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

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

DECEMBER 31, 2010 AND 2009

CONTENTS

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying combining statements of pension plan and postemployment healthcare plan net assets of County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan) as of December 31, 2010 and 2009, and the related combining statements of changes in pension plan and postemployment healthcare plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2010 and 2009, 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.

Management's Discussion and Analysis on pages 3 through 3e, 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 23 through 25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

311 South Wacker Drive | Suite 4000 | Chicago, IL 60606 | 312-368-0500 | 312-368-0746 Fax | www.legacycpas.com

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional information on pages 26 through 30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion for 2010 and 2009, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited the financial statements for the years ended December 31, 2008, 2007, 2006 and 2005 (which are not presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information on page 29 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. Our reports for 2008, 2007, 2006 and 2005 on the required supplementary information (pages 23 through 25) stated that we applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information, but did not audit the information and expressed no opinion on it.

Legacy Professionals LLP

April 29, 2011

This section presents Management's Discussion and Analysis of the financial position and performance of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) for the year ended December 31, 2010. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

Financial Highlights

Net assets increased by $645,167,698 or 9.31% from $6,929,485,914 at December 31, 2009 to $7,574,653,612 at December 31, 2010. Comparatively, net assets increased by $860,205,842 or 14.17% from $6,069,280,072 at December 31, 2008 to $6,929,485,914 at December 31, 2009. The change in net assets for both years was primarily due to the fluctuation in the fair market value of the investments.

The **rate of return** of the Plan's investment portfolio was 12.4% for 2010, 18.0% for 2009 and -24.5% for 2008.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2010 was 60.74% compared to 63.18% for 2009. The decrease in the funded ratio during 2010 was due primarily to the smoothing of investment losses incurred in 2008. The 2008 funded ratio was 72.57%.

Plan Net Assets

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

Plan Net Assets
As of December 31,

				Current Year Increase/(Decrease) in	
	2010	2009	2008	Dollars	Percent
Total assets	$ 8,618,586,966	$ 7,668,494,386	$ 6,604,460,781	$ 950,092,580	12.4%
Total liabilities	1,043,933,354	739,008,472	535,180,709	304,924,882	41.3%
Net assets	$ 7,574,653,612	$ 6,929,485,914	$ 6,069,280,072	$ 645,167,698	9.3%

Changes in Plan Net Assets

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

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

	2010	2009	2008	Current Year Increase/(Decrease) in Dollars	Percent
Additions:					
Employer contributions	$ 181,509,323	$ 183,713,870	$ 183,916,221	$ (2,204,547)	-1.2%
Employee contributions	129,449,866	127,795,881	123,776,705	1,653,985	1.3%
Investment income (loss) (includes security lending activities)	833,052,844	1,013,615,250	(1,858,853,846)	(180,562,406)	-17.8%
Other	12,795,846	11,741,894	7,081,386	1,053,952	9.0%
Total additions	1,156,807,879	1,336,866,895	(1,544,079,534)	(180,059,016)	-13.5%
Deductions:					
Benefits	482,523,408	452,007,855	427,453,465	30,515,553	6.8%
Refunds	25,041,818	20,404,911	24,724,102	4,636,907	22.7%
Administrative expenses	4,074,955	4,248,287	4,172,536	(173,332)	-4.1%
Total deductions	511,640,181	476,661,053	456,350,103	34,979,128	7.3%
Net increase (decrease)	645,167,698	860,205,842	(2,000,429,637)	(215,038,144)	-25.0%
Net assets					
Beginning of year	6,929,485,914	6,069,280,072	8,069,709,709	860,205,842	14.2%
End of year	$ 7,574,653,612	$ 6,929,485,914	$ 6,069,280,072	$ 645,167,698	9.3%

Additions to Plan Net Assets

Total additions were $1,156,807,879 in 2010, $1,336,866,895 in 2009 and $(1,544,079,534) in 2008.

Employer contributions decreased to $181,509,323 in 2010 from $183,713,870 in 2009 and from $183,916,221 in 2008. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, increased to $129,449,866 in 2010 from $127,795,881 in 2009 and from $123,776,705 in 2008. The majority of members contribute 8.5% of covered wages.

Net investment income totaled $833,052,844 for 2010 compared to $1,013,615,250 for 2009. Net investment (loss) totaled $(1,858,853,846) for 2008. The increase (decrease) in investment earnings resulted primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Assets

Total deductions were $511,640,181 in 2010, $476,661,053 in 2009 and $456,350,103 in 2008.

Benefits increased to $482,523,408 in 2010 from $452,007,855 in 2009 and from $427,453,465 in 2008 due primarily to the 3% annual cost of living increases for annuities.

Refunds increased to $25,041,818 in 2010 from $20,404,911 in 2009 and from $24,724,102 in 2008 due to an increase/decrease in refund applications.

