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

ANNUAL FINANCIAL REPORT

**For the Years Ended December 31, 2020 and 2019**

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

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Sikich LLP

Naperville, Illinois
May 28, 2021

# 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, 2020 and includes comparative information for the years ended December 31, 2019 and 2018.

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, 2020, the Fund provided benefits to 22 retirees and 4 dependents of retirees. Active participants include 16 eligible for retiree health benefits and 82 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, 2020. 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, 2020, 2019 and 2018. 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.

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Cash and Equivalents | $ 32,004 | $ 71,686 | $ 31,222 |
| Investments, at fair value | 2,304,725 | 1,925,714 | 1,525,268 |
| Prepaid Expenses | 22,188 | 22,079 | 21,001 |
| Total Assets | 2,358,917 | 2,019,479 | 1,577,491 |
| Liabilities | 3,014 | 3,968 | 3,552 |
| Total Net Plan Position | $ 2,355,903 | $ 2,015,511 | $ 1,573,939 |

## Financial Highlights

***December 31, 2020 Compared to December 31, 2019:***
The Fund's plan net position rose by $340,392 or 16.89% from December 31, 2019 to December 31, 2020. The primary reason for the change was an increase in the fair value of the Fund's investment portfolio of $379,011. Cash and cash equivalents decreased $39,682 for the period December 31, 2020 when compared to December 31, 2019. The decrease is due to the timing of transfers of funds between accounts.

Pursuant to the most recent actuarial study, the funded ratio was 53.94% as of December 31, 2020 as compared to 46.12% at December 31, 2019.

The overall money weighted rate of return for the Fund was 8.34% during 2020 as compared to 15.06% in 2019.

***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.

**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 2020. The valuation found that the funding status of the Fund as of December 31, 2020 is 53.94% compared to 46.12% at December 31, 2019 and 36.88% in 2018. The unfunded actuarial accrued liability was $2.01 million on December 31, 2020, as compared to $2.35 million on December 31, 2019 and $2.69 million on December 31, 2018. This was a decrease of around $340,000, or a decrease of 14.57% when compared to the previous year. The decrease from 2019 to 2020 was due primarily to a strong investment performance during the year and steady employer contributions. In 2018 there was a change in certain actuarial assumptions, which now aligns with those used by the Illinois Municipal Retirement Fund ("IMRF"). 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%. Additional changes in assumptions related to updated health care costs and premiums and updated health care cost trend rates were reflected in FY2020 calculations. 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 2020 and 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 7.00% 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, 2020, 2019 and 2018 were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Cash and Equivalents | 1.37% | 3.59% | 2.01% |
| Equity Mutual Funds | 12.36% | 10.88% | 10.67% |
| Money Market Mutual Funds | 1.60% | 2.02% | 1.18% |
| Stocks | 36.35% | 41.55% | 38.53% |
| Municipal Bonds | 2.17% | 3.80% | 4.82% |
| Corporate Bonds | 12.33% | 4.04% | 4.77% |
| US Agencies | 33.82% | 34.12% | 38.02% |
| 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, 2020, 2019 and 2018 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**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Additions: | | | |
| Employer Contributions | $400,000 | $400,000 | $350,000 |
| Net Investment Income | 174,028 | 255,625 | (18,380) |
| Total Additions | 574,028 | 655,625 | 331,620 |
| Deductions: | | | |
| Health Insurance Benefits | 226,398 | 207,164 | 211,955 |
| Administrative Expenses | 7,238 | 6,889 | 6,741 |
| Total Deductions | 233,636 | 214,053 | 218,696 |
| Net Increase in Plan Net Position | $340,392 | $441,572 | $112,924 |

***December 31, 2020 as Compared to December 31, 2019:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions were $400,000 in 2020 and 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.

Retiree contributions were $109,373 in 2020, compared to $106,777 in 2019 and reduce the deductions for health insurance benefits. The contributions required of retirees are established in the District’s Employee Personnel Manual. During 2020, 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 2020 was $174,028, a decrease of $81,597 from 2019 which recognized net investment income of $255,625. The decrease is due to less recognition of unrealized gains in 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 2020 and 2019, the Fund paid out $226,398 and $207,164 in net benefits, respectively. This was an increase of $19,234. The net increase 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 was also a slight increase in the number of retirees receiving coverage during 2020. At the end of fiscal year 2020, 22 retirees and 4 dependents were receiving post-employment benefits, as compared to 19 retirees and 3 dependents at December 31, 2019.

***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.

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 decrease in dental claims 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.

