



**FOREST PRESERVE DISTRICT OF  
WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND  
(A COMPONENT UNIT OF THE FOREST  
PRESERVE DISTRICT OF WILL COUNTY)**

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ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2019 and 2018

The background of the lower half of the page is an abstract, grayscale geometric pattern. It consists of numerous overlapping, semi-transparent planes and lines that create a sense of depth and complexity, resembling a wireframe or a complex architectural structure.

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**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
MANAGEMENT DISCUSSION AND ANALYSIS.....	MD&A 1-7
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Plan Net Position .....	3
Statement of Changes in Plan Net Position.....	4
Notes to Financial Statements .....	5-12
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios.....	13
Schedule of Employer Contributions .....	14
Schedule of Investment Returns.....	15
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in Plan Net Position - Budget and Actual.....	16

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President  
Members of the Board of Trustees  
Retiree Health Insurance Trust Fund  
Forest Preserve District of Will County, Illinois

We have audited the financial statements of the Retiree Health Insurance Trust Fund (the Fund), a fiduciary component unit of the Forest Preserve District of Will County, Illinois as of and for the years ended December 31, 2019 and 2018, and the related notes to financial statements which comprise the basic financial statements as listed in the accompanying table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Retiree Health Insurance Trust Fund of the Forest Preserve District of Will County, Illinois, as of December 31, 2019 and 2018, and the changes in plan net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Fund. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Sibich LLP*

Naperville, Illinois  
May 11, 2020

## **BASIC FINANCIAL STATEMENTS**

**FOREST PRESERVE DISTRICT OF WILL COUNTY  
RETIREE HEALTH INSURANCE TRUST FUND**

**(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section presents management’s discussion and analysis (MD&A) of the Forest Preserve District of Will County Retiree Health Insurance Trust Fund’s (the “Fund”) financial statements. The MD&A addresses the major factors affecting the operations and investment performance of the Fund during the calendar year ended December 31, 2019 and includes comparative information for the years ended December 31, 2018 and 2017.

The Fund was created to provide health insurance benefits to qualified retirees of the Forest Preserve District of Will County (the “District”), Illinois, in accordance with a retiree health insurance plan established by the District. The Fund is a trust fund of the District operated in accordance with Section 115(1) of the Internal Revenue Code. It was established on July 8, 2009 pursuant to a trust document approved by the Forest Preserve District of Will County’s board of commissioners.

As of December 31, 2019, the Fund provided benefits to 19 retirees and 3 dependents of retirees. Active participants include 22 eligible for retiree health benefits and 80 that are not yet eligible to receive health benefits.

**Overview of Financial Statements and Accompanying Information**

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

1. **Basic Financial Statements:** This information presents the plan net position held in trust for benefits as of December 31, 2019. This financial information also summarizes the changes in plan net position held in trust for benefits for the year then ended.
2. **Notes to Basic Financial Statements:** The notes to basic 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 schedules and related notes concerning actuarial information, funded status, and required contributions for the Fund.
4. **Other Supplementary Information:** This section includes a schedule of changes in plan net position with budget versus actual comparisons.

**Plan Net Position**

The statement of plan net position is presented below for the Fund as of December 31, 2019, 2018 and 2017. The financial statement reflects the resources available to pay benefits to members at the end of the years reported. A summary of the plan net position is presented on the next page.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST  
FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued

	2019	2018	2017
Cash and Equivalents	\$ 71,686	\$ 31,222	\$ 12,860
Investments, at fair value	1,925,714	1,525,268	1,433,657
Prepaid Expenses	22,079	21,001	18,816
Other Assets	-	-	-
Total Assets	2,019,479	1,577,491	1,465,333
Liabilities	3,968	3,552	4,318
Total Net Plan Position	\$ 2,015,511	\$ 1,573,939	\$ 1,461,015

**Financial Highlights**

***December 31, 2019 Compared to December 31, 2018:***

The Fund’s plan net position rose by \$441,572 or 28.05% from December 31, 2018 to December 31, 2019. The primary reason for the change was an increase in the fair value of the Fund’s investment portfolio. Cash and cash equivalents increased \$40,464 for the period December 31, 2019 when compared to December 31, 2018. The increase is a result of the Fund carrying additional cash on hand due to a slight increase in operational expenses.

Pursuant to the most recent actuarial study, the funded ratio was 46.12% as of December 31, 2019, as compared to 36.88% at December 31, 2018.