The cost to administer the Plan decreased by 4.1% to $4,074,955 in 2010 from $4,248,287 in 2009. Comparatively, the cost to administer the Plan increased by 1.8% to $4,248,287 in 2009 from $4,172,536 in 2008.

Funding Status

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

Actuarial Values
December 31,

	2010	2009	2008	Current Year Increase/(Decrease) in Dollars	Percent
Actuarial assets	$ 7,982,368,659	$ 7,945,567,096	$ 8,036,074,797	$ 36,801,563	0.5%
Actuarial liabilities	13,142,137,175	12,575,515,749	11,073,181,349	566,621,426	4.5%
Unfunded actuarial liabilities	$ 5,159,768,516	$ 4,629,948,653	$ 3,037,106,552	$ 529,819,863	11.4%
Funded ratio	60.74%	63.18%	72.57%		

Actuarial assets increased to $7,982,368,659 in 2010 from $7,945,567,096 in 2009 after using the five-year smoothing of market values to determine the actuarial value of assets. Comparatively, actuarial assets decreased to $7,945,567,096 in 2009 from $8,036,074,797 in 2008.

Actuarial liabilities increased to $13,142,137,175 in 2010 from $12,575,515,749 in 2009. Comparatively, actuarial liabilities increased to $12,575,515,749 in 2009 from $11,073,181,349 in 2008.

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 60.74% in 2010 from 63.18% in 2009 was due to the changes in the actuarial assets and actuarial liabilities as explained in the preceding paragraphs. Comparatively, the funded ratio decreased to 63.18% in 2009 from 72.57% in 2008.

Contact Information

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

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

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

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets

December 31, 2010 and 2009

	2010			2009		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Assets						
Cash	$ 3,247,028	$ 3,247,028	$ -	$ 2,287,512	$ 2,287,512	$ -
Receivables						
Employer contributions less allowance of $10,615,767 in 2010 and $8,538,218 in 2009	215,196,609	195,902,991	19,293,618	301,885,643	297,852,017	4,033,626
Employee contributions	5,149,260	5,149,260	-	6,735,572	6,735,572	-
Accrued investment income	26,068,103	26,068,103	-	22,742,255	22,742,255	-
Receivable for securities sold	138,511,681	138,511,681	-	47,934,738	47,934,738	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	1,321,867	1,321,867	-	1,179,097	1,179,097	-
Medicare Part D subsidy	4,900,000	4,900,000	-	6,162,631	6,162,631	-
Other	571,475	571,475	-	1,714,908	1,714,908	-
Total receivables	391,718,995	372,425,377	19,293,618	388,354,844	384,321,218	4,033,626
Investments						
Equities	4,257,488,939	4,257,488,939	-	3,889,588,571	3,889,588,571	-
U.S. Government and government agency obligations	1,866,360,719	1,866,360,719	-	1,451,418,088	1,451,418,088	-
Corporate bonds	736,287,144	736,287,144	-	637,045,459	637,045,459	-
Collective investment funds	46,026,489	46,026,489	-	327,102,586	327,102,586	-
Alternative investments	206,483,563	206,483,563	-	128,651,024	128,651,024	-
Short term investments	364,252,693	364,252,693	-	173,788,743	173,788,743	-
Total investments	7,476,899,547	7,476,899,547	-	6,607,594,471	6,607,594,471	-
Collateral held for securities on loan	746,721,396	746,721,396	-	670,257,559	670,257,559	-
Total assets	8,618,586,966	8,599,293,348	19,293,618	7,668,494,386	7,664,460,760	4,033,626
Liabilities						
Accounts payable	3,999,762	3,999,762	-	3,571,728	3,571,728	-
Healthcare insurance payable	19,293,618	-	19,293,618	4,033,626	-	4,033,626
Payable for securities purchased	267,258,348	267,258,348	-	54,130,062	54,130,062	-
Securities lending collateral	746,721,396	746,721,396	-	670,257,559	670,257,559	-
Securities lending payable	6,660,230	6,660,230	-	7,015,497	7,015,497	-
Total liabilities	1,043,933,354	1,024,639,736	19,293,618	739,008,472	734,974,846	4,033,626
Net assets held in trust for:						
Pension benefits	7,574,653,612	7,574,653,612	-	6,929,485,914	6,929,485,914	-
Postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 7,574,653,612	$ 7,574,653,612	$ -	$ 6,929,485,914	$ 6,929,485,914	$ -

See accompanying notes to financial statements.

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

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

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
ADDITIONS						
Employer contributions	$ 181,509,323	$ 141,326,266	$ 40,183,057	$ 183,713,870	$ 147,934,643	$ 35,779,227
Employee contributions						
Salary deductions	124,064,484	124,064,484	-	123,093,166	123,093,166	-
Refund repayments	2,343,105	2,343,105	-	1,960,553	1,960,553	-
Former and miscellaneous service payments	700,868	700,868	-	516,567	516,567	-
Optional payments and deductions	110,580	110,580	-	76,984	76,984	-
Deductions in lieu of disability	2,230,829	2,230,829	-	2,148,611	2,148,611	-
Total employee contributions	129,449,866	129,449,866	-	127,795,881	127,795,881	-
Investment income						
Net appreciation in fair value of investments	666,907,881	666,907,881	-	870,835,772	870,835,772	-
Dividends	75,401,247	75,401,247	-	78,536,244	78,536,244	-
Interest	99,427,564	99,427,564	-	70,687,137	70,687,137	-
Alternative investment income	4,262,369	4,262,369	-	1,928,690	1,928,690	-
	845,999,061	845,999,061	-	1,021,987,843	1,021,987,843	-
Less investment expenses	(14,745,938)	(14,745,938)	-	(12,472,527)	(12,472,527)	-
Net investment income	831,253,123	831,253,123	-	1,009,515,316	1,009,515,316	-
Securities lending						
Income	2,220,071	2,220,071	-	4,768,490	4,768,490	-
Expenses	(420,350)	(420,350)	-	(668,556)	(668,556)	-
Net securities lending income	1,799,721	1,799,721	-	4,099,934	4,099,934	-
Other						
Employer federal subsidized programs	3,213,311	3,213,311	-	4,571,446	4,571,446	-
Medicare Part D subsidy	2,509,392	-	2,509,392	2,553,522	-	2,553,522
Prescription plan rebates	2,208,352	-	2,208,352	3,100,473	-	3,100,473
Employee transfers from Forest Preserve	257,975	257,975	-	118,754	118,754	-
Employer interest from 2007 levy	4,539,248	4,539,248	-	-	-	-
Miscellaneous	67,568	67,568	-	1,397,699	1,397,699	-
Total other additions	12,795,846	8,078,102	4,717,744	11,741,894	6,087,899	5,653,995
Total additions	1,156,807,879	1,111,907,078	44,900,801	1,336,866,895	1,295,433,673	41,433,222

See accompanying notes to financial statements.

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

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

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
DEDUCTIONS						
Benefits						
Annuity						
Employee	$ 393,525,707	$ 393,525,707	$ -	$ 369,226,987	$ 369,226,987	$ -
Spouse and children	30,307,794	30,307,794	-	27,837,079	27,837,079	-
Disability						
Ordinary	13,197,763	13,197,763	-	12,889,605	12,889,605	-
Duty	591,343	591,343	-	620,962	620,962	-
Healthcare	44,900,801	-	44,900,801	41,433,222	-	41,433,222
Total benefits	482,523,408	437,622,607	44,900,801	452,007,855	410,574,633	41,433,222
Refunds	25,041,818	25,041,818	-	20,404,911	20,404,911	-
Net administrative expenses	4,074,955	4,074,955	-	4,248,287	4,248,287	-
Total deductions	511,640,181	466,739,380	44,900,801	476,661,053	435,227,831	41,433,222
NET INCREASE	645,167,698	645,167,698	-	860,205,842	860,205,842	-
NET ASSETS HELD IN TRUST FOR BENEFITS						
Beginning of year	6,929,485,914	6,929,485,914	-	6,069,280,072	6,069,280,072	-
End of year	$ 7,574,653,612	$ 7,574,653,612	$ -	$ 6,929,485,914	$ 6,929,485,914	$ -

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 is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes (formerly Chapter 108-1/2, Article 9 of the Illinois Revised Statutes).

New Accounting Pronouncement - Effective during the year ended December 31, 2010, the Plan implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The adoption of the statement did not have a significant impact on the Plan.

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

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

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

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2010, 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 April 29, 2011, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

The County Employees' and Officers' Annuity and Benefit Fund of Cook County was established on January 1, 1926, and is governed by legislation contained in Illinois Compiled Statutes, particularly Chapter 40, Article 5/9. The Plan can be amended only by the Illinois Legislature. The County Employees' and Officers' Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death and disability benefits for full-time employees of Cook County (County) and the dependents of such employees. The Plan is considered to be a component unit of Cook County, Illinois and is included in the County's financial statements as a pension trust fund.

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

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

Covered employees are required to contribute 8.5% (9% for sheriffs) of their salary to the Plan. 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 2010 and 2009 was $1,494,093,569 and $1,498,161,713 respectively.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The County Employees' and Officers' Annuity and Benefit Fund of Cook County provide retirement as well as death and disability benefits. Employees age 50 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% for each year of credited service to a maximum benefit of 80% of the final average monthly salary. For retirees between ages 50 and 60, the monthly retirement benefit is reduced 1/2 percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

At December 31, 2010 and 2009, participants consisted of the following:

	2010	2009
Retirees and beneficiaries currently receiving benefits:		
Employee	12,460	12,145
Spouse	2,394	2,330
Children	124	132
Disability	355	308
	15,333	14,915
Current employees:		
Vested	14,279	14,189
Nonvested	8,886	9,381
	23,165	23,570
Total	38,498	38,485

Participants should refer to the summary plan description or applicable State Statutes for more complete information.

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2010, the most recent actuarial valuation date, the Plan was 60.74% funded on an actuarial basis. The actuarial accrued liability for benefits was $13,142,137,175, and the actuarial value of assets was $7,982,368,659, resulting in an unfunded actuarial accrued liability (UAAL) of $5,159,768,516. The covered payroll (annual payroll of active employees covered by the Plan) was $1,494,093,569, and the ratio of the UAAL to the covered payroll was 345.34%.

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

NOTE 3. FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

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

Valuation date	December 31, 2010
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
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rated down 1 year
Termination rates	Based on recent experience of the Plan
Retirement rates	Rates of retirement for each age from 50 to 75 based on recent experience of the Plan. All employees are assumed to retire by age 75
Medical trend rate	8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

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

The combined actuarial valuations of the pension and retiree health insurance benefits of the Plan as of December 31, 2010 and 2009 indicate the annual required contribution to be $572,318,384 and $468,181,943 for 2010 and 2009, respectively. The annual required contribution is based on an annual projected payroll of $1,494,093,569 for 23,165 active members as of December 31, 2010 and $1,498,161,713 for 23,570 active members as of December 31, 2009 and is computed as follows:

	2010	2009
Normal cost	$ 322,969,060	$ 345,537,269
30-year level dollar amortization of the unfunded liability	376,881,805	247,223,087
	699,850,865	592,760,356
Less estimated employee contributions	(127,532,481)	(124,578,413)
Actuarially determined contribution requirement	572,318,384	468,181,943
Expected net employer contribution from tax levy after 3.0% loss	(186,360,878)	(183,808,380)
Expected employer contribution short-fall of actuarially determined contribution requirement	$ 385,957,506	$ 284,373,563
Required tax levy multiple	4.73	3.92
Present authorized multiple	1.54	1.54

A Schedule of Funding Progress is located in the Required Supplementary Information on page 23. 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, 2010 and 2009. Investments that represent 5% or more of the Plan's net assets held in trust for benefits are separately identified.

Investments	2010	2009
Equities	$ 4,257,488,939	$ 3,889,588,571
U.S. Government and government agency obligations	1,866,360,719	1,451,418,088
Corporate bonds	736,287,144	637,045,459
Collective investment funds:		
Equity	46,026,489	28,906,700
Fixed income	-	298,195,886
Alternative investments	206,483,563	128,651,024
Short term investments	364,252,693	173,788,743
Total investments	$ 7,476,899,547	$ 6,607,594,471

Investment Risk

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

Custodial Credit Risk

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

The Plan had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name as of December 31, 2010 and 2009.

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. For the year ended December 31, 2010 and 2009, the Plan's investment policy set the 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 & Poors and/or Finch). The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2010 and 2009 as valued by Moody's Investors Service and/or Standard & Poor's and/or Finch:

Type of Investment	Rating	2010	2009
U.S. Government and government agency obligations	Aaa/AAA	$ 993,805,052	$ 780,409,181
	Aa/AA	-	739,158
	U.S. Government	872,555,667	670,269,749
		$ 1,866,360,719	$ 1,451,418,088
Corporate bonds	Aaa/AAA	$ 74,787,626	$ 53,971,880
	Aa/AA	64,248,509	46,820,792
	A/A	293,666,834	257,721,448
	Baa/BBB	244,687,628	229,795,202
	Ba/BB	16,797,251	16,244,158
	B/B	4,029,602	12,005,514
	Caa/CCC	19,573,054	13,088,087
	Ca/CC	179,455	3,278,736
	C/C	596,040	61,683
	D/D	358,260	-
	Not Rated	17,362,885	4,057,959
		$ 736,287,144	$ 637,045,459
Collective investment funds - fixed income	Not Rated	$ -	$ 298,195,886
Short term investments	Aaa/AAA	$ -	$ 9,894
	Aa/AA	495,000	-
	Not Rated	363,757,693	173,778,849
		$ 364,252,693	$ 173,788,743

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. For the years ended December 31, 2010 and 2009, the Plan's investment policy set the duration for each manager's total fixed income portfolio to fall within plus or minus 30% of the duration for the fixed income performance benchmark (*Barclays Capital Aggregate Fixed Income,* which was 4.81 years at December 31, 2010 and 4.55 at December 31, 2009). The following table presents a summarization of the Plan's debt investments at December 31, 2010 and 2009, using the segmented time distribution method:

Type of Investment	Maturity	2010	2009
U.S. Government and government agency obligations	Less than 1 year	$ 59,902,673	$ 10,405,420
	1 - 5 years	702,288,526	739,312,172
	6 - 10 years	341,802,220	229,237,346
	Over 10 years	762,367,300	472,463,150
		$ 1,866,360,719	$ 1,451,418,088
Corporate bonds	Less than 1 year	$ 8,187,535	$ 11,321,503
	1 - 5 years	278,793,326	252,466,015
	6 - 10 years	256,758,735	237,385,128
	Over 10 years	192,547,548	135,872,813
		$ 736,287,144	$ 637,045,459

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. For the years ended December 31, 2010 and 2009, the Plan's investment policy limited 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, 2010 and 2009 is as follows:

Type of Investment	Fair Value (USD) 2010	Fair Value (USD) 2009
Equities:		
Australian dollar	$ 45,348,005	$ 28,666,085
Brazil real	19,972,315	14,071,610
British pound	214,434,864	151,938,986
Canadian dollar	50,653,120	30,609,401
Czech koruna	325,075	346,341
Danish krone	14,282,739	10,921,294
Egyptian pound	122,164	112,441
European euro	225,212,858	205,526,852
Hong Kong dollar	74,466,402	49,954,886
Hungarian fornit	379,471	417,998
Indian rupee	1,783,954	-
Indonesian rupan	2,691,880	2,792,600
Israeli shekel	2,871,444	1,852,489
Japanese yen	146,588,401	103,906,156
Malaysian ringgit	2,786,380	2,404,472
Mexican peso	7,430,052	5,934,665
New Taiwan dollar	20,073,522	-
New Zealand dollar	2,637,160	-
Norwegian krone	11,079,692	5,428,665
Phillipenes peso	1,774,782	-
Polish zloty	1,290,183	1,223,232
Singapore dollar	14,572,542	4,546,496
South African rand	7,044,829	4,480,073
South Korean won	19,386,694	8,602,630
Swedish krona	15,887,971	8,498,108
Swiss franc	54,953,631	47,963,118
Taiwan dollar	-	7,411,231
Thailand baht	4,309,309	877,158
U.S. dollar	3,295,129,500	3,191,101,584
Total equities	$ 4,257,488,939	$ 3,889,588,571

NOTE 5. INVESTMENT SUMMARY (CONTINUED)

Investment Risk (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2010	Fair Value (USD) 2009
Corporate bonds:		
Norwegian krone	$ -	$ 302,240
U.S. dollar	736,287,144	636,743,219
Total corporate bonds	$ 736,287,144	$ 637,045,459
Alternative investments:		
European euro	$ 372,621	$ 374,563
U.S. dollar	206,110,942	128,276,461
Total alternative investments	$ 206,483,563	$ 128,651,024

For the years ended December 31, 2010 and 2009, net realized gain (loss) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $145,455,811 and $(181,205,747) respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current year and the previous year(s).

NOTE 6. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment takes place. As of December 31, 2010 and 2009, the Plan contracted to acquire securities on a when-issued basis with a total principal amount of $156,875,000 and $6,700,000 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 financial futures to mange portfolio risk and to facilitate international portfolio trading.

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

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

Forward 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. At December 31, 2010 and 2009, the Plan's investments included the following forward currency contract balances:

	2010	2009
Forward Currency Contract Receivables	$ 78,016,671	$ 55,778,908
Forward Currency Contract Payable	$ 77,702,845	$ 55,664,313

All of the Plan's financial instruments are carried at fair value on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Assets included in investments. The gain or loss on financial instruments is recognized and recorded on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets as part of investment income.

NOTE 8. SECURITIES LENDING

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

The Plan has a limit as to the amount of securities on loan of $750 million. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 119 days for 2010 and 115 days for 2009; 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, 2010 and 2009 of 100 and 91 days, respectively.

As of December 31, 2010 and 2009, the fair value (carrying amount) of loaned securities was $728,010,607 and $651,544,131 respectively. As of December 31, 2010 and 2009, the fair value (carrying amount) of collateral received by the Plan was $746,721,396 and $670,257,559 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 $7,015,497 during the year ended December 31, 2008. The securities lending payable was $6,660,230 and $7,015,497 as of December 31, 2010 and 2009 respectively.

During 2010 and 2009, there were no losses due to default of a borrower or the lending agent.

NOTE 8. SECURITIES LENDING (CONTINUED)

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

	2010	2009
Securities loaned - cash collateral:		
Equities	$ 582,697,216	$ 368,234,249
U.S. Government and government agency obligations	91,236,710	202,088,110
Corporate bonds	31,015,023	32,816,915
Total securities loaned - cash collateral	704,948,949	603,139,274
Securities loaned - non-cash collateral:		
U.S. Government and government agency obligations	23,061,658	48,404,857
Total	$ 728,010,607	$ 651,544,131

NOTE 9. COMMITMENTS

As of December 31, 2010, the Plan had capital commitments of approximately $76,400,000 for various limited partnerships.

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN

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

Plan Description

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

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

NOTE 10. POSTEMPLOYMENT GROUP HEALTHCARE BENEFIT PLAN (CONTINUED)

Plan Description (continued)

At December 31, 2010 and 2009, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 7,554 and 7,367 respectively.

The Plan's employees are also participants in the PGHBP. The Plan had 29 and 28 employees at December 31, 2010 and 2009, respectively. During years ended December 31, 2010 and 2009, the Plan paid healthcare premiums for 9 and 10 retired Plan employees respectively. For active and retired Plan employees, the actuarially determined liability under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* is included in the total actuarial liability and related GASB Statement No. 43 disclosure.

Summary of Significant Accounting Policies

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

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

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

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

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the PGHBP was 0.00% funded on an actuarial basis. The actuarial accrued liability for benefits was $1,724,622,462 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,724,622,462. The covered payroll (annual payroll of active employees covered by the Plan) was $1,494,093,569, and the ratio of the UAAL to the covered payroll was 115.43%.

NOTE 11. RELATED PARTY TRANSACTIONS

As of December 31, 2010 and 2009, the Plan has investments in limited partnerships with a total market value of approximately $190,450,000 and $127,000,000 respectively.

The Plan has common Trustees and shares office space with the Forest Fund who reimburses the Plan for shared administrative services provided by the Plan. During the years ended December 31, 2010 and 2009, the Plan allocated administrative expenditures of $63,455 and $66,184 respectively to the Forest Fund.

As of December 31, 2010 and 2009, the Forest Fund owes the Plan $1,321,867 and $1,179,097 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 last two years was $356,679 and $351,380 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,	
2011	$ 366,341
2012	375,500
2013	384,888
2014	394,510
2015	404,372
2016	414,482
2017	424,844
2018	435,465
2019	446,352
2020	457,510
2021	468,948
2022	197,401
	$ 4,770,613

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 is effective for the Plan's fiscal year ending December 31, 2011.

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

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus.* This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Statement No. 59 is effective for the Plan's fiscal year ending December 31, 2011.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

Schedule of Funding Progress

Year Ended December 31,		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Pension Benefits							
2005	(2)	$7,027,508,138	$ 9,269,944,133	$2,242,435,995	75.81%	$1,387,459,142	161.62%
2006		$7,462,683,122	$ 8,826,581,465	$1,363,898,343	84.55%	$1,412,878,627	96.53%
2007		$8,059,879,804	$ 9,386,287,797	$1,326,407,993	85.87%	$1,370,844,734	96.76%
2008		$8,036,074,797	$10,097,027,865	$2,060,953,068	79.59%	$1,463,372,408	140.84%
2009		$7,945,567,096	$11,489,081,298	$3,543,514,202	69.16%	$1,498,161,713	236.52%
2010		$7,982,368,659	$12,023,222,885	$4,040,854,226	66.39%	$1,494,093,569	270.46%
Postemployment Group Health Benefit Plan (PGHBP)							
2006		$ -	$ 1,506,821,967	$1,506,821,967	0.00%	$1,412,878,627	106.65%
2007		$ -	$ 1,554,123,496	$1,554,123,496	0.00%	$1,370,844,734	113.37%
2008		$ -	$ 1,448,828,756	$1,448,828,756	0.00%	$1,463,372,408	99.01%
2009	(1)	$ -	$ 1,686,872,018	$1,686,872,018	0.00%	$1,498,161,713	112.60%
2010		$ -	$ 1,724,622,462	$1,724,622,462	0.00%	$1,494,093,569	115.43%
Changes in Actuarial Assumptions							
2006	(3)	$ -	$ (428,825,258)	$ (428,825,258)	0.00%		
2007	(4)	$ -	$ (516,681,393)	$ (516,681,393)	0.00%		
2008	(4)	$ -	$ (472,675,272)	$ (472,675,272)	0.00%		
2009	(4)	$ -	$ (600,437,567)	$ (600,437,567)	0.00%		
2010	(4)	$ -	$ (605,708,172)	$ (605,708,172)	0.00%		
Combined							
2005		$7,027,508,138	$ 9,269,944,133	$2,242,435,995	75.81%	$1,387,459,142	161.62%
2006		$7,462,683,122	$ 9,904,578,174	$2,441,895,052	75.35%	$1,412,878,627	172.83%
2007		$8,059,879,804	$10,423,729,900	$2,363,850,096	77.32%	$1,370,844,734	172.44%
2008		$8,036,074,797	$11,073,181,349	$3,037,106,552	72.57%	$1,463,372,408	207.54%
2009	(1)	$7,945,567,096	$12,575,515,749	$4,629,948,653	63.18%	$1,498,161,713	309.04%
2010		$7,982,368,659	$13,142,137,175	$5,159,768,516	60.74%	$1,494,093,569	345.34%

(1) = Change in actuarial assumption.

