

COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

Discount rate. The discount rate used to measure the total pension liability was 4.47%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates required by the Illinois Pension Code (40 ILCS 5/9-169). Based on this assumption, the A & B Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members in 2043.

A municipal bond rate of 3.16% was used in the development of the blended discount rate after that point. The 3.16% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2017). Based on the long-term rate of return of 7.25% and the municipal bond rate of 3.16%, the blended discount rate was 4.47%, which is a .17 decrease from the discount rate used in the prior valuation of 4.64%. Additional changes in assumptions or inputs since the previous measurement date are also noted below:

- The Mortality tables used changed from RP-2000 Blue Collar in FY 2017 to RP-2014 Blue Collar in FY 2018. Generational mortality improvement factors were also added (0.75% ultimate improvement rate) in FY 2018.
- The investment rate of return changed from 7.50% in FY 2017 to 7.25% in FY 2018
- Projected salary increases changed from 3.75%-8.00% in FY 2017 to 1.50%-7.50% in FY 2018
- The inflation rate used changed from 3.25% in FY 2017 to 2.75% in FY 2018

Changes in the Net Pension Liability
(Amounts in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 1, 2017	\$ 23,240,192	\$ 9,115,658	\$ 14,124,534
Changes for the year:			
Service cost	478,904	-	478,904
Interest	1,082,982	-	1,082,982
Differences between expected and actual experience	(152,859)	-	(152,859)
Change of assumptions	(950,493)	-	(950,493)
Contributions - employer	-	511,751	(511,751)
Contributions - employee	-	138,826	(138,826)
Net investment income	-	1,399,626	(1,399,626)
Benefit payments, including refunds of employee contributions	(757,931)	(757,931)	-
Administrative expense	-	(5,406)	5,406
Other changes	-	5,360	(5,360)
Net changes	(299,397)	1,292,226	(1,591,623)
Balances at November 30, 2018	\$ 22,940,795	\$ 10,407,884	\$ 12,532,911