County Employees' and Officers' Annuity and Benefit Fund of Cook County
(A Component Unit of Cook County, Illinois)

Financial Statements

December 31, 2014 and 2013

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

Financial Statements with Supplementary Information

December 31, 2014 and 2013

Contents

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014 AND 2013

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LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan), a component unit of Cook County, Illinois, which comprise the combining statements of pension plan fiduciary net position and postemployment healthcare plan net position as of December 31, 2014 and 2013, and the related combining statements of changes in pension plan fiduciary net position and postemployment healthcare plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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 the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 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 in the first paragraph present fairly, in all material respects, the plan net position of County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2014 and 2013, and the changes in plan net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the Plan implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. As a result, the financial statements now include substantially different note disclosures and required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 4f and the required supplementary information on pages 27 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 33 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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, 2012, 2011, 2010, and 2009 (which are not presented herein), and we expressed unmodified opinions on those financial statements. In our opinion, the information on page 36 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Legacy Professionals LLP

Chicago, Illinois

October 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents Management's Discussion and Analysis of the financial position and performance of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) for the years ended December 31, 2014 and 2013. 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 financial statements are prepared on an economic sources focus and accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The basic components of the financial package are described below:

Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position provides a snapshot of account balances and net position held in trust for future benefit payments and any liabilities as of the 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 Fiduciary Net Position and Postemployment Healthcare Plan Net Position shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net position. The net increase (decrease) in net position reports the change in net position as reported in the combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position of the prior year and the current year.

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

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

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

Financial Highlights

Net position increased by $141,032,124 or 1.6% from $8,927,366,656 at December 31, 2013 to $9,068,398,780 at December 31, 2014. Comparatively, net position increased by $867,431,028 or 10.8% from $8,059,935,628 at December 31, 2012 to $8,927,366,656 at December 31, 2013. The change in net position for both years was primarily due to the increase in the fair market value of the investments.

The **rate of return** of the Plan's investment portfolio was 5.9% for 2014, 15.1% for 2013 and 12.5% for 2012.

Net Position

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

Plan Net Position
As of December 31,

	2014	2013	2012	Current Year Increase in Dollars	Percent
Total assets	$ 10,527,247,093	$ 10,317,067,570	$ 8,660,955,128	$ 210,179,523	2.0%
Total liabilities	1,458,848,313	1,389,700,914	601,019,500	69,147,399	5.0%
Net position	$ 9,068,398,780	$ 8,927,366,656	$ 8,059,935,628	$ 141,032,124	1.6%

Changes in Plan Net Position

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

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

	2014	2013	2012	Current Year Increase/(Decrease) in Dollars	Percent
Additions:					
Employer contributions	$ 190,032,872	$ 187,817,644	$ 190,720,776	$ 2,215,228	1.2%
Employee contributions	129,325,318	127,593,220	128,869,508	1,732,098	1.4%
Investment income (includes security lending activities)	488,890,897	1,179,440,119	887,687,519	(690,549,222)	-58.5%
Other	9,742,062	8,547,729	10,190,689	1,194,333	14.0%
Total additions	817,991,149	1,503,398,712	1,217,468,492	(685,407,563)	-45.6%
Deductions:					
Benefits	645,601,458	601,770,020	561,391,035	43,831,438	7.3%
Refunds	26,347,361	29,873,030	33,081,726	(3,525,669)	-11.8%
Administrative expenses	5,010,206	4,324,634	4,303,353	685,572	15.9%
Total deductions	676,959,025	635,967,684	598,776,114	40,991,341	6.4%
Net increase	141,032,124	867,431,028	618,692,378	(726,398,904)	-83.7%
Net position					
Beginning of year	8,927,366,656	8,059,935,628	7,441,243,250	867,431,028	10.8%
End of year	$ 9,068,398,780	$ 8,927,366,656	$ 8,059,935,628	$ 141,032,124	1.6%

Additions to Plan Net Position

Total additions were $817,991,149 in 2014, $1,503,398,712 in 2013 and $1,217,468,492 in 2012.

Employer contributions increased to $190,032,872 in 2014 from $187,817,644 in 2013 and decreased from $190,720,776 in 2012. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, increased to $129,325,318 in 2014 from $127,593,220 in 2013 and $128,869,508 in 2012. The majority of members contribute 8.5% of covered wages.

Net investment income totaled $488,890,897 for 2014 compared to $1,179,440,119 for 2013 and $887,687,519 for 2012. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Position

Total deductions were $676,959,025 in 2014, $635,967,684 in 2013 and were $598,776,114 in 2012.

Benefits increased to $645,601,458 in 2014 from $601,770,020 in 2013 and $561,391,035 in 2012 due primarily to the 3% annual cost of living increases for annuitants and an increase in the number of retirees.

Refunds decreased to $26,347,361 in 2014 from $29,873,030 in 2013 and $33,081,726 in 2012. These changes are due to fluctuations in refund applications.

The cost to administer the Plan increased by 15.9% to $5,010,206 in 2014 from $4,324,634 in 2013. Comparatively, the cost to administer the Plan increased by .5% to $4,324,634 in 2013 from $4,303,353 in 2012.

Actuarial Information

Pension Benefits

The Plan's funding for pension benefits is as follows:

	Funding for Pension Benefits For the Years Ended December 31,		
	2014	2013	2012
GASB Statement No. 67:			
Employer's net pension liability	$ 12,877,563,086	$ 12,190,277,287	N/A
Plan fiduciary net position as a percentage of the total pension liability	41.32%	42.27%	N/A
GASB Statement No. 25:			
Unfunded actuarial accrued liability	$ 5,330,038,283	$ 5,255,131,890	$ 5,584,604,017
Funded ratio	62.31%	61.46%	58.38%

The Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans,* during the year ended December 31, 2014. See Note 1 in the financial statements for further information.

