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

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2017 and 2016

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

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT DISCUSSION AND ANALYSIS	MD&A 1-6
BASIC FINANCIAL STATEMENTS	
Statement of Plan Net Position	3
Statement of Changes in Plan Net Position	4
Notes to Financial Statements	5-12
Required Supplementary Information	
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios	13
Schedule of Employer Contributions	14
Schedule of Investment Returns	15
SUPPLEMENTARY INFORMATION	
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 blended fiduciary fund of the Forest Preserve District of Will County, Illinois as of and for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the Fund and are not intended to present fairly the financial position and changes in financial position of the Forest Preserve District of Will County, Illinois, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
April 20, 2018

BASIC FINANCIAL STATEMENTS

FOREST PRESERVE DISTRICT OF WILL COUNTY
RETIREE HEALTH INSURANCE TRUST FUND

(A Fiduciary Fund 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, 2017 and includes comparative information for the years ended December 31, 2016 and 2015.

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, 2017 the Fund provided benefits to 19 retirees and 2 spouses 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, 2017. 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, 2017, 2016 and 2015. 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 below.

Condensed Statement of Plan Net Position

	2017	2016	2015
Cash and Equivalents	$ 12,860	$ 7,883	$ 6,225
Investments, at fair value	1,433,657	1,172,297	1,062,091
Prepaid Expenses	18,816	22,115	15,364
Other Assets	-	-	1,668
Total Assets	1,465,333	1,202,295	1,085,348
Liabilities	4,318	2,169	777
Total Net Plan Position	$ 1,461,015	$ 1,200,126	$ 1,084,571

Financial Highlights

December 31, 2017 Compared to December 31, 2016:

The Fund's plan net position rose by $260,889 or 21.74% from December 31, 2016 to December 31, 2017. The primary reason for the change was an increase in the fair value of the Fund's investment portfolio and an increase in the employer contribution. Cash and cash equivalents increased $4,977 for the period December 31, 2017 when compared to December 31, 2016. 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 49.62% as of December 31, 2017, as compared to 40.94% at December 31, 2016.

The overall blended rate of return for the Fund was 10.627% during 2017 as compared to 5.67% in 2016.

December 31, 2016 Compared to December 31, 2015:

The Fund's plan net position rose by $115,555 or 10.65% from December 31, 2015 to December 31, 2016. The primary reason for the change was an increase in the fair value of the Fund's investment portfolio. Cash and cash equivalents increased $1,658 for the period December 31, 2016 when compared to December 31, 2015. 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 40.94% as of December 31, 2016, as compared to 41.25% at December 31, 2015.

The overall blended rate of return for the Fund was 5.67% during 2016 as compared to 3.12% in 2015.

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 2016 and was updated for the current year. The valuation found that the funding status of the Fund as of December 31, 2017 is 49.62% compared to 40.94% at December 31, 2016 and 41.25% in 2015. The unfunded actuarial accrued liability was $1.48 million on December 31, 2017, as compared to $1.73 million on December 31, 2016 and $1.41 million on December 31, 2015. This was a decrease of approximately $250,000, or $320,000 or 16.75% when compared to the previous year. An increase in the investment portfolio contributed to the reduction in the actuarial accrued liability of the Fund that, in turn, impacted upon the unfunded actuarial accrued liability. The discount rate used to calculate the actuarial accrued liability for December 31, 2017 is 5.90% as compared to 5.85% at December 31, 2016. 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 2017 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 8.75% 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, 2017, 2016 and 2015 were as follows:

	2017	2016	2015
Cash and Equivalents	0.90%	0.67%	0.58%
Equity Mutual Funds	12.49%	12.33%	17.43%
Money Market Mutual Funds	7.14%	5.04%	3.72%
Stocks	39.98%	38.06%	35.68%
Municipal Bonds	6.93%	8.09%	6.20%
Corporate Bonds	8.61%	10.60%	9.38%
US Agencies	23.95%	25.21%	27.01%
Total	100.00%	100.00%	100.00%

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, 2017, 2016 and 2015 is presented below. The financial statement reflects the changes in the resources available to pay benefits to plan participants, including retirees and beneficiaries.

