

**FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY
AND BENEFIT FUND OF COOK COUNTY,
A COMPONENT UNIT OF FOREST PRESERVE DISTRICT
OF COOK COUNTY, ILLINOIS**

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2011 AND 2010

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying combining statements of pension plan and postemployment healthcare plan net assets of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan) as of December 31, 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 Forest Preserve District Employees' 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.

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 21 through 23 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 to 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 24 through 27 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 26 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 21 and 22) 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents Management's Discussion and Analysis of the financial position and performance of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County's (Plan) for the year ended December 31, 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 reports the change in net assets as reported in the combining Statements of Plan Net Assets of the prior year and 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 \$5,902,997 or 3.4% from \$173,898,700 at December 31, 2010 to \$167,995,703 at December 31, 2011. Comparatively, net assets increased by \$11,840,912 or 7.3% from \$162,057,788 at December 31, 2009 to \$173,898,700 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 1.1% for 2011, 13.1% for 2010 and 17.9% for 2009.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2011 was 61.57% compared to 65.19% for 2010. The decrease in the funded ratio during 2011 was due to the actuarial smoothing of 2008 investment losses over a five year period. The 2009 funded ratio was 68.75%.

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 Increase/(Decrease) in	
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>Dollars</u>	<u>Percent</u>
Total assets	\$ 179,801,090	\$ 186,211,633	\$ 174,499,289	\$ (6,410,543)	-3.4%
Total liabilities	<u>11,805,387</u>	<u>12,312,933</u>	<u>12,441,501</u>	<u>(507,546)</u>	<u>-4.1%</u>
Net assets	<u>\$ 167,995,703</u>	<u>\$ 173,898,700</u>	<u>\$ 162,057,788</u>	<u>\$ (5,902,997)</u>	<u>-3.4%</u>

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,			Current Year Increase/(Decrease) in	
	2011	2010	2009	Dollars	Percent
Additions:					
Employer contributions	\$ 3,255,609	\$ 2,660,034	\$ 2,543,694	\$ 595,575	22.4%
Employee contributions	2,289,027	2,452,696	2,418,794	(163,669)	-6.7%
Investment income (includes security lending activities)	2,021,094	20,250,639	24,683,791	(18,229,545)	-90.0%
Other	<u>512,709</u>	<u>227,553</u>	<u>219,919</u>	<u>285,156</u>	125.3%
Total additions	<u>8,078,439</u>	<u>25,590,922</u>	<u>29,866,198</u>	<u>(17,512,483)</u>	-68.4%
Deductions:					
Benefits	13,602,488	13,043,407	12,423,521	559,081	4.3%
Refunds	604,314	343,863	472,953	260,451	75.7%
Employee transfers to (from) Cook County	(328,586)	257,975	118,754	(586,561)	-227.4%
Administrative expenses	<u>103,220</u>	<u>104,765</u>	<u>112,729</u>	<u>(1,545)</u>	-1.5%
Total deductions	<u>13,981,436</u>	<u>13,750,010</u>	<u>13,127,957</u>	<u>231,426</u>	1.7%
Net increase (decrease)	(5,902,997)	11,840,912	16,738,241	(17,743,909)	-149.9%
Net assets:					
Beginning of year	<u>173,898,700</u>	<u>162,057,788</u>	<u>145,319,547</u>	<u>11,840,912</u>	7.3%
End of year	<u>\$ 167,995,703</u>	<u>\$ 173,898,700</u>	<u>\$ 162,057,788</u>	<u>\$ (5,902,997)</u>	-3.4%

Additions to Plan Net Assets

Total additions were \$8,078,439 in 2011, \$25,590,922 in 2010 and \$29,866,198 in 2009.

Employer contributions increased to \$3,255,609 in 2011 from \$2,660,034 in 2010 and \$2,543,694 in 2009. Employer contributions are statutorily set at 1.30 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, decreased to \$2,289,027 in 2011 from \$2,452,696 in 2010 and \$2,418,794 in 2009. Employees contribute 8.5% of covered wages.