For the purposes of comparability in this year of transition, the funding information for pension benefits reflects both GASB Statement No. 67 and the previously adopted GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* The employer's net pension liability and plan fiduciary net position as a percentage of the total pension liability as of December 31, 2012 is not available.

The primary difference between the employer's net pension liability (GASB Statement No. 67) and the unfunded actuarial accrued liability (GASB Statement No. 25) is the use of a blended investment rate of return as required under GASB Statement No. 67. This has significantly increased the liability.

Actuarial Information (continued)

Postemployment Healthcare Benefits

Under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the Plan's funding for postemployment healthcare benefits is as follows:

Funding for Postemployment Healthcare Benefits
For the Years Ended December 31,

	2014	2013	2012
Unfunded actuarial accrued liability	$ 1,980,088,617	$ 1,978,767,490	$ 1,845,609,132
Funded ratio	0.00%	0.00%	0.00%

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

Combined

The Plan actuary has performed a combined valuation of the pension and postemployment healthcare benefits provided by the Plan to measure the overall funded status and contribution requirements of the Plan. Such a valuation is required under Chapter 40, Article 5/9-199 of the Illinois Pension Code which provides that the Plan shall submit a report each year containing a detailed statement of the affairs of the Plan, its income and expenditures, and assets and liabilities. The combined valuation reflects the actuarial assumptions adopted by the Board based on the results of an actuarial experience study. These assumptions conform to the actuarial standards recommended by the Plan's actuary and were used by the Plan's actuary to present the combined funding status in accordance with Section 9-199. The Plan's funding under the combined actuarial valuation is as follows:

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

	2014	2013	2012
Unfunded actuarial accrued liability	$ 6,508,281,618	$ 6,430,643,390	$ 6,796,368,029
Funded ratio	57.51%	56.59%	53.55%

Contact Information

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

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

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

Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position

December 31, 2014 and 2013

	2014 Total	2014 Pension	2014 Postemployment Healthcare	2013 Total	2013 Pension	2013 Postemployment Healthcare
Assets						
Receivables						
Employer contributions less allowance of $10,823,230 in 2014 and $10,596,808 in 2013	$ 199,576,926	$ 189,773,898	$ 9,803,028	$ 209,311,706	$ 199,986,316	$ 9,325,390
Employee contributions	1,995,317	1,995,317	-	2,145,420	2,145,420	-
Accrued investment income	22,205,338	22,205,338	-	22,451,594	22,451,594	-
Receivable for securities sold	162,275,218	162,275,218	-	80,795,327	80,795,327	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	542,267	542,267	-	462,893	462,893	-
Medicare Part D subsidy	1,286,803	1,286,803	-	947,659	947,659	-
Other	505,003	505,003	-	818,644	818,644	-
Total receivables	388,386,872	378,583,844	9,803,028	316,933,243	307,607,853	9,325,390
Investments						
U.S. and international equities	4,110,040,451	4,110,040,451	-	4,233,234,375	4,233,234,375	-
U.S. Government and government agency obligations	1,109,668,190	1,109,668,190	-	1,238,436,393	1,238,436,393	-
Corporate bonds	857,209,577	857,209,577	-	823,905,648	823,905,648	-
Collective international equity fund	57,477,592	57,477,592	-	56,828,124	56,828,124	-
Commingled fixed income fund	25,893,428	25,893,428	-	25,540,920	25,540,920	-
Private global fixed fund limited partnership	199,275,761	199,275,761	-	-	-	-
Exchange traded funds	607,454,824	607,454,824	-	526,730,533	526,730,533	-
Private equities	86,623,407	86,623,407	-	61,576,550	61,576,550	-
Hedge funds	800,093,500	800,093,500	-	756,879,345	756,879,345	-
Real estate	388,902,521	388,902,521	-	425,123,417	425,123,417	-
Short-term investments	587,544,323	587,544,323	-	555,524,046	555,524,046	-
Total investments	8,830,183,574	8,830,183,574	-	8,703,779,351	8,703,779,351	-
Collateral held for securities on loan	1,308,676,647	1,308,676,647	-	1,296,354,976	1,296,354,976	-
Total assets	10,527,247,093	10,517,444,065	9,803,028	10,317,067,570	10,307,742,180	9,325,390
Liabilities						
Accounts payable	5,031,192	5,031,192	-	4,694,086	4,694,086	-
Healthcare insurance payable	9,803,028	-	9,803,028	9,325,390	-	9,325,390
Payable for securities purchased	135,337,446	135,337,446	-	79,326,462	79,326,462	-
Securities lending collateral	1,308,676,647	1,308,676,647	-	1,296,354,976	1,296,354,976	-
Total liabilities	1,458,848,313	1,449,045,285	9,803,028	1,389,700,914	1,380,375,524	9,325,390
Net position						
Net position restricted for pensions	9,068,398,780	9,068,398,780	-	8,927,366,656	8,927,366,656	-
Net position held in trust for postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 9,068,398,780	$ 9,068,398,780	$ -	$ 8,927,366,656	$ 8,927,366,656	$ -

See accompanying notes to financial statements.

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

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
ADDITIONS						
Employer contributions	$ 190,032,872	$ 146,075,414	$ 43,957,458	$ 187,817,644	$ 147,720,014	$ 40,097,630
Employee contributions						
Salary deductions	124,443,943	124,443,943	-	123,092,018	123,092,018	-
Refund repayments	2,386,762	2,386,762	-	2,082,804	2,082,804	-
Former and miscellaneous service payments	630,942	630,942	-	445,646	445,646	-
Optional payments and deductions	44,042	44,042	-	44,125	44,125	-
Deductions in lieu of disability	1,819,629	1,819,629	-	1,928,627	1,928,627	-
Total employee contributions	129,325,318	129,325,318	-	127,593,220	127,593,220	-
Investment income						
Net appreciation in fair value of investments	325,036,291	325,036,291	-	1,022,073,991	1,022,073,991	-
Dividends	117,138,325	117,138,325	-	97,300,750	97,300,750	-
Interest	73,642,376	73,642,376	-	83,220,221	83,220,221	-
	515,816,992	515,816,992	-	1,202,594,962	1,202,594,962	-
Less investment expenses	(31,791,345)	(31,791,345)	-	(27,523,480)	(27,523,480)	-
Net investment income	484,025,647	484,025,647	-	1,175,071,482	1,175,071,482	-
Securities lending						
Income	5,833,409	5,833,409	-	5,264,954	5,264,954	-
Expenses	(968,159)	(968,159)	-	(896,317)	(896,317)	-
Net securities lending income	4,865,250	4,865,250	-	4,368,637	4,368,637	-
Other						
Employer federal subsidized programs	3,538,369	3,538,369	-	3,707,091	3,707,091	-
Medicare Part D subsidy	4,529,585	-	4,529,585	3,851,625	-	3,851,625
Prescription plan rebates	1,458,517	-	1,458,517	654,959	-	654,959
Employee transfers (to) from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	175,370	175,370	-	(106,012)	(106,012)	-
Miscellaneous	40,221	40,221	-	440,066	440,066	-
Total other additions	9,742,062	3,753,960	5,988,102	8,547,729	4,041,145	4,506,584
Total additions	817,991,149	768,045,589	49,945,560	1,503,398,712	1,458,794,498	44,604,214

See accompanying notes to financial statements.

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

COMBINING STATEMENTS OF CHANGES IN PENSION PLAN FIDUCIARY NET POSITION AND POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
DEDUCTIONS						
Benefits						
Annuity						
Employee	$ 543,274,840	$ 543,274,840	$ -	$ 507,494,409	$ 507,494,409	$ -
Spouse and children	41,865,298	41,865,298	-	38,761,919	38,761,919	-
Disability						
Ordinary	9,988,572	9,988,572	-	10,224,555	10,224,555	-
Duty	527,188	527,188	-	684,923	684,923	-
Healthcare	49,945,560	-	49,945,560	44,604,214	-	44,604,214
Total benefits	645,601,458	595,655,898	49,945,560	601,770,020	557,165,806	44,604,214
Refunds	26,347,361	26,347,361	-	29,873,030	29,873,030	-
Net administrative expenses	5,010,206	5,010,206	-	4,324,634	4,324,634	-
Total deductions	676,959,025	627,013,465	49,945,560	635,967,684	591,363,470	44,604,214
NET INCREASE	141,032,124	141,032,124	-	867,431,028	867,431,028	-
NET POSITION						
Beginning of year	8,927,366,656	8,927,366,656	-	8,059,935,628	8,059,935,628	-
End of year	$ 9,068,398,780	$ 9,068,398,780	$ -	$ 8,927,366,656	$ 8,927,366,656	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the above criteria, the Plan is considered to be a component unit of Cook County, Illinois (the County) and is included in the County's financial statements as a pension trust fund.

New Accounting Pronouncement - 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, Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employer and non-employer contributing entities for benefits provided through the pension plan. This Statement also enhances footnote disclosures and required supplementary information for pension funds.

Method of Accounting - The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as income pursuant to legal requirements as specified by the Illinois Compiled Statutes. Employee contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Private equities, hedge funds, real estate investments, and limited partnerships are carried at fair value as estimated by each investment manager. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2014, the Plan does not have any capital assets.

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

Subsequent Events - Subsequent events have been evaluated through October 2, 2015, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

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

The Statutes authorize a Board of Trustees (the Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, four are elected by the employee members of the 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.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

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

Covered employees are required to contribute 8.5% (9% for sheriffs) of their salary to the Plan, subject to the salary limitations for Tier 2 participants in Article 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The County's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.54%. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy. The County's payroll for employees covered by the Plan for 2014 and 2013 was $1,514,550,023 and $1,484,269,715 respectively.

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

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

At December 31, 2014 and 2013, participants consisted of the following:

	2014	2013
Active members	21,656	21,287
Retired members	14,437	14,080
Beneficiaries	2,639	2,597
Inactive members	13,194	12,747
Total	51,926	50,711

Note 3. Employer's Pension Liability

Net Pension Liability

The components of the net pension liability of the Plan for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total pension liability	$ 21,945,961,866	$ 21,117,643,943
Plan fiduciary net position	9,068,398,780	8,927,366,656
Employer's net pension liability	$ 12,877,563,086	$ 12,190,277,287
Plan fiduciary net position as a percentage of the total pension liability	41.32%	42.27%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios on page 27 of the required supplementary information for additional information related to the funded status of the Plan.

The net pension liability was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2014
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:	
Inflation	3.25% per year, compounded annually
Salary increases	3.75% to 8.00%, based on age
Investment rate of return	7.50% per year, compounded annually
Retirement age	Rates of retirement for each age from 50 to 75 based on recent experience of the Plan where all employees are assumed to retire by age 75
Mortality	RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB
Postretirement annuity increase	Tier 1 participants - 3.0% compounded annually Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted by Buck Consultants, LLC dated January 2014.

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Discount Rate

The blended discount rate used to measure the total pension liability was 4.50%. The projection of cash flows used to determine the discount rate assumed that the employer's contributions will continue to follow the current funding policy. Based on this assumption, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 3.34% was used in the development of the blended discount rate after that point. The 3.34% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2014. Based on the long-term investment rate of return of 7.50% and the municipal bond rate of 3.34%, the blended discount rate is 4.50%.

Discount Rate Sensitivity

The following is an analysis of the net pension liability's sensitivity to changes in the discount rate. The following table presents the net pension liability of the employer using the discount rate of 4.50% as well as the employer's net pension liability calculated using a discount rate 1 percent lower (3.50%) and 1 percent higher (5.50%) than the current discount rate:

	1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
Net Pension Liability	$ 16,898,354,682	$ 12,877,563,086	$ 9,717,606,697

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

Employer contributions are funded primarily through a tax levied by Cook County, Illinois. The tax levy, when extended, is limited 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 1.54.

The combined funding information of the pension and postemployment healthcare benefits of the Plan as of December 31, 2014 and 2013 are as follows:

	2014			
	Pension	Postemployment Healthcare	Assumption Adjustment	Combined
Employer normal cost	$ 101,247,203	$ 66,437,678	$ (39,465,561)	$ 128,219,320
Amortization of UAAL	413,914,894	116,248,411	(23,660,493)	506,502,812
Interest cost	-	7,221,113	(7,221,113)	-
Actuarially determined contribution	515,162,097	189,907,202		634,722,132
Expected net employer contribution	(146,075,414)	(43,957,458)	(5,013,489)	(195,046,361)
Expected employer contribution short-fall	$ 369,086,683	$ 145,949,744		$ 439,675,771
Actuarially determined multiplier				5.01
Present authorized multiplier				1.54

	2013			
	Pension	Postemployment Healthcare	Assumption Adjustment	Combined
Employer normal cost	$ 155,504,629	$ 63,535,361	$ (34,458,658)	$ 184,581,332
Amortization of UAAL	439,865,417	108,425,638	(12,982,330)	535,308,725
Interest cost	-	6,737,966	(6,737,966)	-
Actuarially determined contribution	595,370,046	178,698,965		719,890,057
Expected net employer contribution	(147,720,014)	(40,097,630)	(2,757,585)	(190,575,229)
Expected employer contribution short-fall	$ 447,650,032	$ 138,601,335		$ 529,314,828
Actuarially determined multiplier				5.82
Present authorized multiplier				1.54

The assumption adjustment is due to a change in the interest rate assumption, which is 7.5% for the pension and combined valuations and 4.5% for the postemployment healthcare benefits valuation.

NOTE 5. INVESTMENTS

The Board of Trustees is responsible for establishing reasonable and consistent investment objectives, policies and guidelines governing the investment of Plan assets in accordance with the Illinois Compiled Statutes. 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. During the year ended December 31, 2014 and 2013, there were no changes to the investment policy.

The Plan's investment policy in accordance with the Illinois Compiled Statutes establishes the following target allocation across asset classes:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Domestic equities	25.00%	9.36%
International equities	20.00%	7.66%
Fixed income	32.00%	2.00%
Real estate	8.00%	6.83%
Hedge funds	9.00%	12.41%
Private equity	6.00%	4.72%
Total investments	100.00%	

Long-term expected rate of return

The long-term expected rate of return on the Plan's investments was determined based on the results of an experience study performed by Buck Consultants. The results of the experience study were adopted by the Board in January 2014. The investment return assumption was based on the current asset allocation of the Plan. In the experience study, Buck Consultants developed best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or geometric real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are listed in the table above.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.23% for the year ended December 31, 2014. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5. INVESTMENTS (CONTINUED)

Investment Summary

The following table presents a summarization of the aggregate fair value (carrying amount) of the Plan's investments as of December 31, 2014 and 2013. Investments that represent 5% or more of the Plan's net position are separately identified.

Investments	2014	2013
U.S. and international equities	$ 4,110,040,451	$ 4,233,234,375
U.S. Government and government agency obligations	1,109,668,190	1,238,436,393
Corporate bonds	857,209,577	823,905,648
Collective international equity fund	57,477,592	56,828,124
Commingled fixed income fund	25,893,428	25,540,920
Private global fixed fund limited partnership	199,275,761	-
Exchange traded funds	607,454,824	526,730,533
Private equities	86,623,407	61,576,550
Hedge funds	800,093,500	756,879,345
Real estate:		
Limited partnerships	388,902,521	425,123,417
Short-term investments:		
EB Temporary Investment Fund	585,088,974	552,299,189
Other	2,455,349	3,224,857
Total investments	$ 8,830,183,574	$ 8,703,779,351

Investment Risk

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, 2014 and 2013.

NOTE 5. INVESTMENTS (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). The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2014 and 2013 valued by Moody's Investors Service and/or Standard & Poor's and/or Fitch:

Type of Investment	Rating	2014	2013
U.S. Government and government agency obligations	Aa/AA	$ 1,015,205,277	$ 1,209,297,481
	Not Rated	94,462,913	29,138,912
		$ 1,109,668,190	$ 1,238,436,393
Corporate bonds	Aaa/AAA	$ 62,891,457	$ 53,348,040
	Aa/AA	37,418,471	35,626,688
	A/A	206,170,324	168,184,965
	Baa/BBB	354,985,380	371,966,435
	Ba/BB	91,019,797	94,085,501
	B/B	54,425,799	49,725,291
	Caa/CCC	10,785,181	10,604,000
	Ca/CC	30	30
	D/D	247,796	160,107
	Not Rated	39,265,342	40,204,591
		$ 857,209,577	$ 823,905,648
Commingled fixed income fund	A/A	$ 25,893,428	$ 25,540,920
Short-term investments	Not Rated	$ 587,544,323	$ 555,524,046

