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The Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District

Financial Statements

As of and for the Years Ended December 31, 2022 and 2021

The Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District

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Independent Auditors' Report

To the Board of Commissioners and Deferred Compensation Committee of
Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District, Illinois

Opinion

We have audited the accompanying financial statements of the Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District (Plan), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2022 and 2021, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Baker Tilly US, LLP

Oak Brook, Illinois
January 19, 2024

This section presents management's discussion and analysis to the Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District's (the Plan's) financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2022, 2021, and 2020. It is presented as required supplementary information to the financial statements.

Financial Highlights

- Plan net position decreased by $324.130 million (or 14.97%) during the fiscal year ended December 31, 2022, increased by $223.208 million (or 11.49%) during the fiscal year ended December 31, 2021, and increased $193.491 million (or 11.06%) during the fiscal year ended December 31, 2020. The decrease in plan net position in fiscal year 2022 was primarily the result of significant investment losses driven by inflationary impacts on long-term investments and downturns in global market conditions. The plan net position increases in fiscal years 2021 and 2020 were the result of investment gains and participant contributions exceeding benefit distributions.

- Investment loss was $(284.412) million for the year ended December 31, 2022, compared to an investment gain of $243.525 million for the year ended December 31, 2021 and $232.133 million for the year ended December 31, 2020. This represented a decrease of 161.62% for the fiscal year ended December 31, 2022 as compared to the fiscal year ended December 31, 2021 and an increase of 4.91% for the fiscal year ended December 31, 2021 as compared to the fiscal year ended December 31, 2020. The change in the investment gains (losses) across fiscal years was the result of overall strong market performances in 2021 with reduced gains in 2022 due to a decline in the overall market conditions, attributed to declines in stock markets globally, inflation surges, global supply chain issues, and the COVID-19 pandemic aftermath.

- Benefits paid to participants increased from $101.636 million for the year ended December 31, 2021 to $119.715 million for the year ended December 31, 2022 and decreased from $121.381 million for the year ended December 31, 2020 to $101.636 for the year ended December 31, 2021. Distributions tend to fluctuate from year to year depending upon participant elections and retirement dates.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial reporting which is comprised of the following components:

1. Basic Financial Statements: This information presents the fiduciary net position held in trust for the Plan as of December 31, 2022 and 2021. This financial information also summarizes the changes in fiduciary net position held in trust for the Plan for the years then ended.

2. Notes to Basic Financial Statements: The notes to the financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.

3. Required Supplementary Information: The required supplementary information consists of the management's discussion and analysis.

Plan Net Position

The statements of fiduciary net position are presented for Plan as of December 31, 2022 and 2021. A summary of the Plan fiduciary net position is presented below:

Condensed Statements of Plan Net Position (in Millions)

	2022	2021	2020
Investments, at fair value	$ 1,221.787	$ 1,540.779	$ 1,307.517
Investments, at contract value	587.443	593.441	602.413
Deposits held in reserve for plan expenses	0.612	0.719	0.775
Loans receivable from participants	29.723	28.727	29.910
Contributions receivable	2.464	2.600	2.499
Total Assets	1,842.029	2,166.266	1,943.114
Deposits held in reserve for plan expenses	0.612	0.719	0.775
Total Liabilities	0.612	0.719	0.775
Net Position	$ 1,841.417	$ 2,165.547	$ 1,942.339

Changes in Net Position

The statements of changes in fiduciary net position are presented for the years ended December 31, 2022 and 2021. These financial statements reflect the changes in the resources available to pay benefits to participants and beneficiaries.

Condensed Statement of Fiduciary Changes in Net Position (in Millions)

	2022	2021	2020
Additions:			
Investment gain (loss)	$ (284.412)	$ 243.525	$ 232.133
Participant contributions	80.744	82.011	83.009
Interest on loans receivable	1.415	1.472	1.745
Variable earnings reimbursements	0.475	0.469	0.383
Total additions:	(201.778)	327.477	317.270
Deductions:			
Benefits paid to participants	119.715	101.636	121.381
Annuity payments	0.068	0.068	0.123
Life insurance premiums	0.040	0.045	0.051
Administrative and asset charges	2.529	2.520	2.224
Total deductions:	122.352	104.269	123.779
Change in Fiduciary Net Position	$ (324.130)	$ 223.208	$ 193.491

Future Outlook

The purpose of the Plan is to provide an optional deferred compensation retirement savings vehicle to the employees of Cook County, Illinois (the County) and the Forest Preserve District of Cook County, Illinois (the Forest Preserve District). The County and Forest Preserve District make no contributions to the Plan and have no plans to begin doing so in the near future. The Plan is funded through participant salary reduction contributions. There are no present plans to terminate the Plan or otherwise suspend or curtail the operation of the Plan.

