COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY A COMPONENT UNIT OF COOK COUNTY, ILLINOIS

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2011 AND 2010

CONTENTS

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying combining statements of pension plan and postemployment healthcare plan net assets of County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan) as of December 31, 2011 and 2010, and the related combining statements of changes in pension plan and postemployment healthcare plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2011 and 2010, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 3d and the required supplementary information consisting of the schedule of funding progress, the schedule of employer contributions and the notes to those schedules on pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 27 through 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited the financial statements for the years ended December 31, 2009, 2008, 2007 and 2006 (which are not presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information on page 30 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. Our reports for 2009, 2008, 2007 and 2006 on the required supplementary information (pages 24 and 25) stated that we applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information, but did not audit the information and expressed no opinion on it.

Legacy Professionals LLP

April 27, 2012

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 (Plan) for the year ended December 31, 2011. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Financial Statements

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

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets provides a snapshot of account balances and net assets held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net assets. The net increase (decrease) in net assets illustrates the change in net assets as reported in the Statements of Plan Net Assets from the prior year to the current year.

Notes to the Financial Statements provides additional information that is essential to achieving a better understanding of the data provided in the financial statements.

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

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

Financial Highlights

Net assets decreased by $133,410,362 or 1.8% from $7,574,653,612 at December 31, 2010 to $7,441,243,250 at December 31, 2011. Comparatively, net assets increased by $645,167,968 or 9.3% from $6,929,485,914 at December 31, 2009 to $7,574,653,612 at December 31, 2010. The change in net assets for both years was primarily due to the fluctuation in the fair market value of the investments.

The **rate of return** of the Plan's investment portfolio was 1.2% for 2011, 12.4% for 2010 and 18.0% for 2009.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2011 was 57.54% compared to 60.74% for 2010. The decrease in the funded ratio during 2011 was due primarily to the smoothing of investment losses incurred in 2008. The 2009 funded ratio was 63.18%.

Plan Net Assets

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

Plan Net Assets
As of December 31,

				Current Year (Decrease) in	
	2011	2010	2009	Dollars	Percent
Total assets	$ 8,368,720,989	$ 8,618,586,966	$ 7,668,494,386	$ (249,865,977)	-2.9%
Total liabilities	927,477,739	1,043,933,354	739,008,472	(116,455,615)	-11.2%
Net assets	$ 7,441,243,250	$ 7,574,653,612	$ 6,929,485,914	$ (133,410,362)	-1.8%

Changes in Plan Net Assets

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

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

	2011	2010	2009	Current Year Increase/(Decrease) in Dollars	Current Year Increase/(Decrease) in Percent
Additions:					
Employer contributions	$ 195,337,621	$ 181,509,323	$ 183,713,870	$ 13,828,298	7.6%
Employee contributions	127,577,473	129,449,866	127,795,881	(1,872,393)	-1.4%
Investment income (loss) (includes security lending activities)	82,912,415	833,052,844	1,013,615,250	(750,140,429)	-90.0%
Other	17,402,934	12,795,846	11,741,894	4,607,088	36.0%
Total additions	423,230,443	1,156,807,879	1,336,866,895	(733,577,436)	-63.4%
Deductions:					
Benefits	523,396,627	482,523,408	452,007,855	40,873,219	8.5%
Refunds	29,165,335	25,041,818	20,404,911	4,123,517	16.5%
Administrative expenses	4,078,843	4,074,955	4,248,287	3,888	0.1%
Total deductions	556,640,805	511,640,181	476,661,053	45,000,624	8.8%
Net increase (decrease)	(133,410,362)	645,167,698	860,205,842	(778,578,060)	-120.7%
Net assets					
Beginning of year	7,574,653,612	6,929,485,914	6,069,280,072	645,167,698	9.3%
End of year	$ 7,441,243,250	$ 7,574,653,612	$ 6,929,485,914	$ (133,410,362)	-1.8%

Additions to Plan Net Assets

Total additions were $423,230,443 in 2011, $1,156,807,879 in 2010 and $1,336,866,895 in 2009.

Employer contributions increased to $195,337,621 in 2011 from $181,509,323 in 2010 and from $183,713,870 in 2009. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, decreased to $127,577,473 in 2011 from $129,449,866 in 2010 and from $127,795,881 in 2009. The majority of members contribute 8.5% of covered wages.

Net investment income totaled $82,912,415 for 2011 compared to $833,052,844 for 2010 and $1,013,615,250 for 2009. Investment earnings fluctuates primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Assets

Total deductions were $556,640,805 in 2011, $511,640,181 in 2010 and $476,661,053 in 2009.

Benefits increased to $523,396,627 in 2011 from $482,523,408 in 2010 and from $452,007,855 in 2009 due primarily to the 3% annual cost of living increases for annuities and an increase in the number of retirees.

Refunds increased to $29,165,335 in 2011 from $25,041,818 in 2010 and from $20,404,911 in 2009 due to an increase in refund applications.

The cost to administer the Plan increased by 0.1% to $4,078,843 in 2011 from $4,074,955 in 2010. Comparatively, the cost to administer the Plan decreased by 4.1% to $4,074,955 in 2010 from $4,248,287 in 2009.