NOTE 5. INVESTMENTS (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 5.55 years at December 31, 2014 and 5.55 years at December 31, 2013*).* The following table presents a summarization of the Plan's debt investments at December 31, 2014 and 2013, using the segmented time distribution method:

Type of Investment	Maturity	2014	2013
U.S. Government and government agency obligations	Less than 1 year	$ 20,307,593	$ 23,980,353
	1 - 5 years	337,059,785	391,353,559
	6 - 10 years	186,525,528	250,626,869
	Over 10 years	565,775,285	572,475,612
		$ 1,109,668,190	$ 1,238,436,393
Corporate bonds	Less than 1 year	$ 70,779,443	$ 62,771,344
	1 - 5 years	201,547,638	195,435,536
	6 - 10 years	342,338,742	341,280,369
	Over 10 years	242,543,755	224,418,399
		$ 857,209,577	$ 823,905,648
Commingled fixed income fund	1 - 5 years	$ 25,893,428	$ 25,540,920
Short-term investments	Less than 1 year	$ 587,544,323	$ 555,524,046

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's investment policy limits the amount of investments in foreign equities to 20% of total Plan assets and foreign fixed income obligations to 2.5% of the total Plan assets. The Plan's exposure to foreign currency risk at December 31, 2014 and 2013 is as follows:

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2014	Fair Value (USD) 2013
U.S. and international equities		
Australian dollar	$ 78,719,386	$ 68,566,259
Brazil real	22,787,891	24,939,257
British pound sterling	310,585,893	347,166,377
Canadian dollar	79,080,044	74,607,490
Chilean peso	2,301,572	1,065,372
Colombian peso	783,224	139,323
Czech koruna	417,393	314,807
Danish krone	17,806,342	24,464,447
Egyptian pound	261,423	-
European euro	397,005,393	429,948,424
Hong Kong dollar	120,414,087	136,891,273
Hungarian forint	406,489	517,167
Indian rupee	8,911,786	5,049,842
Indonesian rupiah	6,301,082	3,966,815
Israeli shekel	5,080,245	1,952,805
Japanese yen	266,333,255	257,287,591
Malaysian ringgit	7,439,038	7,135,342
Mexican peso	12,044,327	12,584,191
New Taiwan dollar	33,495,677	25,984,928
New Turkish lira	1,227,993	2,054,061
New Zealand dollar	6,863,110	5,039,721
Norwegian krone	15,627,486	11,320,045
Phillipenes peso	6,012,595	5,144,675
Polish zloty	2,967,480	2,800,878
Russian ruble	318,206	-
Singapore dollar	22,737,009	22,467,090
South African rand	17,832,068	14,478,975
South Korean won	50,399,004	52,477,834
Swedish krona	39,994,815	48,186,702
Swiss franc	129,100,613	125,664,922
Thailand baht	12,057,123	9,579,609
United Arab Emirates dirham	1,494,666	-
U.S. dollar	2,433,233,736	2,511,438,153
Total U.S. and international equities	$ 4,110,040,451	$ 4,233,234,375

NOTE 5. INVESTMENTS (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2014	Fair Value (USD) 2013
Corporate bonds		
Brazilian real	$ 8,670,503	$ -
British pound sterling	3,962,173	4,039,262
European euro	2,335,997	26,291,344
Mexican peso	13,999,411	12,546,072
Philippines peso	2,273,582	2,226,788
U.S. dollar	825,967,911	778,802,182
Total corporate bonds	$ 857,209,577	$ 823,905,648
Private equities		
European euro	$ 1,806,596	$ 1,039,066
U.S. dollar	84,816,811	60,537,484
Total private equities	$ 86,623,407	$ 61,576,550

For the years ended December 31, 2014 and 2013, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $357,866,673 and $325,150,696 respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current year and the previous years.

NOTE 6. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment takes place. As of December 31, 2014 and 2013, the Plan contracted to acquire securities on a when-issued basis with a total principal amount of $89,770,000 and $28,700,000 respectively.

NOTE 7. 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 derivative financial instruments to gain exposure to an asset class, manage portfolio risk or 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 forward currency contracts and futures contracts as part of the Plan's investment portfolio.

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

Forward currency contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. Forward currency contracts are reported at fair value in the receivable for securities sold and payable for securities purchased on the Combining Statement of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position included in investments. The gain or loss on forward currency contracts is recognized and recorded on the Combining Statement of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position as part of investment income. The foreign currency contracts are short-term in nature, typically ranging from one week to three months.

The Plan uses futures contracts as an investment vehicle to gain exposure to an asset class with minimal market entry costs to the Plan. At December 31, 2014, the Plan had futures contracts with a fair value of $13,566,225 a notional value of $341,238,940 and a maturity date of March 20, 2015 for all contracts. Comparatively, at December 31, 2013, the Plan had futures contracts with a fair value of $17,692,797 and a notional value of $365,862,258 with a maturity date of March 21, 2014 for all contracts.

Futures contracts are reported at fair value in the equity investments on the Combining Statement of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position. The gain or loss on futures contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position. See Note 5 for investment risk for the Plan's equity investments.

NOTE 7. DERIVATIVES (CONTINUED)

The Plan's portfolio includes the following derivative instruments at December 31, 2014 and 2013:

	2014	2013
Hedging derivative instruments		
Forward currency contract receivables	$ 20,662,823	$ 89,384,634
Forward currency contract payable	(20,407,274)	(88,987,015)
Total hedging derivative instruments	255,549	397,619
Investment derivative instruments		
U.S. Equity Index Futures Contracts	13,566,225	17,530,027
International Equity Index Futures Contracts	-	162,770
Total investment derivative instruments	13,566,225	17,692,797
Total	$ 13,821,774	$ 18,090,416

For the years ended December 31, 2014 and 2013, the change in fair value of the deferred inflows and outflows of the foreign currency contracts was not material to these financial statements.