The overall money weighted rate of return for the Fund was 15.06% during 2019 as compared to negative 1.09% in 2018.

***December 31, 2018 Compared to December 31, 2017:***

The Fund’s plan net position rose by \$112,924 or 7.73% from December 31, 2017 to December 31, 2018. The primary reason for the change was a small decrease in the fair value of the Fund’s investment portfolio. Cash and cash equivalents increased \$18,362 for the period December 31, 2018 when compared to December 31, 2017. The increase is a result of the Fund carrying additional cash on hand due to a slight increase in operational expenses.

Pursuant to the most recent actuarial study, the funded ratio was 36.88% as of December 31, 2018, as compared to 49.62% at December 31, 2017.

The overall money weighted rate of return for the Fund was negative 1.09% during 2018 as compared to 10.62% in 2017.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST  
FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued

**Funded Ratio**

The funded ratio of the plan measures the ratio of net assets against actuarially determined liabilities and is an indicator of the fiscal strength of the fund’s ability to meet obligations to its members. The Fund commissioned an actuarial valuation in 2018 which was updated for 2019. The valuation found that the funding status of the Fund as of December 31, 2019 is 46.12% compared to 36.88% at December 31, 2018 and 49.62% in 2017. The unfunded actuarial accrued liability was \$2.35 million on December 31, 2019, as compared to \$2.69 million on December 31, 2018 and \$1.48 million on December 31, 2017. This was decrease of around \$340,000, or a decrease of 12.60% when compared to the previous year. The decrease from 2018 to 2019 was due primarily to a strong investment performance during the year. A change in certain actuarial assumptions in 2018, which now aligns with those used by the Illinois Municipal Retirement Fund (“IMRF”), was the primary reason for the increase in the unfunded actuarial accrued liability from 2017 to 2018. Those assumptions include an increase in the discount rate, a change in assumptions associated with rates of mortality, retirement, termination, disability and participation. The discount rate used to calculate the actuarial accrued liability for December 31, 2018 is 6.50% as compared to 5.90% at December 31, 2017. For more information, please refer to the Schedule of Changes in the Employer’s Net OPEB Liability included in the Required Supplementary Information section of this report.

The assumptions used in the 2019 actuarial valuation impact the Fund’s funded ratio. The key assumptions used in the valuation include that 1) the Fund will earn a 6.50% annual rate of return on its investments, 2) healthcare costs will increase between 4.00% and 8.50% annually over the long term, and 3) the costs of satisfying the unfunded actuarial accrued liability of the Fund will be amortized over a 15-year open period.

**Investments**

The allocation of investment assets for the Fund as of December 31, 2019, 2018 and 2017 were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash and Equivalents	3.59%	2.01%	0.90%
Equity Mutual Funds	10.88%	10.67%	12.49%
Money Market Mutual Funds	2.02%	1.18%	7.14%
Stocks	41.55%	38.53%	39.98%
Municipal Bonds	3.80%	4.82%	6.93%
Corporate Bonds	4.04%	4.77%	8.61%
US Agencies	34.12%	38.02%	23.95%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>



FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued

Proper implementation of the Fund’s investment policy requires that periodic rebalancing of assets be performed to ensure conformance with target allocation levels. The Board of Trustees of the Fund adjusted the investment allocation in late 2015 by increasing from 40% to 50% the amount of assets to be invested in equities. The purpose of increasing the equity portfolio allocation to 50% was to enhance long term portfolio performance.

**Changes in Plan Net Position**

A condensed statement of changes in plan net position for the years ended December 31, 2019, 2018 and 2017 is presented below. The financial statement reflects the changes in the resources available to pay benefits to plan participants, including retirees and beneficiaries.

<b>Condensed Statement of Changes in Plan Net Position</b>				
		2019	2018	2017
Additions:				
Employer Contributions		\$400,000	\$350,000	\$350,000
Net Investment Income		255,625	(18,380)	126,366
Total Additions		<u>655,625</u>	<u>331,620</u>	<u>476,366</u>
Deductions:				
Health Insurance Benefits		207,164	211,955	205,148
Administrative Expenses		6,889	6,741	10,329
Total Deductions		<u>214,053</u>	<u>218,696</u>	<u>215,477</u>
Net Increase in Plan Net Position		<u>\$441,572</u>	<u>\$112,924</u>	<u>\$260,889</u>

***December 31, 2019 as Compared to December 31, 2018:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions were \$400,000 in 2019, as compared to \$350,000 in 2018. It is the District’s desire to continue contributing to the Fund each year pursuant to the actuarially determined contribution, which is calculated annually.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST  
FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Retiree contributions were \$106,777 in 2019, compared to \$59,191 in 2018 and reduce the deductions for health insurance benefits. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2019, The Fund paid 100% of the health care premium for retired employees. On January 9, 2014, the Board of Commissioners amended the Employee Personnel Manual, which now requires retired District employees to pay 100% of any incremental increase in premium costs as a result of adding dependent or family coverage. To be eligible for this benefit, a retiree must qualify for retirement with IMRF and have completed a minimum of seven years of service with the District until such time as the retiree is eligible for Medicare benefits or ten years of service, whichever comes first.

For employees hired on or after January 1, 2015, The District will pay 50% of the premium for individual coverage for employees with ten years of service, increasing 5% per year of service over the next ten years to a maximum of 100%.

The Fund's net investment income for 2019 was \$255,625 as compared to a decrease of \$18,380 in 2018. The increase is due to a large increase in fair market value of the Fund's investment portfolio.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2019 and 2018, the Fund paid out \$207,164 and \$211,955 in net benefits, respectively. This was a decrease of \$4,791. The net decrease is the result of a slight increase in health insurance premiums paid on behalf of retirees and their dependents, which is partially offset by a larger increase in retiree contributions. There were 19 retirees and 3 dependents receiving post-employment benefits at December 31, 2019.

***December 31, 2018 as Compared to December 31, 2017:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions were \$350,000 in 2018, which was the same amount when compared to 2017. It is the District's desire to continue contributing to the Fund each year pursuant to the actuarially determined contribution, which is calculated annually.

Retiree contributions were \$59,191 in 2018, compared to \$35,773 in 2017 and reduce the deductions for health insurance benefits. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2018, The Fund paid 100% of the health care premium for retired employees. On January 9, 2014, the Board of Commissioners amended the Employee Personnel Manual, which now requires retired District employees to pay 100% of any incremental increase in premium costs as a result of adding dependent or family coverage. To be eligible for this benefit, a retiree must qualify for retirement with IMRF and have completed a minimum of seven years of service with the District until such time as the retiree is eligible for Medicare benefits or ten years of service, whichever comes first.

For employees hired on or after January 1, 2015, The District will pay 50% of the premium for individual coverage for employees with ten years of service, increasing 5% per year of service over the next ten years to a maximum of 100%.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST  
FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The Fund's net investment income for 2018 depreciated \$18,380 as compared to an increase of \$126,366 in 2017. The decrease is due to a reduction in the fair market value of the Fund's investment portfolio. The decrease is primarily due to a net loss in the Fund's equity investments, which is partially offset by an increase in interest and dividends.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2018 and 2017, the Fund paid out \$211,955 and \$205,148 in net benefits, respectively. This was an increase of \$6,807. The net increase is the result of an increase in health insurance premiums paid on behalf of retirees and their dependents, which is partially offset by an increase in retiree contributions and certain administrative expenses. There were 19 retirees and 3 dependents receiving post-employment benefits at December 31, 2018.

***December 31, 2017 as Compared to December 31, 2016:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions increased from \$282,000 in 2016 to \$350,000 in 2017, a change of \$68,000 or 24.11%. The increase reflects the District's continued desire to continue contributing the actuarially determined contribution to the Fund each year.

Retiree contributions were \$35,773 in 2017, compared to \$19,483 in 2016. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2017, The Fund paid 100% of the health care premium for retired employees. On January 9, 2014, the Board of Commissioners amended the Employee Personnel Manual, which now requires retired District employees to pay 100% of any incremental increase in premium costs as a result of adding dependent or family coverage. To be eligible for this benefit, a retiree must qualify for retirement with IMRF and have completed a minimum of seven years of service with the District until such time as the retiree is eligible for Medicare benefits or ten years of service, whichever comes first.

For employees hired on or after January 1, 2015, The District will pay 50% of the premium for individual coverage for employees with ten years of service, increasing 5% per year of service over the next ten years to a maximum of 100%.