Request for Information

This financial report is designed to provide users a general overview of the Plan's finances and demonstrate the Committee's accountability. Questions that concern information provided in this report or requests for additional financial information should be addressed to Office of the County Comptroller, Cook County Deferred Compensation Committee, 50 W. Washington St., Suite CL-25, Chicago, IL 60602.

The Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District

STATEMENTS OF FIDUCIARY NET POSITION
As of December 31, 2022 and 2021

	2022	2021
Assets		
Investments, at fair value		
Mutual funds	$ 1,214,710,634	$ 1,530,840,600
Annuity payout reserve	1,248,388	1,299,846
Self-directed brokerage accounts	5,827,847	8,638,592
Total Investments, at fair value	1,221,786,869	1,540,779,038
Investments, at contract value		
Blended fixed account	586,264,203	592,205,764
Policyholder account value of universal life insurance contracts	1,178,805	1,235,598
Total investments, at contract value	587,443,008	593,441,362
Deposits held in reserve for plan expenses	612,459	718,929
Loans receivable from participants	29,722,803	28,726,427
Contributions receivable	2,464,415	2,600,054
Total assets	1,842,029,554	2,166,265,810
Liabilities		
Deposits held in reserve for plan expenses	612,459	718,929
Net position		
Net position restricted for employee benefits	$ 1,841,417,095	$ 2,165,546,881

See notes to financial statements

The Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2022 and 2021

	2022	2021
Additions		
Investment experience		
Net appreciation (depreciation) and other changes in fair value of investments	$ (298,967,326)	$ 228,588,343
Interest and investment income in fixed earnings investments	14,567,921	14,916,067
Amortization of annuity payout reserve	15,471	18,281
Increase in policyholder account value	(28,836)	1,867
Investment gain (loss)	(284,412,770)	243,524,558
Participant contributions	80,743,994	82,010,789
Interest on loans receivable from participants	1,415,250	1,472,214
Variable earnings reimbursements	475,326	468,509
Total additions	(201,778,200)	327,476,070
Deductions		
Benefits paid to participants	119,715,238	101,635,829
Annuity payments	68,041	68,037
Life insurance premiums	39,599	44,804
Administrative and asset charges	2,528,708	2,519,817
Total deductions	122,351,586	104,268,487
Changes in fiduciary net position	(324,129,786)	223,207,583
Net position restricted for employee benefits		
Beginning of year	2,165,546,881	1,942,339,298
End of year	$ 1,841,417,095	$ 2,165,546,881

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Deferred Compensation Plan for Public Employees as Amended and Restated for the County of Cook and Cook County Forest Preserve District (the Plan) is a defined contribution plan established in accordance with and subject to Internal Revenue Code Section 457(b) of Cook County, Illinois (the County) and Cook County Forest Preserve District (the Forest Preserve District).

The accounting policies of the Plan conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investments

Investments are stated at fair value, except for fixed income investments, which are stated at contract value. Variable earning investments (mutual funds) are valued at quoted market prices. Purchases and sales of mutual fund investments are recorded on a trade date basis. The fixed income investment, represented by insurance contracts underwritten by Nationwide Life Insurance Company (Nationwide) and Massachusetts Mutual Life Insurance Company (MassMutual), is stated at contract value as determined by the respective insurance companies, which approximates fair value.

The annuity payout reserve represents investments converted into an irrevocable fixed annuity for retired participants. Fair value is the estimated present value of future payments that will be issued during the life of the annuity. Self-directed brokerage accounts are stated at fair value as reported by Charles Schwab (Schwab).

Life insurance contracts are stated at amounts reported by the insurance carrier and represent the portion of life insurance premiums credited to the policy accounts plus interest earned to date less applicable charges and amounts withdrawn.

Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the gains and losses on investments bought and sold as well as held during the year. Variable earning investment income consists of dividends, interest, and realized and unrealized gains and losses attributable to the mutual funds. Earnings are accrued to the individual participants' accounts on a daily basis, based upon the investment performance of the specific options selected.