NOTE 8. SECURITIES LENDING

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

The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 108 days for 2014 and 120 days for 2013; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2014 and 2013 of 57 and 68 days, respectively.

NOTE 8. SECURITIES LENDING (CONTINUED)

As of December 31, 2014 and 2013, the fair value (carrying amount) of loaned securities was $1,386,654,050 and $1,460,678,145 respectively. As of December 31, 2014 and 2013, the fair value (carrying amount) of cash collateral received by the Plan was $1,308,676,647 and $1,296,354,976 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, 2014 and 2013, the fair value (carrying amount) of non-cash collateral received by the Plan was $114,258,432 and $200,236,534 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 2014 and 2013, there were no losses due to default of a borrower or the lending agent.

A summary of securities loaned at fair value as of December 31, 2014 and 2013 is as follows:

	2014	2013
Securities loaned - cash collateral		
U.S. and international equities	$ 778,694,618	$ 558,921,925
U.S. Government and government agency obligations	214,759,009	348,629,295
Exchange traded funds	176,699,691	267,097,397
Corporate bonds	104,884,614	89,869,602
Total securities loaned - cash collateral	1,275,037,932	1,264,518,219
Securities loaned - non-cash collateral		
U.S. Government and government agency obligations	111,616,118	196,159,926
Total	$ 1,386,654,050	$ 1,460,678,145

NOTE 9. COMMITMENTS

As of December 31, 2014, the Plan had capital commitments of approximately $405,000,000 for various limited partnership and private equity investments.

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN

Plan Description

The Plan administers a Postemployment Group Healthcare Benefit Plan (PGHBP), which is a single-employer defined benefit postemployment health plan. PGHBP provides a healthcare premium subsidy to annuitants who elect to participate in PGHBP. The Plan is currently allowed, in accordance with State Statutes, to pay all or a portion of medical insurance premiums for the annuitants. Presently, the Plan subsidizes approximately 52% and 67% of the monthly premiums for employee and spouse annuitants, respectively. The remaining premium cost is borne by the annuitant.

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

At December 31, 2014 and 2013, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 8,591 and 8,536 respectively.

The Plan's employees are also participants in the PGHBP. The Plan had 27 and 29 employees at December 31, 2014 and 2013, respectively. During years ended December 31, 2014 and 2013, the Plan paid healthcare premiums for 9 and 8 retired Plan employees, respectively. For active and retired Plan employees, the actuarially determined liability under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* is included in the total actuarial liability and related GASB Statement No. 43 disclosure.

Summary of Significant Accounting Policies

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

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

Administrative Costs - Administrative costs associated with PGHBP are paid by the Plan's employer contributions.

Health Care Cost Trend Rates - 2014 - 8.0% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-medicare and 6.50% in the first year, decreasing by .25% until an ultimate rate of 4.75% is reached for post-medicare.
2013 - 7.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached.

Inflation Rate Assumption - 3.25% per year.

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN (CONTINUED)

Summary of Significant Accounting Policies (continued)

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

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the PGHBP was 0% funded on an actuarial basis. The actuarial accrued liability for benefits was $1,980,088,617 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,980,088,617. The covered payroll (annual payroll of active employees covered by the Plan) was $1,514,550,023 and the ratio of the UAAL to the covered payroll was 130.74%.

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

NOTE 11. RELATED PARTY TRANSACTIONS

The Plan has common Trustees and shares office space with the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Forest Fund) who reimburses the Plan for shared administrative services provided by the Plan. During the years ended December 31, 2014 and 2013, the Plan allocated administrative expenditures of $90,660 and $77,799 respectively to the Forest Fund.

As of December 31, 2014 and 2013, the Forest Fund owes the Plan $542,267 and $462,893 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

NOTE 12. LEASE AGREEMENTS

The Plan leases its office facility under a fifteen year lease arrangement in effect through June 1, 2022. The lease calls for annual adjustments on the anniversary date of the commencement of the lease. Rent expense under this lease, net of rent abatements for the years ended December 31, 2014 and 2013, was $371,173 and $381,013 respectively.

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

Year ending December 31,	
2015	$ 404,372
2016	414,482
2017	424,844
2018	435,465
2019	446,352
2020	457,510
2021	468,948
2022	197,401
	$ 3,249,374

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

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 November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. This standard requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 71 is effective for the Plan's fiscal year ending December 31, 2015.

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In March 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for fair value measurement and application. The Statement defines fair value, provides guidance for determining fair value measurement for financial reporting purposes and specifies required disclosures related to fair value measurements. Statement No. 72 is effective for the Plan's fiscal year ending December 31, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 and amends certain provisions of GASB Statements No. 67 and No. 68 for pension plans and pensions that are not within their respective scopes. Statement No. 73 is effective for the Plan's fiscal year ending December 31, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces GASB Statements No. 43 and No. 57 in regards to the information provided in the plan's financial statements about postemployment benefits other than pensions. Statement No. 74 is effective for the Plan's fiscal year ending December 31, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45 in regards to the information provided in the employer's financial statements about postemployment benefits other than pensions. Statement No. 75 is effective for the Plan's fiscal year ending December 31, 2018.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* which supersedes GASB Statement No. 55 and reduces the GAAP hierarchy to two categories of authoritative GAAP. GASB Statement No. 76 addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for the Plan's fiscal year ending December 31, 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which specifies the required disclosures for governments that enter into tax abatement agreements. Statement No. 77 is effective for the Plan's fiscal year ending December 31, 2016.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information - Pension

