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

A Component Unit of
Cook County, Illinois

Comprehensive Annual
Financial Report
For Year Ended December 31, 2010

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

A Component Unit of Cook County, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Year Ended December 31, 2010

Report prepared by the staff of the
County Employees' and Officers' Annuity and Benefit Fund of Cook County

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Table of Contents

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Introductory Section

This section provides information regarding the County Employees' and Officers' Annuity and Benefit Fund of Cook County's Certificate of Achievement, Board of Trustees and its consultants, it's organizational structure and a Letter of Transmittal.

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County Employees' and Officers' Annuity & Benefit Fund of Cook County, Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Principal Officials

Board of Trustees

Professional Consultants

Legal Counsel
Burke Burns & Pinelli, LTD.

Auditors
Legacy Professionals, LLP

Investment Consultant
Marquette Associates

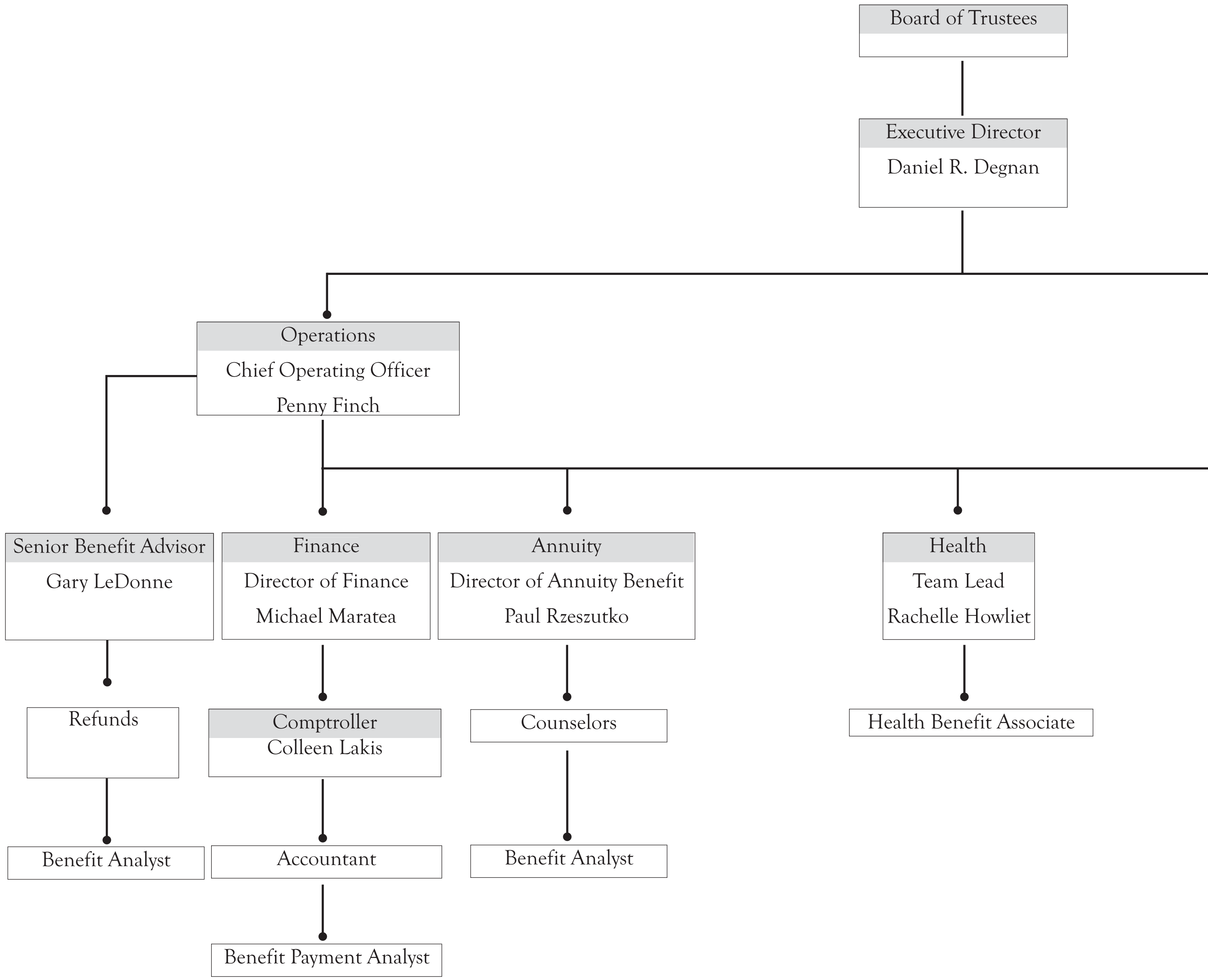
Consulting Actuary
Goldstein & Associates

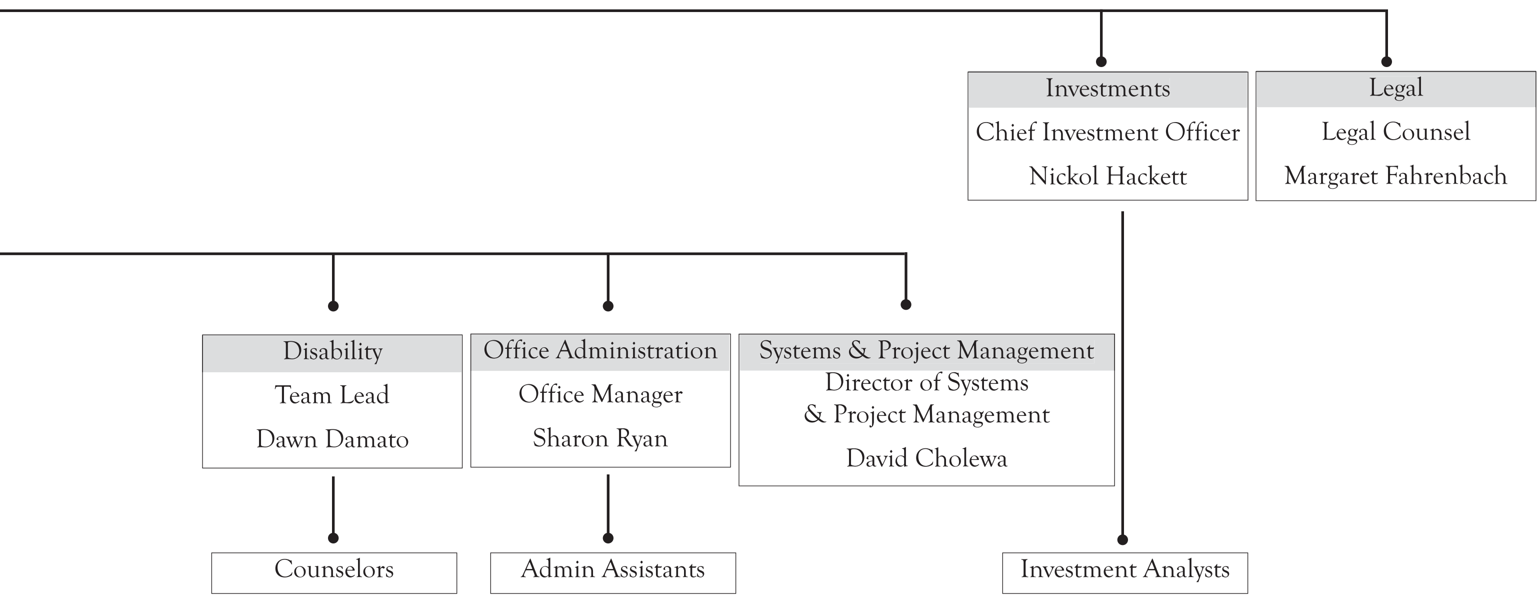
Master Custodian
BNY Mellon

Custodian
Cook County Treasurer

Investment Managers are listed on page 64-65.
Brokers used by Investment Managers are listed on page 66-67.

Organizational Chart




Investments
Chief Investment Officer
Nickol Hackett
Legal
Legal Counsel
Margaret Fahrenbach
Disability
Team Lead
Dawn Damato
Office Administration
Office Manager
Sharon Ryan
Systems & Project Management
Director of Systems & Project Management
David Cholewa
Counselors
Admin Assistants
Investment Analysts

Letter of Transmittal

The Retirement Board
of the
County Employees' Annuity & Benefit Fund
and Ex Officio for the
Forest Preserve District Annuity & Benefit Fund
33 North Dearborn Street, Suite 1000
Chicago, Illinois 60602
Telephone (312) 603-1200

April 29, 2011

Dear Pension Board Trustees and Members of the Fund:

We submit to you the Comprehensive Annual Financial Report (CAFR) of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Fund) for the calendar year ended December 31, 2010. The contents of this report, including the financial statements, are the responsibility of the management of the Fund.

To the best of our knowledge and belief, the information contained in this report is complete and accurate in all material respects and is provided to allow the reader to gain an understanding of the Fund's operational activities.

For further management discussion of the financial statements included, we ask readers to review this report in conjunction with the Management Discussion and Analysis (MD&A) found in the Financial Section.

Fund Background

The Fund was established in 1926 by an act of the Illinois Legislature. It is a defined benefit pension plan that provides retirement, survivor, death, health and disability benefits to qualified employees and retirees of Cook County. The Fund is administered in accordance with 40 ILCS 5/9-101, et seq. The Fund 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 Fund is governed by a nine member Board of Trustees. Two Trustees serve as ex-officio Trustees (Comptroller and Treasurer of Cook County, or someone designated by them). Seven Trustees are elected as follows; three from active employees of Cook County; two from annuitants of the Fund; one from active employees of the Forest Preserve District; and one from annuitants of the Forest Preserve Fund. Elected Trustees serve staggered three-year terms, so that not more than three Trustee positions are up for election each year.

As of December 31, 2010, the Fund consisted of 23,165 active members; 12,460 retirement annuitants; 2,518 survivor annuitants and 12,148 inactive members.

Accounting System and Internal Control

In 2010, the Board of Trustees completed an RFP for auditing services. After review and analysis of the responders, the Board voted to retain the Fund's current auditor, Legacy Professionals LLP. This report and the financial statements included were prepared to conform to the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The financial statements were prepared using the accrual basis of accounting. In accordance with the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recognized when the corresponding liabilities are incurred, regardless of when payment is made.

The Fund maintains a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records. These controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. Fund management as well as its outside auditor, Legacy Professionals LLP, continually reviews those controls for adequacy. The financial statements included in this report were audited by Legacy Professionals LLP and they have issued an unqualified opinion for calendar year ended December 31, 2010. A copy of their report is contained in the Financial Section.

Investments

The Trustees' authority to invest the Fund's assets is governed by 40 ILCS 5/1-101 et seq. and 40 ILCS 5/9-101 et seq. The Fund's Investment Policy provides additional strategies and safeguards for the Fund's investment objectives and can be found at www.cookcountypension.com.

The Board of Trustees also completed an RFP for investment consulting services. After review and analysis of the responders, the Board voted to engage Callan Associates, Inc. as its new investment consultant, effective January 1, 2011.

As of December 31, 2010, the total invested assets of the Fund were $7.5 billion compared to $6.6 billion as of December 31, 2009. The Fund's investment portfolio rate of return for year ended December 31, 2010 was 12.4% compared to portfolio rate of return of 18.0% for year ended December 31, 2009. Additional information regarding Fund investments can be found in the Investment Section.

The Board of Trustees, along with Fund staff and the Investment Consultant, maintain an asset allocation designed to exceed the Fund's actuarial rate of return with minimum risk. The Trustees continue to monitor and adjust their strategic asset allocation among investment types and manager styles. Refer to the Schedules of Investment Manager Fees and Brokerage Commissions in the Investment Section for information regarding investment professionals who provide services to the Fund.

Funding Status

A common measurement to identify the health of a pension fund is the funded ratio, the ratio of assets to liabilities. This ratio is expressed in terms of actuarial values which are calculated using assumptions pertaining to retirement, termination and mortality rates, future salary trends as well as the actuarial rate of return.

The Fund engages an independent actuary to perform an actuarial valuation on an annual basis, pursuant to the provisions of Illinois Statutes. Goldstein & Associates conducted the actuarial valuation for year ended December 31, 2010. Goldstein & Associates used the same actuarial assumptions for the December 31, 2010 actuarial valuation as were used for the December 31, 2009 valuation. These actuarial assumptions are based on an experience analysis of the Fund over the period 2005 through 2008.

Based on the December 31, 2010 valuation, the funded ratio was 60.74%. 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 of $5,159,768,516. Additional information regarding funding can be found in the Actuarial Section.

Major Initiatives

The Fund and its Trustees continued to work to enhance the Fund's investment program, strengthen the Fund's benefits through legislation and improve office operations.

Investments

The Fund's rate of return for the year ended December 31, 2010, was 12.4%, slightly underperforming the policy benchmark of 13.2%. The Fund continues to attempt to maximize investment performance while maintaining acceptable levels of risk. The Board maintained its target asset allocation at 35% domestic equity, 15% international equity, 35% fixed income, 5% real estate, 5% hedge funds of funds and 5% private equity.

During the year, the Board funded a Treasury Inflation Protection Security (TIPS) mandate and an International Small Cap Equity mandate at $300M and $180M, respectively. The Fund continued to concentrate on increasing allocations to minority and women owned money managers with an additional allocation of $15M.

Legislation

Senate Bill 1946 was signed into law on April 14, 2010 as Public Act 96-0889 and created a "second tier" of benefits for employees who first become participants under the Fund on or after January 1, 2011. The Fund instructed its actuary to conduct an impact analysis of the benefit changes associated with SB 1946.

The Board continues to pursue legislation aimed at allowing Cook County to use other sources of revenue to contribute to the Fund and to increase employer contributions. The Trustees and Fund staff continue to work diligently to represent the interests of the members through further accomplishments of the Trustees' legislative agenda.

Office Operations

The Fund implemented enhancements for disability applications and processes to streamline and communicate with members more efficiently. Member payroll data was automated which expedited the benefit application process.

As a result of the enactment of SB 1946, the Fund upgraded the Pension Benefit Management System to accommodate the new eligibility requirements with this new legislation. The Fund is currently working on System enhancements to accommodate the "second tier" benefits for new members.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to County Employees' and Officers' Annuity and Benefit Fund of Cook County for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the 1st year that the Fund has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Fund must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

This report was prepared through the combined efforts of the Fund's staff under the direction of the Board of Trustees. On behalf of the Board of Trustees, I would like to thank the staff and professional consultants for their efforts in compiling this report.

Respectfully submitted,

Daniel R. Degnan
Executive Director

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Financial Section

This section contains the report of the independent auditors, the financial statements of the Fund and their analysis, and supplemental financial information.

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Report of Independent Auditors

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, and the required supplementary information consisting of the schedule of funding progress, the schedule of employer contributions and the notes to those schedules 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional information 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 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 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

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 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 financial statements 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, funded 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,			Current Year Increase/(Decrease) in	
	2010	2009	2008	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,			Current Year Increase/(Decrease) in	
	2010	2009	2008	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

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2010

ASSETS	Total	Pension	Postemployment Healthcare
Cash	$ 3,247,028	$ 3,247,028	$ -
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
Employee contributions	5,149,260	5,149,260	-
Accrued investment income	26,068,103	26,068,103	-
Receivable for securities sold	138,511,681	138,511,681	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	1,321,867	1,321,867	-
Medicare Part D subsidy	4,900,000	4,900,000	-
Other	571,475	571,475	-
Total receivables	391,718,995	372,425,377	19,293,618
Investments			
Equities	4,257,488,939	4,257,488,939	-
U.S. Government and government agency obligations	1,866,360,719	1,866,360,719	-
Corporate bonds	736,287,144	736,287,144	-
Collective investment funds	46,026,489	46,026,489	-
Alternative investments	206,483,563	206,483,563	-
Short term investments	364,252,693	364,252,693	-
Total investments	7,476,899,547	7,476,899,547	-
Collateral held for securities on loan	746,721,396	746,721,396	-
Total assets	8,618,586,966	8,599,293,348	19,293,618
LIABILITIES			
Accounts payable	3,999,762	3,999,762	-
Healthcare insurance payable	19,293,618	-	19,293,618
Payable for securities purchased	267,258,348	267,258,348	-
Securities lending collateral	746,721,396	746,721,396	-
Securities lending payable	6,660,230	6,660,230	-
Total liabilities	1,043,933,354	1,024,639,736	19,293,618
Net assets held in trust for:			
Pension benefits	7,574,653,612	7,574,653,612	-
Postemployment healthcare benefits	-	-	-
Total	$7,574,653,612	$7,574,653,612	$ -

See accompanying notes to financial statements.

Year Ended December 31, 2009

ASSETS	Total	Pension	Postemployment Healthcare
Cash	$ 2,287,512	$ 2,287,512	$ -
Receivables			
Employer contributions less allowance of $10,615,767 in 2010 and $8,538,218 in 2009	301,885,643	297,852,017	4,033,626
Employee contributions	6,735,572	6,735,572	-
Accrued investment income	22,742,255	22,742,255	-
Receivable for securities sold	47,934,738	47,934,738	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	1,179,097	1,179,097	-
Medicare Part D subsidy	6,162,631	6,162,631	-
Other	1,714,908	1,714,908	-
Total receivables	388,354,844	384,321,218	4,033,626
Investments			
Equities	3,889,588,571	3,889,588,571	-
U.S. Government and government agency obligations	1,451,418,088	1,451,418,088	-
Corporate bonds	637,045,459	637,045,459	-
Collective investment funds	327,102,586	327,102,586	-
Alternative investments	128,651,024	128,651,024	-
Short term investments	173,788,743	173,788,743	-
Total investments	6,607,594,471	6,607,594,471	-
Collateral held for securities on loan	670,257,559	670,257,559	-
Total assets	7,668,494,386	7,664,460,760	4,033,626
LIABILITIES			
Accounts payable	3,571,728	3,571,728	-
Healthcare insurance payable	4,033,626	-	4,033,626
Payable for securities purchased	54,130,062	54,130,062	-
Securities lending collateral	670,257,559	670,257,559	-
Securities lending payable	7,015,497	7,015,497	-
Total liabilities	739,008,472	734,974,846	4,033,626
Net assets held in trust for:			
Pension benefits	6,929,485,914	6,929,485,914	-
Postemployment healthcare benefits	-	-	-
Total	$6,929,485,914	$6,929,485,914	$ -

See accompanying notes to financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2010

	Total	Pension	Postemployment Healthcare
Additions			
Employer contributions	$ 181,509,323	$ 141,326,266	$ 40,183,057
Employee contributions			
Salary deductions	124,064,484	124,064,484	-
Refund repayments	2,343,105	2,343,105	-
Former and miscellaneous service payments	700,868	700,868	-
Optional payments and deductions	110,580	110,580	-
Deductions in lieu of disability	2,230,829	2,230,829	-
Total employee contributions	129,449,866	129,449,866	-
Investment income			
Net appreciation in fair value of investments	666,907,881	666,907,881	-
Dividends	75,401,247	75,401,247	-
Interest	99,427,564	99,427,564	-
Alternative investment income	4,262,369	4,262,369	-
	845,999,061	845,999,061	-
Less investment expenses	(14,745,938)	(14,745,938)	-
Net investment income	831,253,123	831,253,123	-
Securities lending			
Income	2,220,071	2,220,071	-
Expenses	(420,350)	(420,350)	-
Net securities lending income	1,799,721	1,799,721	-
Other			
Employer federal subsidized programs	3,213,311	3,213,311	-
Medicare Part D subsidy	2,509,392	-	2,509,392
Prescription plan rebates	2,208,352	-	2,208,352
Employee transfers from Forest Preserve	257,975	-	-
Employer interest from 2007 levy	4,539,248	4,539,248	-
Miscellaneous	67,568	67,568	-
Total other additions	12,795,846	8,078,102	4,717,744
Total additions	1,156,807,879	1,111,907,078	44,900,801

See accompanying notes to financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2009

	Total	Pension	Postemployment Healthcare
Additions			
Employer contributions	$ 183,713,870	$ 147,934,643	$ 35,779,227
Employee contributions			
Salary deductions	123,093,166	123,093,166	-
Refund repayments	1,960,553	1,960,553	-
Former and miscellaneous service payments	516,567	516,567	-
Optional payments and deductions	76,984	76,984	-
Deductions in lieu of disability	2,148,611	2,148,611	-
Total employee contributions	127,795,881	127,795,881	-
Investment income			
Net appreciation in fair value of investments	870,835,772	870,835,772	-
Dividends	78,536,244	78,536,244	-
Interest	70,687,137	70,687,137	-
Alternative investment income	1,928,690	1,928,690	-
	1,021,987,843	1,021,987,843	-
Less investment expenses	(12,472,527)	(12,472,527)	-
Net investment income	1,009,515,316	1,009,515,316	-
Securities lending			
Income	4,768,490	4,768,490	-
Expenses	(668,556)	(668,556)	-
Net securities lending income	4,099,934	4,099,934	-
Other			
Employer federal subsidized programs	4,571,446	4,571,446	-
Medicare Part D subsidy	2,553,522	-	2,553,522
Prescription plan rebates	3,100,473	-	3,100,473
Employee transfers from Forest Preserve	118,754	118,754	-
Employer interest from 2007 levy	-	-	-
Miscellaneous	1,397,699	1,397,699	-
Total other additions	11,741,894	6,087,899	5,653,995
Total additions	1,336,866,895	1,295,433,673	41,433,222

See accompanying notes to financial statements.

(continued)

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2010

	Total	Pension	Postemployment Healthcare
Deductions			
Benefits			
Annuity			
Employee	$ 393,525,707	$ 393,525,707	$ -
Spouse and children	30,307,794	30,307,794	-
Disability			
Ordinary	13,197,763	13,197,763	-
Duty	591,343	591,343	-
Healthcare	44,900,801	-	44,900,801
Total benefits	482,523,408	437,622,607	44,900,801
Refunds	25,041,818	25,041,818	-
Net administrative expenses	4,074,955	4,074,955	-
Total deductions	511,640,181	466,739,380	44,900,801
Net increase	645,167,698	645,167,698	-
Net assets held in trust for benefits			
Beginning of year	6,929,485,914	6,929,485,914	-
End of year	$7,574,653,612	$7,574,653,612	$ -

See accompanying notes to financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2009

	Total	Pension	Postemployment Healthcare
Deductions			
Benefits			
Annuity			
Employee	$ 369,226,987	$ 369,226,987	$ -
Spouse and children	27,837,079	27,837,079	-
Disability			
Ordinary	12,889,605	12,889,605	-
Duty	620,962	620,962	-
Healthcare	41,433,222	-	41,433,222
Total benefits	452,007,855	410,574,633	41,433,222
Refunds	20,404,911	20,404,911	-
Net administrative expenses	4,248,287	4,248,287	-
Total deductions	476,661,053	435,227,831	41,433,222
Net increase	860,205,842	860,205,842	-
Net assets held in trust for benefits			
Beginning of year	6,069,280,072	6,069,280,072	-
End of year	$6,929,485,914	$6,929,485,914	$ -

See accompanying notes to financial statements.

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.

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.

Note 2: Plan Description (continued)

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

	2010	2009
Retirees and beneficiaries currently receiving benefits:		
Employees	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%.

Note 3: Funded Status and Funding Progress (continued)

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

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

Valuation date	December 31, 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 44. 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 invesments	$7,476,899,547	$6,607,594,471

Note 5: Investment Summary (continued)

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.

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 rated 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	Less than 1 year	$ 59,902,673	$ 10,405,420
government agency	1 - 5 years	702,288,526	793,312,172
obligations	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
Philippines 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)

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, 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 manage portfolio risk and to facilitate international portfolio trading.

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

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

Forward 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 it to indemnify 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 Plan

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

Plan Description

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

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

At December 31, 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

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 Healthcare 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 assumptions.
(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.

Schedule of Employer Contributions

Year Ended December 31,		Annual Required Contribution (1) (ARC) (a)	Required Statutory Basis (2) (b)	Employer Contributions (3) (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 Healthcare 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.

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 annuity 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, rated down 1 year
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

Additional Information

Schedules of Net Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2010 and 2009

Administrative Expenses	2010	2009
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

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

Schedules of Investment Expenses (continued)

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

Additional Information (continued)

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.

Schedule of Taxes Receivable

December 31, 2010

Levy Year	Gross Levy	Uncollected Balance	Net Reserve for Loss and Costs	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.

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Investment Section

This section includes an Investment Report, the Master Custodian's Certification, a Summary of Investment Policy, and summary tables of investment data.

Investment Report

Presented below is the 2010 summary of the Fund's investment activities, prepared by the Fund's Chief Investment Officer, and results provided by the Fund's Investment Consultant. Returns have been calculated using geometrically-linked, time and asset-weighted returns. A brief review of the Fund's asset allocation, investment portfolio performance and general market commentary have been provided, as well as cash flow activities.

Asset Allocation

Asset allocation targets have been established for each asset class to minimize overall risk through prudent diversification and to achieve investment return objectives. Investment managers are assigned a mandate within an allocation to invest in specific asset classes with defined security selection styles and methodologies.

As the recovery from the financial market turmoil of 2008 continues, the Fund proactively reviews its asset allocation to test its viability under more dynamic market conditions and benefit funding assumptions.

In 2010, the Fund continued to move toward its asset allocation targets through portfolio rebalancing. During the first quarter, the passive TIPs mandate was funded at a 5% allocation, as well as the initial and continued funding of two open-end core real estate managers. The Fund also selected two international small cap managers funded with a 3% allocation. The Fund advanced its emerging manager program by awarding follow-on allocations for an intermediate fixed income mandate and an additional $15 million small cap value mandate.

Investment Results

Calendar year results for 2010 continued to show improvement in comparison to the downturn of 2008. As of December 31, 2010, the total fair value of invested assets under management was $7.5 billion. For 2010, the Fund returned 12.4%, net of fees, performing ahead of the actuarial rate of return of 7.5%, but below its policy benchmark of 13.2%. The Fund's gross of fees performance for the year ranks in the 52th percentile when compared to the Wilshire Associates universes of public pension funds. The portfolio benefited from the continued improvement in domestic and international equity, but lagged due to its overweight in value stocks which underperformed growth stocks. On an intermediate basis, the Fund has slightly underperformed its policy benchmark for the three and five year periods.

Market Environment

Domestic Equity

Domestic equity posted another strong year with returns in excess of 15% for the year as measured by the S&P 500. Markets were bolstered by the Federal Reserve's second quantitative easing measures, an extension of the Bush-era tax cuts and a return of consumer optimism through year-end. Small Cap funds demonstrated leadership for the year in all categories over Large Cap. Mid Cap (S & P MidCap +26.6%) and Small Cap stocks (S&P 600 +26.5%) outperformed Large Cap stocks (S&P 500 +15.1%). Growth stocks significantly outperformed value stocks across all capitalizations for the year.

International Equity

Overall, non-U.S. stocks (MSCI ACWI ex. U.S. +11.6%) benefited from a weak U.S. dollar and the global coordination of unprecedented fiscal stimulus and monetary accommodation which contributed to a rally in equities. Emerging markets continued to show strength (MSCI Emerging Markets +19.2%), but persistent inflation fears dampened investor enthusiasm. Among the developed markets, Japan posted results of 12.9%, while Europe struggled with debt woes.

Fixed Income

Strong equity markets dampened investor appetite for fixed income as demand for Treasuries dropped, particularly later in the year. However, returns for the Barclay's Aggregate Index fared well for the year at 6.5%. Long duration also performed well for the year posting positive results with returns of 11.3%.

Operating Cash Flow

In aggregate, $194 million, or 3% of the year end value of the investment portfolio, was utilized in 2010 to assist in the payment of benefits. These withdrawals are made in conjunction with rebalancing the Fund's portfolio asset allocation target.

Additional Information

The Master Custodian's certification letter for 2010, a summary of the Fund's goals, objectives and guidelines, and select investment schedules follow for your review.

Master Custodian's Certification

BNY MELLON
ASSET SERVICING

May 10, 2011

To the Board of Trustees and the Executive Director:

BNY Mellon as custodian of the County Employees' and Officers' Annuity & Benefit Fund of Cook County (the "client") has established an "Account" that holds the clients property in safekeeping facilities of the Custodian (or other custodian banks or clearing operations), provided the recordkeeping of certain property of the client and completed the annual accounting certification for the year January 1, 2010 through December 31, 2010.

In addition, in accordance with the terms of the Custody Agreement dated, November 1, 2007, BNY Mellon also provides the following services as Custodian:

- Market settlement of purchases and sales and engage in other transactions, including free receipts and deliveries, exchanges and other voluntary corporate actions, with respect to securities or property received by the Custodian
- Take actions necessary to settle transactions in futures and/or options contracts, short selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments with third parties
- Lend the assets of the Account in accordance with a separate Securities Lending Agreement.
- Invest available cash in any collective fund, including a collective investment fund maintained by the Custodian or and affiliate of the Custodian for collective investment of employee benefit trusts or deposit in an interest bearing account of banking department of Custodian.
- Appoint subcustodians, including affiliates of the custodian, as to part or all of the Account.
- Hold property in nominee name, in bearer form or in book entry form, in a clearinghouse corporation or in a depository.
- Take all action necessary to pay for, and settle authorized transactions.
- Collect income payable to and distributions due to the Account.
- Collect all proceeds from securities, certificates of deposit or other investments which may mature or be called.
- Forward to the authorized party as designated by the client, proxies or ballots that are to be a voted by the authorized party.
- Attend to corporate actions that have no discretionary decision requirement
- Report the value of the Account as agreed upon by the client and custodian.
- Credit the account with income and maturity proceeds on securities contractual payment date.

Sincerely,

Michael D. Skirtich
Client Service Officer

Summary of Investment Policy

Under the guidance and direction of the Board and governed by the "prudent man rule", it is the mission of the Fund and the Investment Staff to optimize the total return of the Fund's investment portfolio through a policy of diversified investments using parameters of prudent risk management as measured on the total portfolio, acting at all times in the exclusive interest of the participants and beneficiaries of the Fund.

To accomplish this mission, the Board and Investment Staff understand and accept their fiduciary obligations to the members of the Fund. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5]. Investments made by the Fund shall satisfy the conditions of the Illinois Pension Code and applicable Illinois law and, in particular, the prudent man rule set forth in the Illinois Pension Code [40 ILCS 5/1-109].

Subject to these fiduciary standards, the Board and Investment Staff shall endeavor at all times to implement the Statement of Investment Policy in a manner consistent with the stated mission of the Fund, while ensuring transparency and compliance with all applicable laws and regulations.

The Policy is set forth by the Board in order to:

- Establish a clear understanding of all involved parties of the investment goals and objectives of the Fund.
- Define and assign the responsibilities of all involved parties.
- Establish the relevant investment horizon for which the Fund assets will be managed.
- Establish risk parameters governing assets of the Fund.
- Establish target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for selecting, retaining and terminating Investment Professionals.
- Offer specific guidance to and define limitations for all Investment Managers regarding the investment of Fund assets.

In summary, the purpose of the Statement of Investment Policy is to formalize the Board's investment objectives, policies and procedures and to define the duties and responsibilities of the various entities involved in the investment process. The Statement of Investment Policy is intended to serve as a guide, reference tool and communication link between the Board, Investment Staff and its Investment Professionals.

Investment Objectives

The primary return objectives of the Fund are to:

- Preserve the safety of principal.
- Exceed, after investment management fees, a customized blended benchmark consistent with prudent levels of risk.
- Create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of Fund assets.

To achieve these objectives, the assets of the Fund have been allocated to meet its actuarial assumed rate of return of 7.5%. To evaluate success, the Board compares the performance of the Fund to the actuarial assumed rate of return and its custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets and it is re-balanced regularly.

While achieving the return objectives, the Fund is able to tolerate certain levels of risk, which are:

- To accept prudent levels of short-term and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the Fund.
- To tolerate appropriate levels of downside risk relative to the Fund's actuarial assumed rate of return of 7.5%. In doing so, the Board will attempt to minimize the probability of underperforming the Fund's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs.
- To accept certain variances in the asset allocation structure of the Fund relative to the broad financial markets and peer groups.
- To tolerate certain levels of short-term underperformance by the Fund's Investment Managers.

The investment objectives of the Fund are constrained by applicable law, time, taxes and liquidity. The Fund will operate in accordance with applicable law, as amended. The Fund has a long-term time horizon as the assets are used to pay qualified participant pension benefits. The Fund is a tax-exempt entity, but can be subject to taxes involving unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The Fund will attempt to minimize or to avoid incurring UBTI. The liquidity needs of the Fund are to meet the regular cash flow requirements of the Fund.

Asset Allocation and Rebalancing Procedures

The Board reviews the target asset allocation of the Fund at least once every three years. It will take into consideration applicable statutes, the actuarial rate of return of the Fund, the long-term nature of the asset pool, the cash flow needs of the Fund and the general asset allocation structure of its peers. It will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the Fund at prudent levels of risk.

The Board establishes the asset allocation targets and ranges and reviews them periodically. To ensure that the allocations meet the risk/return objectives of the Fund, the target allocations will be reviewed annually for reasonableness relative to significant economic market changes or changes to the long-term goals and objectives. Proper implementation of this guideline may require that a periodic adjustment or rebalancing be made to ensure conformance with asset allocation targets. Rebalancing requirements shall be reviewed on a continual basis. Rebalancing may also occur in the event of a change in the allocation percentages of asset class by the Board or subject to extraordinary market events. Rebalancing shall take place as soon as practical after said change or amendment has been approved.

Schedule of Investment Results

	For Year Ended December 31, 2010	Annualized Returns 3 Years	5 Years
Total Fund	12.4%	0.2%	3.5%
Policy Benchmark *	13.2%	1.5%	4.2%
Domestic Equity	17.6%	-1.7%	N/A
Wilshire 5000	17.2%	-1.9%	2.9%
International Equity	13.4%	-3.6%	N/A
MSCI ACWI ex-US Index	11.6%	-4.6%	5.3%
Fixed Income	6.7%	5.4%	N/A
BarCap Aggregate	6.5%	5.9%	5.8%
Real Estate	10.3%	-4.8%	2.1%
NCREIF	13.1%	-4.2%	3.5%
Private Equity	7.1%	-5.5%	3.6%
Wilshire 5000	17.2%	-1.9%	2.9%

The Policy Benchmark is as follows:

- As of August 31, 2010: 17% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 25% BarCap Aggregate, 10% BarCap Int. Gov./Cred., 5% BarCap TIPS, 3% S&P Global ex.U.S. <$2B. and 2% NCREIF.

- Prior to August 31, 2010: 20% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 25% BarCap Aggregate, 10% BarCap Int. Gov./Cred., 5%BarCap TIPS, and 2% NCREIF.

- Prior to February 28, 2010: 25% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 30% BarCap Aggregate, 5% BarCap Int. Gov./Cred., and 2% NCREIF.

- Prior to June 30, 2008: 55% Wilshire 5000 and 45% LB Aggregate.

N/A-Not Available. Prior to June 30, 2008, the Fund utilized a balanced investment mandate. The prior Investment Consultant did not segregate these composites in the calculation of rates of return.

Note: Returns are calculated using geometrically-linked, time and asset-weighted returns.

	For Year Ended December 31,					
	2010			2009		
Asset Class	Fair Value	Percent of Total	Target	Fair Value	Percent of Total	Target
Domestic Equity	$3,295,129,500	44%	35%	$3,191,101,584	48%	35%
International Equity	1,008,385,928	13%	15%	727,393,687	11%	15%
Fixed Income	2,602,647,863	35%	35%	2,386,659,433	36%	35%
Real Estate	123,913,566	2%	5%	54,332,474	1%	5%
Hedge Funds of Funds	-	0%	5%	-	0%	5%
Private Equity	82,569,997	1%	5%	74,318,550	1%	5%
Cash	364,252,693	5%	0%	173,788,743	3%	0%
Total Investments	$7,476,899,547	100%	100%	$6,607,594,471	100%	100%

Schedule of Top Ten Largest Holdings (Excludes Commingled Funds)

For year ended December 31, 2010

Top 10 Domestic Equity Holdings	Sector	Shares	Fair Value	% of Total
Exxon Mobil Corp.	Energy	699,271	$ 51,130,696	1.6%
Apple Inc.	Technology	135,614	43,743,652	1.3%
Chevron Corp.	Energy	338,355	30,874,894	0.9%
IBM Corp.	Technology	202,242	29,681,036	0.9%
Microsoft Corp.	Technology	1,017,843	28,407,998	0.9%
Oracle Corp.	Technology	776,790	24,313,527	0.7%
Google Inc.	Technology	39,438	23,424,989	0.7%
General Electric Co.	Capital Goods	1,245,680	22,783,487	0.7%
Procter & Gamble Co.	Consumer Non-Durables	344,401	22,155,316	0.7%
AT & T Inc.	Technology	737,383	21,664,313	0.7%
Total Top 10 Domestic Equity Holdings		5,537,017	$ 298,179,908	9.0%
Total Domestic Equity			$3,295,129,500	100.0%

Top 10 International Equity Holdings	Sector	Shares	Fair Value	% of Total
British American Tobacco (United Kingdom)	Tobacco	331,142	$ 12,772,077	1.3%
BG Group (United Kingdom)	Integrated Oil & Gas	518,079	10,512,250	1.0%
Nestle (Switzerland)	Food	171,674	10,083,845	1.0%
Novartis (Switzerland)	Chemicals/Pharmaceuticals	161,365	9,512,935	0.9%
Novo-Nordisk (Denmark)	Health Care	83,110	9,410,909	0.9%
Standard Chartered (United Kingdom)	Banking	336,248	9,083,838	0.9%
Telefonica (Spain)	Technology	389,538	8,865,650	0.9%
Sanofi-Aventis (France)	Health Care	127,630	8,192,974	0.8%
Canon Inc. (Japan)	Technology	157,191	8,159,474	0.8%
BHP Billiton (Australia)	Basic Industries	167,190	7,754,860	0.8%
Total Top 10 International Equity Holdings		2,443,167	$94,348,812	9.4%
Total International Equity			$1,008,385,928	100.0%

Schedule of Top Ten Largest Holdings (Excludes Commingled Funds) (continued)

For year ended December 31, 2010

Top 10 Fixed Income Holdings	Sector	Par	Fair Value	% of Total
FNMA Pool (TBA) 4.500% 01/01/2041	FNMA Pools	43,000,000	$ 44,135,630	1.7%
U.S. Treasury Bond Stripped Principal Payment 0.0% 08/15/2019	U.S. Governments	39,800,000	30,241,632	1.2%
U.S. Treasury Note 2.625% 08/15/2020	U.S. Governments	28,927,900	27,425,096	1.1%
U.S. Treasury Note 1.0% 04/30/2012	U.S. Governments	25,725,000	25,933,115	1.0%
FNMA Pool (TBA) 5.500% 01/01/2041	FNMA Pools	22,000,000	23,536,480	0.9%
U.S. Treasury Note 2.625% 12/31/2014	U.S. Governments	20,300,000	21,167,419	0.8%
FNMA 5.375% 06/12/2017	U.S. Agencies	18,145,000	20,891,790	0.8%
U.S. Treasury Inflation Index 2.375% 01/15/2025	U.S. Governments	17,322,383	19,276,521	0.7%
U.S. Treasury Inflation Index 1.25% 07/15/2020	U.S. Governments	18,712,808	19,160,231	0.7%
FHLMC 3.75% 03/27/2019	U.S. Agencies	18,077,000	18,712,768	0.7%
Total Top 10 Fixed Income Holdings		252,010,091	$ 250,480,682	9.6%
Total Fixed Income			$2,602,647,863	100.0%

A complete list of the portfolio holdings is available for review upon request.

Schedule of Investment Manager Fees

For year ended December 31, 2010

Asset Category	Manager Fees
Domestic Equity	
Channing Capital Management	$ 383,273
Fiduciary Management Associates	279,197
Fortaleza Asset Management, Inc.	82,071
Frontier Capital Management	1,290,257
Great Lakes Advisors, Inc.	245,085
Herndon Capital Management	203,101
Killian Asset Management	169,998
Mesirow Financial	643,200
NCM Capital	100,642
Optimum Investment Advisors	279,531
Progress Investment Management	509,792
RhumbLine Advisers	169,886
Robeco Investment Management	305,800
William Blair & Company	1,186,118
Total Domestic Equity	5,847,951
International Equity	
J.P. Morgan Asset Management	855,107
Lazard Asset Management, LLC	433,323
Mondrian Investment Partners, Ltd.	206,018
Franklin Templeton Investments	394,024
Progress Investment Management	166,062
State Street Global Advisors	146,511
Thornburg Investment Management	898,785
Total International Equity	3,099,830
Fixed Income	
Amalgamated Bank of Chicago	840,659
BNY Mellon CIS	177,607
Chicago Equity Partners	439,405
Great Lakes Advisors, Inc.	256,194
LM Capital Group, LLC	439,186
Morgan Stanley	437,990
NCM Capital	281,113
Northern Trust Quantitative Advisors	49,931
Progress Investment Management	146,541
State Street Global Advisors	66,113
Total Fixed Income	3,134,739

For year ended December 31, 2010

Asset Category	Manager Fees
Real Estate	
American Realty Advisors	$ 179,209
Capri Capital Partners	403,858
Cozad Asset Management, Inc.	189,391
John Buck Company	169,193
TIAA-CREF	155,724
Total Real Estate	1,097,375
Private Equity	
ARCH Venture Partners	168,965
Credit Suisse Securities	89,484
Evercore Partners	31,758
Evergreen Venture Partners	57,840
Frontenac Company	60,728
Lightspeed Venture Partners	95,519
Mesirow Financial Private Equity	268,663
Muller and Monroe Asset Management	19,352
Opus Capital Group	22,983
Pacific Venture Group	64,083
SB Partners Capital Fund, LP	7,671
SPC Capital Management	100,000
Trident Capital	77,545
William Blair & Company	28,763
Wind Point Partners	57,203
Total Private Equity	1,150,557
Total Investment Manager Expense	$ 14,330,452

Schedule of Brokerage Commissions

For year ended December 31, 2010

Broker Name	Number of Shares	Commissions	Cost per Share
Domestic Equity Commissions			
Cabrera Capital Markets*	6,369,239	$ 177,336	$0.028
Credit Suisse First Boston	4,975,605	156,296	0.031
Cheevers & Co., Inc.*	6,273,140	154,231	0.025
Guzman & Co.*	8,245,889	135,202	0.016
Loop Capital Markets, LLC*	3,544,406	100,224	0.028
Liquidnet Inc.	3,157,533	85,109	0.027
State Street Brokerage Services	8,242,923	81,999	0.010
UBS Securities LLC	48,073,059	81,744	0.002
Gardner Rich & Co.*	2,164,284	73,966	0.034
Merrill Lynch Securities	2,784,872	66,570	0.024
M. Ramsey King Securities, Inc.*	2,374,174	62,965	0.027
Williams Capital Group, LP*	2,585,805	62,059	0.024
Citigroup Global Markets, Inc.	2,409,768	61,697	0.026
Citation Group	1,528,545	60,932	0.040
M.R. Beal & Co.*	1,963,176	59,707	0.030
BNY Convergex	1,543,238	53,985	0.035
Podesta & Co.*	1,525,436	53,390	0.035
Melvin Securities, LLC*	1,416,984	47,491	0.034
Jefferies & Co., Inc.	19,134,699	42,388	0.002
J.P. Morgan Securities	1,090,358	41,657	0.038
William Blair & Co.	994,721	40,045	0.040
CAP Institutional Services, Inc.	943,892	37,708	0.040
Pacific American Securities, LLC	1,579,103	36,106	0.023
Robert W. Baird & Co., Inc.	897,023	34,823	0.039
King & Associates	900,879	33,970	0.038
Barclays Capital	915,011	31,963	0.035
Instinet Corp.	1,402,681	30,945	0.022
Sanford C. Bernstein & Co., Inc.	1,238,968	30,715	0.025
Cantor Fitzgerald & Co., Inc.	841,302	28,194	0.034
Investment Technology Group	1,046,617	25,965	0.025
Brokers with < $25,000 of Commissions	12,413,992	395,625	0.032
Total Domestic Equity Commissions	152,577,322	$2,385,007	$0.016

For year ended December 31, 2010

Broker Name	Number of Shares	Commissions	Cost per Share
International Equity Commissions			
Credit Suisse First Boston	7,589,240	$ 59,961	$0.008
Merrill Lynch Securities	3,258,114	56,385	0.017
Credit Agricole Cheuvreux	1,978,092	41,430	0.021
UBS Securities, LLC	3,549,290	38,943	0.011
Citigroup Global Markets, Inc.	3,055,882	26,948	0.009
Cabrera Capital Markets*	2,006,935	22,345	0.011
J.P. Morgan Securities	3,325,904	21,988	0.007
Morgan Stanley & Co.	2,922,337	21,105	0.007
Deutsche Bank Securities, Inc.	1,372,652	20,588	0.015
G-Trade Services LTD	2,288,946	19,051	0.008
Credit Lyonnais Securities	2,929,052	16,146	0.006
Brokers with < $15,000 of Commissions	21,975,854	187,379	0.009
Total International Equity Commissions	56,252,298	$532,269	$0.009

*Women/minority-owned brokerage firm. The Retirement Board's brokerage policy encourages investment manager, as they search for best possible trade execution, to utilize women/minority-owned enterprises, specifically firms headquartered in the State of Illinois.

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Actuarial Section

This section includes the actuarial reports and summaries actuarial liability and unfunded actuarial liability. Schedules of data summarizing information about members and beneficiaries, actuarial assumptions, principal provisions, and a glossary of terms are also included.

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Actuarial Certification

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

29 SOUTH LaSALLE STREET SUITE 735
CHICAGO, ILLINOIS 60603
PHONE (312) 726-5877 FAX (312) 726-4323

April 18, 2011

Board of Trustees
County Employees' and Officers' Annuity
and Benefit Fund of Cook County
33 North Dearborn Street, Suite 1000
Chicago, Illinois 60602

ACTUARIAL CERTIFICATION

We have completed the annual actuarial valuations of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Fund) as of December 31, 2010. We performed the following actuarial valuations: (1) an actuarial valuation of the pension benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 25, (2) an actuarial valuation of the retiree health insurance benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 43, and (3) a combined actuarial valuation of the pension and retiree health insurance benefits provided under the Fund to determine the financial condition and funding requirements of the Fund.

Since the effective date of the last actuarial valuation, Senate Bill 1946, which was signed into law on April 14, 2010 as Public Act 96-0889, created a "second tier" of reduced benefits for employees who first become participants under the fund on or after January 1, 2011.

We have used the same actuarial assumptions for the December 31, 2010 actuarial valuation as were used for the December 31, 2009 valuation. These actuarial assumptions are based on an experience analysis of the Fund over the period 2005 through 2008.

The funding objective of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period. Employer contributions come from a property tax levied by the County equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.54. The 1.54 is known as the tax multiple.

For the year beginning January 1, 2011 the net employer contribution to the Fund is expected to cover 31.1% of the actuarially determined contribution requirement. We have estimated that a tax multiple of 4.95 would have been required to have employer contributions cover the full actuarially determined contribution requirement for the year 2011.

Actuarial Certification (continued)

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

The entry age normal actuarial cost method was used for the December 31, 2010 actuarial valuation. This is the same actuarial cost method that was used for the December 31, 2009 valuation.

The asset values used for the valuation were based on the asset information contained in the audited financial statements for the Fund for the year ending December 31, 2010 For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

The valuation has been based on the membership data, which was supplied by the administrative staff of the Fund. We have made additional tests to ensure its accuracy.

The trend data schedules presented in the financial section of the Comprehensive Annual Financial Report (CAFR) were prepared by the staff of the Fund based on information contained in our actuarial reports. All exhibits, tables, schedules, and appendices included in the accompanying actuarial section were prepared by us based on information provided by the Fund.

The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement No. 25 and Governmental Accounting Standards Board (GASB) Statement No. 43.

In our opinion, the following valuation results fairly present the financial condition of the County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2010.

Respectfully submitted,

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff, A.S.A.
Associate Actuary

Actuary's Report - Pension Fund

A. Purpose and Summary

We have carried out an actuarial valuation of the County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2010. The purpose of the valuation was to determine the financial position and annual required contribution of the Fund for reporting purposes pursuant to GASB Statement No. 25. According to GASB Statement No. 25, postemployment healthcare benefits provided by the Fund are not included in this valuation. Pursuant to GASB Statement No. 43, postemployment health care benefits were valued separately and the results of that valuation are presented separately.

This report is intended to present the results of the valuation of the pension benefits provided by the Fund. The results of the valuation are summarized below:

1. Total Actuarial Liability	$12,023,222,885
2. Actuarial Value of Assets	7,982,368,659
3. Unfunded Actuarial Liability	4,040,854,826
4. Funded Ratio	66.4%
5. Annual Required Contribution	
For Year Beginning January 1, 2011	493,724,370

B. Data Used for the Valuation

Participant Data. The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of December 31, 2010, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 23,165 active contributors, 15,333 members receiving benefits, and 12,148 inactive members included in the valuation. The total active payroll as of December 31, 2010 was $1,494,093,569.

Exhibit 1

Summary of Membership Data

	Year Ending December 31, 2010	2009
1. Number of Members		
(a) Active Members		
(i) Vested	14,279	14,189
(ii) Non-vested	8,886	9,381
(iii) Total Active Members	23,165	23,570
(b) Members Receiving		
(i) Retirement Annuities	12,460	12,145
(ii) Surviving Spouse's Annuities	2,394	2,330
(iii) Children's Annuities	124	132
(iv) Ordinary Disability Benefits	337	298
(v) Duty Disability Benefits	18	10
(c) Inactive Members	12,148	11,826
(d) Total	50,646	50,311
2. Annual Salaries		
(a) Total Salary	$ 1,494,093,569	$ 1,498,161,713
(b) Average Salary	64,498	63,562
3. Total Accumulated Contributions of Active Members	$ 1,639,114,558	$ 1,581,323,838
4. Annual Benefit Payments Currently Being Made		
(a) Retirement Annuities	$ 406,441,204	$ 379,847,625
(b) Surviving Spouse's Annuities	30,699,418	27,650,792
(c) Children's Annuities	683,087	711,481
(d) Ordinary Disability Benefits	7,975,420	7,132,238
(e) Duty Disability Benefits	110,144	113,699
(f) Total Annual Benefit Payments	$ 445,909,273	$ 415,455,835

An age and service distribution for active members is provided in Exhibit 2.

Exhibit 2

Age and Service Distribution of Active Members

Year 2010
Number of Members and Average Salaries by Age and Service Grouping
(Male and Female Combined)

	Years of Service									
Age	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35+	Total
under 25	79	69	9							157
	$40,781	$37,663	$39,648							$39,346
25-29	369	738	218	21						1,346
	$42,581	$47,256	$49,752	$45,773						$46,355
30-34	213	781	958	280	8					2,240
	$56,751	$53,675	$58,574	$52,800	$51,713					$55,946
35-39	117	530	822	944	381	20				2,814
	$60,530	$63,112	$66,392	$62,522	$59,504	$54,550				$63,215
40-44	107	415	593	840	1,005	387	15			3,362
	$52,932	$61,096	$68,781	$67,424	$67,034	$60,771	$61,878			$65,514
45-49	81	318	509	617	934	887	318	14		3,678
	$58,400	$58,154	$66,115	$68,358	$70,429	$68,779	$65,918	$69,346		$67,366
50-54	86	249	386	603	769	777	612	154	2	3,638
	$64,044	$59,420	$64,053	$66,797	$70,757	$72,427	$73,149	$62,494	$72,412	$68,865
55-59	61	201	361	451	624	607	467	186	16	2,974
	$77,272	$68,305	$63,302	$68,754	$68,576	$72,801	$75,206	$68,613	$69,864	$70,036
60-64	27	117	270	332	401	305	181	83	53	1,769
	$80,724	$76,984	$69,159	$64,082	$66,596	$69,860	$66,701	$68,145	$71,205	$68,202
65-69	14	25	96	145	189	157	71	27	26	750
	$106,156	$72,881	$58,098	$63,608	$63,929	$61,842	$62,384	$72,969	$65,773	$64,013
70+	16	17	34	68	96	102	49	17	38	437
	$69,411	$75,880	$82,000	$54,086	$61,038	$56,584	$56,409	$60,576	$66,222	$61,345
Number	1,170	3,460	4,256	4,301	4,407	3,242	1,713	481	135	23,165
Salary	$54,270	$57,033	$63,662	$64,878	$67,639	$68,745	$70,662	$66,555	$68,615	$64,498

Actuary's Report - Pension Fund (continued)

Assets. In November of 1994, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 25, which establishes standards of financial reporting for governmental pension plans. The statement is effective for periods beginning after June 15, 1996. Under GASB Statement No. 25, the actuarial value of assets to be used for determining a plan's funded status and annual required contribution needs to be market related. In determining the actuarial value of assets, smoothing changes in the market value of assets over a period of three to five years is considered to be appropriate.

The asset values used for the valuation were based on the asset information contained in the financial statements for the Fund for the year ending December 31, 2010. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. The resulting actuarial value of assets is $7,982,368,659. The development of this actuarial value of assets is outlined in Exhibit 3. The market value of assets as of December 31, 2010 amounted to $7,574,653,612.

Exhibit 3

Actuarial Value of Assets

A. Development of Investment Gain (Loss) for 2010

1. Market Value of Assets as of 12/31/2009		$6,929,485,914
2. Employer and Miscellaneous Contributions		149,404,368
3. Employee Contributions		129,449,866
4. Benefits and Expenses		466,739,380
5. Expected Market Value (Based on 7.5% assumed rate of return)		7,254,393,892
6. Actual Market Value		7,574,653,612
7. Investment Gain (Loss) (6 – 5)		320,259,720

B. Development of Actuarial Value of Assets as of 12/31/10

8. Market Value of Assets as of December 31, 2010		$7,574,653,612
9. Investment Gain/(Loss) for 2007	(94,921,594)	
10. 20% of Gain/(Loss) for 2007		(18,984,319)
11. Investment Gain/(Loss) for 2008	(2,458,448,406)	
12. 40% of Gain/(Loss) for 2008		(983,379,362)
13. Investment Gain/(Loss) for 2009	564,068,096	
14. 60% of Gain/(Loss) for 2009		338,440,858
15. Investment Gain/(Loss) for 2010	320,259,720	
16. 80% of Gain/(Loss) for 2010		256,207,776
17. Actuarial Value of Assets as of December 31, 2010 (8 – 10 – 12– 14 – 16)		$7,982,368,659

C. Fund Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2010 as provided in Article 9 of the Illinois Pension Code. A summary of the principal provisions of the Fund on which the valuation was based is provided in Appendix 2.

D. Actuarial Assumptions and Cost Method

We have used the same actuarial assumptions for the December 31, 2010 actuarial valuation as were used for the December 31, 2009 valuation. These actuarial assumptions are based on an experience analysis of the Fund over the period of 2005 through 2008.

The actuarial assumptions used for the December 31, 2010 valuation are outlined in Appendix 1. In our opinion, the actuarial assumptions used for the valuation are reasonable, taking into account Fund experience and future expectations and represent our best estimate of anticipated experience.

The entry age actuarial cost method was used for the December 31, 2010 valuation, with costs allocated on the basis of earnings. This is the same actuarial cost method that was used for the December 31, 2009 valuation.

E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 4. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability.

As of December 31, 2010, the total actuarial liability is $12,023,222,885, the actuarial value of assets is $7,982,368,659 and the unfunded actuarial liability is $4,040,854,226. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 66.4%.

Exhibit 4

Actuarial Liability and Funded Status

	Year Ending December 31	
	2010	2009
1. Actuarial Liability For Active Members		
(a) Basic Retirement Annuity	$ 3,828,137,890	$ 3,732,821,619
(b) Automatic Increase in Retirement Annuity	1,161,328,844	1,131,101,648
(c) Additional Benefits Under Optional Plan	234,682,617	251,300,475
(d) Post-retirement Survivor's Annuity	402,528,524	391,208,092
(e) Pre-retirement Survivor's Annuity	115,746,084	114,461,202
(f) Lump Sum Payments and Refunds	197,552,750	201,856,754
(g) Total	$ 5,939,976,709	$ 5,822,749,790
2. Actuarial Liability For Members Receiving Benefits		
(a) Retirement Annuities	$ 3,587,423,273	$ 3,376,410,530
(b) Automatic Increase in Retirement Annuities	1,039,888,474	985,089,501
(c) Survivor Annuities to Survivors of Current Retirees	427,611,021	391,276,688
(d) Survivor Annuities to Current Survivors	314,026,356	286,053,742
(e) Lump Sum Death Benefits	4,841,463	4,686,502
(h) Total	$ 5,373,790,587	$ 5,043,516,963
3. Actuarial Liability For Inactive Members	709,455,589	622,814,545
4. Total Actuarial Liability	$12,023,222,885	$11,489,081,298
5. Actuarial Value of Assets	7,982,368,659	7,945,567,096
6. Unfunded Actuarial Liability	$ 4,040,854,226	$ 3,543,514,202
7. Funded Ratio	66.4%	69.2%

F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning January 1, 2011 is developed in Exhibit 5. The total normal cost is $291,978,289, employee contributions are estimated to be $127,182,931, resulting in the employer's share of the normal cost of $164,795,358.

Based on a payroll of $1,494,093,569 as of December 31, 2010, the employer's share of the normal cost can be expressed as 11.03% of payroll.

Exhibit 5

Employer's Normal Cost for Year Beginning January 1, 2011

	Dollar Amount	Percent of Payroll
1. Basic Retirement Annuity	$144,154,753	9.65%
2. Automatic Increase in Retirement Annuity	42,605,899	2.85
3. Additional Benefits Under Optional Plan	7,555,490	0.50
4. Post-retirement Survivor's Annuity	15,701,263	1.05
5. Pre-retirement Survivor's Annuity	7,497,389	0.50
6. Lump Sum Benefits and Refunds	61,416,141	4.11
7. Duty Disability Benefits	110,144	0.01
8. Ordinary Disability Benefits	7,975,420	0.53
9. Children's Benefits	683,087	0.05
10. Administrative Expenses	4,278,703	0.29
11. Total Normal Cost	$291,978,289	19.54%
12. Employee Contributions	127,182,931	8.51
13. Employer's Share of Normal Cost	$164,795,358	11.03%

Note. Normal costs for duty disability benefits, ordinary disability benefits, and children's benefits are calculated on an annual payout basis. The above figures are based on a total active payroll of $1,494,093,569 as of December 31, 2010.

Actuary's Report - Pension Fund (continued)

G. Anual Required Contribution for GASB Statement No. 25

GASB Statement No. 25 requires the disclosure of the annual required employer contribution (ARC), calculated in line within certain parameters. Pursuant to GASB Statement No. 25, we have calculated the annual required contribution for the year beginning January 1, 2011 as the employer's normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2011 for purposes of GASB Statement No. 25 is as follows:

1. Employer's normal cost	$164,795,358
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	328,929,012
3. Annual required contribution (1 + 2)	$493,724,370

H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 25 established financial reporting standards for defined benefit pension plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of six years, is to be provided in two schedules of historical trend information, as follows:

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and

2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2010 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 6 and 7.

We have also made calculations to determine the Net Pension Obligation (NPO) as of December 31, 2010. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 27 for calculating the NPO. According to GASB Statement No. 27, an employer's NPO is equal to the cumulative difference between the annual pension cost and the employer's contribution.

The Net Pension Obligation as of December 31, 2010 is determined in Exhibit 8.

Based on the results of the December 31, 2010 actuarial valuation, we have also prepared a Reconciliation of Change in Unfunded Actuarial Liability. This reconciliation shows the results of several kinds of gains and losses. This financial effect of the most significant gains and losses is illustrated in Exhibit 9.

The following information is applicable to the calculations of the information shown in Exhibits 6, 7, 8 and 9:

Valuation Date	December 31, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market value
Actuarial Assumptions	
Investment return rate	7.5% per year
Projected salary increases	5.0% per year
Inflation rate	3.0% per year
Postretirement benefit increase	3.0% per year

Exhibit 6

Schedule of Funding Progress

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2001	$ 6,678,219,689	$5,935,506,269	88.88%	$ 742,713,420	$1,274,942,064	58.25%
2002	7,846,307,991	5,861,233,506	74.70%	1,985,074,485	1,330,456,896	149.20%
2003	8,780,969,704	5,929,201,142	67.52%	2,851,768,562	1,307,079,312	218.18%
2004	9,450,784,086	6,700,845,111	70.90%	2,749,938,975	1,371,540,481	200.50%
2005	9,269,944,133	7,027,508,138	75.81%	2,242,435,995	1,387,459,142	161.62%
2006	8,826,581,465 [1]	7,462,683,122	84.55%	1,363,898,343 [1]	1,412,878,627	96.53% [1]
2007	9,386,287,797 [1]	8,059,879,804	85.87%	1,326,407,993 [1]	1,370,844,734	96.76% [1]
2008	10,097,027,865 [1]	8,036,074,797	79.59%	2,060,953,068 [1]	1,463,372,408	140.84% [1]
2009	11,489,081,298 [1]	7,945,567,096	69.16%	3,543,514,202 [1]	1,498,161,713	236.52% [1]
2010	12,023,222,885 [1]	7,982,368,659	66.39%	4,040,854,226 [1]	1,494,093,569	270.46% [1]

[1]Pension benefits only.

Exhibit 7

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
2001	$211,188,715	$161,141,138	76.30%
2002	253,942,375	178,410,973	70.26%
2003	364,658,305	185,608,032	50.90%
2004	457,427,014	201,957,937	44.15%
2005	428,971,126	218,292,478	50.89%
2006	282,223,686 [1]	198,619,984 [1]	70.38%
2007	287,061,532 [1]	230,114,335 [1]	80.16%
2008	283,892,734 [1]	150,227,360	52.92%
2009	352,850,988 [1]	152,506,089 [1]	43.22%
2010	454,327,461 [1]	144,539,577 [1]	31.81%

[1]Pension benefits only.

Exhibit 8

Net Pension Obligation as of December 31, 2010

1. NPO as of 12-31-2009	$1,204,758,282
2. Annual Required Contribution (ARC)	454,327,461
3. Interest on NPO	90,356,871
4. Adjustment to ARC	(98,068,364)
5. Annual Pension Cost for 2010 (2 + 3 + 4)	446,615,968
6. Total Employer Contribution for 2010	144,539,577
7. NPO as of 12-31-2010 (1 + 5 - 6)	$1,506,834,673

Exhibit 9

Reconciliation of Change in Unfunded Actuarial Liability

Over the Period January 1, 2010 to December 31, 2010
Pension Benefit Only for GASB Statement No. 25

1. Unfunded Actuarial Liability as of 01/01/10	$ 3,543,514,202
2. Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period 01/01/10 to 12/31/10	428,315,629
3. Actual Employer Contribution for the Year, Plus Interest	149,861,823
4. Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2 – 3)	278,453,806
5. Increase in Unfunded Liability Due to Investment Return Lower Than Assumed	364,312,504
6. Decrease in Unfunded Liability Due to Salary Increases Lower Than Assumed	(185,530,277)
7. Increase in Unfunded Liability Due to Other Sources	40,103,991
8. Net Increase in Unfunded Liability for theYear (4 + 5 + 6 + 7)	497,340,024
9. Unfunded Actuarial Liability as of December 31, 2010 (1 + 8)	$4,040,854,226

Actuary's Report - Health Insurance

A. Purpose and Summary

We have performed an actuarial valuation as of December 31, 2010 of the retiree health insurance benefits provided by the County Employees' Annuity and Benefit Fund of Cook County. The purpose of the valuation was to determine the total actuarial liability and annual required contribution for retiree health insurance benefits provided by the Fund for financial reporting purposes pursuant to GASB Statement No. 43. GASB Statement No. 43 does not apply to the funding of retiree health insurance benefits and valuations for funding purposes may differ significantly from the results presented here.

This report is intended to present the results of the valuation of the retiree health insurance benefits provided by the Fund for purposes of GASB Statement No. 43. The results of the valuation are summarized below:

1. Total Actuarial Liability	$1,724,622,462
2. Actuarial Value of Assets	0
3. Unfunded Actuarial Liability	1,724,622,462
4. Annual Required Contribution	
For Year Beginning January 1, 2011	165,176,711

B. Data Used for the Valuation

Participant Data. The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of December 31, 2010, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 23,165 active employees, 7,554 annuitants currently receiving benefits, and 1,284 terminated employees entitled to benefits but not yet receiving them.

Exhibit 1

Summary of Membership Data

	Year Ending December 31,	
	2010	2009
1. Annuitants Currently Receiving Benefits	7,554	7,367
2. Terminated Employees Entitled		
To Benefits But Not Yet Receiving Them	1,284	1,179
3. Active Employees	23,165	23,570
4. Total Number of Members	32,003	32,116

Assets. Assets are not being accumulated in advance for the payment of retiree health insurance benefits. The benefits are paid out of current year employer contributions. According to the Fund's financial statements, as of December 31, 2010, net assets of the postemployment healthcare plan were $0.

C. Program Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2010 as provided in Articles 9 of the Illinois Pension Code.

The Fund pays a portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. Currently, the Fund is paying 55% of the total premiums for retiree annuitants, including the cost of any family coverage, and 70% of the premiums for survivor annuitants, including the cost of any family coverage.

An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50. The surviving spouse of an employee who dies in service or of retiree in receipt of a retirement annuity is entitled to a surviving spouse's annuity.

D. Actuarial Assumptions and Cost Method

In performing the actuarial valuation of the retiree health insurance program for purposes of GASB Statement No. 43, we used such parameters and assumptions as are prescribed in GASB Statement No. 43 for actuarial valuations of retiree health insurance benefits. These parameters and assumptions are described below:

Under GASB Statement No. 43, if no assets have been accumulated under a retiree health insurance program, the interest rate assumption is to be based on the investments of the employer. As governmental employers are able to invest only in short term, fixed income securities, we have used an interest rate assumption of 4.5% per year in performing the actuarial valuation of the retiree health insurance program.

- One of the most important assumptions is the medical trend rate assumption used to increase per member medical costs in future years. The medical trend rate assumption that we have used starts at 8.0% in 2012 and gradually declines to 5.0% by the year 2018 as follows:

2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and later	5.0%

D. Actuarial Assumptions and Cost Method (continued)

Per Member Costs

Current Pensioners - We have been provided with information regarding premium rates as of January 1, 2011 for each pensioner currently participating in the retiree health insurance program. We applied the Fund's current reimbursement rates to these premiums to determine the per member cost to the Fund for pensioners currently participating in the retiree health insurance program.

Currently Active Employees - We have been provided with information regarding premium rates as of January 1, 2011 for each of the health insurance plans available to retirees and the number of retirees participating in each plan.

Based on this information, we developed average per member total costs to be used for currently active employees. We developed average per member total costs separately for the following categories:

	Average Total Monthly Cost Per Retiree
1. Employee retirees under age 65	$1,327.95
2. Spouse retirees under age 65	$1,190.91
3. Employee retirees over age 65	$ 618.58
4. Spouse retirees over age 65	$ 411.58

GASB Statement No. 43 provides projection of future retiree health care benefits should be based on actuarial standards issued by the Actuarial Standards Board. Actuarial Standards of Practice No. 6 provides that actuaries should consider the variation of health care costs by age and should use appropriate age bands if the costs vary significantly.

We have therefore developed age-adjusted costs per retiree that are equivalent to the above average costs per retiree by using the Aging Curve for Health Care Costs that is included in Table 4 of the study Aging Curves for Health Care Costs in Retirement, by Jeffrey P. Petertil, published in the July 2005 issue of the *North American Actuarial Journal*.

The percent increases in health care costs by age that are shown in Table 4 of the above paper are as follows:

Age Band	Representative One Year Aging Factor
50-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90 and over	0.0%

D. Actuarial Assumptions and Cost Method (continued)

Applying the previous rates of increases in health care costs by age, we developed costs per retiree by five-year age groups that were equivalent to the above average costs per retiree. This was done separately for the under age 65 costs per retiree and the over age 65 costs per retiree, for both employee retirees and spouse retirees. The cost per retiree by five-year age groups were developed so the total of the age-adjusted costs was equal to the total of the level average costs.

The age adjusted retiree monthly costs that we developed using the above approach are as follows:

Age Band	Age Adjusted Monthly Cost Per Employee Retiree	Age Adjusted Monthly Cost Per Spouse Retiree
50-54	$ 991.65	$ 950.53
55-59	$ 1,174.92	$ 1,126.20
60-64	$ 1,422.58	$ 1,363.60
65-69	$ 518.16	$ 321.00
70-74	$ 593.42	$ 367.63
75-79	$ 663.24	$ 410.88
80-84	$ 714.46	$ 442.61
85-89	$ 741.64	$ 459.45

In determining the costs to the Fund, we took into account that the Fund pays 55% of the total premiums for retirees and 70% of the total premiums for survivors.

Participation Rates - Based on current participation data, we have assumed future participation rates in the retiree health insurance program to be as follows:

Category	Participation Rate
Employee retirees under age 65	61%
Spouse retirees under age 65	33%
Employee retirees over age 65	51%
Spouse retirees over age 65	51%

Other Actuarial Assumptions - The other actuarial assumptions that we used in performing the actuarial valuation of the retiree health insurance benefits provided by the Fund are similar to the actuarial assumptions that we use in the actuarial valuation of pension benefits. These assumptions are outlined in Appendix 1.

The entry age actuarial cost method was used for the December 31, 2010 valuation. This is the same actuarial cost method that we use for the actuarial valuation of pension benefits provided by the Fund.

E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 2. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability.

As of December 31, 2010, the total actuarial liability for retiree health insurance benefits provided by the Fund is $1,724,622,462, the actuarial value of assets is $0 and the unfunded actuarial liability is $1,724,622,462.

Exhibit 2

Actuarial Liability and Funded Status

	Year Ending December 31,	
	2010	2009
1. Actuarial Liability For Active Members	$1,117,801,252	$ 1,098,621,105
2. Actuarial Liability For Members Receiving Benefits	606,821,210	588,250,913
3. Total Actuarial Liability	$1,724,622,462	$1,686,872,018
4. Actuarial Value of Assets	0	0
5. Unfunded Actuarial Liability	$1,724,622,462	$1,686,872,018

F. Normal Cost

The normal cost for the year beginning January 1, 2011 is shown below. The total normal cost is $61,802,344. Based on a payroll of $1,494,093,569 as of December 31, 2010, the total normal cost can be expressed as 4.14% of payroll.

Normal Cost for Year Beginning January 1, 2011

	Dollar Amount	Percent of Payroll
Total Normal Cost	$61,802,344	4.14%

G. Annual Required Contribution for GASB Statement No. 43

Pursuant to GASB Statement No. 43, we have calculated the annual required contribution for the year beginning January 1, 2011 as the normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2011 for purposes of GASB Statement No. 43 is as follows:

	Year Ending December 31,
	2010
1. Total Normal Cost	$ 61,802,344
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	103,374,427
3. Annual required contribution (1 + 2)	$165,176,771

H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 43 established financial reporting standards for retiree health insurance plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of three years, is to be provided in two schedules of historical trend information, as follows:

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and

2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2010 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 3 and 4.

We have also made calculations to determine the Net OPEB Obligation (NOO) as of December 31, 2010. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 45 for calculating the NOO. According to GASB Statement No. 45, an employer's NOO is equal to the cumulative difference between the annual OPEB cost and the employer's contribution.

H. GASB Disclosure Information (continued)

The Net OPEB Obligation as of December 31, 2010 is determined in Exhibit 5.

Based on the results of the December 31, 2010 actuarial valuation, we have also prepared a Reconciliation of Change in Unfunded Actuarial Liability. This reconciliation shows the results of several kinds of gains and losses. This financial effect of the most significant gains and losses is illustrated in Exhibit 6.

The following information is applicable to the calculations of the information shown in Exhibits 3, 4, 5 and 6:

Valuation Date	December 31, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Actuarial Assumptions	
Investment return rate	4.5% per year
Inflation rate	3.0% per year
Increases in Postretirement health care costs	
2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and later	5.0%

Exhibit 3

Schedule of Funding Progress

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2006	$1,506,821,967	-	0.00%	$1,506,821,967	$1,412,878,627	106.65%
2007	1,554,123,496	-	0.00%	1,554,123,496	1,370,844,734	113.37%
2008	1,448,828,756	-	0.00%	1,448,828,756	1,463,372,408	99.01%
2009	1,686,872,018	-	0.00%	1,686,872,018	1,498,161,713	112.60%
2010	1,724,622,462	-	0.00%	1,724,622,462	1,494,093,569	115.43%

Exhibit 4

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
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%

Exhibit 5

Net OPEB Obligation as of December 31, 2010

1. NOO as of 12-31-2009	$252,255,127
2. Annual Required Contribution (ARC)	163,823,488
3. Interest on NOO	11,351,481
4. Adjustment to ARC	(15,120,254)
5. Annual OPEB Cost for 2010 (2 + 3 + 4)	160,054,715
6. Total Employer Contribution for 2010	40,183,057
7. NOO as of 12-31-2010 (1 + 5 - 6)	$372,126,785

Exhibit 6

Reconciliation of Change in Unfunded Actuarial Liability

Over the Period January 1, 2010 to December 31, 2010
Retiree Health Insurance Only for GASB Statement No. 43

1.	Unfunded Actuarial Liability as of 01/01/10	$ 1,686,872,018
2.	Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period 01/01/10 to 12/31/10	138,364,172
3.	Actual Employer Contribution for the Year, Plus Interest	41,077,227
4.	Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2 – 3)	97,286,945
5.	Decrease in Unfunded Liability Due to Increases In Premiums Lower Than Assumed	(32,540,047)
6.	Decrease in Unfunded Liability Due to Other Sources	(26,996,454)
7.	Net Increase in Unfunded Liability for the Year (4 + 5 + 6)	37,750,444
8.	Unfunded Actuarial Liability as of December 31, 2010 (1 + 7)	$ 1,724,622,462

Additional Actuarial Tables

TABLE I

Schedule of Active Member Valuation Data-

Pension Fund

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/05	25,726	$ 1,387,459,142	$ 53,932	1.6%
12/31/06	25,555	1,412,878,627	55,288	2.5%
12/31/07	23,456	1,370,844,734	58,443	5.7%
12/31/08	23,436	1,463,372,408	62,441	6.8%
12/31/09	23,570	1,498,161,713	63,562	1.8%
12/31/10	23,165	1,494,093,569	64,498	1.5%

TABLE II

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls-

Pension Fund

	Added to Rolls		Removed from Rolls		Rolls-End-of Year		Average	% Increase in Average
Year Ended	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Annual Benefit	Annual Benefit
2005	633	$19,156,511	533	$8,052,936	13,445	$309,388,643	$23,011	3.0%
2006	689	21,223,721	424	8,871,159	13,710	321,741,205	23,468	2.0%
2007	910	37,609,335	602	9,344,686	14,018	350,005,854	24,968	6.4%
2008	791	32,064,586	517	8,641,406	14,292	373,429,034	26,129	4.6%
2009	693	43,524,587	510	9,455,204	14,475	407,498,417	28,152	7.7%
2010	917	40,259,064	538	10,616,859	14,854	437,140,622	29,429	4.5%

TABLE III

Schedule of Retirees and Beneficiaries Added To and Removed From Rolls-

Health Insurance

	Added to Rolls		Removed from Rolls		Rolls End of Year		Average	% Increase in Average
Year Ended	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Annual Benefit	Annual Benefit
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	382	$2,582,104	288	$2,606,859	7,094	$30,642,245	$4,319	N/A
2007	544	9,141,503	422	2,503,304	7,216	37,280,444	5,166	19.6%
2008	446	6,154,754	362	2,954,855	7,300	40,480,343	5,545	7.3%
2009	428	4,633,172	361	3,680,293	7,367	41,433,222	5,624	1.4%
2010	539	6,120,411	352	2,652,832	7,554	44,900,801	5,944	5.7%

N/A - Not available

Additional Actuarial Tables (continued)

TABLE IV

Solvency Test-Pension Fund

Fiscal Year Ended	Accrued Liabilities for (1) Active and Inactive Members Accumulated Contributions	(2) Members Currently Receiving Benefits	(3) Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2005	$1,322,128,598	$4,023,901,896 [1]	$3,923,913,639 [1]	$7,027,508,138	100%	100%	43%
2006	1,496,918,427	3,738,360,199	3,591,302,839	7,462,683,122	100%	100%	62%
2007	1,569,401,144	4,035,560,084	3,781,326,569	8,059,879,804	100%	100%	65%
2008	1,650,186,209	4,258,683,439	4,188,158,217	8,036,074,797	100%	100%	51%
2009	1,749,058,834	5,043,516,963	4,696,505,501	7,945,567,096	100%	100%	25%
2010	1,824,472,753	5,373,790,587	4,824,959,545	7,982,368,659	100%	100%	16%

1. Combined Benefits

TABLE V

Solvency Test-Health Insurance

Fiscal Year Ended	Accrued Liabilities for (1) Active and Inactive Members Accumulated Contributions	(2) Members Currently Receiving Benefits	(3) Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2005	Not available as GASB 43 was not effective until 2006.						
2006	$ -	$517,545,292	$989,276,675	$ -	0%	0%	0%
2007	-	573,053,947	981,069,549	-	0%	0%	0%
2008	-	513,723,492	935,105,264	-	0%	0%	0%
2009	-	588,250,913	1,098,621,105	-	0%	0%	0%
2010	-	606,821,210	1,117,801,252	-	0%	0%	0%

Additional Information

Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method

The actuarial assumptions used for the December 31, 2010 actuarial valuation are summarized below. These assumptions are based on an experience analysis of the Fund over the period 2005 through 2008. The assumptions were adopted by the Board as of December 31, 2009 based on the recommendation of the actuary.

Mortality Rates. The UP-1994 Mortality Table for Males, rated down 2 years, and the UP-1994 Mortality Table for Females, rated down 1 year.

Termination Rates. Termination rates based on the recent experience of the Fund were used.
The following is a sample of the termination rates used:

Rates of Termination - Age at Entrance

Attained	Males			Females		
Age	27	32	37	27	32	37
27	.145			.183		
32	.116	.165		.117	.165	
37	.030	.105	.141	.030	.093	.114
42	.030	.030	.085	.030	.030	.060
47	.030	.030	.030	.030	.030	.030

Retirement Rates. Rates of retirement for each age from 50 to 75 based on the recent experience of the Fund. The following are samples of the rates of retirement used:

Less Than 30 Years of Service at Retirement

	Rates of Retirement	
Age	Males	Females
50	.010	.012
55	.060	.072
60	.250	.216
65	.150	120
70	.250	.200
75	1.000	1.000

Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method (continued)

30 or More Years of Service at Retirement

	Rates of Retirement	
Age	**Males**	**Females**
50	.150	.128
55	.300	.213
60	.375	.230
65	.270	.120
70	.450	.200
75	1.000	1.000

Retirement Rates for Deputy Sheriffs Who Are Members of the Cook County Police Department With 20 or More Years of Service at Retirement

	Rates of Retirement	
Age	Males	Females
50	.211	.211
55	.169	.169
60	.382	.382
65	1.000	1.000

Salary Progression. 5.0% per year, compounded annually.

Interest Rate. For the Pension Fund valuation, 7.5% per year, compounded annually. For the Health Insurance valuation, 4.5% per year, compounded annually.

Loading For Reciprocal Benefits. Costs and liabilities of active employees were loaded by 1% for reciprocal annuities where the County is the last employer. It was assumed that 50% of inactive members with one or more year of service would receive a reciprocal annuity where the County is not the last employer. These reciprocal annuities were valued as of the member's retirement date as 10 times an inactive member's accumulated contributions.

Marital Status. 85% of participants were assumed to be married.

Spouse's Age. The spouse of a male employee was assumed to be four years younger than the employee. The spouse of a female employee was assumed to be four years older than the age of the employee.

Actuarial Cost Method. The entry age actuarial cost method was used, with costs allocated on the basis of earnings. Actuarial gains and losses are reflected in the unfunded actuarial liability and are amortized over an open 30-year period.

Appendix 2: Summary of Principal Provisions

Participant. A person employed by the County whose salary or wages is paid in whole or in part by the County. An employee in service on or after January 1, 1984 shall be deemed as a participant regardless of when he or she became an employee.

Service. For all purposes except the minimum retirement annuity and ordinary disability benefit, service during four months in any calendar year constitutes one year of service. For the minimum retirement annuity, all service is computed in whole calendar months. Service for any 15 days in a calendar month shall constitute a month of service.

For purposes of the minimum retirement annuity, service shall include:

a. Any time during which the employee performed the duties of his or her position and contributed to the Fund.
b. Vacations and leaves of absence with whole or part pay.
c. Periods during which the employee receives a disability benefit from the Fund, and
d. Certain periods of accumulated sick leave.

Retirement Annuity – Eligibility. An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50.

Retirement Annuity – Amount

Money Purchase Annuity. The amount of annuity based on the sum accumulated from the employee's salary deductions for age and service annuity plus 1/10 of the sum accumulated from the contributions by the County for age and service annuity for each completed year of service after the first 10.

Minimum Formula Annuity. The amount of annuity provided is equal to 2.4% of final average salary for each year of service. Final average salary is the highest average monthly salary for any 48 consecutive months within the last 10 years of service. Salary for pension purposes is actual salary earned exclusive of overtime or extra salary. The maximum amount of annuity is 80% of final average salary.

If an employee retires before age 60, the annuity is reduced by .5% for each full month or fraction thereof that the employee is under age 60 when the annuity begins, unless the employee has 30 or more years of service, in which case there is no reduction for retirement before age 60.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the employee is entitled to receive the Minimum Formula Annuity.

Automatic Increase in Retirement Annuity. Employees who retire from service having attained age 60 or more, or, if retirement occurs on or after January 1, 1991, with at least 30 years of service, 3% of the annuity beginning January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60 with less than 30 years of service, increases begin in January of the year immediately following the year in which age 60 is attained. Beginning January 1, 1998, increases are calculated as 3% of the monthly annuity payable at the time of the increase.

Appendix 2: Summary of Principal Provisions (continued)

Optional Plan of Contributions and Benefits. During the period through June 30, 2005, an employee may establish optional credit for additional benefits by making additional contributions of 3% of salary. The additional benefit is equal to 1% of final average salary for each year of service for which optional contributions have been paid. The additional benefit shall be included in the calculation of the automatic annual increase and the calculation of the survivor's annuity.

Alternate Annuity for County Officers. An alternate annuity is available for County Officers elected on or before January 1, 2008. The amount of this alternate annuity is equal to 3% of final salary for the first 8 years of service, 4% for the next 4 years of service, and 5% thereafter, subject to a maximum of 80% of final salary. The elected County Officer is required to contribute an additional 3% of salary to be eligible for the alternate annuity. The alternate survivor's annuity for survivors of elected County Officers is 66 2/3% of the amount of the elected County Officer's earned retirement annuity on the date of death, subject to a minimum payment of 10% of salary.

Annuities for Members of the Cook County Police Department. In lieu of the regular of minimum retirement annuity, a deputy sheriff who is a member of the County Police Department may be entitled to the following annuity:

Upon withdrawal from service after having attained age 50 in service with 20 or more years of service credit as a police officer, the officer shall be entitled to an annuity computed as follows: 50% of final average salary, plus 2% of final average salary for each year of service in excess of 20 years, subject to a maximum of 80% of final average salary.

Surviving Spouse's Annuity – Death in Service

Money Purchase Annuity. The amount of annuity based on the accumulated salary deductions and County contributions for both the employee and the spouse.

Minimum Formula Annuity. A minimum annuity is provided for the eligible surviving spouse of an employee who dies in service with any number of years of service. The amount of such minimum spouse's annuity is equal to 65% of the annuity the employee would have been entitled to as of the date of death, provided the spouse on such date is age 55 or older, or that the employee had 30 or more years of service. If the spouse is under age 55 and the employee had less than 30 years of service, the amount of the spouse's annuity shall be discounted by .5% for each month that the spouse is less than age 55 on the date of the employee's death. The amount of the surviving spouse's annuity shall not be less than 10% of the employee's final average salary as of the date of death.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the surviving spouse shall be entitled to receive the Minimum Formula Annuity.

Surviving Spouse's Annuity – Death after Retirement. The amount of the annuity is the greater of the money purchase annuity or the minimum formula. The surviving spouse of an annuitant who dies on or after July 1, 2002 shall be entitled to an annuity of 65% of the employee's annuity at the time of death if the employee had at least 10 years of service, reduced by .5% per month that the spouse is under age 55 at the time of the employee's death. There is no reduction for age if the employee had at least 30 years of service.

Appendix 2: Summary of Principal Provisions (continued)

Automatic Annual Increase in Surviving Spouse's Annuity. On the January 1 occurring on or immediately after the first anniversary of the deceased employee's death, the surviving spouse's annuity shall be increased by 3% of the amount of annuity payable at the time of the increase. On each January 1 thereafter, the annuity shall be increased by an additional 3% of the amount of annuity payable at the time of the increase.

Child's Annuity. Annuities are provided for unmarried children of a deceased employee who are under age 18. An adopted child is entitled to the child's annuity if such child was legally adopted at least one year before the child's annuity becomes payable. The child's annuity is payable under the following conditions:

a. the death of the employee was a duty related death; or
b. if the death is not a duty related death, the employee died while in service and had completed at least four years of a service from the date of his or her original entrance in service and at least two years from the latest re-entrance: or
c. if the employee died while in receipt of an annuity, he or she must have withdrawn from service after attainment of age 50

The amount of the annuity is the greater of 10% of the employee's final salary at the date of death or $140 per month for each child.

Duty Disability Benefits. Duty disability benefits are payable to an employee who becomes disabled as a result of an accidental injury incurred while in the performance of an act of duty. Benefits begin on the first regular and normal work date for which the employee does not receive a salary. The amount of the duty disability benefit is equal to 75% of the employee's salary at the date of injury, reduced by the amount the employee receives from Workers' Compensation. However, if the disability, in any measure has resulted from any physical defect or disease that existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary. The Fund contributes the 8.5% (9% for County Police) of salary normally contributed by the employee for pension purposes.

If the disability commences prior to age 60, duty disability benefits are payable during disability until the employee attains age 65. If the disability begins after age 60, the benefit is payable during disability for a period of 5 years.

Recipients of duty disability benefits also have a right to receive child's disability benefits of $10 per month on account of each unmarried child less than age 18. Total children's disability benefits shall not exceed 15% of the employee's salary.

Ordinary Disability Benefits. Ordinary disability benefits are provided for employees who become disabled as the result of any cause other than injury incurred in the performance of an act of duty. The amount of the benefit is 50% of the employee's annual salary at the time of disability. The Fund contributes the 8.5% (9% for County Police) of salary normally contributed by the employee for pension purposes.

Ordinary disability benefits are payable after the first 30 days of disability provided the employee is not then in receipt of salary. Ordinary disability benefits are payable until the first of the following shall occur:

a. the disability ceases; or
b. the date that total payments equal the lesser of (1) ¼ of the total service rendered prior to disability, and (2) five years.

An employee unable to return to work at the expiration of ordinary disability benefit is entitled to an annuity beginning on the date of the employee's withdrawal from service regardless of age on such date.

Appendix 2: Summary of Principal Provisions (continued)

Death Benefit. Upon the death of an active or retired employee, a death benefit of $1,000 is payable to the employee's designated beneficiary or to the employee's estate if no beneficiary has been designated.

Group Health Benefits. The Fund may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. Currently, the Fund is paying 55% of the premiums for retiree annuitants and 70% of the premiums for survivor annuitants.

Refund to Employee Upon Withdrawal From Service. Upon withdrawal from service, an employee under the age of 55, or anyone with less than 10 years of service is eligible for a refund. The employee is entitled to a refund of the amount accumulated to his or her credit for age and service annuity and the survivor's annuity together with the total amount contributed for the automatic annual increase, without interest. Upon receipt of such refund, the employee forfeits all rights to benefits from the Fund.

Election of Refund in Lieu of Annuity. If an employee's annuity or spouse's annuity is less than $150 per month, such employee or spouse annuitant may elect a refund of the employee's accumulated contributions in lieu of a monthly annuity.

Refund For Surviving Spouse's Annuity. If an employee is unmarried at the time of retirement, all contributions for surviving spouse's annuity will be refunded with interest at the rate of 3% per year, compounded annually.

Refund of Remaining Amounts. In the event that the total amount accumulated to the account of employee from employee contributions for annuity purposes has not been paid to the employee and surviving spouse as a retirement or surviving spouse's annuity before the death of the survivor of the employee and spouse, a refund of any excess amount shall be paid to the children of the employee, in equal parts, or if there are no children, to the beneficiaries of the employee or the administrator of the estate.

Employee Contributions. Employees contribute through salary deductions 8.5% (9% for County Police) of salary to the Fund, 6.5% (7% for County Police) being for the retirement annuity, 1.5% being for the surviving spouse's annuity, and .5% being for the automatic increase in retirement annuity.

Employer Contributions. The County levies a tax annually equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.54.

Employer Pick-up of Employee Contributions. Since April 15, 1982, regular employee contributions have been designated for federal income tax purposes as being made by the employer. The employee's W-2 salary is therefore reduced by the amount of contribution. For pension purposes, the salary remains unchanged. For purposes of benefits, refunds, and financing, these contributions are treated as employee contributions.

Appendix 3: Glossary of Terms Used in Report

1. **Actuarial Present Value.** The value of an amount or series of amounts payable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

2. **Actuarial Cost Method or Funding Method.** A procedure for determining the actuarial present value of pension plan benefits and for determining an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an actuarial accrued liability.

3. **Normal Cost.** That portion of the present value of pension plan benefits, which is allocated to a valuation year by the actuarial cost method.

4. **Actuarial Accrued Liability or Accrued Liability.** That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension benefits which is not provided for by future normal costs.

5. **Actuarial Value of Assets.** The value assigned by the actuary to the assets of the pension plan for purposes of an actuarial valuation.

6. **Unfunded Actuarial Liability.** The excess of the actuarial liability over the actuarial value of assets.

7. **Entry Age Actuarial Cost Method.** A cost method under which the present value of the projected benefits of each individual included in an actuarial valuation is allocated as a level dollar amount or level percent of the individual's earnings between entry age and assumed exit age. The portion of this actuarial present value of benefits allocated to a valuation year is called the normal cost. The portion of this actuarial present value of benefits not provided at a valuation date by the actuarial present value of future value of normal costs is called the actuarial liability.

Under this method, the actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial liability.

8. **Actuarial Assumptions.** Assumptions as to future events affecting pension costs.

9. **Actuarial Valuation.** The determination, as of the valuation date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for a pension plan.

10. **Vested Benefits.** Benefits that are not contingent on an employee's future service.

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Statistical Section

This section includes information about the County Employees' and Officers' Annuity and Benefit Fund of Cook County changes in Net Assets for the last 10 years. It also includes summaries of statistical information about the participating members, annuitants, and the benefits paid to them.

Statement of Changes in Plan Net Assets - Pension

For year ended December 31, 2010, with comparative totals for 9 years

	2010	2009	2008	2007	2006
Additions:					
Employer contributions	$141,326,266	$ 147,934,643	$ 146,134,911	$ 226,721,014	$ 194,367,840
Employee contributions	129,449,866	127,795,881	123,776,705	123,047,516	121,672,773
Net investment and net securities lending income (loss)	833,052,844	1,013,615,250	(1,858,853,846)	476,910,124	749,245,001
Other	8,078,102	6,087,899	4,382,353	4,142,324	5,433,125
Total additions	1,111,907,078	1,295,433,673	(1,584,559,877)	830,820,978	1,070,718,739
Deductions:					
Benefits					
Retirement	393,525,707	369,226,987	347,922,288	324,724,997	301,803,116
Survivors	30,307,794	27,837,079	25,815,860	23,645,235	21,459,472
Disability	13,789,106	13,510,567	13,234,974	13,038,555	11,722,480
Refunds					
Death	5,569,966	3,424,156	3,565,245	3,997,807	4,101,200
Separation	12,704,374	11,582,869	15,322,631	56,013,958	17,564,604
Other	6,767,478	5,397,886	5,836,226	6,611,592	3,256,405
Net adminstrative and miscellaneous expenses	4,074,955	4,248,287	4,172,536	3,866,188	3,979,155
Total deductions	466,739,380	435,227,831	415,869,760	431,898,332	363,886,432
Net increase (decrease)	645,167,698	860,205,842	(2,000,429,637)	398,922,646	706,832,307
Net assets held in trust for benefits:					
Beginning of period	6,929,485,914	6,069,280,072	8,069,709,709	7,670,787,063	6,963,954,756
End of period	$7,574,653,612	$6,929,485,914	$6,069,280,072	$8,069,709,709	$7,670,787,063

* Refund breakout for 2004 is unavailable due to the transition to a new actuary.

For year ended December 31, 2010, with comparative totals for 9 years

	2005	2004	2003	2002	2001
Additions:					
Employer contributions	$ 186,540,579	$ 161,453,318	$ 148,663,398	$ 151,080,434	$ 135,829,461
Employee contributions	174,213,741	148,991,804	140,073,582	147,031,109	125,798,208
Net investment and net securities lending income (loss)	324,731,939	571,265,643	883,619,351	(382,116,211)	(37,961,948)
Other	6,977,513	6,162,602	4,566,060	3,744,422	4,417,929
Total additions	692,463,772	887,873,367	1,176,922,391	(80,260,246)	228,083,650
Deductions:					
Benefits					
Retirement	289,176,133	279,822,990	258,423,996	176,814,563	168,814,760
Survivors	19,473,853	17,403,574	15,019,947	13,330,158	12,258,733
Disability	11,359,918	10,748,121	9,993,939	11,178,485	10,286,282
Refunds					
Death	2,862,768	N/A	2,999,393	3,175,669	2,792,650
Separation	17,289,173	N/A	14,008,994	15,069,268	17,790,429
Other	2,889,802	18,049,094 *	27,201,566	2,009,599	1,691,610
Net adminstrative and miscellaneous expenses	4,398,437	6,780,941	7,255,667	6,394,921	5,001,480
Total deductions	347,450,084	332,804,720	334,903,502	227,972,663	218,635,944
Net increase (decrease)	345,013,688	555,068,647	842,018,889	(308,232,909)	9,447,706
Net assets held in trust for benefits:					
Beginning of period	6,618,941,068	6,063,872,421	5,221,853,532	5,530,086,441	5,520,638,735
End of period	$6,963,954,756	$6,618,941,068	$6,063,872,421	$5,221,853,532	$5,530,086,441

* Refund breakout for 2004 is unavailable due to the transition to a new actuary.

Statement of Changes in Plan Net Assets - Postemployment Healthcare

For year ended December 31, 2010, with comparative totals for 9 years

	2010	2009	2008	2007	2006
Additions:					
Employer contributions	$40,183,057	$35,779,227	$37,781,310	$31,420,216	$26,818,379
Other	4,717,744	5,653,995	2,699,033	5,860,228	3,823,866
Total additions	44,900,801	41,433,222	40,480,343	37,280,444	30,642,245
Deductions:					
Healthcare Benefits	44,900,801	41,433,222	40,480,343	37,280,444	30,642,245
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	-	-	-	-	-
End of period	$ -	$ -	$ -	$ -	$ -

Statement of Changes in Plan Net Assets - Postemployment Healthcare (continued)

For year ended December 31, 2010, with comparative totals for 9 years

	2005	2004	2003	2002	2001
Additions:					
Employer contributions	$28,308,863	$36,663,724	$32,378,575	$23,919,030	$21,150,226
Other	-	-	-	-	-
Total additions	28,308,863	36,663,724	32,378,575	23,919,030	21,150,226
Deductions:					
Healthcare Benefits	28,308,863	36,663,724	32,378,575	23,919,030	21,150,226
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	-	-	-	-	-
End of period	$ -	$ -	$ -	$ -	$ -

Schedule of Retired Members by Benefit Type - Pension

As of December 31, 2010

	Retirement		Survivor		Total	
Monthly Pension Amount	Males	Females	Males	Females	Males	Females
$ 0 - 499	468	1,117	145	618	613	1,735
$ 500 - 999	444	915	171	521	615	1,436
$ 1,000 - 1,499	382	870	93	259	475	1,129
$ 1,500 - 1,999	406	791	41	179	447	970
$ 2,000 - 2,499	386	793	23	109	409	902
$ 2,500 - 2,999	350	568	18	99	368	667
$ 3,000 - 3,499	394	581	9	45	403	626
$ 3,500 - 3,999	380	376	4	28	384	404
$ 4,000 - 4,499	458	288	1	13	459	301
$ 4,500 - 4,999	353	251	0	3	353	254
$ 5,000 - 5,499	358	257	0	3	358	260
$ 5,500 - 5,999	214	245	1	1	215	246
$ 6,000 - 6,499	142	120	0	0	142	120
$ 6,500 - 6,999	116	65	0	3	116	68
$ 7,000 - 7,499	52	55	0	1	52	56
$ 7,500 - 7,999	33	11	0	0	33	11
$ 8,000 - 8,499	12	8	1	1	13	9
$ 8,500 - 8,999	15	3	0	1	15	4
$ 9,000 +	130	53	0	3	130	56
Total	5,093	7,367	507	1,887	5,600	9,254

Schedule of Retired Members by Benefit Type - Postemployment Healthcare

As of December 31, 2010

	Retirement		Survivor		Total	
Monthly Pension Amount	Males	Females	Males	Females	Males	Females
$ 0 - 499	14	51	24	154	38	205
$ 500 - 999	73	210	51	248	124	458
$ 1,000 - 1,499	129	371	44	169	173	540
$ 1,500 - 1,999	180	481	16	115	196	596
$ 2,000 - 2,499	214	537	13	73	227	610
$ 2,500 - 2,999	216	410	12	77	228	487
$ 3,000 - 3,499	254	441	5	36	259	477
$ 3,500 - 3,999	255	271	3	21	258	292
$ 4,000 - 4,499	295	223	1	11	296	234
$ 4,500 - 4,999	253	192	0	3	253	195
$ 5,000 - 5,499	259	195	0	2	259	197
$ 5,500 - 5,999	147	201	1	1	148	202
$ 6,000 - 6,499	104	97	0	0	104	97
$ 6,500 - 6,999	85	55	0	2	85	57
$ 7,000 - 7,499	36	42	0	1	36	43
$ 7,500 - 7,999	21	6	0	0	21	6
$ 8,000 - 8,499	7	4	1	1	8	5
$ 8,500 - 8,999	13	2	0	1	13	3
$ 9,000 +	83	39	0	2	83	41
Total	2,638	3,828	171	917	2,809	4,745

Schedule of Average Benefit Payments-Pension

		Years of Credited Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30+
2001	Average Monthly Pension	274	582	1,076	1,498	1,765	3,705	3,541
	Average Monthly Final Average Salary	N/A	N/A	3,707	3,739	3,382	5,913	4,798
	Number of New Retirees	106	89	66	36	40	25	79
2002	Average Monthly Pension	320	711	1,240	1,728	2,843	3,278	3,512
	Average Monthly Final Average Salary	N/A	N/A	3,795	3,863	6,366	5,151	4,898
	Number of New Retirees	113	59	76	41	21	29	71
2003	Average Monthly Pension	269	727	1,395	2,437	3,606	4,010	3,757
	Average Monthly Final Average Salary	N/A	N/A	4,222	4,667	4,999	5,461	4,999
	Number of New Retirees	287	100	154	132	908	647	391
2004	Average Monthly Pension	293	771	1,514	1,983	3,409	3,638	3,595
	Average Monthly Final Average Salary	N/A	N/A	4,562	4,579	4,475	5,236	5,181
	Number of New Retirees	123	63	139	82	42	27	52
2005	Average Monthly Pension	342	1,071	1,529	2,362	2,768	4,188	3,708
	Average Monthly Final Average Salary	N/A	N/A	4,265	4,608	4,699	5,464	5,166
	Number of New Retirees	110	50	112	84	41	25	43
2006	Average Monthly Pension	363	1,280	1,821	2,248	2,843	3,689	4,094
	Average Monthly Final Average Salary	N/A	N/A	5,052	4,516	4,880	6,252	4,946
	Number of New Retirees	80	55	110	111	68	39	46
2007	Average Monthly Pension	355	1,016	1,921	2,543	3,404	4,034	4,477
	Average Monthly Final Average Salary	N/A	N/A	5,435	5,138	5,506	5,421	5,907
	Number of New Retirees	71	65	156	158	127	59	119
2008	Average Monthly Pension	382	1,368	1,871	2,751	3,394	4,441	4,575
	Average Monthly Final Average Salary	N/A	N/A	5,719	5,540	5,682	6,219	6,048
	Number of New Retirees	69	43	121	128	121	76	91
2009	Average Monthly Pension	302	1,311	2,055	2,671	3,682	3,854	4,491
	Average Monthly Final Average Salary	N/A	N/A	6,649	5,778	6,095	5,931	5,992
	Number of New Retirees	58	30	77	96	100	59	120
2010	Average Monthly Pension	335	1,144	1,855	2,598	3,349	3,968	4,278
	Average Monthly Final Average Salary	5,927	6,780	5,616	5,512	5,319	5,466	5,408
	Number of New Retirees	74	38	92	122	153	72	176

N/A - Not Available

Schedule of Average Benefit Payments-Postemployment Healthcare

		Years of Credited Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30+
2001	Average Monthly Pension	0	607	1,054	1,406	1,732	3,655	3,537
	Average Monthly Final Average Salary	0	N/A	3,447	3,754	3,431	5,947	4,770
	Number of New Retirees	0	8	37	26	24	21	57
2002	Average Monthly Pension	150	1,197	1,344	1,787	2,353	3,254	3,619
	Average Monthly Final Average Salary	N/A	N/A	3,877	4,174	4,140	5,217	5,107
	Number of New Retirees	2	4	45	27	10	23	55
2003	Average Monthly Pension	476	739	1,517	2,478	3,543	3,963	3,770
	Average Monthly Final Average Salary	N/A	N/A	4,233	4,617	5,479	5,442	4,959
	Number of New Retirees	3	9	86	85	529	489	304
2004	Average Monthly Pension	0	491	1,702	1,974	2,596	3,673	3,534
	Average Monthly Final Average Salary	0	N/A	5,162	4,559	8,492	5,193	5,144
	Number of New Retirees	0	5	65	52	25	19	45
2005	Average Monthly Pension	828	2,245	1,685	2,453	2,794	3,771	3,727
	Average Monthly Final Average Salary	N/A	N/A	4,482	4,812	4,884	5,317	5,178
	Number of New Retirees	2	6	58	59	24	17	36
2006	Average Monthly Pension	412	1,329	1,923	2,342	2,985	5,291	4,269
	Average Monthly Final Average Salary	N/A	N/A	5,117	4,696	5,014	6,508	5,023
	Number of New Retirees	3	17	57	70	44	26	32
2007	Average Monthly Pension	380	1,467	2,153	2,601	3,530	4,117	4,630
	Average Monthly Final Average Salary	N/A	N/A	5,721	5,121	5,486	5,600	6,056
	Number of New Retirees	3	13	77	109	87	37	82
2008	Average Monthly Pension	150	1,238	1,830	3,046	3,418	4,317	4,585
	Average Monthly Final Average Salary	N/A	N/A	5,050	5,941	6,128	5,920	6,016
	Number of New Retirees	1	10	62	76	70	47	72
2009	Average Monthly Pension	399	0	2,031	2,672	3,434	3,906	4,398
	Average Monthly Final Average Salary	N/A	0	6,679	5,804	6,652	5,994	6,031
	Number of New Retirees	4	0	31	64	46	41	88
2010	Average Monthly Pension	199	1,468	1,931	2,784	3,273	4,141	4,239
	Average Monthly Final Average Salary	2,747	7,743	5,740	5,673	5,151	5,639	5,361
	Number of New Retirees	1	5	41	72	110	58	118

N/A - Not Available

Schedule of Principal Participating Employers - Pension and Postemployment Healthcare

As of December 31, 2010 and 2001

	2010		2001	
Participating Employer	Covered Employees	Percentage of Total Covered Employees	Covered Employees	Percentage of Total Covered Employees
Cook County	23,165	99.87%	26,540	99.92%
County Employees' and Officers' Annuity and Benefit Fund of Cook County	29	0.13%	21	0.08%
Total	23,194	100.00%	26,561	100.00%

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COUNTY EMPLOYEES' AND OFFICERS'
ANNUITY AND BENEFIT FUND OF COOK COUNTY
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312.603.1200
www.cookcountypension.com

COOK COUNTY PENSION FUND

Our objective is to provide exceptional service in the support and administration of your annuity, health and disability benefits. In addition, along with your Board of Trustees, we are also committed to effectively managing the assets of both the Cook County and Forest Preserve Funds.