The Fund's net investment income for 2017 was \$126,366 as compared to \$56,880 in 2016. The increase is due to an increase in the amount of net appreciation in the fair value of investments and an increase in interest and dividends from portfolio investments.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2017 and 2016, the Fund paid out \$205,148 and \$217,425 in benefits, respectively. This was a decrease of \$12,277. The decrease is a result of an increase in contributions from retired employees. There were 19 retirees receiving post-employment benefits at December 31, 2016.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST  
FUND

(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

**Future Outlook**

Employer contributions to the Fund are expected to remain constant over the next few years as the District intends to satisfy the annual required contribution calculated by the Fund's actuary. With respect to investment income, the Fund will continue to structure its investment portfolio with the goal of maximizing returns over the long term. As the coronavirus pandemic has done significant damage to the financial markets the fund is expecting to suffer some investment loss in 2020.

**Request for Information**

This financial report is designed to provide a general overview of the Fund's finances for interested parties. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Matthew Pehle, CPA, Trustee, Forest Preserve District of Will County Retiree Health Insurance Trust Fund; 17540 W. Laraway Road, Joliet, Illinois 60433.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

STATEMENT OF PLAN NET POSITION

December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 71,686	\$ 31,222
Investments, at fair value		
U.S Treasury and agency securities	681,542	591,908
Municipal bonds	75,836	74,990
Corporate bonds	80,683	74,240
Money market mutual funds	40,442	18,264
Equity mutual funds	217,275	166,129
Equity securities	829,936	599,737
Prepaid expenses	22,079	21,001
	<b>2,019,479</b>	<b>1,577,491</b>
<b>LIABILITIES</b>		
Unearned revenue	3,968	3,552
	<b>3,968</b>	<b>3,552</b>
<b>NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS</b>		
	<b>\$ 2,015,511</b>	<b>\$ 1,573,939</b>

See accompanying notes to financial statements.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

STATEMENT OF CHANGES IN PLAN NET POSITION

For the Year Ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>ADDITIONS</b>		
Contributions		
Employer contributions	\$ 400,000	\$ 350,000
Total contributions	400,000	350,000
Investment income		
Net appreciation (depreciation) in fair value of investments	229,829	(38,108)
Interest and dividends	42,065	32,510
Total investment income	271,894	(5,598)
Less investment expense	(16,269)	(12,782)
Net investment income	255,625	(18,380)
Total additions	655,625	331,620
<b>DEDUCTIONS</b>		
Health insurance benefits	207,164	211,955
Administrative expenses	6,889	6,741
Total deductions	214,053	218,696
<b>NET INCREASE</b>	441,572	112,924
<b>NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS</b>		
January 1	1,573,939	1,461,015
December 31	\$ 2,015,511	\$ 1,573,939

See accompanying notes to financial statements.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019 and 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Retiree Health Insurance Trust Fund of the Forest Preserve District of Will County, Illinois (the Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

a. Reporting Entity

The Fund is a fiduciary component unit of the Forest Preserve District of Will County, Illinois (the Forest Preserve) pursuant to GASB Statement Nos. 14 and 84 as amended by GASB Statement No 61.

b. Fund Accounting

The Fund uses funds to report on its plan net position and the changes in its plan net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Fund is classified into the fiduciary category.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When pension or other postemployment benefit (OPEB) plan assets are held under the terms of a formal trust agreement, a pension trust fund or OPEB trust fund is used.

c. Basis of Accounting

The Fund is accounted for with a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of plan net position. The Fund's operating statements present increases (e.g., additions) and decreases (e.g., deductions) in plan net position.

The accrual basis of accounting is utilized by the Fund. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Investments

Investments are stated at fair value as of December 31, 2019 and 2018 for both reporting and actuarial purposes. The money market fund is valued at amortized cost, which approximates fair value, as there are no limitations or restrictions on withdrawals. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

e. Budgets

An annual budget is adopted for the Fund by the Board of Trustees. The budget is adopted on a basis consistent with GAAP. The budget, which may not be legally exceeded at the fund level, lapses at the end of the fiscal year. Once adopted, the budget may be amended by the Board of Trustees.

**2. DEPOSITS AND INVESTMENTS**

The deposits and investments of the Fund are held separately from those of the Forest Preserve.

The Fund's investment policy authorizes the Fund to invest in certain stocks and equity securities, debt securities guaranteed by the United States Government (explicitly or implicitly), interest-bearing accounts and certificates of a bank (also savings and loans if fully FDIC insured and credit unions if main office is located in Illinois), certain money market mutual funds, certain repurchase agreements, equity mutual funds, debt mutual funds and local government investment pools.

The investment policy calls for the following allocation of the Fund's assets:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Stock	50.00%	6.00%
Fixed Income (Government Short)	15.00%	0.00%
Fixed Income (Government Intermediate)	15.00%	1.00%
Fixed Income (Corporate Short)	5.00%	1.00%
Fixed Income (Municipal Short)	4.50%	0.00%
Fixed Income (Corporate Intermediate)	5.00%	2.00%
Fixed Income (Municipal Intermediate)	4.50%	1.00%
Cash	1.00%	0.00%
<b>TOTAL</b>	<b>100.00%</b>	



**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on fund investments, net of fund investment expense, was 15.06% and (1.09)% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term rate of return on fund investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019 and 2018 are indicated in Note 2 on the previous page.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires deposits in financial institutions that participate in the FDIC program and pledging of collateral for all bank balances in excess of federal depository insurance at 110% of the uninsured amounts with the collateral held by an independent third party agent of the Fund or the Federal Reserve Bank in the Fund's name.

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2019 and 2018:

2019

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury and agency	\$ 681,542	\$ 125,173	\$ 556,369	\$ -	\$ -
Municipal bonds	75,836	50,623	25,213	-	-
Corporate bonds	80,683	49,955	30,728	-	-
<b>TOTAL</b>	<b>\$ 838,061</b>	<b>\$ 225,751</b>	<b>\$ 612,310</b>	<b>\$ -</b>	<b>\$ -</b>

2018

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury and agency	\$ 591,908	\$ 124,007	\$ 419,244	\$ 48,657	\$ -
Municipal bonds	74,990	-	74,990	-	-
Corporate bonds	74,240	24,870	49,370	-	-
<b>TOTAL</b>	<b>\$ 741,138</b>	<b>\$ 148,877</b>	<b>\$ 543,604</b>	<b>\$ 48,657</b>	<b>\$ -</b>

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for paying benefits and maximizing yields for funds not needed within a one-year period. The investment policy limits the maturities to match cash flow needs and to provide for future funding of liabilities.

Additionally, the Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurements as of December 31, 2019 and 2018.

The Fund's equity securities and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. Treasury and agency obligations, corporate and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

It is the policy of the Fund to limit its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government and by limiting investment in securities with higher credit risks, including not allowing investments stock options, call options and any form of derivative. The corporate bonds are rated Aa3 to A2 and the municipal bonds are rated Aa2 to Aaa. The U.S. agency investments are rated Aaa.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's investment policy does not address custodial credit risk for investments; however, the Fund does not have any exposure to custodial credit risk at December 31, 2019 and 2018 as the investments are held by the Fund's agent in the funds name separate from where the investment was purchased.

Concentration of credit risk is the risk that a single investment instrument or type makes up a significant portion of the Fund's portfolio, resulting in concentrated risk. The Fund's investment policy requires diversification away from specific instruments or issuers.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. RETIREE HEALTH INSURANCE TRUST FUND**

a. Plan Description

The Fund is an irrevocable trust established by the Forest Preserve in 2009 to provide OPEB for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Forest Preserve and can be amended by the Forest Preserve through its personnel manual and union contracts. The Fund is governed by a seven member Board of Trustees.

b. Benefits Provided

To be eligible for benefits, an employee must qualify for retirement under the Forest Preserve’s retirement plan, the Illinois Municipal Retirement Fund (IMRF), and have been employed for at least seven years with the Forest Preserve, ten years for employees hired on or after January 1, 2015. All health care benefits are provided through the Forest Preserve’s third party indemnity plan or through the union’s third party indemnity plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. The benefit for employees hired prior to January 1, 2015, which is 100% of the individual premium for employees with seven years of service, is available for ten years or until the employee becomes Medicare eligible, whichever occurs first. The retiree will be responsible for 100% of any dependent coverage.

For employees hired on or after January 1, 2015, the Fund will pay 50% of the premium for individual coverage for employees with ten years of service, increasing by 5% per year of service over ten to a maximum of 100% for ten years or until the employee becomes Medicare eligible.

c. Membership

At December 31, 2019 and 2018, membership consisted of:

Inactive fund members or beneficiaries		
currently receiving benefits payments	19	19
Inactive fund members entitled to		
but not yet receiving benefit payments	-	-
Active fund members	102	102
TOTAL	121	121

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)**

d. Contributions

In conjunction with the preparation of the annual actuarial valuation for the Fund, the Fund's actuary calculates the Forest Preserve's actuarially determined contribution (ADC) for the plan/fiscal year in which contributions are reported. For 2019 and 2018 the employer contribution was 6.09% and 5.54% respectively, of covered payroll.

**4. OPEB LIABILITY OF THE FOREST PRESERVE**

a. Net OPEB Liability

The components of the net OPEB liability of the Forest Preserve as of December 31, 2019 were as follows:

Total OPEB liability	\$ 4,370,061
Plan fiduciary net position	(2,015,511)
Forest Preserve's net OPEB liability	2,354,550
Plan fiduciary net position as a percentage of the total OPEB liability	46.12%

The components of the net OPEB liability of the Forest Preserve as of December 31, 2018 were as follows:

Total OPEB liability	\$ 4,268,016
Plan fiduciary net position	(1,573,939)
Forest Preserve's net OPEB liability	2,694,077
Plan fiduciary net position as a percentage of the total OPEB liability	36.88%

See the schedule of changes in the employer's net OPEB liability and related ratios on page 13 of the required supplementary information for additional information related to the funded status of the Fund.

b. Actuarial Assumptions

The total OPEB liability above, after considering the sharing of benefit-related costs with inactive fund members, was determined by an actuarial valuation performed as of December 31, 2019 and 2018 using the actuarial methods and assumptions on the next page.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)**

b. Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2018	December 31, 2019
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.50%	2.50%
Investment rate of return (net of fund investment expense, including inflation)	6.50%	6.50%
Healthcare cost trend rates	8.50% in Fiscal 2018, trending to 8.00% in Fiscal 2019 and an ultimate trend rate of 4.00% in 2073.	8.50% in Fiscal 2018, trending to 8.00% in Fiscal 2019 and an ultimate trend rate of 4.00% in 2073.
Asset valuation method	Market	Market

Mortality rates in 2018 were based on the RP-2000 Combined Healthy Mortality Table projected to the valuation date with Scale AA. And on the RP-2014 Combined Health Mortality Table in 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the calendar years 2011 through 2015.

c. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% at December 31, 2019. For the fiscal year ended December 31, 2018, the discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Forest Preserve contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current fund members.

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS**  
**RETIREE HEALTH INSURANCE TRUST FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)**

d. Rate Sensitivity

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the net OPEB liability of the Forest Preserve calculated using the discount rate of 6.50% as well as what the Forest Preserve's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

Net OPEB Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
December 31, 2018	\$ 2,971,918	\$ 2,694,077	\$ 2,439,572
December 31, 2019	2,630,730	2,354,550	2,101,591

The table below presents the net OPEB liability of the Forest Preserve calculated using the healthcare rate of 4% to 8% as well as what the Forest Preserve's net OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3% to 7%) or 1 percentage point higher (5% to 9%) than the current rate:

Net OPEB Liability	1% Decrease (3% to 7%)	Current Healthcare Rate (4% to 8%)	1% Increase (5% to 9%)
December 31, 2018	\$ 2,318,189	\$ 2,694,077	\$ 3,127,612
December 31, 2019	1,939,993	2,354,550	2,833,332

**5. SUBSEQUENT EVENT**

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. As a result, equity investments of the Plan have experienced significant declines in quoted prices on active markets. Management of the Fund is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET OPEB LIABILITY AND RELATED RATIOS**

Last Four Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 92,781	\$ 96,492	\$ 98,802	\$ 139,537
Interest	168,368	170,056	184,858	276,449
Differences between expected and actual experience	-	-	223,801	-
Changes of assumptions	-	(7,997)	1,087,477	-
Explicit benefit payments	(217,425)	(205,148)	(211,955)	(207,164)
Implicit benefit payments	(8,830)	(40,904)	(59,191)	(106,777)
Net change in total OPEB liability	34,894	12,499	1,323,792	102,045
Total OPEB liability - beginning	2,896,831	2,931,725	2,944,224	4,268,016
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 2,931,725</b>	<b>\$ 2,944,224</b>	<b>\$ 4,268,016</b>	<b>\$ 4,370,061</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 282,000	\$ 350,000	\$ 350,000	\$ 400,000
Contributions - member	8,830	40,904	59,191	106,777
Net investment income	56,880	126,366	(18,380)	255,625
Explicit benefit payments	(217,425)	(205,148)	(211,955)	(207,164)
Implicit benefit payments	(8,830)	(40,904)	(59,191)	(106,777)
Administrative expense	(5,900)	(10,329)	(6,741)	(6,889)
Net change in plan fiduciary net position	115,555	260,889	112,924	441,572
Plan fiduciary net position - beginning	1,084,571	1,200,126	1,461,015	1,573,939
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 1,200,126</b>	<b>\$ 1,461,015</b>	<b>\$ 1,573,939</b>	<b>\$ 2,015,511</b>
<b>EMPLOYER'S NET OPEB LIABILITY</b>	<b>\$ 1,731,599</b>	<b>\$ 1,483,209</b>	<b>\$ 2,694,077</b>	<b>\$ 2,354,550</b>
Plan fiduciary net position as a percentage of the total OPEB liability	40.94%	49.62%	36.88%	46.12%
Covered payroll	\$ 6,092,140	\$ 6,335,826	\$ 6,316,748	\$ 6,569,418
Employer's net OPEB liability as a percentage of covered payroll	28.42%	23.41%	42.65%	35.84%

In 2019, there were no changes to assumptions. In 2018, changes in assumptions related to mortality tables and the discount rate were made (5.90% to 6.50%) and changes to the healthcare trend rate to reflect healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. In 2017, changes in assumptions related to the discount rate were made (5.85% to 5.90%) and changes to the healthcare trend rate to reflect healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many years as is available.

(See independent auditor's report.)



**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 237,391	\$ 153,041	\$ 153,041	\$ 153,041	\$ 182,097	\$ 182,097	\$ 242,475	\$ 239,981	\$ 376,356	\$ 341,119
Contributions in relation to the actuarially determined contribution	238,000	125,000	110,000	153,000	155,000	182,000	282,000	350,000	350,000	400,000
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (609)</b>	<b>\$ 28,041</b>	<b>\$ 43,041</b>	<b>\$ 41</b>	<b>\$ 27,097</b>	<b>\$ 97</b>	<b>\$ (39,525)</b>	<b>\$ (110,019)</b>	<b>\$ 26,356</b>	<b>\$ (58,881)</b>
Covered payroll	\$ 6,230,353	\$ 6,253,000	\$ 6,253,000	\$ 6,253,000	\$ 6,092,140	\$ 6,092,140	\$ 6,092,140	\$ 6,335,826	\$ 6,316,748	\$ 6,569,418
Contributions as a percentage of covered payroll	3.82%	2.00%	1.76%	2.45%	2.54%	2.99%	4.63%	5.52%	5.54%	6.09%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates shown above are calculated as of December 31 for the plan/fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of pay, open
Remaining amortization period	15 years
Asset valuation method	Market
Inflation	2.50%
Healthcare cost trend rate	8.50% in Fiscal 2018, trending to 8.00% in Fiscal 2019 and an ultimate trend rate of 4.00% in 2073.
Investment rate of return	6.50%
Retirement age	Various
Mortality	Mortality rates were based on the RP-2014 Mortality Table with fully generational projection using Scale MP-2017.

(See independent auditor's report.)

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

SCHEDULE OF INVESTMENT RETURNS

Last Four Fiscal Years

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	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	5.66%	10.62%	(1.09%)	15.06%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many years as is available.

(See independent auditor's report.)

**SUPPLEMENTARY INFORMATION**

**FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS  
RETIREE HEALTH INSURANCE TRUST FUND**

SCHEDULE OF CHANGES IN PLAN NET POSITION -  
BUDGET AND ACTUAL

For the Year Ended December 31, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ -	\$ 400,000	\$ 400,000
Total contributions	-	400,000	400,000
Interest income			
Net appreciation in fair value of investments	-	229,829	229,829
Interest and dividends	-	42,065	42,065
Total investment income	-	271,894	271,894
Less investment expense	-	(16,269)	(16,269)
Net investment income	-	255,625	255,625
Total additions	-	655,625	655,625
<b>DEDUCTIONS</b>			
Health insurance benefits	-	250,968	250,968
Less retiree contributions	-	(43,804)	(43,804)
Administrative expenses	-	6,889	6,889
Total deductions	-	214,053	214,053
<b>NET INCREASE</b>	<b>\$ -</b>	<b>441,572</b>	<b>\$ 441,572</b>
<b>NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS</b>			
January 1		1,573,939	
December 31		\$ 2,015,511	

(See independent auditor's report.)