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

December 31, 2014

Total pension liability	
Service cost	$ 491,887,347
Interest	958,433,835
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Expected benefit payments, including refunds of employee contributions	(622,003,259)
Net change in total pension liability	828,317,923
Total pension liability	
Beginning of year	21,117,643,943
End of year	$21,945,961,866
Plan fiduciary net position	
Contributions - employer	$ 146,075,414
Contributions - employee	129,325,318
Net investment income	488,890,897
Expected benefit payments, including refunds of employee contributions	(622,003,259)
Administrative expenses	(5,010,206)
Other	3,753,960
Net change in plan fiduciary net position	141,032,124
Plan fiduciary net position	
Beginning of year	8,927,366,656
End of year	$ 9,068,398,780
Employer's net pension liability	$12,877,563,086
Plan fiduciary net position as a percentage of the total pension liability	41.32%
Covered-employee payroll	$ 1,514,550,023
Employer's net pension liability as a percentage of covered-employee payroll	850.26%

See Report of Independent Auditors.

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

Required Supplementary Information - Pension

Schedule of Employer Contributions

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 515,162,097	$ 595,370,046	$ 540,218,287	$ 493,724,370	$ 454,327,461	$ 352,850,988	$ 283,892,734	$ 287,061,532	$ 282,223,686	$ 428,971,126
Contributions in relation to the actuarially determined contribution	(146,075,414)	(147,720,014)	(152,734,539)	(160,652,118)	(144,539,577)	(152,506,089)	(150,227,360)	(230,114,335)	(198,619,984)	(218,292,478)
Contribution deficiency	$ 369,086,683	$ 447,650,032	$ 387,483,748	$ 333,072,252	$ 309,787,884	$ 200,344,899	$ 133,665,374	$ 56,947,197	$ 83,603,702	$ 210,678,648
Covered employee payroll	$ 1,514,550,023	$ 1,484,269,715	$ 1,478,253,368	$ 1,456,444,123	$ 1,494,093,569	$ 1,498,161,713	$ 1,463,372,408	$ 1,370,844,734	$ 1,412,878,627	$ 1,387,459,142
Contributions as a percentage of covered employee payroll	9.64%	9.95%	10.33%	11.03%	9.67%	10.18%	10.27%	16.79%	14.06%	15.73%

Notes to Schedule

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Inflation	3.25% per year, compounded annually
Salary increases	3.75% to 8%, based on age
Investment rate of return	7.5% per year, compounded annually
Retirement age	Based on actual past experience, assume all employees retire by age 75
Mortality	RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB.
Postretirement annuity increases	Tier 1 participants - 3.0% compounded annually. Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index.

See Report of Independent Auditors.

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

Required Supplementary Information - Pension

Schedule of Investment Returns

December 31, 2014

Annual money-weighted rate of return, net of investment expense	6.23%

See Report of Independent Auditors.

SUPPLEMENTARY INFORMATION

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

Required Supplementary Information - Postemployment Healthcare

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
2009	(1)	$ -	$ 1,686,872,018	$ 1,686,872,018	0.00%	$ 1,498,161,713	112.60%
2010		$ -	$ 1,724,622,462	$ 1,724,622,462	0.00%	$ 1,494,093,569	115.43%
2011		$ -	$ 1,678,571,388	$ 1,678,571,388	0.00%	$ 1,456,444,123	115.25%
2012		$ -	$ 1,845,609,132	$ 1,845,609,132	0.00%	$ 1,478,253,368	124.85%
2013	(1)	$ -	$ 1,978,767,490	$ 1,978,767,490	0.00%	$ 1,484,269,715	133.32%
2014		$ -	$ 1,980,088,617	$ 1,980,088,617	0.00%	$ 1,514,550,023	130.74%

(1) = Change in actuarial assumptions.

See Notes to Schedule of Funding Progress and Schedule of Employer Contributions.

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

Required Supplementary Information - Postemployment Healthcare

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution (ARC) (a)	Required Statutory Basis (b)	Employer Contributions (c)	Percent of ARC Contributed (c/a)
2009	$ 157,964,519	$ -	$ 35,779,228	22.65%
2010	$ 163,823,488	$ -	$ 40,183,057	24.53%
2011	$ 165,176,771	$ -	$ 38,185,306	23.12%
2012	$ 156,700,388	$ -	$ 37,986,237	24.24%
2013	$ 178,698,965	$ -	$ 40,097,630	22.44%
2014	$ 189,907,202	$ -	$ 43,957,458	23.15%

See Notes to Schedule of Funding Progress and Schedule of Employer Contributions.

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

Required Supplementary Information - Postemployment Healthcare

Notes to Schedule of Funding Progress and Schedule of Employer Contributions

The information presented in the required supplementary information 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, 2014
Actuarial cost method	Entry age actuarial cost as a percentage of earnings
Amortization method	Level Dollar - Open
Amortization period	30 years
Actuarial assumptions	
Discount rate	4.5% per year
Inflation	3.25% per year
Health care cost trend rate	2014 - 8.0% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-medicare and 6.50% in the first year decreasing by .25% per year until an ultimate rate of 4.75% is reached for post-medicare. 2013 - 7.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached.
Mortality rates	RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

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

Schedules of Net Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2014 and 2013