Net investment income totaled \$2,021,094 for 2011 compared to \$20,250,639 for 2010. Comparatively, net investment income totaled \$24,683,791 for 2009. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Assets

Total deductions were \$13,981,436 in 2011, \$13,750,010 in 2010 and \$13,127,957 in 2009.

Benefits increased to \$13,602,488 in 2011 from \$13,043,407 in 2010 and \$12,423,521 in 2009 due primarily to the 3% annual cost of living increases for annuities.

Refunds increased to \$604,314 in 2011 from \$343,863 in 2010. Comparatively, refunds decreased to \$343,863 from \$472,953 in 2009. These changes are due to fluctuations in refund applications.

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

The cost to administer the Plan decreased to \$103,220 in 2011 from \$104,765 in 2010. Comparatively, the cost to administer the Plan decreased to \$104,765 in 2010 from \$112,729 in 2009.

Funding Status

The actuarial assets, liabilities and funding status for the Plan, which includes the pension and postemployment healthcare plans, are provided below:

	Actuarial Values December 31,			Current Year Increase/(Decrease) in	
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>Dollars</u>	<u>Percent</u>
Actuarial assets	\$ 178,126,063	\$ 184,077,516	\$ 188,396,534	\$ (5,951,453)	-3.2%
Actuarial liabilities	<u>289,321,074</u>	<u>282,391,153</u>	<u>274,032,351</u>	<u>6,929,921</u>	2.5%
Unfunded actuarial liabilities	<u>\$ 111,195,011</u>	<u>\$ 98,313,637</u>	<u>\$ 85,635,817</u>	<u>\$ 12,881,374</u>	13.1%
Funded ratio	<u>61.57%</u>	<u>65.19%</u>	<u>68.75%</u>		

Actuarial assets decreased to \$178,126,063 in 2011 from \$184,077,516 in 2010. Comparatively, actuarial assets decreased to \$184,077,516 in 2010 from \$188,396,534 in 2009. The decrease in actuarial assets results from the five year smoothing of investment gains and losses.

Actuarial liabilities increased to \$289,321,074 in 2011 from \$282,391,153 in 2010 due to increased benefits accrued by plan participants. Comparatively, actuarial liabilities increased to \$282,391,153 in 2010 from \$274,032,351 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 61.57% in 2011 from 65.19% in 2010 was due to the changes in the actuarial assets and actuarial liabilities as explained in the preceding paragraphs. Comparatively, the funded ratio decreased to 65.19% in 2010 from 68.75% 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:

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

**FOREST PRESERVE DISTRICT EMPLOYEES' 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	\$ 6,069	\$ 6,069	\$ -	\$ 73,928	\$ 73,928	\$ -
RECEIVABLES						
Employer contributions less allowance of \$120,203 in 2011 and \$168,921 in 2010	3,102,523	2,890,009	212,514	2,933,055	2,392,088	540,967
Employee contributions	52,629	52,629	-	54,447	54,447	-
Accrued investment income	623,949	623,949	-	657,917	657,917	-
Due from Forest Preserve District of Cook County	71,279	71,279	-	-	-	-
Receivable for securities sold	127,617	127,617	-	1,527,150	1,527,150	-
Total receivables	3,977,997	3,765,483	212,514	5,172,569	4,631,602	540,967
INVESTMENTS						
Equities	74,987,009	74,987,009	-	100,862,750	100,862,750	-
U.S. Government and government agency obligations	44,590,427	44,590,427	-	37,873,435	37,873,435	-
Corporate bonds	17,768,478	17,768,478	-	17,610,482	17,610,482	-
Collective investment fund	8,536,411	8,536,411	-	6,421,555	6,421,555	-
Exchange traded funds	8,539,681	8,539,681	-	-	-	-
Alternative investments	6,670,674	6,670,674	-	3,158,336	3,158,336	-
Short term investments	4,721,216	4,721,216	-	5,044,831	5,044,831	-
Total investments	165,813,896	165,813,896	-	170,971,389	170,971,389	-
COLLATERAL HELD FOR SECURITIES ON LOAN	10,003,128	10,003,128	-	9,993,747	9,993,747	-
Total assets	179,801,090	179,588,576	212,514	186,211,633	185,670,666	540,967
LIABILITIES						
ACCOUNTS PAYABLE	101,354	101,354	-	59,720	59,720	-
HEALTHCARE INSURANCE PAYABLE	212,514	-	212,514	540,967	-	540,967
DUE TO COUNTY EMPLOYEES' AND OFFICERS'						
ANNUITY AND BENEFIT FUND OF COOK COUNTY	554,852	554,852	-	1,321,867	1,321,867	-
PAYABLE FOR SECURITIES PURCHASED	839,524	839,524	-	302,617	302,617	-
SECURITIES LENDING COLLATERAL	10,003,128	10,003,128	-	9,993,747	9,993,747	-
SECURITIES LENDING PAYABLE	94,015	94,015	-	94,015	94,015	-
Total liabilities	11,805,387	11,592,873	212,514	12,312,933	11,771,966	540,967
NET ASSETS HELD IN TRUST FOR						
Pension benefits	167,995,703	167,995,703	-	173,898,700	173,898,700	-
Postemployment healthcare benefits	-	-	-	-	-	-
Total	\$ 167,995,703	\$ 167,995,703	\$ -	\$ 173,898,700	\$ 173,898,700	\$ -