Variable earnings reimbursements represent revenue received from mutual fund service providers in consideration of services Nationwide Retirement Solutions, Inc. ("NRS"), an affiliate of Nationwide, provides that would otherwise need to be provided by the fund themselves. This revenue is credited back to accounts of those participants invested in any investment that provides such revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans Receivable from Participants

Loans receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and are expensed when they are incurred. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of December 31, 2022 or 2021.

If a participant ceases to make principal repayments and NRS deems the participant loan to be in default, the defaulted loan is maintained on the participant's account as a receivable, continues to accrue interest, and the loan balance is considered a distribution for tax reporting purposes. The participant has the opportunity to repay a defaulted loan, and that repayment amount is credited to the participant's account on an after-tax basis. Assuming a participant never repays a defaulted loan, the defaulted loan balance is not offset (reduced to zero) until such time as the participant fully distributes their account after severance from employment.

Contributions Receivable

Contributions receivable represents amounts withheld from employees' paychecks but not yet received by the Plan and are not allocated to an investment category until received and applied.

Payment of Benefits

Benefits are recorded when paid or made available to the participant or beneficiary.

Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Government Accounting Standards Board (GASB) pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are probable and management can reasonably estimate the amounts.

Risks and Uncertainties

The Plan invests in various investment securities. These securities are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain values of investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the financial statements. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to direct their investments and has responsibility for managing their exposure to fair value loss.

2. DESCRIPTION OF THE PLAN

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan established in accordance with and subject to Internal Revenue Code Section 457(b). The Plan is intended to be an "eligible governmental deferred compensation plan" available to all eligible Cook County and Cook County Forest Preserve District employees. Participation in the Plan is optional.

2. DESCRIPTION OF THE PLAN (continued)

Contributions

Under the Plan provisions, eligible employees may contribute to the Plan through payroll deductions. Eligible employees are individuals who perform services for the County or the Forest Preserve as common law employees and who complete and submit participation agreements. Leased employees and independent contractors are not eligible to participate in the Plan. In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of an individual's annual contributions to an amount not to exceed the lesser of (i) $20,500 for 2022 ($19,500 in 2021) or (ii) 100% of the individual's compensation within the meaning of IRC Section 415(c)(3). Individuals age 50 or over may make additional "catch-up" contributions. Individuals who are within three years of normal retirement age, as defined in the Plan may make additional catch-up contributions. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. NRS, the Plan's third-party administrator, assists individual participants in determining eligible contribution amounts under the catch-up provisions. The County and Forest Preserve do not make any contributions to the Plan.

Participant Accounts

At December 31, 2022 and 2021, participation in the plan was as follows:

	2022	2021
Participants with balances	21,111	21,170
Participants contributing during the year	12,329	12,828

Under provisions of the Small Business Job Protection Act of 1996 ("SBJPA"), which became effective for plan years beginning after December 31,1996, assets of IRC Section 457 plans must be held in a trust, custodial account, or annuity contract for the exclusive benefit of employees and beneficiaries. As of December 31, 2022 and 2021, the Plan met the requirements of the SBJPA.

Each participant's account is credited with the participant's salary contributions, rollover contributions, and earnings (net of administrative and investment expenses and other Plan expenses, as applicable). If a participant has an outstanding loan, either in good standing or defaulted, the participant's account balance is reduced by the amount of outstanding principal plus accrued loan interest. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants may direct the investment of their account balances and have the following investment options to choose from:

> The Cook County Blended Fixed Account, consisting of a pool of fixed income investments represented by a fixed annuity underwritten by Nationwide, an investment contract underwritten by Nationwide, and a fixed annuity underwritten by MassMutual. Contributions invested in the fixed income contracts provide for a guaranteed return on principal over a specified time period.

> Variable earnings investment accounts consist of mutual fund shared held in the County of Cook and Cook County Forest Preserve Deferred Compensation Plan Trust for the exclusive benefit of the participants and beneficiaries. Contributions invested in mutual funds represent shares of a registered investment company that invests in corporate bonds, equities, U.S. Government securities, and other investments as provided in mutual fund prospectus and other disclosure documents.

> Self-directed brokerage accounts through Schwab represent an option allowed for only current account balances up to 20% of the participant's total Plan balance. Participants may not contribute directly to the Schwab option.

2. DESCRIPTION OF THE PLAN (continued)

Participant Accounts (continued)

- Payout annuity contracts underwritten by Nationwide or Metropolitan Life Insurance Company.

- Universal life insurance contracts underwritten by Transamerica Premier Life Insurance Company and are no longer available effective October 1, 2003.

Participants may amend their investment allocation at any time in accordance with the investment contract provisions.

Vesting

Participants are immediately 100% vested in their salary reduction contributions and rollover contributions plus earnings thereon.

Notes Receivable from Participants (Participant Loans)

Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. Loan terms are not to exceed five years for a general purpose loan or up to twenty years for the purchase of a principal residence. Principal and interest are repaid through ACH withdrawal from a participant's checking or savings account. Principal and interest payments received on a participant's outstanding loan balance are allocated to the participant's account pro-rata according to current designated investment elections. The loans are secured by the remaining balance in the participant's account and bear interest at prime rate at the first day of the calendar quarter in which the loan was initiated, plus 1%. Participants may have only three loans outstanding at any time.

Payment of Benefits

Employees or beneficiaries participating in the Plan may generally withdraw the value of their Plan accounts upon termination of employment, retirement, death, or unforeseen emergency. Participants may select various payout options, which include lump sum, partial lump sum, installment payments, or an annuity. At termination or retirement, participants investing universal life insurance contracts may continue to make premium payments directly to the insurance carrier or receive the policyholder account value of the contract, net of applicable charges.

Participants may elect to purchase an immediate fixed annuity. Annuity payout reserves represent the value of the fixed annuities. Upon termination, participants may elect to transfer or rollover their account balances to another eligible retirement plan.

In accordance with the Plan's governing documents, a Participant's entire interest must be distributed, or begin to be distributed, no later than the Participant's required beginning date as required by the Plan or applicable law. Distributions to participants are recorded at the time withdrawals are made from participant accounts.

Participants should refer to the Plan document for a more complete description of the Plan's provisions.

2. DESCRIPTION OF THE PLAN (continued)

CARES Act

On March 27, 2020, the Coronavirus Aid Relief and Economic Security Act (CARES Act) was signed into law. This aid package was designed to help the economy from the effects of the coronavirus pandemic and several of the provisions of the CARES Act affected employee benefit plans. The provisions of the CARES Act were optional. During 2020, the Plan opted into the following provisions of the CARES Act:

> Hardship distributions – Qualified plan participants were permitted to take coronavirus-related distribution of up to $100,000 from the Plan without a 10 percent early withdrawal penalty. Eligible distributions were permitted to be taken until December 31, 2021. Distributions may be repaid within three years or a participant may elect these distributions to be included in taxable income on a pro rata basis over three years.

> Participant loans – Qualified plan participants with loans outstanding were permitted to defer payment on the loans that were due during 2020 to after January 1, 2021.

> Required minimum distributions (RMDs) – A temporary waiver of required minimum distributions rules permitted participants to suspend their RMDs for 2021 for participants that turned 70 ½ in 2020 and 72 in 2021.

The provisions of the CARES Act expired at December 31, 2021 and had no impact on the year ended December 31, 2022.

Administrative and Asset Charges

Investment fees and expenses and other Plan expenses, as applicable, are paid directly by the Plan participant accounts. Loan and other special service fees are charged directly to participant accounts. Administrative fees are paid out of a separate reserve account. Administrative fees may include the costs of legal counsel, fiduciary insurance, staff salaries and benefits, consultants, third-party plan administration, custodial banking, audit, as well as travel, professional association, and office expenses. Investment and administrative expenses and other Plan expenses, as applicable, are reflected daily in the net appreciation of the investment's fair value of participant accounts.

The Plan assesses a fee on all Plan assets to cover expenses for administering the Plan. NRS is the Plan Administrator and was entitled to receive $32 per year per participant account effective July 1, 2019. This resulted in fees of $615,078 and $626,998 for the years ended December 31, 2022 and 2021, respectively.

Reserves within the Plan are used to cover Plan expenses besides the expenses of NRS. Therefore, effective July 1, 2017, on behalf of the Plan, NRS also collects 0.75 basis points on all Plan assets to offset the Plan's administrative costs incurred by the County. This amount is deposited into the Plan's reserve account. The reserve account ending balance at December 31, 2022 and 2021 was $612,459 and $718,929, respectively.

In addition, Transamerica may assess a charge when participants withdraw any part of the policyholder account value of their life insurance contract. The actual cash surrender value may be significantly less than the policyholder account value in the early years of the contract.

A $50 annual fee is assessed for those participants utilizing a Schwab account.

A finance charge is not assessed on new loans.

3. INVESTMENTS

Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the plan has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the years ended December 31, 2022 and 2021.

Mutual funds: Valued at market prices for similar assets in active markets.

Annuity payout reserve: The Plan's investments held in an annuity payout reserve represent investments converted into an irrevocable fixed annuity for retired participants. The annuity is not available for sale or transfer on any securities exchange. The fair value of the annuity was determined by discounting the related cash flows on current yields of similar instruments with comparable durations and taking into consideration the creditworthiness of the issuer.

Self-directed brokerage accounts: The Plan's investments held in participant-directed brokerage accounts may include mutual funds, common stock, bonds, cash, money market funds, unit investment trusts and options. The fair values of mutual funds and money market funds are based on the quoted net asset values of the shares held by the Plan at year end. The fair values of common stock and unit investment trusts are based on quoted market prices. Cash is reported at carrying value which approximates fair value. The fair value of bonds for which quoted market prices are not available are valued based on yields currently available on comparable securities of issues with similar credit ratings. The fair value of options are based on cost; no value is given until options are exercised.

3. INVESTMENTS (continued)

Fair Value Measurement (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 and 2021:

	December 31, 2022			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds – other than bond funds	$ 1,087,383,740	$ -	$ -	$ 1,087,383,740
Mutual funds – bond funds	127,326,894	-	-	127,326,894
Annuity payout reserve	-	-	1,248,388	1,248,388
Self-directed brokerage accounts	5,827,847	-	-	5,827,847
Total investments measured at fair value	$ 1,220,538,481	$ -	$ 1,248,388	$ 1,221,786,869

	December 31, 2021			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds – other than bond funds	$ 1,382,120,833	$ -	$ -	$ 1,382,120,833
Mutual funds – bond funds	148,719,767	-	-	148,719,767
Annuity payout reserve	-	-	1,299,846	1,299,846
Self-directed brokerage accounts	8,638,592	-	-	8,638,592
Total investments measured at fair value	$ 1,539,479,192	$ -	$ 1,299,846	$ 1,540,779,038

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with the Plan's investment policy, the investment portfolio will remain sufficiently liquid to enable the Plan to pay all necessary benefits and meet all operating requirements, which might be reasonably anticipated. The Plan does not have a formal investment policy that limit the maximum maturity length of investments.

As of December 31, 2022 and 2021, the Plan's investments were as follows:

Investment Type	Weighted Average Maturity	2022	2021
Mutual funds – bond funds	5 – 12 years	$ 127,326,894	$ 148,719,767
Blended fixed account	5 – 11 years	586,264,203	592,205,764
Totals		$ 713,591,097	$ 740,925,531

3. INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan does not have a formal investment policy addressing this risk. At December 31, 2022 and 2021, the Plan's investments susceptible to credit risk were rated as follows:

Investment Type	Rating	2022	2021
Mutual funds – bond funds	A	$ 127,326,894	$ 148,719,767
Blended fixed account	Not rated	586,264,203	592,205,764
Totals		$ 713,591,097	$ 740,925,531

To diversify the Cook County Blended Fixed Account's credit risk, investments are diversified as follows as of December 31, 2022 and 2021:

Investment Type	2022	2021
Nationwide Life Managed Separate Account Annuity	$ 167,401,891	$ 168,316,464
Nationwide Life Insurance Company Governmental Plans Fixed Annuity	264,746,418	271,372,483
MassMutual	154,115,894	152,516,817
Totals	$ 586,264,203	$ 592,205,764

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan does not have a formal investment policy that requires diversification to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Mutual funds are not susceptible to concentration of credit risk. At December 31, 2022 and 2021, the Plan's investment in the Cook County Blended Fixed Account of $586,264,203 and $592,205,764, respectively, exceeds 5% of the Plan's net position.

Custodial Credit Risk

With respect to investments, custodial credit risk refers to the risk that, in the event of the failure of the counterparty to the investment, the Plan will not be able to recover the value of its investments that are in possession of an outside party. The Plan does not have a formal investment policy that addresses this risk. As of December 31, 2022 and 2021, the Plan's investment in the Cook County Blended Fixed Account of $586,264,203 and $592,205,764, respectively, is uncollateralized and uninsured.

4. INVESTMENT CONTRACTS WITH INSURANCE COMPANIES

The Plan has investment contracts with insurance companies (Nationwide and MassMutual) that direct participant contributions into pooled investment accounts. These accounts are credited with earnings on the underlying investments and charged for Plan withdrawals and administrative expenses charged by the insurance companies. The contracts are included in the financial statements at contract value, as reported to the Plan by the insurance company. Contract value represents contributions made under the contract, plus earnings, less Plan withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

4. INVESTMENT CONTRACTS WITH INSURANCE COMPANIES (continued)

The contract value of the investment contracts at December 31, 2022 and 2021 was $586,264,203 and $592,205,764, respectively.

