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, 2012

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

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2012 AND 2011

CONTENTS

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan), which comprise the combining statements of pension plan and postemployment healthcare plan net position as of December 31, 2012 and 2011, and the related combining statements of changes in pension plan and postemployment healthcare plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion
In our opinion, the financial statements referred to 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, 2012 and 2011 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.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 4d 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 22 through 24 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements as a whole. The accompanying supplementary information on pages 25 through 28 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information consisting of the schedules of administrative expenses and professional and consulting fees, schedules of investment expenses, additions by source, deductions by type, and schedule of taxes receivable 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. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information consisting of the schedules of administrative expenses and professional and consulting fees, schedules of investment expenses, additions by source, deductions by type, and schedule of taxes receivable is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (continued)

Previously Audited Information

We also have previously audited the basic financial statements for the years ended December 31, 2010, 2009, 2008, and 2007 (which are not presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information on page 27 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. Our reports for 2010, 2009, 2008 and 2007 on the required supplementary information (pages 22 and 23) 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

Chicago, Illinois

May 2, 2013

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, 2012. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The basic 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 Position 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 position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Position shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net position. The net increase (decrease) in net position reports the change in net position as reported in the combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Position 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 basic 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, deductions by type and taxes receivable.

Financial Highlights

Net position increased by $12,291,709 or 7.3% from $167,995,703 at December 31, 2011 to $180,287,412 at December 31, 2012. Comparatively, net position decreased by $5,902,997 or 3.4% from $173,898,700 at December 31, 2010 to $167,995,703 at December 31, 2011. The change in net position 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 13.8% for 2012, 1.1% for 2011 and 13.1% for 2010.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2012 was 56.68% compared to 61.57% for 2011. The decrease in the funded ratio during 2012 was due to the actuarial smoothing of 2008 investment losses over a five year period. The 2010 funded ratio was 65.19%.

Plan Net Position

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

Plan Net Position
As of December 31,

				Current Year Increase/(Decrease) in	
	2012	2011	2010	Dollars	Percent
Total assets	$ 185,868,304	$ 176,599,138	$ 186,054,895	$ 9,269,166	5.2%
Total liabilities	5,580,892	8,603,435	12,156,195	(3,022,543)	-35.1%
Net position	$ 180,287,412	$ 167,995,703	$ 173,898,700	$ 12,291,709	7.3%

Changes in Plan Net Position

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

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

	2012	2011	2010	Current Year Increase/(Decrease) in Dollars	Current Year Increase/(Decrease) in Percent
Additions:					
Employer contributions	$ 3,108,976	$ 3,255,609	$ 2,660,034	$ (146,633)	-4.5%
Employee contributions	2,426,776	2,289,027	2,452,696	137,749	6.0%
Investment income (includes security lending activities)	22,209,855	2,021,094	20,250,639	20,188,761	998.9%
Other	212,447	512,709	227,553	(300,262)	-58.6%
Total additions	27,958,054	8,078,439	25,590,922	19,879,615	246.1%
Deductions:					
Benefits	14,160,157	13,602,488	13,043,407	557,669	4.1%
Refunds	1,188,639	604,314	343,863	584,325	96.7%
Employee transfers to (from) Cook County	205,887	(328,586)	257,975	534,473	162.7%
Administrative expenses	111,662	103,220	104,765	8,442	8.2%
Total deductions	15,666,345	13,981,436	13,750,010	1,684,909	12.1%
Net increase (decrease)	12,291,709	(5,902,997)	11,840,912	18,194,706	308.2%
Net position:					
Beginning of year	167,995,703	173,898,700	162,057,788	(5,902,997)	-3.4%
End of year	$ 180,287,412	$ 167,995,703	$ 173,898,700	$ 12,291,709	7.3%

Additions to Plan Net Position

Total additions were $27,958,054 in 2012, $8,078,439 in 2011 and $25,590,922 in 2010.

Employer contributions decreased to $3,108,976 in 2012 from $3,255,609 in 2011 and were $2,660,034 in 2010. Employer contributions are statutorily set at 1.30 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, increased to $2,426,776 in 2012 from $2,289,027 in 2011 and were $2,452,696 in 2010. Employees contribute 8.5% of covered wages.