See accompanying notes to combining financial statements.

**FOREST PRESERVE DISTRICT EMPLOYEES' 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	\$ 3,255,609	\$ 2,441,301	\$ 814,308	\$ 2,660,034	\$ 1,333,140	\$ 1,326,894
Employee contributions	2,071,237	2,071,237	-	2,281,109	2,281,109	-
Salary deductions	111,795	111,795	-	87,086	87,086	-
Refund repayments	38,612	38,612	-	25,770	25,770	-
Former and miscellaneous service payments	67,383	67,383	-	58,731	58,731	-
Deductions in lieu of disability	2,289,027	2,289,027	-	2,452,696	2,452,696	-
Total employee contributions	(2,239,355)	(2,239,355)	-	16,213,001	16,213,001	-
Investment income	2,020,699	2,020,699	-	1,817,202	1,817,202	-
Net appreciation (depreciation) in fair value of investments	2,510,133	2,510,133	-	2,417,898	2,417,898	-
Dividends	2,291,477	2,291,477	-	20,448,101	20,448,101	-
Interest	(296,252)	(296,252)	-	(227,756)	(227,756)	-
Less investment expenses	1,995,225	1,995,225	-	20,220,345	20,220,345	-
Net investment income	32,281	32,281	-	37,827	37,827	-
Securities lending	(6,412)	(6,412)	-	(7,533)	(7,533)	-
Income	25,869	25,869	-	30,294	30,294	-
Expenses						
Net securities lending income						
Other						
Medicare Part D subsidy	220,103	-	220,103	92,989	-	92,989
Prescription plan rebates	92,403	-	92,403	81,828	-	81,828
Early Retirement Reinsurance Program reimbursement	197,662	-	197,662	-	-	-
Miscellaneous	2,541	2,541	-	52,736	52,736	-
Total other additions	512,709	2,541	510,168	227,553	52,736	174,817
Total additions	8,078,439	6,753,963	1,324,476	25,590,922	24,089,211	1,501,711
DEDUCTIONS						
Benefits						
Annuity	10,042,232	10,042,232	-	9,559,956	9,559,956	-
Employee	1,815,262	1,815,262	-	1,615,256	1,615,256	-
Spouse and children						
Disability						
Ordinary	390,834	390,834	-	335,420	335,420	-
Duty	29,684	29,684	-	31,064	31,064	-
Healthcare	1,324,476	-	1,324,476	1,501,711	-	1,501,711
Total benefits	13,602,488	12,278,012	1,324,476	13,043,407	11,541,696	1,501,711
Refunds	604,314	604,314	-	343,863	343,863	-
Employee transfers to (from) County Employees' and Officers' Annuity and Benefit Fund of Cook County	(328,586)	(328,586)	-	257,975	257,975	-
Administrative expenses	103,220	103,220	-	104,765	104,765	-
Total deductions	13,981,436	12,656,960	1,324,476	13,750,010	12,248,299	1,501,711
NET INCREASE (DECREASE)	(5,902,997)	(5,902,997)	-	11,840,912	11,840,912	-
NET ASSETS HELD IN TRUST FOR BENEFITS						
Beginning of year	173,898,700	173,898,700	-	162,057,788	162,057,788	-
End of year	\$ 167,995,703	\$ 167,995,703	\$ -	\$ 173,898,700	\$ 173,898,700	\$ -