	2014	2013
Administrative expenses		
Bank charges	$ 31,028	$ 29,692
Document imaging	264,855	227,989
Election expense	103,151	109,796
Employee benefits	466,979	417,175
Insurance - fidelity, fiduciary and liability	102,517	114,761
Maintenance of equipment, systems, software and support	442,963	271,338
Membership, conference and training	45,578	19,495
Office buildout expense	90,144	-
Office expense	71,948	97,840
Postage	92,933	104,996
Printing and stationery	63,003	73,556
Professional and consulting fees	706,976	389,285
Recovery site expense	40,591	35,359
Regulatory filing fees	8,000	8,000
Rent	371,173	381,013
Salaries	2,183,661	2,108,679
Utilities	15,366	13,459
Total	5,100,866	4,402,433
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(90,660)	(77,799)
Net administrative expenses	$ 5,010,206	$ 4,324,634
Professional and consulting fees		
Actuarial service	$ 107,345	$ 126,182
Audit	68,446	40,183
Consulting	130,400	122,583
Legal	97,185	76,509
Lobbyist	26,771	23,828
Pension information systems advisory services	276,829	-
Total	$ 706,976	$ 389,285

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
INVESTMENT MANAGER EXPENSE		
American Realty Advisors	$ 723,666	$ 682,476
Ariel Investments	286,491	-
Blackstone Alternative Asset Management	4,157,108	3,802,596
Capri Capital Partners	244,939	330,021
CastleArk Management	468,586	-
CBRE Global Investors	355,630	182,206
Channing Capital Management	1,262,093	961,801
Chicago Equity Partners	329,173	406,030
Cozad Asset Management, Inc.	348,224	255,077
Credit Suisse Securities	57,642	65,696
Diversified Global Asset Management	2,032,829	1,950,095
Evergreen Venture Partners	3,921	11,030
Fiduciary Management Associates	645,070	572,866
Fortaleza Asset Management, Inc.	117,893	108,027
Franklin Templeton Investments	2,326,377	1,712,470
Frontier Capital Management	922,650	755,609
Great Lakes Advisors, Inc.	370,534	331,871
Herndon Capital Management	375,111	332,443
J.P. Morgan Asset Management	2,062,141	1,530,764
John Buck Company	90,260	96,728
Killian Capital Management	232,647	173,437
LaSalle Investment Management	300,000	583,767
Lazard Asset Management, LLC	583,706	542,307
Lightspeed Venture Partners	9,429	19,815
LM Capital Group, LLC	497,803	444,018
Lombardia Capital	125,396	-
Loomis Sayles & Company, LP	789,040	764,351
MacKay Shields	822,394	784,301
Mellon Capital	121,818	143,276
Mesirow Financial	913,031	351,073
Mondrian Investment Partners, Ltd.	919,035	849,296

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
INVESTMENT MANAGER EXPENSE (CONTINUED)		
Muller and Monroe Asset Management	$ 11,742	$ 15,610
NCM Capital	294,627	345,036
New Century Investment Management	411,532	397,841
Opus Capital Group	1,631	7,455
Pacific Venture Group	28,306	25,601
Progress Investment Management	1,627,372	1,407,683
Prudential Real Estate Investors	677,304	671,845
RhumbLine Advisers	114,546	105,543
Robeco Investment Management	-	96,650
Russell Implementation Services, Inc.	765,530	831,660
SPC Capital Management	94,167	100,000
State Street Global Advisors	314,418	312,374
The Rock Creek Group	1,267,862	1,196,907
Thornburg Investment Management	706,025	1,133,340
TIAA-CREF	714,956	682,615
Trident Capital	-	42,029
Wells Capital Management	870,372	151,440
William Blair & Company	847,206	734,527
	31,242,233	27,001,603
INVESTMENT CONSULTING FEES		
Callan Associates Inc.	375,568	370,154
INVESTMENT CUSTODIAN FEES		
BNY Mellon	173,544	151,723
Total investment expenses	$ 31,791,345	$ 27,523,480

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

Additions By Source

Year Ended December 31,	Employer Contributions	Employee Contributions	Net Investment and Net Securities Lending Income (1)	Other (2)	Total Additions
2009	$183,713,870	$127,795,881	$ 1,013,615,250	$11,741,894	$ 1,336,866,895
2010	$181,509,323	$129,449,866	$ 832,882,639	$12,966,051	$ 1,156,807,879
2011	$195,337,621	$127,577,473	$ 82,701,033	$17,614,316	$ 423,230,443
2012	$190,720,776	$128,869,508	$ 887,687,519	$10,190,689	$ 1,217,468,492
2013	$187,817,644	$127,593,220	$ 1,179,440,119	$ 8,547,729	$ 1,503,398,712
2014	$190,032,872	$129,325,318	$ 488,890,897	$ 9,742,062	$ 817,991,149

Deductions By Type

Year Ended December 31,	Benefits	Refunds	Net Administrative Expenses	Total Deductions
2009	$452,007,855	$ 20,404,911	$ 4,248,287	$ 476,661,053
2010	$482,523,408	$ 25,041,818	$ 4,074,955	$ 511,640,181
2011	$523,396,627	$ 29,165,335	$ 4,078,843	$ 556,640,805
2012	$561,391,035	$ 33,081,726	$ 4,303,353	$ 598,776,114
2013	$601,770,020	$ 29,873,030	$ 4,324,634	$ 635,967,684
2014	$645,601,458	$ 26,347,361	$ 5,010,206	$ 676,959,025

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

2 - Includes employer federal subsidized programs, Medicare Part D, prescription/repayment plan rebates and miscellaneous income. Early Retirement Reinsurance Program is included in 2011 and 2012.

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

Schedule of Employer Contributions Receivable

December 31, 2014

Levy Year	Contributions Receivable	Uncollected Balance	Reserved	Net Contributions Receivable
2013	$ 192,969,505	$ 15,731,927	$ 5,399,609	$ 10,332,318
2014	$ 194,668,229	194,668,229	5,423,621	189,244,608
		$ 210,400,156	$ 10,823,230	$ 199,576,926

Note:

Employer contributions are funded primarily through a County tax levy.
Uncollected employer contributions for the 2012 and prior levy years are fully reserved.