Condensed Statement of Changes in Plan Net Position

	2017	2016	2015
Additions:			
Employer Contributions	$350,000	$282,000	$182,000
Net Investment Income	126,366	56,880	30,783
Total Additions	476,366	338,880	212,783
Deductions:			
Health Insurance Benefits	205,148	217,425	160,298
Administrative Expenses	10,329	5,900	5,104
Total Deductions	215,477	223,325	165,402
Net Increase in Plan Net Position	$260,889	$115,555	$47,381

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

Additions to plan net position include employer and retiree 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 annual required 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.

December 31, 2016 as Compared to December 31, 2015:
Additions to plan net position include employer and retiree contributions and net income from investment activities. Employer contributions increased from $182,000 in 2015 to $282,000 in 2016, a change of $100,000 or 54.95%. The increase reflects the District's continued desire to gradually contribute a higher percentage of the annual required contribution to the Fund each year.

Retiree contributions were $19,483 in 2016, compared to $8,811 in 2015. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2016, 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 2016 was $56,880 as compared to $30,783 in 2015. 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 2016 and 2015, the Fund paid out

$217,425 and $169,109 in benefits, respectively. This was an increase of $48,316. The increase is a direct result of additional employees retiring in 2016 and a slight increase in the premium cost of health care benefits. There were 15 retirees receiving post-employment benefits at December 31, 2016.

December 31, 2015 as Compared to December 31, 2014:
Additions to plan net position include employer and retiree contributions and net income from investment activities. Employer contributions increased from $155,000 in 2014 to $182,000 in 2015, a change of $27,000 or 17.42%. The increase reflects the District's continued desire to gradually contribute a higher percentage of the annual required contribution to the Fund each year.

Retiree contributions were $8,811 in 2015, compared to $15,491 in 2014. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2015, 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 2015 was $30,783 as compared to $40,859 in 2014. The decrease is due to a reduction in the amount of net appreciation in the fair value of investments, which is partially offset by an increase in interest and dividends from portfolio investments.

Deductions from plan net position are primarily benefit payments. During 2015 and 2014, the Fund paid out $169,109 and $153,590 in benefits, respectively. This was an increase of approximately $15,519. The increase is a direct result of additional employees retiring in 2016 and a slight increase in the premium cost of health care benefits. There were 17 retirees receiving post-employment benefits at December 31, 2016.

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.

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 John E. Gerl, 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, 2017 and 2016

	2017	2016
ASSETS		
Cash and short-term investments	$ 12,860	$ 7,883
Investments, at fair value		
U.S agency and securities	346,403	297,497
Municipal bonds	100,304	95,466
Corporate bonds	124,585	125,156
Money market mutual funds	103,301	59,490
Equity mutual funds	180,696	145,474
Equity securities	578,368	449,214
Prepaid expenses	18,816	22,115
Total assets	1,465,333	1,202,295
LIABILITIES		
Unearned revenue	4,318	2,169
Total liabilities	4,318	2,169
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS	$ 1,461,015	$ 1,200,126

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, 2017 and 2016

	2017	2016
ADDITIONS		
Contributions		
Employer contributions	$ 350,000	$ 282,000
Total contributions	350,000	282,000
Investment income		
Net appreciation in fair value of investments	113,464	44,382
Interest and dividends	24,296	22,870
Total investment income	137,760	67,252
Less investment expense	(11,394)	(10,372)
Net investment income	126,366	56,880
Total additions	476,366	338,880
DEDUCTIONS		
Health insurance benefits	205,148	217,425
Administrative expenses	10,329	5,900
Total deductions	215,477	223,325
NET INCREASE	260,889	115,555
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS		
January 1	1,200,126	1,084,571
December 31	$ 1,461,015	$ 1,200,126

See accompanying notes to financial statements.

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 fund of the Forest Preserve District of Will County, Illinois (the Forest Preserve) pursuant to GASB Statement No. 14 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Investments

Investments are stated at fair value as of December 31, 2017 for both reporting and actuarial purposes. The money market fund is valued at amortized cost, which approximates fair value. 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 generally accepted accounting principles. 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%
TOTAL	100.00%	

2. DEPOSITS AND INVESTMENTS (Continued)

For the year ended December 31, 2017, the annual money-weighted rate of return on Fund investments, net of Fund investment expense, was 10.62%. 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, 2017 are indicated in Note 2 above.