**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 2021.

**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 Ralph Schultz, 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, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **ASSETS** | | |
| Cash and short-term investments | $ 32,004 | $ 71,686 |
| Investments, at fair value | | |
| U.S Treasury and agency securities | 790,343 | 681,542 |
| Municipal bonds | 50,636 | 75,836 |
| Corporate bonds | 288,239 | 80,683 |
| Money market mutual funds | 37,236 | 40,442 |
| Equity mutual funds | 288,901 | 217,275 |
| Equity securities | 849,370 | 829,936 |
| Prepaid expenses | 22,188 | 22,079 |
| Total assets | 2,358,917 | 2,019,479 |
| **LIABILITIES** | | |
| Unearned revenue | 3,014 | 3,968 |
| Total liabilities | 3,014 | 3,968 |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | $ 2,355,903 | $ 2,015,511 |

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, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | | |
| Employer contributions | $ 400,000 | $ 400,000 |
| Total contributions | 400,000 | 400,000 |
| Investment income | | |
| Net appreciation in fair value of investments | 147,338 | 229,829 |
| Interest and dividends | 41,799 | 42,065 |
| Total investment income | 189,137 | 271,894 |
| Less investment expense | (15,109) | (16,269) |
| Net investment income | 174,028 | 255,625 |
| Total additions | 574,028 | 655,625 |
| **DEDUCTIONS** | | |
| Health insurance benefits | 269,391 | 207,164 |
| Less retiree contributions | (42,993) | - |
| Administrative expenses | 7,238 | 6,889 |
| Total deductions | 233,636 | 214,053 |
| NET INCREASE | 340,392 | 441,572 |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | | |
| January 1 | 2,015,511 | 1,573,939 |
| December 31 | $ 2,355,903 | $ 2,015,511 |

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 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.

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

d. Investments

Investments are stated at fair value as of December 31, 2020 and 2019, 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% | 0.50% |
| Fixed Income (Government Intermediate) | 15.00% | 2.00% |
| Fixed Income (Corporate Short) | 5.00% | 1.00% |
| Fixed Income (Municipal Short) | 4.50% | 0.50% |
| Fixed Income (Corporate Intermediate) | 5.00% | 3.00% |
| Fixed Income (Municipal Long) | 4.50% | 2.00% |
| Cash | 1.00% | 0.30% |
| TOTAL | 100.00% | |

## 2. DEPOSITS AND INVESTMENTS (Continued)

For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on fund investments, net of fund investment expense, was 8.34% and 15.06% 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, 2020 and 2019, 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, 2020 and 2019:

2020

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury and agency | $ 790,343 | $ 227,087 | $ 563,256 | $ - | $ - |
| Municipal bonds | 50,636 | 25,151 | 25,485 | - | - |
| Corporate bonds | 288,239 | - | 288,239 | - | - |
| TOTAL | $ 1,129,218 | $ 252,238 | $ 876,980 | $ - | $ - |

2019

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | 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 | - | - |
| TOTAL | $ 838,061 | $ 225,751 | $ 612,310 | $ - | $ - |

## 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, 2020 and 2019.

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 Aa2 and the municipal bonds are rated Aa1 to A2. 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, 2020 and 2019, 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 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, 2020 and 2019, membership consisted of:

| | | |
|---|---|---|
| Inactive fund members or beneficiaries currently receiving benefits payments | 19 | 22 |
| Inactive fund members entitled to but not yet receiving benefit payments | - | - |
| Active fund members | 102 | 98 |
| TOTAL | 121 | 120 |

## 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 2020 and 2019 the employer contribution was 6.99% and 6.09% 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, 2020, were as follows:

| | | |
|---|---|---|
| Total OPEB liability | $ | 4,367,463 |
| Plan fiduciary net position | | (2,355,903) |
| Forest Preserve's net OPEB liability | | 2,011,560 |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 53.94% |

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% |

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, 2020 and 2019, using the actuarial methods and assumptions on the next page.

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

b. Actuarial Assumptions (Continued)

| | | |
|---|---|---|
| Actuarial valuation date | December 31, 2019 | December 31, 2020 |
| 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. | 7.00% in Fiscal 2020 and an ultimate trend rate of 4.00% in 2074. |
| Asset valuation method | Fair value | Fair value |

Mortality rates in 2019 and 2020 were based on the RP-2014 Mortality Table with fully generational projection using Scale MP-2017.

c. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% at December 31, 2020 and December 31, 2019. 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.