Funding Status

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

Actuarial Values
December 31,

	2011	2010	2009	Current Year Increase/(Decrease) in Dollars	Percent
Actuarial assets	$ 7,897,102,116	$ 7,982,368,659	$ 7,945,567,096	$ (85,266,543)	-1.1%
Actuarial liabilities	13,724,012,399	13,142,137,175	12,575,515,749	581,875,224	4.4%
Unfunded actuarial liabilities	$ 5,826,910,283	$ 5,159,768,516	$ 4,629,948,653	$ 667,141,767	12.9%
Funded ratio	57.54%	60.74%	63.18%		

Actuarial assets decreased to $7,897,102,116 in 2011 from $7,982,368,659 in 2010. Comparatively, actuarial assets increased to $7,982,368,659 in 2010 from $7,945,567,096 in 2009. The decrease in actuarial assets resulted from the five year smoothing of investment gains and losses.

Actuarial liabilities increased to $13,724,012,399 in 2011 from $13,142,137,175 in 2010 due to increased benefits accrued by Plan participants. Comparatively, actuarial liabilities increased to $13,142,137,175 in 2010 from $12,575,515,749 in 2009.

The **funded ratio** is one indicator of the financial strength of the Plan, measuring the ratio of net assets available to meet the actuarially determined future liabilities of the Plan. The decrease in the funded ratio to 57.54% in 2011 from 60.74% in 2010 was due to the changes in the actuarial assets and actuarial liabilities as explained in the previous paragraph. Comparatively, the funded ratio decreased to 60.74% in 2010 from 63.18% in 2009.

Contact Information

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

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

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

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets

December 31, 2011 and 2010

	2011			2010		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Assets						
Cash	$ 3,651,478	$ 3,651,478	$ -	$ 3,247,028	$ 3,247,028	$ -
Receivables						
Employer contributions less allowance of $8,465,721 in 2011 and $10,615,767 in 2010	208,125,986	201,712,943	6,413,043	215,196,609	195,902,991	19,293,618
Employee contributions	5,102,986	5,102,986	-	5,149,260	5,149,260	-
Accrued investment income	24,598,911	24,598,911	-	26,068,103	26,068,103	-
Receivable for securities sold	117,686,754	117,686,754	-	138,511,681	138,511,681	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	554,852	554,852	-	1,321,867	1,321,867	-
Medicare Part D subsidy	8,062,023	8,062,023	-	4,900,000	4,900,000	-
Other	1,415,124	1,415,124	-	571,475	571,475	-
Total receivables	365,546,636	359,133,593	6,413,043	391,718,995	372,425,377	19,293,618
Investments						
Equities	2,814,605,044	2,814,605,044	-	4,257,488,939	4,257,488,939	-
U.S. Government and government agency obligations	1,969,108,673	1,969,108,673	-	1,866,360,719	1,866,360,719	-
Corporate bonds	755,644,972	755,644,972	-	736,287,144	736,287,144	-
Collective investment fund	44,816,703	44,816,703	-	45,286,175	45,286,175	-
Exchange traded funds	483,793,099	483,793,099	-	740,314	740,314	-
Alternative investments	272,948,895	272,948,895	-	206,483,563	206,483,563	-
Short term investments	908,806,760	908,806,760	-	364,252,693	364,252,693	-
Total investments	7,249,724,146	7,249,724,146	-	7,476,899,547	7,476,899,547	-
Collateral held for securities on loan	749,798,729	749,798,729	-	746,721,396	746,721,396	-
Total assets	8,368,720,989	8,362,307,946	6,413,043	8,618,586,966	8,599,293,348	19,293,618
Liabilities						
Accounts payable	3,652,739	3,652,739	-	3,999,762	3,999,762	-
Healthcare insurance payable	6,413,043	-	6,413,043	19,293,618	-	19,293,618
Payable for securities purchased	160,952,998	160,952,998	-	267,258,348	267,258,348	-
Securities lending collateral	749,798,729	749,798,729	-	746,721,396	746,721,396	-
Securities lending payable	6,660,230	6,660,230	-	6,660,230	6,660,230	-
Total liabilities	927,477,739	921,064,696	6,413,043	1,043,933,354	1,024,639,736	19,293,618
Net assets held in trust for:						
Pension benefits	7,441,243,250	7,441,243,250	-	7,574,653,612	7,574,653,612	-
Postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 7,441,243,250	$ 7,441,243,250	$ -	$ 7,574,653,612	$ 7,574,653,612	$ -

See accompanying notes to combining financial statements.