(2) = The information for 2005 and prior includes PGHBP.

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

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

See notes to required supplementary information.

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

Required Supplementary Information

Schedule of Employer Contributions

Year Ended December 31,		Annual Required Contribution (ARC) (a)	Required Statutory Basis (1) (b)	Employer Contribution (2) (c)	Percent of ARC Contributed (c/a)
Pension Benefits					
2005	(3)	$ 428,971,126	$ 201,830,715	$ 218,292,478	50.89%
2006		$ 282,223,686	$ 215,455,550	$ 198,619,984	70.38%
2007		$ 287,061,532	$ 258,899,040	$ 230,114,335	80.16%
2008		$ 283,892,734	$ 180,817,908	$ 150,227,360	52.92%
2009		$ 352,850,988	$ 183,808,380	$ 152,506,089	43.22%
2010		$ 454,327,461	$ 186,360,878	$ 144,539,577	31.81%
Postemployment Group Health Benefit Plan (PGHBP)					
2006		$ 166,070,688	$ -	$ 26,818,379	16.15%
2007		$ 169,154,664	$ -	$ 31,420,216	18.57%
2008		$ 169,823,905	$ -	$ 37,781,310	22.25%
2009		$ 157,964,519	$ -	$ 35,779,227	22.65%
2010		$ 163,823,488	$ -	$ 40,183,057	24.53%
Changes in Actuarial Assumptions					
2006	(4)	$ (49,953,395)	$ -		
2007	(5)	$ (35,123,851)	$ -		
2008	(5)	$ (47,090,866)	$ -		
2009	(5)	$ (42,633,564)	$ -		
2010	(5)	$ (45,832,565)	$ -		
Combined					
2005		$ 428,971,126	$ 201,830,715	$ 218,292,478	50.89%
2006		$ 398,340,979	$ 215,455,550	$ 225,438,363	56.59%
2007		$ 421,092,345	$ 258,899,040	$ 261,534,551	62.11%
2008		$ 406,625,773	$ 180,817,908	$ 188,008,670	46.24%
2009		$ 468,181,943	$ 183,808,380	$ 188,285,316	40.22%
2010		$ 572,318,384	$ 186,360,878	$ 184,722,634	32.28%

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

(2) = Includes employer federal subsidized programs.

(3) = The information for 2005 includes PGHBP.

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

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

See notes to required supplementary information.

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

Required Supplementary Information

Notes to Schedule of Funding Progress and Schedule of Employer Contributions

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

Valuation date	December 31, 2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return	
Pension benefits	7.5% compounded annually
Retiree health insurance plan	4.5% compounded annually
Combined	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	2.0% per year
Total	5.0% per year
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants
Medical trend rate	
2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and later	5.0%
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rate down 1 year
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

ADDITIONAL INFORMATION

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

Schedules of Net Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2010 and 2009

	2010	2009
Administrative expenses		
Bank charges	$ 37,315	$ 47,703
Document imaging	-	1,660
Election expense	142,895	138,075
Healthcare benefit open enrollment meeting	5,524	8,023
Insurance - fidelity, fiduciary and liability	79,792	90,029
Maintenance of equipment, systems, software and support	456,519	436,696
Membership, conference and training	27,532	35,669
Office expense	74,963	66,620
Office relocation expense	-	8,539
Postage	84,347	88,960
Printing and stationery	72,513	48,656
Professional and consulting fees	430,301	519,878
Recovery site expense	21,189	21,202
Regulatory filing fees	8,000	9,000
Rent	356,679	351,380
Salaries	1,920,732	2,062,348
Staff health insurance premiums	405,968	366,696
Utilities	14,141	13,337
Total	4,138,410	4,314,471
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(63,455)	(66,184)
Net administrative expenses	$ 4,074,955	$ 4,248,287
Professional and consulting fees		
Actuarial service	$ 89,357	$ 178,651
Audit	56,725	65,000
Consulting	131,316	68,515
Legal	129,042	190,043
Lobbyist	23,861	17,669
Total	$ 430,301	$ 519,878