## 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, 2019 | $ 2,630,730 | $ 2,354,550 | $ 2,101,591 |
| December 31, 2020 | 2,307,665 | 2,011,560 | 1,741,274 |

The table below presents the net OPEB liability of the Forest Preserve calculated using the current healthcare rate 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 or 1 percentage point higher 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, 2019 | $ 1,939,993 | $ 2,354,550 | $ 2,833,332 |

| Net OPEB Liability | 1% Decrease (3% to 6%) | Current Healthcare Rate (4% to 7%) | 1% Increase (5% to 8%) |
|---|---|---|---|
| December 31, 2020 | $ 1,613,475 | $ 2,011,560 | $ 2,472,313 |

# 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 Five Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **TOTAL OPEB LIABILITY** | | | | | |
| Service cost | $ 92,781 | $ 96,492 | $ 98,802 | $ 139,537 | $ 119,973 |
| Interest | 168,368 | 170,056 | 184,858 | 276,449 | 274,522 |
| Differences between expected and actual experience | - | - | 223,801 | - | (80,208) |
| Changes of assumptions | - | (7,997) | 1,087,477 | - | 61,879 |
| Explicit benefit payments | (217,425) | (205,148) | (211,955) | (207,164) | (269,391) |
| Implicit benefit payments | (8,830) | (40,904) | (59,191) | (106,777) | (109,373) |
| Net change in total OPEB liability | 34,894 | 12,499 | 1,323,792 | 102,045 | (2,598) |
| Total OPEB liability - beginning | 2,896,831 | 2,931,725 | 2,944,224 | 4,268,016 | 4,370,061 |
| **TOTAL OPEB LIABILITY - ENDING** | $ 2,931,725 | $ 2,944,224 | $ 4,268,016 | $ 4,370,061 | $ 4,367,463 |
| **PLAN FIDUCIARY NET POSITION** | | | | | |
| Explicit contributions | $ 282,000 | $ 350,000 | $ 350,000 | $ 400,000 | $ 442,993 |
| Implicit contributions | 8,830 | 40,904 | 59,191 | 106,777 | 109,373 |
| Net investment income | 56,880 | 126,366 | (18,380) | 255,625 | 174,028 |
| Explicit benefit payments | (217,425) | (205,148) | (211,955) | (207,164) | (269,391) |
| Implicit benefit payments | (8,830) | (40,904) | (59,191) | (106,777) | (109,373) |
| Administrative expense | (5,900) | (10,329) | (6,741) | (6,889) | (7,238) |
| Net change in plan fiduciary net position | 115,555 | 260,889 | 112,924 | 441,572 | 340,392 |
| Plan fiduciary net position - beginning | 1,084,571 | 1,200,126 | 1,461,015 | 1,573,939 | 2,015,511 |
| **PLAN FIDUCIARY NET POSITION - ENDING** | $ 1,200,126 | $ 1,461,015 | $ 1,573,939 | $ 2,015,511 | $ 2,355,903 |
| **EMPLOYER'S NET OPEB LIABILITY** | $ 1,731,599 | $ 1,483,209 | $ 2,694,077 | $ 2,354,550 | $ 2,011,560 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 40.94% | 49.62% | 36.88% | 46.12% | 53.94% |
| Covered payroll | $ 6,092,140 | $ 6,335,826 | $ 6,316,748 | $ 6,569,418 | $ 6,339,951 |
| Employer's net OPEB liability as a percentage of covered payroll | 28.42% | 23.41% | 42.65% | 35.84% | 31.73% |

In 2020, changes in assumptions related to updated health care costs and premiums and updated health care cost trend rates. 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.

**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,** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 153,041 | $ 153,041 | $ 153,041 | $ 182,097 | $ 182,097 | $ 242,475 | $ 239,981 | $ 376,356 | $ 341,119 | $ 338,165 |
| Contributions in relation to the actuarially determined contribution | 125,000 | 110,000 | 153,000 | 155,000 | 182,000 | 282,000 | 350,000 | 350,000 | 400,000 | 442,993 |
| **CONTRIBUTION DEFICIENCY (Excess)** | $ 28,041 | $ 43,041 | $ 41 | $ 27,097 | $ 97 | $ (39,525) | $ (110,019) | $ 26,356 | $ (58,881) | $ (104,828) |
| Covered payroll | $ 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 | $ 6,339,951 |
| Contributions as a percentage of covered payroll | 2.00% | 1.76% | 2.45% | 2.54% | 2.99% | 4.63% | 5.52% | 5.54% | 6.09% | 6.99% |

**Notes to Schedule**

Valuation date:

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 | Fair value |
| Inflation | 2.50% |
| Healthcare cost trend rate | 7.00% in Fiscal 2020 and an ultimate trend rate of 4.00% in 2074. |
| Investment rate of return | 6.50% |
| Retirement age | Various |
| Mortality | Mortality rates were based on the RP-2014 Mortality Table with fully generational projections using Scale MP-2017 |

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

SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 5.66% | 10.62% | (1.09%) | 15.06% | 8.34% |

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, 2020

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions | | | |
| Employer contributions | $ 400,000 | $ 400,000 | $ - |
| