48,637	-	109,582	109,582	-
Deductions in lieu of disability	2,327,948	2,327,948	-	2,252,864	2,252,864	-
Total employee contributions	<u>133,368,302</u>	<u>133,368,302</u>	<u>-</u>	<u>134,157,866</u>	<u>134,157,866</u>	<u>-</u>
Investment income						
Net appreciation in fair value of investments	1,779,077,843	1,779,077,843	-	1,305,533,430	1,305,533,430	-
Dividends	137,638,306	137,638,306	-	114,984,928	114,984,928	-
Interest	82,268,488	82,268,488	-	78,568,641	78,568,641	-
	1,998,984,637	1,998,984,637	-	1,499,086,999	1,499,086,999	-
Less investment expenses	(40,720,172)	(40,720,172)	-	(36,023,573)	(36,023,573)	-
Net investment income	<u>1,958,264,465</u>	<u>1,958,264,465</u>	<u>-</u>	<u>1,463,063,426</u>	<u>1,463,063,426</u>	<u>-</u>
Securities lending						
Income	3,225,119	3,225,119	-	2,912,136	2,912,136	-
Expenses	(569,943)	(569,943)	-	(517,717)	(517,717)	-
Net securities lending income	<u>2,655,176</u>	<u>2,655,176</u>	<u>-</u>	<u>2,394,419</u>	<u>2,394,419</u>	<u>-</u>
Other						
Employer federal subsidized programs	4,321,425	4,321,425	-	4,434,155	4,434,155	-
EGWP/Medicare Part D subsidy	30,522,721	-	30,522,721	28,493,977	-	28,493,977
Prescription plan rebates	4,530,153	-	4,530,153	3,706,118	-	3,706,118
Miscellaneous	188,376	188,376	-	35,310	35,310	-
Total other additions	<u>39,562,675</u>	<u>4,509,801</u>	<u>35,052,874</u>	<u>36,669,560</u>	<u>4,469,465</u>	<u>32,200,095</u>
Total additions	<u>2,675,150,793</u>	<u>2,605,867,914</u>	<u>69,282,879</u>	<u>2,145,494,431</u>	<u>2,069,863,891</u>	<u>75,630,540</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**

Years Ended December 31, 2021 and 2020

	2021			2020		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Deductions						
Benefits						
Annuity						
Employee	\$ 849,658,684	\$ 849,658,684	\$ -	\$ 799,105,038	\$ 799,105,038	\$ -
Spouse and children	69,428,345	69,428,345	-	64,617,964	64,617,964	-
Disability						
Ordinary	11,989,211	11,989,211	-	9,808,737	9,808,737	-
Duty	744,987	744,987	-	975,015	975,015	-
Healthcare less annuitant contributions of \$57,240,134 in 2021 and \$52,821,697 in 2020	69,282,879	-	69,282,879	75,630,540	-	75,630,540
Total benefits	1,001,104,106	931,821,227	69,282,879	950,137,294	874,506,754	75,630,540
Refunds and death benefits	36,979,751	36,979,751	-	30,990,651	30,990,651	-
Employee transfer to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	42,007	42,007	-	714,659	714,659	-
Net administrative expenses	5,107,805	5,107,805	-	5,000,609	5,000,609	-
Total deductions	<u>1,043,233,669</u>	<u>973,950,790</u>	<u>69,282,879</u>	<u>986,843,213</u>	<u>911,212,673</u>	<u>75,630,540</u>
Net increase	1,631,917,124	1,631,917,124	-	1,158,651,218	1,158,651,218	-
Net position						
Beginning of year	<u>12,649,610,438</u>	<u>12,649,610,438</u>	<u>-</u>	<u>11,490,959,220</u>	<u>11,490,959,220</u>	<u>-</u>
End of year	<u>\$ 14,281,527,562</u>	<u>\$ 14,281,527,562</u>	<u>\$ -</u>	<u>\$ 12,649,610,438</u>	<u>\$ 12,649,610,438</u>	<u>\$ -</u>

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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 component unit 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, 2021 and 2020, the Fund does not have any capital assets.



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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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, Articles 5/1; 5/9 and 5/20. 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 eligible dependents of such employees.

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**

DECEMBER 31, 2021 AND 2020

**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 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 Articles for more complete information.

At December 31, 2021 and 2020, participants consisted of the following:

	<u>2021</u>	<u>2020</u>
Active members	18,320	19,102
Retired members	16,945	16,572
Beneficiaries	2,911	2,870
Inactive members	<u>17,313</u>	<u>16,404</u>
Total	<u>55,489</u>	<u>54,948</u>

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 25,118,790,453	\$ 27,634,518,984
Plan fiduciary net position	<u>14,281,527,562</u>	<u>12,649,610,438</u>
Employer's net pension liability	<u>\$ 10,837,262,891</u>	<u>\$ 14,984,908,546</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>56.86%</u>	<u>45.77%</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**

DECEMBER 31, 2021 AND 2020

**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, 2021 and 2020 using the following actuarial methods and assumptions:

Actuarial valuation dates	December 31, 2021	December 31, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Inflation	2.50% per year, compounded annually	2.75% per year, compounded annually
Salary increases	3.00% to 5.00%, based on service	3.50% to 8.00%, based on age
Investment rate of return	7.00% 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	Pub-2010 amount-weighted tables projected from 2010 using generational improvement with Scale MP-2021	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, 2021 valuations were based on the results of an actuarial experience study conducted by Cavanaugh Macdonald Consulting dated March 2022 covering a four-year period ended December 31, 2020. In addition to the assumptions listed above, the assumptions changes include decrease of wage growth assumptions from 0.75% to 0.50%, and general wage inflation assumption lowered from 3.50% to 3.00%. The marriage assumption was changed from assuming spouses of active female members are four years older than female members to assume that spouses of active female members are two years older

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)**

**Net Pension Liability (continued)**

than female members. The marital status assumption for female members was lowered from 70% assumed to be married to 40% assumed to be married. The assumed retirement age for Tier 1 deferred vested members was increased from 55 to 62. The assumed annual increase in administrative expense was lowered from 5.00% to 2.50%.

The December 31, 2020 valuations were based on the results of an actuarial experience study conducted by Buck (Formerly Conduent, Inc.) covering the four-year period ended in December 31, 2016. The Fund engaged Cavanaugh Macdonald Consulting to prepare the December 31, 2021 and 2020 valuations.

**Discount Rate**

The discount rate used to measure the total pension liability at December 31, 2021 and 2020 was 4.38% and 3.68%, 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 2.05% at December 31, 2021 (2.12% for 2020) and long-term investment rate of 7.00% (7.25% for 2020) were used in the development of the blended discount rate after that point. The municipal bond rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index. As a result, for December 31, 2021 and 2020, the long-term rate of return of 7.00% and 7.25%, respectively, were applied to projected benefit payments through 2052 and 2044, respectively. Based on the long-term rate of return of 7.00% for 2021 and 7.25% for 2020 and municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020, the blended discount rate would be 4.38% at December 31, 2021 and 3.68% at December 31, 2020.

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)**

**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, 2021 and 2020. 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% lower and 1% higher than the current discount rate:

	1% Decrease 3.38%	Current Discount Rate 4.38%	1% Increase 5.38%
Net Pension Liability - December 31, 2021	<u>\$ 14,697,112,448</u>	<u>\$ 10,837,262,891</u>	<u>\$ 7,701,865,180</u>
		Current Discount Rate	
	1% Decrease 2.68%	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>

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES (CONTINUED)**

**Supplemental Funding**

Per the 2021 IGA (Intergovernmental Agreement), the County is required to make supplemental payments totaling \$341,961,760 by November 30, 2021, to promote the long-term fiscal sustainability of the Fund. During the year ended December 31, 2021, the County made supplemental contributions to the Fund totaling \$339,961,760, which includes \$26,000,000 paid on December 31, 2021, pertaining to the 2022 IGA. Per the 2020 IGA, the County is required to make supplemental payments totaling \$306,214,508 by November 30, 2020. 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.

**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. The investment policy was updated to conform with new legislation (PA 1001-473), also known as Sustainable Investing Principles Act.

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 5. INVESTMENTS (CONTINUED)**

The Fund's investment policy in accordance with the Statutes establishes the following target allocation across asset classes for the years ended December 31, 2021 and 2020:

<u>Asset Class</u>	<u>2021</u>		<u>2020</u>	
	<u>Target Allocation %</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation %</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	33.00%	5.33%	33.00%	5.58%
International equities	21.00%	5.63%	21.00%	5.88%
Fixed income	26.00%	1.18%	26.00%	1.43%
Real estate funds	9.00%	4.27%	9.00%	4.52%
Private equity	4.00%	6.65%	4.00%	6.91%
Hedge funds	6.00%	2.70%	6.00%	2.91%
Short-term investment	1.00%	0.00%	1.00%	0.03%
Total investments	<u>100.00%</u>		<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 2.25%. The nominal expected return is expressed as the annualized growth rate over 30 years (i.e., geometric or compounded return). A building block methodology is employed to develop long-term return expectations. Building block includes a long-term estimate of the short-term real rate, inflation, term premium, credit premium, and 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, 2021 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 17.13% and 12.50% for the years ended December 31, 2021 and 2020, 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**

DECEMBER 31, 2021 AND 2020

**NOTE 5. INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The fund does not have uncollateralized cash balances as of 12/31/2021.

**Custodial Credit Risk – Investments**

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. None of the Fund's investments are exposed to custodial credit risk as they are held by the custodian in the name of the Fund as of December 31, 2021.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Fund did not have any issuer investment that exceeded 5% of the total investments of the fund as of December 31, 2021.

**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).

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 5. INVESTMENTS (CONTINUED)**

The following table presents a summarization of the Fund's credit quality ratings of investments at December 31, 2021 and 2020 valued by Moody's Investors Service, Standard & Poor's and/or Fitch:

Type of Investment	Rating	2021	2020
U.S. Government and government agency obligations	Aaa	\$ 1,314,968,485	\$ 940,302,740
	Aa	7,233,724	5,796,599
	A	1,804,256	1,219,136
	Baa	472,447	3,645,493
	Not Rated	149,414,914	70,787,164
		<u>\$ 1,473,893,826</u>	<u>\$ 1,021,751,132</u>
Corporate and foreign government obligations	Aaa	\$ 124,316,082	\$ 116,667,847
	Aa	40,172,373	44,788,835
	A	295,611,897	345,792,273
	Baa	551,439,307	468,489,357
	Ba	87,298,814	114,801,400
	B	38,049,146	46,954,187
	Caa	1,873,000	1,698,529
	Ca	-	366,750
	Not Rated	312,949,358	284,447,244
		<u>\$ 1,451,709,977</u>	<u>\$ 1,424,006,422</u>
Commingled fixed income fund	Not Rated	<u>\$ 36,954,580</u>	<u>\$ 40,925,720</u>
Short-term investment	Not Rated	<u>\$ 357,784,424</u>	<u>\$ 267,036,118</u>

**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 6.78 years at December 31, 2021 and 6.22 years at December 31, 2020).

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 5. INVESTMENTS (CONTINUED)**

The following table presents a summarization of the Fund's debt investments at December 31, 2021 and 2020, using the segmented time distribution method:

<u>Type of Investment</u>	<u>Maturity</u>	<u>2021</u>	<u>2020</u>
U.S. Government and government agency obligations	Less than 1 year	\$ 15,968,060	\$ 12,752,364
	1 - 5 years	444,475,797	254,759,387
	5 - 10 years	236,712,933	209,146,971
	Over 10 years	<u>776,737,036</u>	<u>545,092,410</u>
		<u>\$ 1,473,893,826</u>	<u>\$ 1,021,751,132</u>
Corporate and foreign government obligations	Less than 1 year	\$ 24,262,286	\$ 16,680,318
	1 - 5 years	303,148,360	370,773,966
	5 - 10 years	446,568,544	435,323,612
	Over 10 years	<u>677,730,787</u>	<u>601,228,526</u>
		<u>\$ 1,451,709,977</u>	<u>\$ 1,424,006,422</u>
Commingled fixed income fund	1 - 5 years	<u>\$ 36,954,580</u>	<u>\$ 40,925,720</u>
Short-term investment	Less than 1 year	<u>\$ 357,784,424</u>	<u>\$ 267,036,118</u>

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

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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, 2021 and 2020 is as follows:

Type of Investment	Fair Value (USD) 2021	Fair Value (USD) 2020
U.S. and international equities		
Australian dollar	\$ 75,746,515	\$ 71,073,063
Brazil real	36,227,422	40,620,209
British pound sterling	270,808,291	224,724,672
Canadian dollar	147,867,286	134,320,290
Chilean peso	3,086,381	2,884,589
Colombian peso	79,231	79,443
Danish krone	55,321,315	45,672,504
Egyptian pound	-	185,284
European euro	647,363,300	573,587,863
Hong Kong dollar	204,015,807	222,846,809
Hungarian forint	1,243,636	870,457
Indian rupee	28,497,256	21,077,536
Indonesian rupiah	15,288,877	13,010,969
Israeli shekel	16,039,686	10,385,739
Japanese yen	356,631,089	381,539,043
Malaysian ringgit	5,806,620	6,329,165
Mexican peso	14,347,603	14,010,089
New Taiwan dollar	102,529,377	82,944,533
New Zealand dollar	420,295	1,620,420
Norwegian krone	13,280,228	8,873,462
Philippines peso	7,961,719	4,196,132
Polish zloty	2,509,521	1,867,353
Russian ruble	382,805	335,264
Singapore dollar	27,035,493	28,663,462
South African rand	15,169,951	14,808,018
South Korean won	75,562,516	73,289,937
Swedish krona	73,702,234	62,559,810
Swiss franc	147,040,503	140,257,776
Thailand baht	14,975,166	10,761,483
Turkish lira	578,041	394,915
United Arab Emirates dirham	4,280,904	2,782,255
U.S. dollar	5,271,302,552	4,733,622,142
Total U.S. and international equities	<u>\$ 7,635,101,620</u>	<u>\$ 6,930,194,686</u>

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**NOTE 5. INVESTMENTS (CONTINUED)**

**Foreign Currency Risk (continued)**

Type of Investment	Fair Value (USD) 2021	Fair Value (USD) 2020
Corporate and foreign government obligations		
Australian dollar	\$ -	\$ 52,451
Brazil real	(974,318)	118,469
British pound sterling	5,778,004	2,773,406
Chilean eso	(491,054)	-
Canadian dollar	553,968	402,084
Chinese yuan renminbi	-	53,116
Colombian peso	(281,737)	157,657
European euro	24,465,958	15,220,670
Hungarian forint	(310,131)	45,446
Mexican peso	746,237	742,361
New Zealand dollar	(291,010)	29,937
Norwegian krone	726,982	755,399
Polish zloty	(386,621)	535,677
Russian ruble	-	471,766
South African rand	748,859	1,291,103
Turkish lira	-	1,048,644
U.S. dollar	1,421,424,840	1,400,308,236
Total corporate and foreign government obligations	<u>\$ 1,451,709,977</u>	<u>\$ 1,424,006,422</u>

**Investment Activity**

The calculation of realized gains and losses is independent of the calculation of net appreciation in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation in Fund assets being reported in both the current year and the previous years.

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**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, 2021 and 2020.

	<u>Notional Amounts</u>		<u>Fair Value</u>	
	2021	2020	2021	2020
Hedging derivative instruments				
Foreign currency contracts purchased	\$ -	\$ -	\$ (105,256,931)	\$ (96,196,997)
Foreign currency contracts sold	-	-	105,854,694	96,083,458
Futures				
Equity	-	6,860,640	-	45,545
Fixed Income	(78,645,182)	(161,114,898)	492,454	(504,223)
Options				
Purchased	-	-	64,395	-
Written	-	-	(16,541)	-
Swaps				
Inflation swaps	-	-	(548,009)	-
Interest rate swaps	-	-	(2,405,070)	739,957
Zero coupon swaps	-	-	(473,896)	87,817
Credit default swaps	-	-	15,897	(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.

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**NOTE 6. DERIVATIVES (CONTINUED)**

**Forward Currency Forward Contracts (continued)**

The Fund's exposure to foreign currency risk at December 31, 2021 and 2020 is as follows:

	2021	2020
Foreign currency exchange sales		
Currency		
Australian dollar	\$ 5,420,436	\$ 6,399,671
Brazil real	1,715,368	1,750,534
British pound sterling	2,573,137	2,885,510
Canadian dollar	7,516,759	4,244,880
Chilean peso	378,080	-
Chinese yuan renminbi	2,701,623	5,176,485
Colombian peso	160,222	337,617
Czech koruna	1,257,443	1,314,366
European euro	1,253,828	2,463,484
Hong Kong dollar	60,454	18,910
Hungarian forint	1,781,162	244,716
Indian rupee	2,491,045	2,552,091
Indonesian rupiah	1,288,335	1,740,371
Israeli shekel	430,450	2,404,256
Japanese yen	3,380,602	3,671,796
Mexican peso	1,108,815	1,231,826
New Zealand dollar	195,014.00	769,860
Norwegian krone	963,673	2,053,075
Philippines peso	278,996	340,803
Polish zloty	2,397,912	1,028,284
Russian ruble	1,037,841	2,175,746
Singapore dollar	476,959	742,808
South Korean won	-	793,229
South African rand	979,030	47,697
Swedish krona	1,708,492	1,535,423
Swiss franc	546,052	2,645,447
Thailand baht	988,296	1,140,167
Turkish lira	-	1,062,606
U.S. dollar	62,764,670	45,311,800
Total	\$ 105,854,694	\$ 96,083,458

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**NOTE 6. DERIVATIVES (CONTINUED)**

**Forward Currency Forward Contracts (continued)**

	2021	2020
Foreign currency exchange purchases		
Currency		
Australian dollar	\$ (665,810)	\$ (1,514,900)
Brazil real	(158,258)	(1,065,083)
British pound sterling	(7,004,975)	(3,720,531)
Canadian dollar	-	(1,449,233)
Chilean peso	-	(944,121)
Chinese yuan renminbi	(2,112,148)	(2,125,157)
Colombian peso	(346,867)	(861,240)
Czech koruna	(1,268,552)	(447,017)
European euro	(45,129,349)	(29,175,497)
Hong Kong dollar	-	(5,133,634)
Hungarian forint	(1,598,421)	(722,834)
Indian rupee	(1,190,739)	(478,918)
Israeli shekel	(684,605)	(217,863)
Japanese yen	(35,524)	(1,657,059)
Mexican peso	(486,448)	(276,438)
New Taiwan dollar	(3,030,738)	(408,259)
New Zealand dollar	-	(625,295)
Norwegian krone	(566,726)	(1,861,563)
Russian ruble	(515,180)	(537,760)
Philippines peso	(1,713,342)	(165,493)
Polish zloty	(363,714)	(309,279)
Singapore dollar	(3,402,757)	(42,597)
South Korean won	(1,400,959)	(600,976)
South African rand	(2,759,351)	(2,013,370)
Swedish krona	-	(292,856)
Swiss franc	(2,299,682)	(2,778,387)
Thailand baht	(2,418,549)	-
U.S. dollar	(26,104,237)	(36,771,637)
	\$ (105,256,931)	\$ (96,196,997)



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**NOTE 6. DERIVATIVES (CONTINUED)**

**Futures, Swaps, and Options**

Futures are agreements to purchase or sell a specific amount of an asset at a specified maturity for an agreed-upon price. Swaps are arrangements to exchange currency or assets. Options are contracts that give its holder the right but not the obligation to buy or sell a financial instrument or commodity at a certain price for a period of time.

Futures contracts, swaps, and options 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, swaps, and options are 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 Futures and Swaps investments' interest rate risk exposure at December 31, 2021 and 2020, using the segmented time distribution method:

<u>Derivative Type</u>	<u>Maturity</u>	<u>2021</u>	<u>2020</u>
Futures	Less than 1 Year	<u>\$ 492,454</u>	<u>\$ (458,678)</u>
Options	Less than 1 Year	<u>\$ 47,854</u>	<u>\$ -</u>
Swaps	Less than 1 Year	\$ -	\$ 4,327
	1 - 5 years	(724,096)	166,141
	5 - 10 years	(1,277,827)	682,362
	Over 10 years	<u>(1,409,155)</u>	<u>(33,953)</u>
		<u>\$ (3,411,078)</u>	<u>\$ 818,877</u>

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**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, 2021 and 2020, the Fund contracted to acquire securities on a when-issued basis with a total principal amount of approximately \$140,813,796 and \$60,305,143, respectively.

**NOTE 8. FAIR VALUE MEASUREMENTS**

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

Basis of Fair Value Measurement

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

The 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, 2021 and 2020:

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**NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)**

	Total	Fair Value Measurements at 12/31/2021 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
U.S. and international equities	\$ 7,635,101,620	\$ 7,635,101,620	\$ -	\$ -
U.S. Government and government agency obligations	1,473,893,826	841,154,708	632,739,118	-
Corporate and foreign government obligations	1,451,709,977	-	1,451,709,977	-
Exchange traded funds	9,662,015	9,662,015	-	-
Total investments by fair value level	10,570,367,438	\$ 8,485,918,343	\$ 2,084,449,095	\$ -
<b>Investments measured at net asset value</b>	3,618,502,477			
Total investments at fair value	\$ 14,188,869,915			

	Total	Fair Value Measurements at 12/31/2020 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
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	\$ -
<b>Investments measured at net asset value</b>	3,091,178,570			
Total investments at fair value	\$ 12,475,167,990			

**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.

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**NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)**

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.

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
	12/31/2021	12/31/2020			
Investments measured at net asset value:					
Collective international equity fund (1)					
Lazard/Wilmington Emerging Markets Sudan Free Portfolio	\$ 98,052,511	\$ 82,904,306	\$ -	Daily	N/A
Commingled fixed income fund (2)					
MacKay Shields Defensive Bond Arbitrage Fund Ltd.	36,954,580	40,925,720	-	Daily	5 days
Private global fixed fund limited partnership (3)					
Franklin Templeton Global Multisector Plus Fund, L.P.	234,288,180	244,996,202	-	Monthly	15 days
Private equities (4)	1,107,947,617	938,804,581	150,705,127	Closed Ended	N/A
Hedge funds (5)					
Burnham Harbor Fund Ltd.	592,454,271	533,277,504	-	Monthly	95 days
RC Kenwood Fund Ltd.	222,510,680	206,762,500	-	Quarterly	90 days
Real estate funds (6)					
JPMCB Strategic Property Fund	313,259,400	267,959,235	-	Quarterly	45 days
PRISA Separate Account	330,709,230	248,165,695	-	Quarterly	90 days
Artemis Real Estate Partners	21,373,339	12,321,643	28,227,262	Closed Ended	N/A
Others	303,168,245	248,025,066	69,557,085	Quarterly	90 days
Short-term investment (7)					
BNY Mellon EB Temporary Investment Fund	357,784,424	267,036,118	-	Daily	N/A
Total investments measured at net asset value	<u>\$ 3,618,502,477</u>	<u>\$ 3,091,178,570</u>			

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**NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)**

- (1) Collective international equity fund - The fund's investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-related securities of issuers that are located, or do significant business, in emerging market countries. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (2) Commingled fixed income fund - The fund's investment objective is to track the performance of the Barclays U.S. Aggregate Index. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (3) Private global fixed income fund limited partnership - The partnership's investment objective is to maximize total investment return by investing in a portfolio of fixed and floating rate debt securities and debt obligations of governments, government-related or corporate issuers worldwide, as well as derivative financial instruments. The fair value of the investment in the partnership fund has been determined using the NAV per share (or its equivalent) of the investment.
- (4) Private equities - This investment consists of 83 limited partnership investments in 2021 and 77 in 2020, 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.

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**NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)**

- (6) Real estate funds - These investments include a commingled pension trust fund, an insurance company separate account, and other real estate funds that are designed as funding vehicles for tax-qualified pension plans. Their investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Due to the nature of the investments and available cash on hand, significant redemptions in this type of investment may at times be subject to additional restrictions.
- (7) Short-term investment - This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

**NOTE 9. SECURITIES LENDING**

State Statutes and the investment policy permit the 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 116 days for 2021 and 110 days for 2020; 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, 2021 and 2020 of 68 and 76 days, respectively.

As of December 31, 2021 and 2020, the fair value (carrying amount) of loaned securities was \$1,009,457,404 and \$859,748,216, respectively. As of December 31, 2021 and 2020, the fair value (carrying amount) of cash collateral received by the Fund was \$793,388,746 and \$594,408,571, 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, 2021 and 2020, the fair value (carrying amount) of non-cash collateral received by the Fund was \$241,667,352 and \$287,720,165, respectively.

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**NOTE 9. SECURITIES LENDING (CONTINUED)**

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.

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**NOTE 9. SECURITIES LENDING (CONTINUED)**

A summary of securities loaned at fair value as of December 31, 2021 and 2020 is as follows:

	2021	2020
Securities loaned - backed by cash collateral		
U.S. and international equities	\$ 435,948,180	\$ 358,795,706
U.S. Government and government agency obligations	175,275,397	90,154,039
Exchange traded funds	-	4,320,584
Corporate and foreign government obligations	163,292,881	126,418,677
Total securities loaned - backed by cash collateral	774,516,458	579,689,006
Securities loaned - backed by non-cash collateral		
U.S. and international equities	165,364,054	201,131,621
U.S. Government and government agency obligations	66,618,139	78,153,339
Exchange traded funds	-	517,851
Corporate and foreign government obligations	2,958,753	256,399
Total securities loaned - backed by non-cash collateral	234,940,946	280,059,210
Total	\$ 1,009,457,404	\$ 859,748,216

**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.



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

**Plan Description (continued)**

At December 31, 2021 and 2020, participants consisted of the following:

	2021	2020
Active members	18,320	19,102
Retired plan members or beneficiaries currently receiving benefit payments	11,792	11,905
Inactive plan members entitled to but not yet receiving benefit payments	1,657	1,708
Total	31,769	32,715

**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, 2021 the employee and spouse annuitants are expected to pay 56% of the annual costs. 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 costs, respectively, 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, 2021 and 2020 were as follows:

	2021	2020
Total postemployment healthcare liability	\$ 1,978,062,391	\$ 2,105,154,520
Plan fiduciary net position	-	-
Employer's net postemployment healthcare liability	\$ 1,978,062,391	\$ 2,105,154,520
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%	0.00%

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**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.

Refer to 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 valuations performed as of December 31, 2021 and 2020 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2021	December 31, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Inflation	2.50% per year	2.75% per year
Salary increases	3.00% to 5.00%, based on service	3.50% to 8.00%, based on age
Health care cost trend rates	7.000% in the first year, decreasing by .25% per year until an ultimate rate of 4.500% is reached for pre-Medicare. 5.500% in the first year, decreasing by .25% in the second year, decreasing by .125 % in the third and fourth year, and decreasing by .25% in the fifth year until an ultimate rate of 4.500% 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	Pub-2010 amount-weighted tables projected from 2010 using generational improvement with Scale MP-2021	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, 2021 valuations were based on the results of the actuarial experience study conducted by Cavanaugh Macdonald Consulting over the period 2017 through 2020. The December 31, 2020 valuations were based on the results of an actuarial experience study conducted by Buck (Formerly Conduent, Inc.) over the period 2013 through 2016.

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**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, 2021 and 2020 was 2.05% and 2.12%, 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 2.05% and 2.12% at December 31, 2021 and 2020, 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 2021 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, 2021 and 2020. 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% lower and 1% higher than the current discount rate:

	<u>1% Decrease</u> 1.05%	<u>Current Discount Rate</u> 2.05%	<u>1% Increase</u> 3.05%
Net postemployment healthcare liability as of December 31, 2021	<u>\$ 2,363,453,441</u>	<u>\$ 1,978,062,391</u>	<u>\$ 1,673,001,519</u>
	<u>1% Decrease</u> 1.12%	<u>Current Discount Rate</u> 2.12%	<u>1% Increase</u> 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>

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY  
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**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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, 2021 and 2020. 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% lower and 1% 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, 2021	<u>\$ 1,637,326,692</u>	<u>\$ 1,978,062,391</u>	<u>\$ 2,426,877,442</u>
	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>

**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, 2021 and 2020, the Fund allocated administrative expenditures of \$101,428 and \$102,610, respectively, to the Forest Fund.