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

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN AND POSTEMPLOYMENT HEALTHCARE PLAN NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
ADDITIONS						
Employer contributions	$ 195,337,621	$ 162,667,160	$ 32,670,461	$ 181,509,323	$ 141,326,266	$ 40,183,057
Employee contributions						
Salary deductions	120,782,433	120,782,433	-	124,064,484	124,064,484	-
Refund repayments	3,507,748	3,507,748	-	2,343,105	2,343,105	-
Former and miscellaneous service payments	770,466	770,466	-	700,868	700,868	-
Optional payments and deductions	177,460	177,460	-	110,580	110,580	-
Deductions in lieu of disability	2,339,366	2,339,366	-	2,230,829	2,230,829	-
Total employee contributions	127,577,473	127,577,473	-	129,449,866	129,449,866	-
Investment income						
Net appreciation (depreciation) in fair value of investments	(108,798,586)	(108,798,586)	-	666,737,676	666,737,676	-
Dividends	88,803,655	88,803,655	-	75,401,247	75,401,247	-
Interest	107,036,379	107,036,379	-	99,427,564	99,427,564	-
Alternative investment income	9,806,225	9,806,225	-	4,262,369	4,262,369	-
	96,847,673	96,847,673	-	845,828,856	845,828,856	-
Less investment expenses	(16,653,790)	(16,653,790)	-	(14,745,938)	(14,745,938)	-
Net investment income	80,193,883	80,193,883	-	831,082,918	831,082,918	-
Securities lending						
Income	3,064,099	3,064,099	-	2,220,071	2,220,071	-
Expenses	(556,949)	(556,949)	-	(420,350)	(420,350)	-
Net securities lending income	2,507,150	2,507,150	-	1,799,721	1,799,721	-
Other						
Employer federal subsidized programs	3,499,803	3,499,803	-	3,213,311	3,213,311	-
Medicare Part D subsidy	6,140,946	-	6,140,946	2,509,392	-	2,509,392
Prescription plan rebates	2,578,088	-	2,578,088	2,208,352	-	2,208,352
Early Retirement Reinsurance Program reimbursement	5,514,845	-	5,514,845	-	-	-
Employee transfers (to) from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(328,586)	(328,586)	-	257,975	257,975	-
Employer interest from 2007 levy	-	-	-	4,539,248	4,539,248	-
Miscellaneous	209,220	209,220	-	237,773	237,773	-
Total other additions	17,614,316	3,380,437	14,233,879	12,966,051	8,248,307	4,717,744
Total additions	423,230,443	376,326,103	46,904,340	1,156,807,879	1,111,907,078	44,900,801

See accompanying notes to combining financial statements.

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

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN AND POSTEMPLOYMENT HEALTHCARE PLAN NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
DEDUCTIONS						
Benefits						
Annuity						
Employee	$ 429,527,599	$ 429,527,599	$ -	$ 393,525,707	$ 393,525,707	$ -
Spouse and children	33,003,057	33,003,057	-	30,307,794	30,307,794	-
Disability						
Ordinary	13,290,425	13,290,425	-	13,197,763	13,197,763	-
Duty	671,206	671,206	-	591,343	591,343	-
Healthcare	46,904,340	-	46,904,340	44,900,801	-	44,900,801
Total benefits	523,396,627	476,492,287	46,904,340	482,523,408	437,622,607	44,900,801
Refunds	29,165,335	29,165,335	-	25,041,818	25,041,818	-
Net administrative expenses	4,078,843	4,078,843	-	4,074,955	4,074,955	-
Total deductions	556,640,805	509,736,465	46,904,340	511,640,181	466,739,380	44,900,801
NET INCREASE (DECREASE)	(133,410,362)	(133,410,362)	-	645,167,698	645,167,698	-
NET ASSETS HELD IN TRUST FOR BENEFITS						
Beginning of year	7,574,653,612	7,574,653,612	-	6,929,485,914	6,929,485,914	-
End of year	$ 7,441,243,250	$ 7,441,243,250	$ -	$ 7,574,653,612	$ 7,574,653,612	$ -

See accompanying notes to combining financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County Employees' and Officers' Annuity and Benefit Fund of Cook County is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes (formerly Chapter 108-1/2, Article 9 of the Illinois Revised Statutes).

Method of Accounting - The financial statements are presented using the accrual basis of accounting. Employer contributions are recognized in the levy year. Employee contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Alternative investments are carried at fair value as estimated by each partnership's general partner. Short term investments are carried at cost which approximates fair value. Where less than an entire investment holding is sold, average value is used to determine realized gain or loss.

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

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2011, the Plan does not have any capital assets.

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

Reclassifications - Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events - Subsequent events have been evaluated through April 27, 2012, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

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

The Statutes authorize a Board of Trustees (Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, four are elected by the employee members of the Plan and three are elected by the annuitants of the Plan. The two ex officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. All members of the Board are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the County Board of Cook County a detailed report of the financial affairs and status of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Covered employees are required to contribute 8.5% (9% for sheriffs) of their salary to the Plan, subject to the salary limitations for Tier 2 participants in 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The County's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy. The County's payroll for employees covered by the Plan for 2011 and 2010 was $1,456,444,123 and $1,494,093,569 respectively.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

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

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

At December 31, 2011 and 2010, participants consisted of the following:

	2011	2010
Retirees and beneficiaries currently receiving benefits:		
Employee	13,023	12,460
Spouse	2,409	2,394
Children	123	124
Disability	311	355
	15,866	15,333
Current employees:		
Vested	13,784	14,279
Nonvested	8,253	8,886
	22,037	23,165
Total	37,903	38,498

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2011, the most recent actuarial valuation date, the Plan was 57.54% funded on an actuarial basis. The actuarial accrued liability for benefits was $13,724,012,399 and the actuarial value of assets was $7,897,102,116 resulting in an unfunded actuarial accrued liability (UAAL) of $5,826,910,283. The covered payroll (annual payroll of active employees covered by the Plan) was $1,456,444,123 and the ratio of the UAAL to the covered payroll was 400.08%.

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

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

Valuation date	December 31, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market

Actuarial assumptions:

Investment return rate	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	2.0% per year
Total	5.0% per year
Postretirement annuity increase	3.0% compounded per year for Tier 1 participants 1.5% simple per year for Tier 2 participants
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rated down 1 year
Termination rates	Based on recent experience of the Plan
Retirement rates	Rates of retirement for each age from 50 to 75 based on recent experience of the Plan. All employees are assumed to retire by age 75
Medical trend rate	8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

Employer contributions are funded primarily through a County tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees of the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.54.

The combined actuarial valuations of the pension and retiree health insurance benefits of the Plan as of December 31, 2011 and 2010 indicate the annual required contribution to be $613,952,848 and $572,318,384 for 2011 and 2010, respectively. The annual required contribution is based on an annual payroll of $1,456,444,123 for 22,037 active members as of December 31, 2011 and $1,494,093,569 for 23,165 active members as of December 31, 2010 and is computed as follows:

	2011	2010
Normal cost	$ 321,126,181	$ 322,969,060
30-year level dollar amortization of the unfunded liability	420,009,598	376,881,805
	741,135,779	699,850,865
Less estimated employee contributions	(127,182,931)	(127,532,481)
Actuarially determined contribution requirement	613,952,848	572,318,384
Expected net employer contribution from tax levy after 3.0% loss	(190,901,487)	(186,360,878)
Expected employer contribution short-fall of actuarially determined contribution requirement	$ 423,051,361	$ 385,957,506
Required tax levy multiple	4.95	4.73
Present authorized multiple	1.54	1.54

A Schedule of Funding Progress is located in the Required Supplementary Information on page 24. This schedule provides information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE 5. INVESTMENT SUMMARY

The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the State Statutes. All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the State Statutes. The following table presents a summarization of the fair value (carrying amount) of the Plan's investments as of December 31, 2011 and 2010. Investments that represent 5% or more of the Plan's net assets held in trust for benefits are separately identified.

Investments	2011	2010	
Equities	$ 2,814,605,044	$ 4,257,488,939	
U.S. Government and government agency obligations	1,969,108,673	1,866,360,719	
Corporate bonds	755,644,972	736,287,144	
Collective investment fund	44,816,703	45,286,175	
Exchange traded funds	483,793,099	740,314	
Alternative investments	272,948,895	206,483,563	
Short term investments			
EB Temporary Investment Fund	851,600,448	361,934,165	*
Other	57,206,312	2,318,528	
Total investments	$ 7,249,724,146	$ 7,476,899,547	

* Does not meet the 5% threshold in prior year.

Investment Risk

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

Custodial Credit Risk

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

The Plan had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name, as of December 31, 2011 and 2010.

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy is an average credit quality for each manager's total fixed income portfolio (corporate and U.S. Government holdings) of not less than A- by two out of three credit agencies (Moody's Investor Service, Standard & Poor's and/or Finch). On August 5, 2011, Standard and Poor's downgraded its credit rating of the U.S. Government and government agency obligations from AAA to AA. As of December 31, 2011, U.S. Government and government agency obligations which the Plan has historically disclosed with a credit rating of AAA or nonrated U.S. Government obligations noted as "U.S. Government" have been disclosed with a AA rating. The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2011 and 2010 valued by Moody's Investors Service and/or Standard & Poor's and/or Finch:

Type of Investment	Rating	2011	2010
U.S. Government and government agency obligations	Aaa/AAA	$ -	$ 993,805,052
	Aa/AA	1,969,108,673	-
	U.S. Government	-	872,555,667
		$ 1,969,108,673	$ 1,866,360,719
Corporate bonds	Aaa/AAA	$ 100,938,979	$ 74,787,626
	Aa/AA	68,601,566	64,248,509
	A/A	278,391,329	293,666,834
	Baa/BBB	258,275,034	244,687,628
	Ba/BB	16,650,299	16,797,251
	B/B	7,535,606	4,029,602
	Caa/CCC	11,510,444	19,573,054
	Ca/CC	30	179,455
	C/C	201,344	596,040
	D/D	2,719,263	358,260
	Not Rated	10,821,078	17,362,885
		$ 755,644,972	$ 736,287,144
Short term investments	Aa/AA	$ 495,000	$ 495,000
	Not Rated	908,311,760	363,757,693
		$ 908,806,760	$ 364,252,693

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plan's investment policy for duration for each manager's total fixed income portfolio is within plus or minus 30% of the duration for the fixed income performance benchmark (*Barclays Capital Aggregate Fixed Income,* which was 4.95 years at December 31, 2011 and 4.81 at December 31, 2010*)*. The following table presents a summarization of the Plan's debt investments at December 31, 2011 and 2010, using the segmented time distribution method:

Type of Investment	Maturity	2011	2010
U.S. Government and government agency obligations	Less than 1 year	$ 53,164,696	$ 59,902,673
	1 - 5 years	631,533,147	702,288,526
	6 - 10 years	470,741,201	341,802,220
	Over 10 years	813,669,629	762,367,300
		$ 1,969,108,673	$ 1,866,360,719
Corporate bonds	Less than 1 year	$ 85,474,924	$ 8,187,535
	1 - 5 years	211,764,260	278,793,326
	6 - 10 years	283,534,069	256,758,735
	Over 10 years	174,871,719	192,547,548
		$ 755,644,972	$ 736,287,144

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's investment policy limits the amount of investments in foreign equities to 20% of total Plan assets and foreign fixed income obligations to 2.5% of the total Plan assets. The Plan's exposure to foreign currency risk at December 31, 2011 and 2010 is as follows:

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2011	Fair Value (USD) 2010
Equities:		
Australian dollar	$ 44,010,562	$ 45,348,005
Brazil real	20,303,228	19,972,315
British pound	255,593,865	214,434,864
Canadian dollar	52,995,298	50,653,120
Czech koruna	291,312	325,075
Danish krone	14,896,400	14,282,739
Egyptian pound	133,550	122,164
European euro	234,792,492	225,212,858
Hong Kong dollar	69,390,082	74,466,402
Hungarian fornit	297,794	379,471
Indian rupee	2,004,561	1,783,954
Indonesian rupan	4,001,426	2,691,880
Israeli shekel	1,627,003	2,871,444
Japanese yen	165,586,705	146,588,401
Malaysian ringgit	3,239,835	2,786,380
Mexican peso	7,999,967	7,430,052
New Taiwan dollar	16,573,111	20,073,522
New Zealand dollar	3,792,465	2,637,160
Norwegian krone	10,457,873	11,079,692
Phillipenes peso	3,074,574	1,774,782
Polish zloty	1,764,497	1,290,183
Peruvian sol	6,895	-
Russian rubel	83,966	-
Singapore dollar	14,483,243	14,572,542
South African rand	7,840,531	7,044,829
South Korean won	23,849,269	19,386,694
Swedish krona	22,193,417	15,887,971
Swiss franc	64,844,057	54,953,631
Thailand baht	6,291,947	4,309,309
Turkish lira	1,352,386	-
U.S. dollar	1,760,832,733	3,295,129,500
Total equities	$ 2,814,605,044	$ 4,257,488,939

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2011	Fair Value (USD) 2010
Corporate bonds:		
European euro	$ 326,560	$ -
Norwegian krone	428,192	-
U.S. dollar	754,890,220	736,287,144
Total corporate bonds	$ 755,644,972	$ 736,287,144
Alternative investments:		
European euro	$ 526,618	$ 372,621
U.S. dollar	272,422,277	206,110,942
Total alternative investments	$ 272,948,895	$ 206,483,563

For the years ended December 31, 2011 and 2010, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $359,307,386 and $145,455,811 respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current year and the previous year(s).

NOTE 6. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment takes place. As of December 31, 2011 and 2010, the Plan contracted to acquire securities on a when-issued basis with a total principal amount of $38,670,000 and $156,875,000 respectively.

NOTE 7. DERIVATIVES

The Plan invests in derivative financial instruments as provided by the Plan's investment policy and transition management guidelines. The Plan uses derivative financial instruments to gain exposure to an asset class, manage portfolio risk or to facilitate international portfolio trading. Speculation and leveraging of financial futures within the portfolio is prohibited.

A derivative security is a financial contract whose value is based on, or "derived" from, a traditional security, an asset, or a market index. Derivative instruments include forward currency contracts and futures contracts as part of the Plan's investment portfolio.

Derivative transactions involve, to varying degrees, credit risk, interest rate risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Forward 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 in the receivable for securities sold and payable for securities purchased on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Assets. The gain or loss on forward currency contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets.

The Plan uses futures contracts as an investment vehicle to gain exposure to an asset class with minimal market entry costs to the Plan. At December 31, 2011, the Plan had futures contracts with a fair value of $4,987,116 and a notional value of $695,441,831 with maturity dates ranging from January 20, 2012 through March 30, 2012. Futures contracts are reported at fair value in the equity investments on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Assets. The gain or loss on futures contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. See Note 5 for investment risk for the Plan's equity investments.

NOTE 7. DERIVATIVES (CONTINUED)

The Plan's portfolio includes the following derivative instruments at December 31, 2011 and 2010:

	2011	2010
Hedging derivative instruments:		
Forward Currency Contract receivables	$ 239,316,866	$ 78,016,671
Forward Currency Contract payable	(240,056,545)	(77,702,845)
Total hedging derivative instruments	(739,679)	313,826
Investment derivative instruments:		
U.S. Treasury Futures Contracts	1,093,422	-
U.S. Equity Index Futures Contracts	3,667,741	-
International Equity Index Futures Contracts	225,953	-
Total investment derivative instruments	4,987,116	-
Total	$ 4,247,437	$ 313,826

NOTE 8. SECURITIES LENDING

State Statutes and the investment policy permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan has a limit as to the amount of securities on loan of $750 million. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 61 days for 2011 and 119 days for 2010; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2011 and 2010 of 55 and 100 days, respectively.

As of December 31, 2011 and 2010, the fair value (carrying amount) of loaned securities was $732,005,817 and $728,010,607 respectively. As of December 31, 2011 and 2010, the fair value (carrying amount) of collateral received by the Plan was $749,798,729 and $746,721,396 respectively.

NOTE 8. SECURITIES LENDING (CONTINUED)

Although the Plan's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Plan if borrowers fail to return the securities or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

During 2008, a security within the collateral pool became insolvent resulting in an insufficiency in the collateral pool. To prevent any one investor from incurring an additional loss should another investor exit the securities lending program, the Plan's custodian allocated a portion of the insolvent security to each investor in the collateral pool. As a result of the allocation, the Plan incurred an unrealized investment loss and corresponding securities lending payable in the amount of $7,015,497 during the year ended December 31, 2008. The securities lending payable was $6,660,230 as of December 31, 2011 and 2010.

During 2011 and 2010, there were no losses due to default of a borrower or the lending agent.

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

	2011	2010
Securities loaned - cash collateral:		
Equities	$ 256,417,367	$ 582,697,216
U.S. Government and government agency obligations	92,000,554	91,236,710
Exchange traded funds	67,177,205	-
Corporate bonds	24,386,003	31,015,023
Total securities loaned - cash collateral	439,981,129	704,948,949
Securities loaned - non-cash collateral:		
U.S. Government and government agency obligations	292,024,688	23,061,658
Total	$ 732,005,817	$ 728,010,607

NOTE 9. COMMITMENTS

As of December 31, 2011, the Plan had capital commitments of approximately $12,900,000 for various limited partnerships.

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN

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

Plan Description

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

PGHBP is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the Plan's Board of Trustees.

At December 31, 2011 and 2010, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 7,925 and 7,554 respectively.

The Plan's employees are also participants in the PGHBP. The Plan had 29 employees at December 31, 2011 and 2010. During years ended December 31, 2011 and 2010, the Plan paid healthcare premiums for 8 and 9 retired Plan employees respectively. For active and retired Plan employees, the actuarially determined liability under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* is included in the total actuarial liability and related GASB Statement No. 43 disclosure.

Summary of Significant Accounting Policies

Method of Accounting - PGHBP's financial statements have been combined with the Plan's financial statements and are presented using the accrual basis of accounting. The Plan considers the premium subsidy an additional retirement benefit, with no contribution rate or asset allocation associated with it. The cost for postemployment group healthcare benefits is approximately equal to the premium subsidy. Actual costs may differ based on claims experience. Healthcare premium subsidies are recognized when due and payable.

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

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

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

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN (CONTINUED)

Actuarial Valuations - Actuarial valuations of the Plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the Plan reflect a long-term perspective and are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and Plan members to that point.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the PGHBP was 0.00% funded on an actuarial basis. The actuarial accrued liability for benefits was $1,678,571,388 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,678,571,388. The covered payroll (annual payroll of active employees covered by the Plan) was $1,456,444,123 and the ratio of the UAAL to the covered payroll was 115.25%.

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. RELATED PARTY TRANSACTIONS

The Plan has common Trustees and shares office space with the Forest Fund who reimburses the Plan for shared administrative services provided by the Plan. During the years ended December 31, 2011 and 2010, the Plan allocated administrative expenditures of $62,149 and $63,455 respectively to the Forest Fund.

As of December 31, 2011 and 2010, the Forest Fund owes the Plan $554,852 and $1,321,867 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

NOTE 12. LEASE AGREEMENTS

The Plan leases its office facility under a fifteen year lease arrangement in effect through June 1, 2022. The lease calls for annual adjustments on the anniversary date of the commencement of the lease. Rent expense under this lease, net of rent abatements for the years ended December 31, 2011 and 2010, was $353,144 and $356,679 respectively.

NOTE 12. LEASE AGREEMENTS (CONTINUED)

The following is a schedule by year of the future minimum rental payments required under the noncancelable lease terms of this operating lease:

Year ending December 31,	
2012	$ 375,500
2013	384,888
2014	394,510
2015	404,372
2016	414,482
2017	424,844
2018	435,465
2019	446,352
2020	457,510
2021	468,948
2022	197,401
	$ 4,404,272

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. Statement No. 60 is effective for the Plan's fiscal year ending December 31, 2012.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. This Statement improves financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. The Statement also clarifies the reporting of equity interests in legally separate organizations. Statement No. 61 is effective for the Plan's fiscal year ending December 31, 2013.

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Statement No. 62 is effective for the Plan's fiscal year ending December 31, 2012.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 63 is effective for the Plan's fiscal year ending December 31, 2012.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of hedge Accounting - an amendment of GASB Statement No. 53.* This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Statement No. 64 is effective for the Plan's fiscal year ending December 31, 2012.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Statement No. 65 is effective for the Plan's fiscal year ending December 31, 2013.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and Statement No. 62*. The objective of this Statement is to improve accounting and financial reporting guidance by reporting conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Government Fund Type Definition*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 is effective for the Plan's fiscal year ending December 31, 2013.

The Plan is currently evaluating the impact of adopting the above Statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

Schedule of Funding Progress

Year Ended December 31,		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Pension Benefits							
2006		$7,462,683,122	$ 8,826,581,465	$1,363,898,343	84.55%	$1,412,878,627	96.53%
2007		$8,059,879,804	$ 9,386,287,797	$1,326,407,993	85.87%	$1,370,844,734	96.76%
2008		$8,036,074,797	$10,097,027,865	$2,060,953,068	79.59%	$1,463,372,408	140.84%
2009	(1)	$7,945,567,096	$11,489,081,298	$3,543,514,202	69.16%	$1,498,161,713	236.52%
2010		$7,982,368,659	$12,023,222,885	$4,040,854,226	66.39%	$1,494,093,569	270.46%
2011		$7,897,102,116	$12,628,274,561	$4,731,172,445	62.54%	$1,456,444,123	324.84%
Postemployment Group Health Benefit Plan (PGHBP)							
2006		$ -	$ 1,506,821,967	$1,506,821,967	0.00%	$1,412,878,627	106.65%
2007		$ -	$ 1,554,123,496	$1,554,123,496	0.00%	$1,370,844,734	113.37%
2008		$ -	$ 1,448,828,756	$1,448,828,756	0.00%	$1,463,372,408	99.01%
2009	(1)	$ -	$ 1,686,872,018	$1,686,872,018	0.00%	$1,498,161,713	112.60%
2010		$ -	$ 1,724,622,462	$1,724,622,462	0.00%	$1,494,093,569	115.43%
2011		$ -	$ 1,678,571,388	$1,678,571,388	0.00%	$1,456,444,123	115.25%
Changes in Actuarial Assumptions							
2006	(2)	$ -	$ (428,825,258)	$ (428,825,258)	0.00%		
2007	(3)	$ -	$ (516,681,393)	$ (516,681,393)	0.00%		
2008	(3)	$ -	$ (472,675,272)	$ (472,675,272)	0.00%		
2009	(3)	$ -	$ (600,437,567)	$ (600,437,567)	0.00%		
2010	(3)	$ -	$ (605,708,172)	$ (605,708,172)	0.00%		
2011	(3)	$ -	$ (582,833,550)	$ (582,833,550)	0.00%		
Combined							
2006		$7,462,683,122	$ 9,904,578,174	$2,441,895,052	75.35%	$1,412,878,627	172.83%
2007		$8,059,879,804	$10,423,729,900	$2,363,850,096	77.32%	$1,370,844,734	172.44%
2008		$8,036,074,797	$11,073,181,349	$3,037,106,552	72.57%	$1,463,372,408	207.54%
2009	(1)	$7,945,567,096	$12,575,515,749	$4,629,948,653	63.18%	$1,498,161,713	309.04%
2010		$7,982,368,659	$13,142,137,175	$5,159,768,516	60.74%	$1,494,093,569	345.34%
2011		$7,897,102,116	$13,724,012,399	$5,826,910,283	57.54%	$1,456,444,123	400.08%

(1) = Change in actuarial assumption.

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

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

See notes to required supplementary information.

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

Required Supplementary Information

Schedule of Employer Contributions

Year Ended December 31,		Annual Required Contribution (ARC) (a)	Required Statutory Basis (1) (b)	Employer Contribution (2) (c)	Percent of ARC Contributed (c/a)
Pension Benefits					
2006		$ 282,223,686	$ 215,455,550	$ 198,619,984	70.38%
2007		$ 287,061,532	$ 258,899,040	$ 230,114,335	80.16%
2008		$ 283,892,734	$ 180,817,908	$ 150,227,360	52.92%
2009		$ 352,850,988	$ 183,808,380	$ 152,506,089	43.22%
2010		$ 454,327,461	$ 186,360,878	$ 144,539,577	31.81%
2011		$ 493,724,370	$ 190,901,487	$ 160,652,118	32.54%
Postemployment Group Health Benefit Plan (PGHBP)					
2006		$ 166,070,688	$ -	$ 26,818,379	16.15%
2007		$ 169,154,664	$ -	$ 31,420,216	18.57%
2008		$ 169,823,905	$ -	$ 37,781,310	22.25%
2009		$ 157,964,519	$ -	$ 35,779,227	22.65%
2010		$ 163,823,488	$ -	$ 40,183,057	24.53%
2011		$ 165,176,771	$ -	$ 38,185,306	23.12%
Changes in Actuarial Assumptions					
2006	(3)	$ (49,953,395)	$ -		
2007	(4)	$ (35,123,851)	$ -		
2008	(4)	$ (47,090,866)	$ -		
2009	(4)	$ (42,633,564)	$ -		
2010	(4)	$ (45,832,565)	$ -		
2011	(4)	$ (44,948,293)	$ -		
Combined					
2006		$ 398,340,979	$ 215,455,550	$ 225,438,363	56.59%
2007		$ 421,092,345	$ 258,899,040	$ 261,534,551	62.11%
2008		$ 406,625,773	$ 180,817,908	$ 188,008,670	46.24%
2009		$ 468,181,943	$ 183,808,380	$ 188,285,316	40.22%
2010		$ 572,318,384	$ 186,360,878	$ 184,722,634	32.28%
2011		$ 613,952,848	$ 190,901,487	$ 198,837,424	32.39%

(1) = Tax levy after 3.0% overall loss.

(2) = Includes employer federal subsidized programs.

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

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

See notes to required supplementary information.

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

Required Supplementary Information

Notes to Schedule of Funding Progress and Schedule of Employer Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return	
Pension benefits	7.5% compounded annually
Retiree health insurance plan	4.5% compounded annually
Combined	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	2.0% per year
Total	5.0% per year
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants for Tier 1 participants
	1.5% simple per year for employee and widow(er) annuitants for Tier 2 participants.
Medical trend rate	
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019 and later	5.0%
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rated down 1 year
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

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, 2011 and 2010

	2011	2010
Administrative expenses		
Bank charges	$ 30,612	$ 37,315
Election expense	115,956	142,895
Employee benefits	456,209	405,968
Insurance - fidelity, fiduciary and liability	79,745	79,792
Maintenance of equipment, systems, software and support	485,793	456,519
Membership, conference and training	18,938	27,532
Office expense	88,510	80,487
Postage	121,428	84,347
Printing and stationery	68,441	72,513
Professional and consulting fees	296,599	430,301
Recovery site expense	16,050	21,189
Regulatory filing fees	8,000	8,000
Rent	353,144	356,679
Salaries	1,987,278	1,920,732
Utilities	14,289	14,141
Total	4,140,992	4,138,410
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(62,149)	(63,455)
Net administrative expenses	$ 4,078,843	$ 4,074,955
Professional and consulting fees		
Actuarial service	$ 94,382	$ 89,357
Audit	75,443	56,725
Consulting	30,096	131,316
Legal	72,771	129,042
Lobbyist	23,907	23,861
Total	$ 296,599	$ 430,301

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
INVESTMENT MANAGER EXPENSE		
Amalgamated Bank of Chicago	$ 862,836	$ 840,659
American Realty Advisors	475,018	179,209
ARCH Venture Partners	65,514	168,965
Atlanta Life Investment Advisors	242,282	203,101
BNY Mellon CIS	176,345	177,607
Capri Capital Partners	380,523	403,858
Channing Capital Management	507,415	383,273
Chicago Equity Partners	467,711	439,405
Cozad Asset Management, Inc.	189,472	189,391
Credit Suisse Securities	80,763	89,484
Evercore Partners	24,569	31,758
Evergreen Venture Partners	43,984	57,840
Fiduciary Management Associates	277,194	279,197
Fortaleza Asset Management, Inc.	84,869	82,071
Franklin Templeton Investments	1,135,262	394,024
Frontenac Company	17,151	60,728
Frontier Capital Management	1,275,380	1,290,257
Great Lakes Advisors, Inc.	510,322	501,279
J.P. Morgan Asset Management	908,899	855,107
John Buck Company	112,382	169,193
Killian Capital Management	173,107	169,998
Lazard Asset Management, LLC	426,318	433,323
Lightspeed Venture Partners	78,962	95,519
LM Capital Group, LLC	470,645	439,186
Mesirow Financial	657,629	911,863
Mondrian Investment Partners, Ltd.	591,664	206,018
Morgan Stanley	447,934	437,990

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
INVESTMENT MANAGER EXPENSE (CONTINUED)		
Muller and Monroe Asset Management	20,913	19,352
NCM Capital	385,655	381,755
New Century Investment Management	21,522	-
Northern Trust Quantitative Advisors	-	49,931
Optimum Investment Advisors	238,866	279,531
Opus Capital Group	24,474	22,983
Pacific Venture Group	64,082	64,083
Progress Investment Management	935,869	822,395
RhumbLine Advisers	159,211	169,886
Robeco Investment Management	317,985	305,800
SB Partners Capital Fund, LP	-	7,671
SPC Capital Management	100,000	100,000
State Street Global Advisors	239,300	212,624
Thornburg Investment Management	952,462	898,785
TIAA-CREF	601,055	155,724
Trident Capital	72,584	77,545
William Blair & Company	1,284,868	1,214,881
Wind Point Partners	48,861	57,203
	16,151,857	14,330,452
INVESTMENT CONSULTING FEES		
Callan Associates Inc.	353,933	-
Marquette Associates, Inc.	-	245,486
Mesirow Financial	1,500	23,500
	355,433	268,986
INVESTMENT CUSTODIAN FEES		
BNY Mellon	146,500	146,500
Total investment expenses	$ 16,653,790	$ 14,745,938

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

Additions By Source

Year Ended December 31,	Employer Contributions (1)	Employee Contributions (2)	Net Investment and Net Securities Lending Income (Loss) (3)	Other (4)	Total Additions
2006	$221,186,219	$121,672,773	$ 749,245,001	$ 9,256,991	$ 1,101,360,984
2007	$258,141,230	$123,047,516	$ 476,910,124	$10,002,552	$ 868,101,422
2008	$183,916,221	$123,776,705	$(1,858,853,846)	$ 7,081,386	$(1,544,079,534)
2009	$183,713,870	$127,795,881	$ 1,013,615,250	$11,741,894	$ 1,336,866,895
2010	$181,509,323	$129,449,866	$ 832,882,639	$12,966,051	$ 1,156,807,879
2011	$195,337,621	$127,577,473	$ 82,701,033	$17,614,316	$ 423,230,443

Deductions By Type

Year Ended December 31,	Benefits	Refunds	Net Administrative Expenses	Total Deductions
2006	$365,627,313	$ 24,922,209	$ 3,979,155	$ 394,528,677
2007	$398,689,231	$ 66,623,357	$ 3,866,188	$ 469,178,776
2008	$427,453,465	$ 24,724,102	$ 4,172,536	$ 456,350,103
2009	$452,007,855	$ 20,404,911	$ 4,248,287	$ 476,661,053
2010	$482,523,408	$ 25,041,818	$ 4,074,955	$ 511,640,181
2011	$523,396,627	$ 29,165,335	$ 4,078,843	$ 556,640,805

1 - Includes net tax levy

2 - Includes deductions in lieu of disability.

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

4 - Includes federal subsidized programs, Medicare Part D, prescription plan rebates and miscellaneous income. Early Retirement Reinsurance Program reimbursement is included in 2011.

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

Schedule of Taxes Receivable

December 31, 2011

Levy Year	Gross Levy	Uncollected Balance	Reserve for Loss and Costs	Net Uncollected Balance
2010	$ 186,523,677	$ 24,357,496	$ 3,639,327	$ 20,718,169
2011	$ 192,234,211	192,234,211	4,826,394	187,407,817
		$ 216,591,707	$ 8,465,721	$ 208,125,986

Note:

Uncollected taxes for years 2009 and prior are fully reserved.
2010 tax levy includes net Illinois Replacement Tax of $44,682,072.
2011 tax levy includes net Illinois Replacement Tax of $58,292,535.