Net investment income totaled $22,209,855 for 2012 compared to $2,021,094 for 2011. Comparatively, net investment income totaled $20,250,639 for 2010. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Position

Total deductions were $15,666,345 in 2012, $13,981,436 in 2011 and $13,750,010 in 2010.

Benefits increased to $14,160,157 in 2012 from $13,602,488 in 2011 and $13,043,407 in 2010 primarily due to the 3% annual cost of living increases for annuitants.

Refunds increased to $1,188,639 in 2012 from $604,314 in 2011 and $343,863 in 2010. 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 increased to $111,662 in 2012 from $103,220 in 2011. Comparatively, the cost to administer the Plan decreased to $103,220 in 2011 from $104,765 in 2010.

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,

	2012	2011	2010	Current Year Increase/(Decrease) in Dollars	Percent
Actuarial assets	$ 172,566,956	$ 178,126,063	$ 184,077,516	$ (5,559,107)	-3.1%
Actuarial liabilities	304,451,002	289,321,074	282,391,153	15,129,928	5.2%
Unfunded actuarial liabilities	$ 131,884,046	$ 111,195,011	$ 98,313,637	$ 20,689,035	18.6%
Funded ratio	56.68%	61.57%	65.19%		

Actuarial assets decreased to $172,566,956 in 2012 from $178,126,063 in 2011. Comparatively, actuarial assets decreased to $178,126,063 in 2011 from $184,077,516 in 2010. The decrease in actuarial assets results from the five year smoothing of investment gains and losses.

Actuarial liabilities increased to $304,451,002 in 2012 from $289,321,074 in 2011 due to increased benefits accrued by plan participants. Comparatively, actuarial liabilities increased to $289,321,074 in 2011 from $282,391,153 in 2010.

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 56.68% in 2012 from 61.57% in 2011 was due to the changes in the actuarial assets and actuarial liabilities as explained in the preceding paragraphs. Comparatively, the funded ratio decreased to 61.57% in 2011 from 65.19% in 2010.

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
Chicago, IL 60602

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

COMBINING STATEMENTS OF PENSION PLAN AND POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION

DECEMBER 31, 2012 AND 2011

	2012			2011		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
ASSETS						
RECEIVABLES						
Employer contributions less allowance of $153,171 in 2012 and $120,203 in 2011	$ 3,119,857	$ 2,998,516	$ 121,341	$ 3,102,523	$ 2,890,009	$ 212,514
Employee contributions	54,604	54,604	-	52,629	52,629	-
Accrued investment income	448,689	448,689	-	623,949	623,949	-
Due from Forest Preserve District of Cook County	97,451	97,451	-	71,279	71,279	-
Receivable for securities sold	433,443	433,443	-	127,617	127,617	-
Total receivables	4,154,044	4,032,703	121,341	3,977,997	3,765,483	212,514
INVESTMENTS						
U.S. and international equities	84,068,133	84,068,133	-	74,987,009	74,987,009	-
U.S. Government and government agency obligations	32,702,548	32,702,548	-	44,590,427	44,590,427	-
Corporate bonds	13,363,737	13,363,737	-	17,768,478	17,768,478	-
Collective international equity fund	10,414,421	10,414,421	-	8,536,411	8,536,411	-
Exchange traded funds	10,095,800	10,095,800	-	8,539,681	8,539,681	-
Hedge fund	16,046,525	16,046,525	-	-	-	-
Real estate	7,123,795	7,123,795	-	6,670,674	6,670,674	-
Short-term investments	4,144,057	4,144,057	-	4,727,285	4,727,285	-
Total investments	177,959,016	177,959,016	-	165,819,965	165,819,965	-
COLLATERAL HELD FOR SECURITIES ON LOAN	3,755,244	3,755,244	-	6,801,176	6,801,176	-
Total assets	185,868,304	185,746,963	121,341	176,599,138	176,386,624	212,514
LIABILITIES						
ACCOUNTS PAYABLE	95,684	95,684	-	101,354	101,354	-
HEALTHCARE INSURANCE PAYABLE	121,341	-	121,341	212,514	-	212,514
DUE TO COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY	635,820	635,820	-	554,852	554,852	-
PAYABLE FOR SECURITIES PURCHASED	878,788	878,788	-	839,524	839,524	-
SECURITIES LENDING COLLATERAL	3,755,244	3,755,244	-	6,801,176	6,801,176	-
SECURITIES LENDING PAYABLE	94,015	94,015	-	94,015	94,015	-
Total liabilities	5,580,892	5,459,551	121,341	8,603,435	8,390,921	212,514
NET POSITION HELD IN TRUST						
Restricted for Pension benefits	180,287,412	180,287,412	-	167,995,703	167,995,703	-
Restricted for Postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 180,287,412	$ 180,287,412	$ -	$ 167,995,703	$ 167,995,703	$ -