See accompanying notes to combining financial statements.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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 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 April 27, 2012 which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

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

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

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

Covered employees are required to contribute 8.5% of their salary to the Plan, 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 Forest Preserve District's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.30. The source of funds for the Forest Preserve District's contributions has been designated by State Statute as the Forest Preserve District's annual property tax levy. The Forest Preserve District's payroll for employees covered by the Plan for the years ended December 31, 2011 and 2010 was \$22,678,566 and \$24,397,376 respectively.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The Forest Preserve District Employees' Annuity and Benefit 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 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:

	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits:		
Employees	348	344
Spouse	150	150
Children	10	11
Disability	<u>12</u>	<u>9</u>
	<u>520</u>	<u>514</u>
Current employees:		
Vested	214	239
Nonvested	<u>194</u>	<u>209</u>
	<u>408</u>	<u>448</u>
Total	<u><u>928</u></u>	<u><u>962</u></u>

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2011, the most recent actuarial valuation date, the Plan was 61.57% funded on an actuarial basis. The actuarial accrued liability for benefits was \$289,321,074 and the actuarial value of assets was \$178,126,063, resulting in an unfunded actuarial accrued liability (UAAL) of \$111,195,011. The covered payroll (annual payroll of active employees covered by the Plan) was \$22,678,566, and the ratio of the UAAL to the covered payroll was 490.31%.

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

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

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	<u>2.0%</u> per year
Total	<u>5.0%</u> 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 Forest Preserve District tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.30.

The combined actuarial valuations of the pension and retiree health insurance benefits of the Plan as of December 31, 2011 and December 31, 2010 indicate the annual required contribution to be \$11,606,636 and \$10,653,889 for 2011 and 2010, respectively. The annual required contribution is based on an annual payroll of \$22,678,566 for 408 active members as of December 31, 2011 and \$24,397,376 for 448 active members as of December 31, 2010 and is computed as follows.

	<u>2011</u>	<u>2010</u>
Normal cost	\$ 5,677,598	\$ 5,805,265
30-year level dollar amortization of the unfunded liability	8,002,815	6,970,829
	<u>13,680,413</u>	<u>12,776,094</u>
Less estimated employee contributions	<u>(2,073,777)</u>	<u>(2,122,205)</u>
Actuarially determined contribution requirement	11,606,636	10,653,889
Expected net employer contribution from tax levy after 3.0% (2011), 2.7% (2010) loss	<u>(3,050,099)</u>	<u>(2,680,595)</u>
Expected employer contribution short-fall of actuarially determined contribution requirement	<u>\$ 8,556,537</u>	<u>\$ 7,973,294</u>
Required tax levy multiple	<u>4.95</u>	<u>5.17</u>
Present authorized multiple	<u>1.30</u>	<u>1.30</u>

A Schedule of Funding Progress is located in the Required Supplementary Information on page 21. 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.

	<u>2011</u>	<u>2010</u>
<u>Investments</u>		
Equities	\$ 74,987,009	\$ 100,862,750
U.S. Government and government agency obligations	44,590,427	37,873,435
Corporate bonds	17,768,478	17,610,482
Collective investment fund:		
Equity:		
Lazard Emerging Market Sudan Free Fund	8,536,411	6,421,555 *
Exchange traded funds		
Real estate	8,539,681	-
Alternative investments	6,670,674	3,158,336
Short term investments	4,721,216	5,044,831
Total investments	<u>\$ 165,813,896</u>	<u>\$ 170,971,389</u>

* 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 certain 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 as valued by Moody's Investors Service, Standard & Poor's and/or Finch:

<u>Type of Investment</u>	<u>Rating</u>	<u>2011</u>	<u>2010</u>
U.S. Government and government agency obligations	Aaa/AAA	\$ -	\$ 20,875,259
	Aa/AA	44,356,443	26,705
	A/A	141,759	91,252
	Not Rated	92,225	-
	U.S. Government	-	16,880,219
		<u>\$ 44,590,427</u>	<u>\$ 37,873,435</u>
Corporate bonds	Aaa/AAA	\$ 1,253,551	\$ 1,533,496
	Aa/AA	1,875,522	1,731,777
	A/A	7,783,546	8,461,991
	Baa/BBB	6,676,043	5,883,218
	Ba/BB	146,097	-
	Not Rated	33,719	-
		<u>\$ 17,768,478</u>	<u>\$ 17,610,482</u>
Short term investments	Not Rated	<u>\$ 4,721,216</u>	<u>\$ 5,044,831</u>

NOTE 5. INVESTMENT SUMMARY (CONTINUED)**Investment Risk (continued)***Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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 years 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:

<u>Type of Investment</u>	<u>Maturity</u>	<u>2011</u>	<u>2010</u>
U.S. Government and government agency obligations	< 1 year	\$ 688,008	\$ 1,045,722
	1 - 5 years	12,180,725	18,331,533
	5 - 10 years	8,612,525	4,177,278
	Over 10 years	<u>23,109,169</u>	<u>14,318,902</u>
		<u>\$ 44,590,427</u>	<u>\$ 37,873,435</u>
Corporate bonds	< 1 year	\$ 347,864	\$ 101,144
	1 - 5 years	6,719,905	8,377,425
	5 - 10 years	6,901,938	6,245,932
	Over 10 years	<u>3,798,771</u>	<u>2,885,981</u>
		<u>\$ 17,768,478</u>	<u>\$ 17,610,482</u>

NOTE 5. INVESTMENT SUMMARY (CONTINUED)**Investment Risk (continued)***Foreign Currency Risk*

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

<u>Type of Investment</u>	Fair Value (USD) <u>2011</u>	Fair Value (USD) <u>2010</u>
Equities:		
Australian dollar	\$ 1,088,252	\$ 227,071
British pound	10,175,162	6,952,302
Danish krone	-	698,572
European euro	7,168,500	5,245,940
Hong Kong dollar	-	195,068
Israeli shekel	-	162,812
Japanese yen	4,154,399	3,061,127
Norwegian krone	-	199,268
Swedish krona	794,563	-
Swiss franc	2,326,318	1,952,957
U.S. dollar	<u>49,279,815</u>	<u>82,167,633</u>
Total equities	<u>\$ 74,987,009</u>	<u>\$ 100,862,750</u>

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 \$4,973,051 and \$3,250,992 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.

NOTE 6. DERIVATIVES

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

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

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

Forward 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 included in investments. The gain or loss on financial instruments is recognized and recorded on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets as part of investment income.

At December 31, 2011 and 2010, the Plan's investments included the following forward currency contract balances:

	<u>2011</u>	<u>2010</u>
Hedging derivative instruments:		
Forward Currency Contract receivables	<u>\$ 87,366</u>	<u>\$ -</u>
Forward Currency Contract payables	<u>\$ 87,366</u>	<u>\$ -</u>

NOTE 7. SECURITIES LENDING

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

The Plan has a limit as to the amount of securities on loan of \$10 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 64 days for 2011 and 102 days for 2010; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral is invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2011 and 2010 of 20 and 104 days, respectively.

As of December 31, 2011 and 2010, the fair value (carrying amount) of loaned securities was \$9,777,478 and \$9,753,433 respectively. As of December 31, 2011 and 2010, the fair value (carrying amount) of collateral received by the Plan was \$10,003,128 and \$9,993,747 respectively.

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

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

During 2008, a security within the collateral pool became insolvent resulting in an insufficiency in the collateral pool. To prevent any one investor from incurring an additional loss should another investor exit the securities lending program, the Plan's custodian allocated a portion of the insolvent security to each investor in the collateral pool. As a result of the allocation, the Plan incurred an unrealized investment loss and corresponding securities lending payable in the amount of \$99,030 during the year ended December 31, 2008. The securities lending payable was \$94,015 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.