As of December 31, 2021 and 2020, the Fund owed \$998,679 and \$686,022, respectively, to 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**

DECEMBER 31, 2021 AND 2020

**NOTE 12. PRONOUNCEMENTS ISSUED EFFECTIVE FISCAL YEAR ENDED DECEMBER 31, 2021**

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 ended December 31, 2021. We evaluated Statement No.97 and have concluded that the operations of the Fund do not fall within the scope of Statement No.97. Therefore, there is no impact on the Fund's financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. The acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Statement No. 98 is effective for the Fund's fiscal year ended December 31, 2021 and has been implemented.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. Statement No. 99 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP (Supplemental Nutrition Assistance Program) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. We evaluated these requirements and concluded that the statement does not materially impact the financial operations of the Fund. Therefore, the Fund will pass on implementation of the Statement.

**NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE**

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

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**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)**

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 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 (LIBOR). Statement No. 93 is effective for the Fund's fiscal year ending December 31, 2022.

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

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95's 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.

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

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY  
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**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)**

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 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's 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 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 April 2022, GASB issued Statement No. 99, *Omnibus 2022*. Statement No. 99 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows:

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY  
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**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**NOTE 14. SUBSEQUENT EVENTS**

The Cook County 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 Cook County 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 Cook County Fund. The Cook County 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. The matter was fully briefed before the Appellate Court by the parties and on May 20, 2022, the Appellate Court affirmed the Circuit Court's order that it lacked jurisdiction and had properly dismissed Plaintiff's motions to certify the class, issue notice and award damages and attorneys' fees. Plaintiff has 35 days to file a petition for leave to appeal the Appellate Court's May 20, 2022 order to the Illinois Supreme 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**

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 522,496,743	\$ 469,652,001	\$ 367,986,188	\$ 440,682,868	\$ 478,904,097	\$ 559,176,234	\$ 496,161,454	\$ 491,887,347
Interest	1,018,513,289	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	(54,518,860)	192,731,447	1,775,621	(278,982,116)	(152,859,373)	318,014,746	(126,330,351)	-
Changes of assumptions	(3,033,418,725)	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	(968,800,978)	(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	(2,515,728,531)	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	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	21,117,643,943
End of year	<u>\$ 25,118,790,453</u>	<u>\$ 27,634,518,984</u>	<u>\$ 25,071,941,811</u>	<u>\$ 21,723,236,738</u>	<u>\$ 22,940,794,624</u>	<u>\$ 23,240,192,010</u>	<u>\$ 23,963,085,690</u>	<u>\$ 21,945,961,866</u>
Plan fiduciary net position								
Contributions - employer	\$ 507,070,170	\$ 465,778,715	\$ 488,003,692	\$ 549,437,252	\$ 511,750,985	\$ 414,703,155	\$ 136,075,504	\$ 146,075,414
Contributions - employee	133,368,302	134,157,866	134,837,512	134,159,171	138,826,184	139,355,592	137,707,719	129,325,318
Net investment income	1,960,919,641	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	(968,800,978)	(905,497,405)	(860,741,164)	(805,394,705)	(757,930,854)	(709,560,225)	(676,470,215)	(622,003,259)
Administrative expenses	(5,107,805)	(5,000,609)	(5,085,445)	(5,134,047)	(5,406,034)	(5,373,555)	(5,151,110)	(5,010,206)
Other	4,467,794	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	1,631,917,124	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	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	8,927,366,656
End of year	<u>\$ 14,281,527,562</u>	<u>\$ 12,649,610,438</u>	<u>\$ 11,490,959,220</u>	<u>\$ 9,862,023,782</u>	<u>\$ 10,407,883,443</u>	<u>\$ 9,115,657,870</u>	<u>\$ 8,643,044,275</u>	<u>\$ 9,068,398,780</u>
Employer's net pension liability	<u>\$ 10,837,262,891</u>	<u>\$ 14,984,908,546</u>	<u>\$ 13,580,982,591</u>	<u>\$ 11,861,212,956</u>	<u>\$ 12,532,911,181</u>	<u>\$ 14,124,534,140</u>	<u>\$ 15,320,041,415</u>	<u>\$ 12,877,563,086</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>56.86%</u>	<u>45.77%</u>	<u>45.83%</u>	<u>45.40%</u>	<u>45.37%</u>	<u>39.22%</u>	<u>36.07%</u>	<u>41.32%</u>
Covered payroll	<u>\$ 1,520,619,855</u>	<u>\$ 1,532,744,306</u>	<u>\$ 1,553,498,503</u>	<u>\$ 1,533,721,507</u>	<u>\$ 1,567,480,401</u>	<u>\$ 1,580,251,254</u>	<u>\$ 1,572,417,298</u>	<u>\$ 1,514,550,023</u>
Employer's net pension liability as a percentage of covered payroll	<u>712.69%</u>	<u>977.65%</u>	<u>874.22%</u>	<u>773.36%</u>	<u>799.56%</u>	<u>893.82%</u>	<u>974.30%</u>	<u>850.26%</u>

Note:

*Changes in Benefit:*

None noted in 2021.

*Changes of Assumptions:*

The blended discount rate used changed from 3.68% in 2020 to 4.38% in 2021.

The mortality table used changed from RP-2014 Blue Collar in 2020 to Pub-2010 amount-weighted in 2021.

Mortality projections in 2021 are projected from 2010 using generational improvement with Scale MP-2021, and

were projected from 2006 base year using Buck Modified MP-2017 scale in 2020.

The investment rate of return changed from 7.25% in 2020 to 7.00% in 2021.

Projected salary increases changed from 3.50%-8.00% based on age in 2020 to 3.00%-5.00% in 2021 based on service.

Inflation rate changed from 2.75% in 2020 to 2.50% in 2021.

Rates of retirement remained the same as in 2020, employees are assumed to retire by age 80.

Post retirement annuity increase remained the same,

Tier 1 participants 3.0% compounded annually;

Tier 2 participants lesser of 3.0% or one half of the increase in the CPI.