See accompanying notes to 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 Position

Years Ended December 31, 2012 and 2011

	2012			2011		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Additions						
Employer contributions	$ 3,108,976	$ 2,117,976	$ 991,000	$ 3,255,609	$ 2,441,301	$ 814,308
Employee contributions						
Salary deductions	2,280,520	2,280,520	-	2,071,237	2,071,237	-
Refund repayments	79,420	79,420	-	111,795	111,795	-
Former and miscellaneous service payments	14,362	14,362	-	38,612	38,612	-
Deductions in lieu of disability	52,474	52,474	-	67,383	67,383	-
Total employee contributions	2,426,776	2,426,776	-	2,289,027	2,289,027	-
Investment income						
Net appreciation (depreciation) in fair value of investments	17,853,186	17,853,186	-	(2,239,355)	(2,239,355)	-
Dividends	2,412,713	2,412,713	-	2,020,699	2,020,699	-
Interest	2,316,424	2,316,424	-	2,510,133	2,510,133	-
	22,582,323	22,582,323	-	2,291,477	2,291,477	-
Less investment expenses	(399,290)	(399,290)	-	(296,252)	(296,252)	-
Net investment income	22,183,033	22,183,033	-	1,995,225	1,995,225	-
Securities lending						
Income	33,488	33,488	-	32,281	32,281	-
Expenses	(6,666)	(6,666)	-	(6,412)	(6,412)	-
Net securities lending income	26,822	26,822	-	25,869	25,869	-
Other						
Medicare Part D subsidy	127,263	-	127,263	220,103	-	220,103
Prescription plan rebates	84,037	-	84,037	92,403	-	92,403
Early Retirement Reinsurance Program reimbursement (repayment)	(4,915)	-	(4,915)	197,662	-	197,662
Miscellaneous	6,062	6,062	-	2,541	2,541	-
Total other additions	212,447	6,062	206,385	512,709	2,541	510,168
Total additions	27,958,054	26,760,669	1,197,385	8,078,439	6,753,963	1,324,476
Deductions						
Benefits						
Annuity						
Employee	10,714,092	10,714,092	-	10,042,232	10,042,232	-
Spouse and children	1,901,171	1,901,171	-	1,815,262	1,815,262	-
Disability						
Ordinary	340,370	340,370	-	390,834	390,834	-
Duty	7,139	7,139	-	29,684	29,684	-
Healthcare	1,197,385	-	1,197,385	1,324,476	-	1,324,476
Total benefits	14,160,157	12,962,772	1,197,385	13,602,488	12,278,012	1,324,476
Refunds	1,188,639	1,188,639	-	604,314	604,314	-
Employee transfers to (from) County Employees' and Officers' Annuity and Benefit Fund of Cook County	205,887	205,887	-	(328,586)	(328,586)	-
Administrative expenses	111,662	111,662	-	103,220	103,220	-
Total deductions	15,666,345	14,468,960	1,197,385	13,981,436	12,656,960	1,324,476
Net increase (decrease)	12,291,709	12,291,709	-	(5,902,997)	(5,902,997)	-
Net position held in trust						
Beginning of year	167,995,703	167,995,703	-	173,898,700	173,898,700	-
End of year	$ 180,287,412	$ 180,287,412	$ -	$ 167,995,703	$ 167,995,703	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan) 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).

New Accounting Pronouncement - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* which 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. The Statement is effective for financial statements with periods beginning after December 15, 2011.

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. The hedge fund and real estate 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 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, 2012, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent Events - Subsequent events have been evaluated through May 2, 2013 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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Covered employees are required to contribute 8.5% of their salary to the Plan, subject to the salary limitations for Tier 2 participants in Article 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The 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, 2012 and 2011 was $26,252,071 and $22,678,566 respectively.