NOTE 7. SECURITIES LENDING (CONTINUED)

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

	<u>2011</u>	<u>2010</u>
Securities loaned - cash collateral:		
Equities	\$ 5,140,341	\$ 7,304,188
U.S. Government and government agency obligations	860,762	1,947,942
Exchanged traded funds	301,487	-
Corporate bonds	338,912	347,845
Total securities loaned - cash collateral	<u>6,641,502</u>	<u>9,599,975</u>
Securities loaned - non-cash collateral:		
Equities	72,751	14,528
U.S. Government and government agency obligations	3,063,225	138,930
Total securities loaned - non-cash collateral	<u>3,135,976</u>	<u>153,458</u>
Total	<u>\$ 9,777,478</u>	<u>\$ 9,753,433</u>

NOTE 8. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN

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

Plan Description

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

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

At December 31, 2011 and 2010, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 279 and 275 respectively.

NOTE 8. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN (CONTINUED)

Summary of Significant Accounting Policies

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

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

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

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

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, PGHBP was 0.00% funded on an actuarial basis. The actuarial accrued liability for benefits was \$40,406,196 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$40,406,196. The covered payroll (annual payroll of active employees covered by the Plan) was \$22,678,566, and the ratio of the UAAL to the covered payroll was 178.17%.

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 value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9. RELATED PARTY TRANSACTIONS

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

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

NOTE 10. 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.

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.

NOTE 10. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

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 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or swap counterparty's credit support provider. 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 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

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Year Ended <u>December 31,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
<i>Pension Benefits</i>						
2006	\$ 193,511,049	\$ 196,983,226	\$ 3,472,177	98.24%	\$ 19,172,756	18.11%
2007	\$ 203,043,217	\$ 205,392,258	\$ 2,349,041	98.86%	\$ 21,078,316	11.14%
2008	\$ 196,277,679	\$ 212,373,326	\$ 16,095,647	92.42%	\$ 23,474,621	68.57%
2009 (1)	\$ 188,396,534	\$ 244,625,664	\$ 56,229,130	77.01%	\$ 24,967,115	225.21%
2010	\$ 184,077,516	\$ 252,877,596	\$ 68,800,080	72.79%	\$ 24,397,376	282.00%
2011	\$ 178,126,063	\$ 261,509,175	\$ 83,383,112	68.11%	\$ 22,678,566	367.67%
<i>Postemployment Group Healthcare Benefit Plan (PGHBP)</i>						
2006	\$ -	\$ 39,448,815	\$ 39,448,815	0.00%	\$ 19,172,756	205.75%
2007	\$ -	\$ 40,605,811	\$ 40,605,811	0.00%	\$ 21,078,316	192.64%
2008	\$ -	\$ 36,004,405	\$ 36,004,405	0.00%	\$ 23,474,621	153.38%
2009 (1)	\$ -	\$ 43,142,977	\$ 43,142,977	0.00%	\$ 24,967,115	172.80%
2010	\$ -	\$ 43,102,510	\$ 43,102,510	0.00%	\$ 24,397,376	176.67%
2011	\$ -	\$ 40,406,196	\$ 40,406,196	0.00%	\$ 22,678,566	178.17%
<i>Changes in Actuarial Assumptions</i>						
2006 (2)	\$ -	\$ (9,851,148)	\$ (9,851,148)	0.00%		
2007 (3)	\$ -	\$ (11,877,875)	\$ (11,877,875)	0.00%		
2008 (3)	\$ -	\$ (10,450,101)	\$ (10,450,101)	0.00%		
2009 (3)	\$ -	\$ (13,736,290)	\$ (13,736,290)	0.00%		
2010 (3)	\$ -	\$ (13,588,953)	\$ (13,588,953)	0.00%		
2011 (3)	\$ -	\$ (12,594,297)	\$ (12,594,297)	0.00%		
<i>Combined</i>						
2006	\$ 193,511,049	\$ 226,580,893	\$ 33,069,844	85.40%	\$ 19,172,756	172.48%
2007	\$ 203,043,217	\$ 234,120,194	\$ 31,076,977	86.73%	\$ 21,078,316	147.44%
2008	\$ 196,277,679	\$ 237,927,630	\$ 41,649,951	82.49%	\$ 23,474,621	177.43%
2009 (1)	\$ 188,396,534	\$ 274,032,351	\$ 85,635,817	68.75%	\$ 24,967,115	342.99%
2010	\$ 184,077,516	\$ 282,391,153	\$ 98,313,637	65.19%	\$ 24,397,376	402.97%
2011	\$ 178,126,063	\$ 289,321,074	\$ 111,195,011	61.57%	\$ 22,678,566	490.31%

(1) = Change in actuarial assumptions.