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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 650,512,479	\$ 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
Contributions in relation to the actuarially determined contribution	<u>(507,070,170)</u>	<u>(465,778,715)</u>	<u>(488,003,692)</u>	<u>(549,437,252)</u>	<u>(511,750,985)</u>	<u>(414,703,155)</u>	<u>(136,075,504)</u>	<u>(146,075,414)</u>	<u>(147,720,014)</u>	<u>(152,734,539)</u>
Contribution deficiency	<u>\$ 143,442,309</u>	<u>\$ 71,176,843</u>	<u>\$ 35,622,273</u>	<u>\$ 13,378,564</u>	<u>\$ 3,137,502</u>	<u>\$ 104,939,776</u>	<u>\$ 459,294,542</u>	<u>\$ 394,142,873</u>	<u>\$ 346,004,356</u>	<u>\$ 301,592,922</u>
Covered payroll	<u>\$ 1,520,619,855</u>	<u>\$ 1,532,744,306</u>	<u>\$ 1,553,498,503</u>	<u>\$ 1,533,721,507</u>	<u>\$ 1,567,480,401</u>	<u>\$ 1,580,251,254</u>	<u>\$ 1,572,417,298</u>	<u>\$ 1,514,550,023</u>	<u>\$ 1,484,269,715</u>	<u>\$ 1,478,253,368</u>
Contributions as a percentage of covered payroll	<u>33.35%</u>	<u>30.39%</u>	<u>31.41%</u>	<u>35.82%</u>	<u>32.65%</u>	<u>26.24%</u>	<u>8.65%</u>	<u>9.64%</u>	<u>9.95%</u>	<u>10.33%</u>

**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>2021</u>	<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	17.13%	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.

**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**

	2021	2020	2019	2018	2017
Total postemployment healthcare liability					
Service cost	\$ 79,427,382	\$ 66,338,671	\$ 46,682,354	\$ 40,557,095	\$ 82,344,830
Interest	45,952,201	53,508,403	64,502,784	68,565,681	84,911,522
Changes in benefit terms	166,241,145	(65,649,811)	(81,634,771)	(292,725,744)	(79,293,990)
Difference between expected and actual experience	(275,500,153)	(15,827,767)	(9,467,033)	(92,253,919)	(55,814,160)
Changes of assumptions	(108,982,699)	209,226,099	385,089,639	(300,028,016)	(66,330,809)
Benefit payments	<u>(34,230,005)</u>	<u>(43,430,445)</u>	<u>(38,237,172)</u>	<u>(38,310,969)</u>	<u>(47,454,621)</u>
Net change in total postemployment healthcare liability	(127,092,129)	204,165,150	366,935,801	(614,195,872)	(81,637,228)
Total postemployment healthcare liability					
Beginning 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>	<u>2,229,886,669</u>
End of year	<u>\$ 1,978,062,391</u>	<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	\$ 34,230,005	\$ 43,430,445	\$ 38,237,172	\$ 38,310,969	\$ 47,454,641
Benefit payments - net	<u>(34,230,005)</u>	<u>(43,430,445)</u>	<u>(38,237,172)</u>	<u>(38,310,969)</u>	<u>(47,454,641)</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position					
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's net postemployment healthcare liability	<u>\$ 1,978,062,391</u>	<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>	<u>0.00%</u>
Covered payroll	<u>\$ 1,572,958,479</u>	<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>125.75%</u>	<u>132.97%</u>	<u>118.56%</u>	<u>97.30%</u>	<u>134.02%</u>

Note:

*Changes in Benefit Terms:*

Subsidy percentages for member health benefits changed from 2020 to 2021, respectively, as follows:

Choice Plan:

Annuitants without Medicare changed from 45% to 44%; Annuitants with Medicare changed from 38% to 44%.

Survivors without Medicare changed from 52% to 44%; Survivors with Medicare changed from 38% to 44%.

Choice Plus Plan:

Annuitants without Medicare changed from 42% to 44%; Annuitants with Medicare changed from 33% to 44%.

Survivors without Medicare changed from 48% to 44%; Survivors with Medicare changed from 38% to 44%.

*Changes of Assumptions:*

The discount rate used changed from 2.12% in 2020 to 2.05% in 2021.

The mortality table used changed from RP-2014 Blue Collar in 2020 to Pub-2010 amount-weighted in 2021.

Mortality projections in 2021 are projected from 2010 using generational improvement with Scale MP-2021 and were projected from 2006 base year using Buck Modified MP-2017 scale in 2020.

Healthcare cost trend rates remained the same for pre-Medicare, 7.000% in the first year, decreasing by .25% per year until an ultimate rate of 4.500% is reached for pre-Medicare.

Healthcare cost trend rates changed for post-Medicare from, from 5.50% in the first year, decreasing by .25% until an ultimate rate of 4.75% is reached to 5.500% in the first year, decreasing by .25% in the second year, decreasing by .125% in the third and fourth year, and decreasing by .25% in the fifth year until an ultimate rate of 4.500% is reached.

Projected salary increases changed from 3.50%-8.00% based on age in 2020 to 3.00%-5.00% in 2021 based on service.

Inflation rate changed from 2.75% in 2020 to 2.50% in 2021.