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, 2012 and 2011, participants consisted of the following:

	2012	2011
Active members	467	408
Retired members	355	348
Beneficiaries	156	160
Inactive members	1,057	1,110
Total	2,035	2,026

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2012, the most recent actuarial valuation date, the Plan was 56.68% funded on an actuarial basis. The actuarial accrued liability for benefits was $304,451,002 and the actuarial value of assets was $172,566,956, resulting in an unfunded actuarial accrued liability (UAAL) of $131,884,046. The covered payroll (annual payroll of active employees covered by the Plan) was $26,252,071, and the ratio of the UAAL to the covered payroll was 502.38%.

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, 2012
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 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, 2012 and December 31, 2011 indicate the annual required contribution to be $12,429,935 and $11,606,636 for 2012 and 2011, respectively. The annual required contribution is based on an annual payroll of $26,252,071 for 467 active members as of December 31, 2012 and $22,678,566 for 408 active members as of December 31, 2011 and is computed as follows.

	2012	2011
Normal cost	$ 3,378,565	$ 3,603,821
30-year level dollar amortization of the unfunded liability	9,051,370	8,002,815
Actuarially determined contribution requirement	12,429,935	11,606,636
Expected net employer contribution from tax levy after 3.0% loss	(3,092,850)	(3,050,099)
Expected employer contribution short-fall of actuarially determined contribution requirement	$ 9,337,085	$ 8,556,537
Required tax levy multiple	5.22	4.95
Present authorized multiple	1.30	1.30

A Schedule of Funding Progress is located in the Required Supplementary Information on page 22. 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, 2012 and 2011. Investments that represent 5% or more of the Plan's net position held in trust are separately identified.

Investments	2012	2011
U.S. and international equities	$ 84,068,133	$ 74,987,009
U.S. Government and government agency obligations	32,702,548	44,590,427
Corporate bonds	13,363,737	17,768,478
Collective international fund:		
Equity:		
Lazard Emerging Market Sudan Free Fund	10,414,421	8,536,411
Exchange traded funds		
Real estate	10,095,800	8,539,681
Hedge fund		
Burnham Harbor Fund	16,046,525	-
Real estate		
Limited partnerships	7,123,795	6,670,674
Short-term investments	4,144,057	4,727,285
Total investments	$ 177,959,016	$ 165,819,965

Investment Risk

Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, specifies various disclosure requirements.

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, 2012 and 2011.

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 Fitch). 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 owned has historically had a credit rating of AAA, or certain nonrated U.S. Government obligations noted as "U.S. Government" had an AA rating. The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2012 and 2011 as valued by Moody's Investors Service, Standard & Poor's and/or Fitch:

Type of Investment	Rating	2012	2011
U.S. Government and government agency obligations	Aa/AA	$ 32,265,978	$ 44,356,443
	A/A	156,734	141,759
	Not Rated	279,836	92,225
		$ 32,702,548	$ 44,590,427
Corporate bonds	Aaa/AAA	$ 1,198,424	$ 1,253,551
	Aa/AA	810,307	1,875,522
	A/A	5,238,992	7,783,546
	Baa/BBB	5,926,893	6,676,043
	Ba/BB	189,121	146,097
	Not Rated	-	33,719
		$ 13,363,737	$ 17,768,478
Short-term investments	Not Rated	$ 4,144,057	$ 4,727,285

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 5.06 years at December 31, 2012 and 4.95 years at December 31, 2011). The following table presents a summarization of the Plan's debt investments at December 31, 2012 and 2011 using the segmented time distribution method:

Type of Investment	Maturity	2012	2011
U.S. Government and government agency obligations	< 1 year	$ 597,485	$ 688,008
	1 - 5 years	10,158,958	12,180,725
	5 - 10 years	6,220,533	8,612,525
	Over 10 years	15,725,572	23,109,169
		$ 32,702,548	$ 44,590,427
Corporate bonds	< 1 year	$ 323,608	$ 347,864
	1 - 5 years	4,126,831	6,719,905
	5 - 10 years	4,953,288	6,901,938
	Over 10 years	3,960,010	3,798,771
		$ 13,363,737	$ 17,768,478
Short-term investments	< 1 year	$ 4,144,057	$ 4,727,285

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, 2012 and 2011 is as follows:

Type of Investment	Fair Value (USD) 2012	Fair Value (USD) 2011
U.S. and international equities:		
Australian dollar	$ 2,692,096	$ 1,088,252
British pound	8,592,497	10,175,162
Canadian dollar	321,542	-
Danish krone	238,964	-
European euro	9,390,714	7,168,500
Hong Kong dollar	292,595	-
Japanese yen	3,678,961	4,154,399
Swedish krona	3,194,493	794,563
Swiss franc	2,798,500	2,326,318
U.S. dollar	52,867,771	49,279,815
Total equities	$ 84,068,133	$ 74,987,009

For the years ended December 31, 2012 and 2011, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $2,124,165 and $4,973,051 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 Position. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in plan assets being reported in both the current year and the previous years.