The average quarterly crediting rate for the Cook County Blended Fixed Account for 2022 and 2021 was 2.51% and 2.55%, respectively. The average yield for Cook County Blended Fixed Account for 2022 and 2021 was 2.48% and 2.53%, respectively.

Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with Nationwide and MassMutual. The Plan believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with Plan participants is not probable.

Nationwide Life Insurance Company Governmental Plans Fixed Annuity

The Plan owns a fixed annuity contract issued by Nationwide. That contract provides for a quarterly reset guaranteed interest rate to be applied to the book value of the contract with the quarterly interest rate to be at least equal to the contract minimum for the years ended 2022 and 2021. The guaranteed interest rate was 2.25% for the years ended December 31, 2022 and 2021. The book value of the contract is guaranteed by Nationwide, an A+ rated company. Terms of the contract provide that for any non-participant directed surrender, Nationwide will provide a book value payment within twelve months of contract termination. No market value adjustment is assessed against participant directed withdrawals. The Plan has no ownership interest in the assets of Nationwide.

Nationwide Life Managed Separate Account Annuity

The Plan owns a managed separate account annuity contract issued by Nationwide. That contract provides for a quarterly reset guaranteed interest rate to be applied to the accumulation account of the contract with the quarterly interest rate to be calculated in accordance with the contract. The average interest rates for years ended 2022 and 2021 were 2.14% and 1.94%, respectively. The accumulation account of the contract is guaranteed by Nationwide, an A+ rated company. Terms of the contract provide that for any non-participant directed surrender, Nationwide will liquidate the securities and pay to the contract owner the market value of the managed separate account within 60 days from contract termination. While assets in the managed separate account are owned by Nationwide, no security held within the separate account shall be subject to the claims of any creditor of Nationwide.

The investments held by the Nationwide Life Managed Separate Account Annuity are managed by Ramirez Asset Management.

Massachusetts Mutual Life Insurance Company

The fixed annuity contract is issued by Mass Mutual. The contract provides for a quarterly reset guaranteed interest rate to be applied to the book value of the contract with the quarterly interest rate to be at least equal to the yearly declared minimum and contract minimum of 3.00% for the years ended December 31, 2022 and 2021. The book value of the contact is guaranteed by Mass Mutual, an AA+ rated company by Standard and Poor's. No market value adjustment is assessed against participant directed withdrawals. The Plan has no ownership interest in the assets of Mass Mutual.

5. UNIVERSAL LIFE INSURANCE

Participants in the Plan elected to contribute $39,599 and $44,804 towards premiums for life insurance contracts during 2022 and 2021, respectively. The amount of life insurance in-force under these contracts at December 31, 2022 and 2021 was $6,913,885 and $7,583,790 respectively.

The policyholder account value of universal life insurance contracts is stated at amounts reported by the insurance carrier and represents the portion of life insurance premiums credited to the policyholder accounts plus interest earned to date less applicable charges and amounts withdrawn.

6. RELATED PARTIES

All members of the Deferred Compensation Committee, except one, are participants in the Plan. No members are paid fees for participation on the Deferred Compensation Committee.

NRS, an affiliate of Nationwide, provides certain administrative services to the Plan pursuant to an Administrative Services Agreement between the Plan and NRS. NRS receives revenue from mutual fund service providers for services NRS provides to the funds. This revenue is credited back to accounts of those participants invested in any investment that provides such revenue.

7. PLAN TERMINATION

The Board of Commissioners reserves the right to terminate the Plan at any time and such termination shall act as a termination to all participants. Upon termination of the Plan, the Board of Commissioners reserves the right to make distributions to participants at such time and in such manner the Board of Commissioners may deem advisable. If the plan is terminated, no amount of any account shall be reduced as of the date of the termination and rights of any participants in the Plan will not be impaired except to the extent provided by law.

8. TAX STATUS

The Plan is reviewed by legal counsel to ensure conformity with IRC Section 457. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary.

The plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax exempt.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a liability if the Plan has taken an uncertain position that more likely that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

9. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through January 19, 2024, which is the date that the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. Management believes that no material events have occurred that would require disclosure.

10. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

> Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

> Statement No. 96, *Subscription-Based Information Technology Arrangements*

> Statement No. 99, *Omnibus 2022*

> Statement No. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*

> Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.