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 102% 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, 2017 and 2016:

2017

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. agency and securities	$ 346,403	$ 49,902	$ 296,501	$ -	$ -
Municipal bonds	100,304	25,005	75,299	-	-
Corporate bonds	124,585	24,982	99,603	-	-
TOTAL	$ 571,292	$ 99,889	$ 471,403	$ -	$ -

2016

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. agency and securities	$ 297,497	$ 74,976	$ 222,521	$ -	$ -
Municipal bonds	95,466	20,166	75,300	-	-
Corporate bonds	125,156	50,034	75,122	-	-
TOTAL	$ 518,119	$ 145,176	$ 372,943	$ -	$ -

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 generally accepted accounting principals. 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, 2017.

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. 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, 2017 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.

3. RETIREE HEALTH INSURANCE TRUST FUND

a. Plan Description

The Fund is an irrevocable trust established by the Forest Preserve in 2009 to provide other postemployment health care and life insurance benefits (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. 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, 2017 and 2016, membership consisted of:

Inactive fund members or beneficiaries currently receiving benefits payments	21
Inactive fund members entitled to but not yet receiving benefit payments	-
Active fund members	104
TOTAL	125

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. The employer contribution is 5.5% 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, 2017 were as follows:

Total OPEB liability	$	2,944,224
Plan fiduciary net position		(1,461,015)
Forest Preserve's net OPEB liability		1,483,209
Plan fiduciary net position as a percentage of the total OPEB liability		49.62%

The components of the net OPEB liability of the Forest Preserve as of December 31, 2016 were as follows:

Total OPEB liability	$	2,931,725
Plan fiduciary net position		(1,200,126)
Forest Preserve's net OPEB liability		1,731,599
Plan fiduciary net position as a percentage of the total OPEB liability		40.94%

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, 2017 using the following actuarial methods and assumptions.

4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)

b. Actuarial Assumptions (Continued)

Actuarial Valuation Date	December 31, 2016	December 31, 2017
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Assumptions		
Inflation	3.00%	3.00%
Investment Rate of Return (Net of Fund Investment Expense, Including Inflation)	6.50%	6.50%
Healthcare Cost Trend Rates	4.00% to 8.00% (8.00% for 2016; 8.75% for 2017, declining by 0.50% and 0.25% per year to an ultimate rate of 4.00% for 2073 and after)	8.75% in Fiscal 2017, trending to 8.50% in Fiscal 2018 and an ultimate trend rate of 4.00% in 2073.
Asset Valuation Method	Market	Market

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to the valuation date with Scale AA.

The actuarial assumptions used in the December 31, 2017 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 5.90% at December 31, 2017. For the fiscal year ended December 31, 2016, the discount rate used to measure the total OPEB liability was 5.85%. 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 Retiree Health Insurance Trust Fund's fiduciary net position was projected not to be available to make all projected future benefit payments of current Retiree Health Insurance Trust Fund members for more than 19 years after December 31, 2017. Therefore, the long-term expected rate of return on Retiree Health Insurance Trust Fund plan investments at 6.50% was blended with the index rate of 3.44% (3.78% in 2016) for tax-exempt general obligation municipal bonds rated AA or better published in the bond buyer at December 31, 2017 to arrive at a discount rate of 5.90% (5.85% in 2016) used to determine the total OPEB liability.

4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)

d. Rate Sensitivity

The following is a sensitive 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 5.90% 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 (4.90%) or 1 percentage point higher (6.90%) than the current rate:

Net OPEB Liability	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
December 31, 2016	$ 1,906,171	$ 1,731,599	$ 1,566,958
December 31, 2017	1,646,953	1,483,209	1,327,988

The table below presents the net OPEB liability of the Forest Preserve calculated using the healthcare rate of 4.00% to 8.75% 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 (3.00% to 7.75%) or 1 percentage point higher (5.00% to 9.75%) than the current rate:

Net OPEB Liability	1% Decrease (3.00% to 7.75%)	Current Healthcare Rate (4.00% to 8.75%)	1% Increase (5.00% to 9.75%)
December 31, 2016	$ 1,492,207	$ 1,731,599	$ 2,294,297
December 31, 2017	1,646,953	1,483,209	1,327,988