NOTE 6. DERIVATIVES

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 currency 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 Position included in investments. The gain or loss on foreign currency contracts is recognized and recorded on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Position as part of investment income. The foreign currency contracts are short term in nature, typically ranging from one week to three months.

At December 31, 2012 and 2011, the Plan's investments included the following forward currency contract balances:

	2012	2011
Hedging derivative instruments:		
Forward currency contract receivables	$ -	$ 87,366
Forward currency contract payables	$ -	$ 87,366

For the years ended December 31, 2012 and 2011, the change in fair value of the deferred inflows and outflows of the foreign currency contracts was not material to these financial statements.

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 69 days for 2012 and 64 days for 2011; 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, 2012 and 2011 of 18 and 20 days, respectively.

As of December 31, 2012 and 2011, the fair value (carrying amount) of loaned securities was $7,383,905 and $9,777,478 respectively. As of December 31, 2012 and 2011, the fair value (carrying amount) of cash collateral received by the Plan was $3,755,244 and $6,801,176 respectively. The cash collateral is included as an asset and a corresponding liability on the combining statements of pension plan and postemployment healthcare plan net position. As of December 31, 2012 and 2011, the fair value (carrying amount) of noncash collateral received by the Plan was $3,799,075 and $3,201,952 respectively.

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

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

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. That same securities lending payable was $94,015 as of December 31, 2012 and 2011.

During 2012 and 2011, 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:

	2012	2011
Securities loaned - cash collateral:		
U.S. and international equities	$ 3,030,950	$ 5,140,341
U.S. Government and government agency obligations	301,815	860,762
Exchanged traded funds	87,213	301,487
Corporate bonds	241,617	338,912
Total securities loaned - cash collateral	3,661,595	6,641,502
Securities loaned - non-cash collateral:		
U.S. and international equities	193,645	72,751
U.S. Government and government agency obligations	3,528,665	3,063,225
Total securities loaned - non-cash collateral	3,722,310	3,135,976
Total	$ 7,383,905	$ 9,777,478

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, 2012 and 2011, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 281 and 279 respectively.

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.

Health Care Cost Trend Rates - 7.5% 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, 2012, the most recent actuarial valuation date, PGHBP was 0.00% funded on an actuarial basis. The actuarial accrued liability for benefits was $45,713,760 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $45,713,760. The covered payroll (annual payroll of active employees covered by the Plan) was $26,252,071, and the ratio of the UAAL to the covered payroll was 174.13%.

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 Employees' and Officers' Annuity and Benefit Fund of Cook County (County Fund). The Plan reimburses the County Fund for shared administrative services provided by the County Fund. During the years ended December 31, 2012 and 2011, the County Fund allocated administrative expenditures of $69,653 and $62,149 respectively.

As of December 31, 2012 and 2011, the Plan owes the County Fund $635,820 and $554,852 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

NOTE 10. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

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 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.

NOTE 10. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. For defined benefit plans, the Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employer and nonemployer contributing entities for benefits provided through the pension plan. Statement No. 67 also enhances footnote disclosures and required supplementary information for pension plans. Statement No. 67 is effective for the Plan's fiscal year ending December 31, 2014.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employer whose employees are provided with defined contribution pensions. Statement No. 68 is effective for the Plan's fiscal year ending December 31, 2015.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations,* which establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. Statement No. 69 is effective for the Plan's fiscal year ending December 31, 2014.