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
INVESTMENT MANAGER EXPENSE		
Amalgamated Bank of Chicago	$ 840,659	$ 629,720
Amalgatrust	-	17,669
American Realty Advisors	179,209	-
ARCH Venture Partners	168,965	156,753
Ariel Capital Management	-	4,998
Atlanta Life Investment Advisors	203,101	61,675
BNY Mellon CIS	177,607	115,514
Capri Capital Partners	403,858	418,015
Channing Capital Management	383,273	270,436
Chicago Equity Partners	439,405	353,514
Cozad Asset Management, Inc.	189,391	167,365
Credit Suisse Securities	89,484	95,419
Discovery Ventures	-	8,000
Evercore Partners	31,758	50,599
Evergreen Venture Partners	57,840	131,271
Fiduciary Management Associates	279,197	251,648
Fortaleza Asset Management, Inc.	82,071	72,575
Franklin Templeton Investments	394,024	-
Frontenac Company	60,728	71,144
Frontier Capital Management	1,290,257	1,084,133
Great Lakes Advisors, Inc.	501,279	477,879
J.P. Morgan Asset Management	855,107	773,999
John Buck Company	169,193	225,000
Killian Capital Management	169,998	156,607
Lazard Asset Management, LLC	433,323	479,366
Lightspeed Venture Partners	95,519	121,530
LM Capital Group, LLC	439,186	314,327
Mesirow Financial	643,200	785,232
Mesirow Financial Private Equity	268,663	254,030
Midwest Mezzanine Fund	-	11,778
Mondrian Investment Partners, Ltd.	206,018	-
Morgan Stanley	437,990	442,225

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

SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
INVESTMENT MANAGER EXPENSE (CONTINUED)		
Muller and Monroe Asset Management	19,352	50,000
NCM Capital	381,755	348,213
Northern Trust Quantitative Advisors	49,931	175,289
Optimum Investment Advisors	279,531	259,077
Opus Capital Group	22,983	29,710
Pacific Venture Group	64,083	76,583
Progress Investment Management	822,395	343,807
RhumbLine Advisers	169,886	167,943
Robeco Investment Management	305,800	278,319
SB Partners Capital Fund, LP	7,671	6,971
SPC Capital Management	100,000	95,833
State Street Global Advisors	212,624	132,576
Thornburg Investment Management	898,785	805,831
TIAA-CREF	155,724	-
Trident Capital	77,545	78,382
William Blair & Company	1,214,881	1,104,429
Wind Point Partners	57,203	73,942
	14,330,452	12,029,326
INVESTMENT CONSULTING FEES		
Marquette Associates, Inc.	245,486	235,584
Mesirow Financial	23,500	60,000
	268,986	295,584
INVESTMENT CUSTODIAN FEES		
BNY Mellon	146,500	147,617
Total investment expenses	$ 14,745,938	$ 12,472,527

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

Additions By Source

Year Ended December 31,	Employer Contributions (1)	Employee Contributions (2)	Net Investment and Net Securities Lending Income (Loss) (3)	Other (4)	Total Additions
2005	$ 214,849,442	$ 174,213,741	$ 324,731,939	$ 6,977,513	$ 720,772,635
2006	$ 221,186,219	$ 121,672,773	$ 749,245,001	$ 9,256,991	$ 1,101,360,984
2007	$ 258,141,230	$ 123,047,516	$ 476,910,124	$ 10,002,552	$ 868,101,422
2008	$ 183,916,221	$ 123,776,705	$ (1,858,853,846)	$ 7,081,386	$ (1,544,079,534)
2009	$ 183,713,870	$ 127,795,881	$ 1,013,615,250	$ 11,741,894	$ 1,336,866,895
2010	$ 181,509,323	$ 129,449,866	$ 833,052,844	$ 12,795,846	$ 1,156,807,879

Deductions By Type

Year Ended December 31,	Benefits (5)	Refunds	Net Administrative Expenses	Total Deductions
2005	$ 348,318,767	$ 23,041,743	$ 4,398,437	$ 375,758,947
2006	$ 365,627,313	$ 24,922,209	$ 3,979,155	$ 394,528,677
2007	$ 398,689,231	$ 66,623,357	$ 3,866,188	$ 469,178,776
2008	$ 427,453,465	$ 24,724,102	$ 4,172,536	$ 456,350,103
2009	$ 452,007,855	$ 20,404,911	$ 4,248,287	$ 476,661,053
2010	$ 482,523,408	$ 25,041,818	$ 4,074,955	$ 511,640,181

1 - Includes net tax levy

2 - Includes deductions in lieu of disability.

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

4 - Includes federal subsidized programs, Medicare Part D, prescription plan rebates and miscellaneous income. 2006 is the first year for Medicare Part D.

5 - Includes transfers (from) reciprocating funds.

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

Schedule of Taxes Receivable

December 31, 2010

Levy Year	Gross Levy	Uncollected Balance	Reserve for Loss and Costs	Net Uncollected Balance
2009	$ 186,099,854	$ 39,288,699	$ 5,766,021	$ 33,522,678
2010	$ 186,523,677	186,523,677	4,849,746	181,673,931
		$ 225,812,376	$ 10,615,767	$ 215,196,609

Note:

Uncollected taxes for years 2008 and prior are fully reserved.

2009 tax levy includes net Illinois Replacement Tax of $58,999,584.

2010 tax levy includes net Illinois Replacement Tax of $44,682,072.