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 Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	**2016**	**2017**
TOTAL OPEB LIABILITY		
Service cost	$ 92,781	$ 96,492
Interest	168,368	170,056
Changes of assumptions	-	(7,997)
Explicit benefit payments	(217,425)	(205,148)
Implicit benefit payments	(8,830)	(40,904)
Net change in total OPEB liability	34,894	12,499
Total OPEB liability - beginning	2,896,831	2,931,725
TOTAL OPEB LIABILITY - ENDING	$ 2,931,725	$ 2,944,224
PLAN FIDUCIARY NET POSITION		
Contributions - employer	$ 282,000	$ 350,000
Contributions - member	8,830	40,904
Net investment income	56,880	126,366
Explicit benefit payments	(217,425)	(205,148)
Implicit benefit payments	(8,830)	(40,904)
Administrative expense	(5,900)	(10,329)
Net change in plan fiduciary net position	115,555	260,889
Plan fiduciary net position - beginning	1,084,571	1,200,126
PLAN FIDUCIARY NET POSITION - ENDING	$ 1,200,126	$ 1,461,015
EMPLOYER'S NET OPEB LIABILITY	$ 1,731,599	$ 1,483,209
Plan fiduciary net position as a percentage of the total OPEB liability	40.94%	49.62%
Covered-employee payroll	$ 6,092,140	$ 6,335,826
Employer's net OPEB liability as a percentage of covered-employee payroll	28.42%	23.41%

In 2017, changes in assumptions related to the discount rate were made (5.85%-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.

The Forest Preserve implemented GASB Statement No. 75 for the fiscal year end December 31, 2017.

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.

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,	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Actuarially Determined Contribution	$ 259,842	$ 237,391	$ 237,391	$ 153,041	$ 153,041	$ 153,041	$ 182,097	$ 182,097	$ 242,475	$ 239,981
Contributions in Relation to the Actuarially Determined Contribution	103,926	675,203	238,000	125,000	110,000	153,000	155,000	182,000	282,000	350,000
CONTRIBUTION DEFICIENCY (Excess)	$ 155,916	$ (437,812)	$ (609)	$ 28,041	$ 43,041	$ 41	$ 27,097	$ 97	$ (39,525)	$ (110,019)
Covered-Employee Payroll	$ 5,432,690	$ 5,432,690	$ 6,230,353	$ 6,253,000	$ 6,253,000	$ 6,253,000	$ 6,092,140	$ 6,092,140	$ 6,092,140	$ 6,335,826
Contributions as a Percentage of Covered-Employee Payroll	1.9%	12.4%	3.8%	2.0%	1.8%	2.4%	2.5%	3.0%	4.6%	5.5%

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	3.00% (Unchanged from 2016)
Healthcare Cost Trend Rate	8.75% in Fiscal 2017, trending to 8.50% in Fiscal 2018, and an ultimate trend rate of 4.00% in 2073.
Investment Rate of Return	6.50% (7.70% in 2016)
Retirement Age	Various
Mortality	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to the valuation date with Scale AA.

(See independent auditor's report.)

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

SCHEDULE OF INVESTMENT RETURNS

Last Two Fiscal Years

	2016	**2017**
Annual money-weighted rate of return, net of investment expense	5.66%	10.62%

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, 2017

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer contributions	$ 350,000	$ 350,000	$ -
Total contributions	350,000	350,000	-
Interest income			
Net appreciation in fair value of investments	-	113,464	113,464
Interest and dividends	18,500	24,296	5,796
Total investment income	18,500	137,760	119,260
Less investment expense	(8,000)	(11,394)	(3,394)
Net investment income	10,500	126,366	115,866
Total additions	360,500	476,366	115,866
DEDUCTIONS			
Health insurance benefits	257,500	240,921	(16,579)
Less retiree contributions	(18,000)	(35,773)	(17,773)
Administrative expenses	15,000	10,329	(4,671)
Total deductions	254,500	215,477	(39,023)
NET INCREASE	$ 106,000	260,889	$ 154,889
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS			
January 1		1,200,126	
December 31		$ 1,461,015	

(See independent auditor's report.)