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 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							
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%
2012		$ 172,566,956	$ 273,136,730	$ 100,569,774	63.18%	$ 26,252,071	383.09%
Postemployment Group Healthcare Benefit Plan (PGHBP)							
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%
2012		$ -	$ 45,713,760	$ 45,713,760	0.00%	$ 26,252,071	174.13%
Changes in Actuarial Assumptions							
2007	(2)	$ -	$ (11,877,875)	$ (11,877,875)	0.00%		
2008	(2)	$ -	$ (10,450,101)	$ (10,450,101)	0.00%		
2009	(2)	$ -	$ (13,736,290)	$ (13,736,290)	0.00%		
2010	(2)	$ -	$ (13,588,953)	$ (13,588,953)	0.00%		
2011	(2)	$ -	$ (12,594,297)	$ (12,594,297)	0.00%		
2012	(2)	$ -	$ (14,399,488)	$ (14,399,488)	0.00%		
Combined							
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%
2012		$ 172,566,956	$ 304,451,002	$ 131,884,046	56.68%	$ 26,252,071	502.38%

(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 - 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 December 31,		Annual Required Contribution (ARC) (a)	Required Statutory Basis (1) (b)	Employer Contributions (c)	Percent of ARC Contributed (c/a)
Pension Benefits					
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		$ 8,590,721	$ 3,050,099	$ 2,457,405	28.61%
2012		$ 9,608,247	$ 3,092,850	$ 2,117,976	22.04%
Postemployment Group Healthcare Benefit Plan (PGHBP)					
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%
2012		$ 3,541,064	$ -	$ 991,000	27.99%
Changes in Actuarial Assumptions					
2007	(2)	$ (611,216)	$ -		
2008	(2)	$ (1,021,036)	$ -		
2009	(2)	$ (714,995)	$ -		
2010	(2)	$ (849,426)	$ -		
2011	(2)	$ (815,018)	$ -		
2012	(2)	$ (719,376)	$ -		
Combined					
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%
2012		$ 12,429,935	$ 3,092,850	$ 3,108,976	25.01%

(1) = Tax levy for 2007 - 2010 after 2.7% overall loss; for 2011 and 2012 after 3.0% overall loss.
(2) = 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, 2012
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 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) annutants for Tier 2 participants
Medical trend rate	8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached
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, 2012 and 2011

	2012	2011
Administrative expenses		
Administrative expenses allocated from County Employees' and Officers' Annuity and Benefit Fund of Cook County	$ 69,653	$ 62,149
Bank charges	9,348	7,926
Membership	370	435
Professional and consulting fees	24,291	24,710
Regulatory filing fees	8,000	8,000
Total	$ 111,662	$ 103,220
Professional and consulting fees		
Actuarial service	$ 1,769	$ 6,618
Audit	19,712	15,875
Consulting	747	516
Legal	1,266	986
Lobbyist	797	715
Total	$ 24,291	$ 24,710

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Schedules of Investment Expenses

Years Ended December 31, 2012 and 2011

	2012	2011
Investment manager expense		
American Realty Advisors	$ 31,518	$ 23,749
Blackstone Alternative Asset Management	79,206	-
BNY Mellon CIS	7,850	8,683
Channing Capital Management	47,392	38,717
Fiduciary Management Associates	-	8,207
Lazard Asset Management, LLC	97,490	77,527
LM Capital Group, LLC	32,474	37,816
RhumbLine Advisers	4,628	5,228
TIAA-CREF	25,345	35,467
William Blair & Company	61,630	49,791
Total investment manager expenses	387,533	285,185
Investment consulting fees		
Callan Associates Inc.	6,757	6,067
Investment custodian fees		
BNY Mellon	5,000	5,000
Total investment expenses	$ 399,290	$ 296,252

FOREST PRESERVE DISTRICT EMPLOYEES' 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
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
2012	$ 3,108,976	$ 2,426,776	$ 22,209,855	$ 212,447	$ 27,958,054

DEDUCTIONS BY TYPE

Year Ended December 31,	Benefits	Refunds	Employee Transfers to (from) Cook County	Administrative Expenses	Total Deductions
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
2012	$ 14,160,157	$ 1,188,639	$ 205,887	$ 111,662	$ 15,666,345

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/repayment is included in 2011 and 2012.

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Schedule of Taxes Receivable

December 31, 2012

Levy Year	Gross Levy	Uncollected Balance	Reserve for Loss and Costs	Net Uncollected Balance
2011	$ 3,144,432	$ 84,523	$ 67,091	$ 17,432
2012	3,188,505	3,188,505	86,080	3,102,425
Total		$ 3,273,028	$ 153,171	$ 3,119,857

Note:

Uncollected taxes for the years 2010 and prior are fully reserved.
2011 tax levy includes net Illinois Replacement Tax of $314,758.
2012 tax levy includes net Illinois Replacement Tax of $319,169.