(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.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>December 31,</u>	Annual Required Contribution (ARC) (a)	Required Statutory Basis (b)	Employer Contributions (c)	Percent of ARC Contributed (c/a)
<i>Pension Benefits</i>				
2006 (1)	\$ 2,691,753	\$ 2,577,485	\$ 1,532,343	56.93%
2007	\$ 2,809,494	\$ 3,329,502	\$ 1,995,300	71.02%
2008	\$ 3,329,502	\$ 2,138,669	\$ 523,928	15.74%
2009	\$ 4,498,036	\$ 2,512,857	\$ 1,282,642	28.52%
2010	\$ 7,626,778	\$ 2,680,595	\$ 1,333,140	17.48%
2011 (2)	\$ 8,590,721	\$ 3,050,099	\$ 2,457,405	28.61%
<i>Postemployment Group Healthcare Benefit Plan (PGHBP)</i>				
2006	\$ 3,747,117	\$ -	\$ 1,187,670	31.70%
2007	\$ 3,729,144	\$ -	\$ 1,291,740	34.64%
2008	\$ 3,785,850	\$ -	\$ 1,499,520	39.61%
2009	\$ 3,490,173	\$ -	\$ 1,261,052	36.13%
2010	\$ 3,876,537	\$ -	\$ 1,326,894	34.23%
2011	\$ 3,830,933	\$ -	\$ 798,204	20.84%
<i>Changes in Actuarial Assumptions</i>				
2006 (3)	\$ (1,063,504)	\$ -		
2007 (4)	\$ (611,216)	\$ -		
2008 (4)	\$ (1,021,036)	\$ -		
2009 (4)	\$ (714,995)	\$ -		
2010 (4)	\$ (849,426)	\$ -		
2011 (4)	\$ (815,018)	\$ -		
<i>Combined</i>				
2006	\$ 5,375,366	\$ 2,577,485	\$ 2,720,013	50.60%
2007	\$ 5,927,422	\$ 3,329,502	\$ 3,287,040	55.45%
2008	\$ 6,094,316	\$ 2,138,669	\$ 2,023,448	33.20%
2009	\$ 7,273,214	\$ 2,512,857	\$ 2,543,694	34.97%
2010	\$ 10,653,889	\$ 2,680,595	\$ 2,660,034	24.97%
2011	\$ 11,606,636	\$ 3,050,099	\$ 3,255,609	28.05%

(1) = Tax levy after 2.7% overall loss.

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

(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.

**FOREST PRESERVE DISTRICT EMPLOYEES' 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	<u>2.0%</u> per year
Total	<u>5.0%</u> per year
Postretirement annuity increases	
	3.0% compounded per year for employee and widow(er) annuitants 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

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

**SCHEDULES OF ADMINISTRATIVE EXPENSES
AND PROFESSIONAL AND CONSULTING FEES**

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ADMINISTRATIVE EXPENSES		
Administrative expenses allocated from County Employees' and Officers' Annuity and Benefit Fund of Cook County	\$ 62,149	\$ 63,455
Bank charges	7,926	6,076
Election expense	-	2,627
Membership	435	435
Professional and consulting fees	24,710	24,172
Regulatory filing fees	<u>8,000</u>	<u>8,000</u>
Total	<u>\$ 103,220</u>	<u>\$ 104,765</u>
PROFESSIONAL AND CONSULTING FEES		
Actuarial service	\$ 6,618	\$ 1,643
Audit	15,875	18,275
Consulting	516	2,414
Legal	986	1,101
Lobbyist	<u>715</u>	<u>739</u>
Total	<u>\$ 24,710</u>	<u>\$ 24,172</u>

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
INVESTMENT MANAGER EXPENSE		
American Realty Advisors	\$ 23,749	\$ 9,308
BNY Mellon CIS	8,683	9,125
Channing Capital Management	38,717	30,157
Fiduciary Management Associates	8,207	8,872
Lazard Asset Management, LLC	77,527	71,588
LM Capital Group, LLC	37,816	35,483
Northern Trust Quantitative Advisors	-	662
RhumbLine Advisers	5,228	5,107
TIAA-CREF	35,467	8,387
William Blair & Company	<u>49,791</u>	<u>39,553</u>
Total investment manager expenses	285,185	218,242
INVESTMENT CONSULTING FEES		
Callan Associates Inc.	6,067	-
Marquette Associates, Inc.	<u>-</u>	<u>4,514</u>
Total investment consulting fees	6,067	4,514
INVESTMENT CUSTODIAN FEES		
BNY Mellon	<u>5,000</u>	<u>5,000</u>
Total investment expenses	<u>\$ 296,252</u>	<u>\$ 227,756</u>

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

ADDITIONS BY SOURCE

<u>Year Ended December 31,</u>	Employer Contributions (1)	Employee Contributions (2)	Net Investment and Net Securities Lending Income (Loss) (3)	Other (4)	<u>Total Additions</u>
2006	\$ 2,720,013	\$ 1,690,781	\$ 18,117,244	\$ 175,844	\$ 22,703,882
2007	\$ 3,287,040	\$ 1,986,605	\$ 9,989,189	\$ 245,951	\$ 15,508,785
2008	\$ 2,023,448	\$ 2,119,208	\$ (46,414,013)	\$ 127,464	\$ (42,143,893)
2009	\$ 2,543,694	\$ 2,418,794	\$ 24,683,791	\$ 219,919	\$ 29,866,198
2010	\$ 2,660,034	\$ 2,452,696	\$ 20,250,639	\$ 227,553	\$ 25,590,922
2011	\$ 3,255,609	\$ 2,289,027	\$ 2,021,094	\$ 512,709	\$ 8,078,439

DEDUCTIONS BY TYPE

<u>Year Ended December 31,</u>	<u>Benefits</u>	<u>Refunds</u>	Employee Transfers to (from) <u>Cook County</u>	<u>Administrative Expenses</u>	<u>Total Deductions</u>
2006	\$ 11,465,912	\$ 346,117	\$ 345,410	\$ 108,566	\$ 12,266,005
2007	\$ 11,868,717	\$ 464,666	\$ 130,674	\$ 114,674	\$ 12,578,731
2008	\$ 12,159,401	\$ 518,400	\$ (119,434)	\$ 138,550	\$ 12,696,917
2009	\$ 12,423,521	\$ 472,953	\$ 118,754	\$ 112,729	\$ 13,127,957
2010	\$ 13,043,407	\$ 343,863	\$ 257,975	\$ 104,765	\$ 13,750,010
2011	\$ 13,602,488	\$ 604,314	\$ (328,586)	\$ 103,220	\$ 13,981,436

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 Medicare Part D, prescription plan rebates and miscellaneous income.

The Early Retirement Reinsurance Program reimbursement is included in 2011.

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

SCHEDULE OF TAXES RECEIVABLE

DECEMBER 31, 2011

<u>Levy Year</u>	<u>Gross Levy</u>	<u>Uncollected Balance</u>	<u>Reserve for Loss and Costs</u>	<u>Net Uncollected Balance</u>
2010	\$ 2,754,970	\$ 78,294	\$ 35,313	\$ 42,981
2011	3,144,432	<u>3,144,432</u>	<u>84,890</u>	<u>3,059,542</u>
Total		<u>\$ 3,222,726</u>	<u>\$ 120,203</u>	<u>\$ 3,102,523</u>

Note:

Uncollected taxes for the years 2009 and prior are fully reserved.
 2010 tax levy includes net Illinois Replacement Tax of \$275,773.
 2011 tax levy includes net Illinois Replacement Tax of \$314,758.