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 - Postemployment Healthcare**

**Schedule of Employer Contributions and Related Notes**

**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 159,551,340	\$ 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
Contributions in relation to the actuarially determined contribution	(34,230,005)	(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)
Contribution deficiency	\$ 125,321,335	\$ 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
Covered payroll	\$ 1,572,958,479	\$ 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
Contributions as a percentage of covered payroll	<u>2.18%</u>	<u>2.74%</u>	<u>2.38%</u>	<u>2.43%</u>	<u>2.96%</u>	<u>3.08%</u>	<u>3.18%</u>	<u>2.90%</u>	<u>2.70%</u>	<u>2.57%</u>

**Notes to Schedule**

Valuation Date: December 31, 2021

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	2.50% per year
Salary increases	3.00% to 5.00%, based on service
Health care cost trend rate	7.000% in the first year, decreasing by .25% per year until an ultimate rate of 4.500% is reached for pre-Medicare 5.500% in the first year, decreasing by .25% in the second year, decreasing by .125 % in the third and fourth year, and decreasing by .25% in the fifth year until an ultimate rate of 4.500% 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	Pub-2010 amount-weighted tables projected from 2010 using generational improvement with Scale MP-2021

## **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, 2021 and 2020

	2021	2020
Administrative expenses		
Bank charges	\$ 35,995	\$ 33,890
Election expense	77,187	73,721
Employee benefits	574,865	520,752
Insurance - fidelity, fiduciary and liability	172,337	141,315
Maintenance of equipment, systems, software and support	305,623	323,703
Membership, conferences and training	16,323	15,610
Office expense	37,412	46,373
Postage	115,370	105,421
Printing and stationery	57,375	56,400
Professional and consulting fees	656,421	567,149
Recovery site expense	4,092	37,142
Regulatory filing fees	8,000	8,000
Rent	517,657	528,745
Salaries	<u>2,630,576</u>	<u>2,644,998</u>
Total	5,209,233	5,103,219
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	<u>(101,428)</u>	<u>(102,610)</u>
Net administrative expenses	<u>\$ 5,107,805</u>	<u>\$ 5,000,609</u>
 Professional and consulting fees		
Actuarial services	\$ 110,368	\$ 67,202
Audit	69,225	67,400
Consulting	227,692	227,426
Legal	217,562	177,464
Lobbyist	<u>31,574</u>	<u>27,657</u>
Total	<u>\$ 656,421</u>	<u>\$ 567,149</u>

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

**Schedules of Investment Expenses**

Years Ended December 31, 2021 and 2020

	2021	2020
Investment manager expense		
Adelante Capital Management	\$ 658,383	\$ 500,639
Allspring Global Investments	1,909,451	1,544,922
Angelo Gordon	249,758	263,969
Ariel Investments	778,479	694,121
Artemis Real Estate Partners	507,353	440,954
Blackstone Alternative Asset Management	6,329,051	5,892,178
Boston Common Asset Management	662,139	-
CastleArk Management	1,048,953	695,878
CBRE Global Investors	295,354	333,780
Channing Capital Management	1,555,757	1,038,148
Clarion Partners	1,199,489	992,912
Franklin Templeton Investments	3,008,035	2,556,229
Frontier Capital Management	1,632,803	1,142,388
Garcia Hamilton	118,263	214,648
Great Lakes Advisors, Inc.	580,109	466,193
J.P. Morgan Asset Management	2,425,778	2,786,838
LaSalle Investment Management	434,739	627,514
Lazard Asset Management, LLC	804,747	782,617
LM Capital Group, LLC	(262,300) *	709,485
MacKay Shields	1,092,581	912,491
Mellon Capital	166,550	141,109
Mesirow Financial	4,617,972	3,462,051

\* Includes \$867,116 fee reimbursement and interest. Total fee for 2021 was \$604,816.

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

**Schedules of Investment Expenses (Continued)**

Years Ended December 31, 2021 and 2020

	2021	2020
Investment manager expense (continued)		
Mondrian Investment Partners, Ltd.	\$ 1,397,146	\$ 1,113,435
Muller and Monroe Asset Management	251,028	286,058
New Century Investment Management	302,123	287,544
PGIM Investments	926,744	858,933
Progress Investment Management	-	159,991
Prudential Real Estate Investors	2,076,806	1,990,541
RhumbLine Advisers	280,678	237,313
Russell Investments	209,318	182,279
SPC Capital Management	15,840	15,993
Strategic Global Advisors	792,362	666,907
State Street Global Advisors	483,987	383,980
The Rock Creek Group	1,609,653	1,442,330
William Blair & Company	1,143,560	864,429
Xponance	461,308	440,193
Investment management expenses	39,763,997	35,128,990
Callan LLC	516,479	391,878
Investment custodian fees		
BNY Mellon	439,696	502,705
Total investment expenses	\$ 40,720,172	\$ 36,023,573

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

**Schedule of Additions by Source**

Year Ended December 31,	Employer Contributions	Employee Contributions	Net Investment and Net Securities Lending Income (1)	Other (2)	Total Additions
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	36,669,560	2,145,494,431
2021	541,300,175	133,368,302	1,960,919,641	39,562,675	2,675,150,793

**Schedule of Deductions by Type**

Year Ended December 31,	Benefits	Refunds	Employee Transfers to Forest Preserve Fund	Net Administrative Expenses	Total Deductions
2016	\$ 742,396,434	\$ 26,702,222	\$ - (3)	\$ 5,373,555	\$ 774,472,211
2017	790,352,526	32,995,364	- (3)	5,406,034	828,753,924
2018	831,661,745	33,662,521	- (3)	5,134,047	870,458,313
2019	890,115,295	37,745,951	- (3)	5,085,445	932,946,691
2020	950,137,294	30,990,651	714,659	5,000,609	986,843,213
2021	1,001,104,106	36,979,751	42,007	5,107,805	1,043,233,669

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

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

3 - Employee transfers were added under "Other" in Schedule of Additions By Source above.

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

**Schedule of Employer Contributions Receivable**

December 31, 2021

Contribution Year	Contributions Receivable	Uncollected Balance	Reserved	Net Contributions Receivable
2020	\$ 200,939,168	\$ 637,630	\$ 260,622	\$ 377,008
2021	201,879,823	<u>201,879,823</u>	<u>6,970,743</u>	<u>194,909,080</u>
		<u>\$ 202,517,453</u>	<u>\$ 7,231,365</u>	<u>\$ 195,286,088</u>

Note:

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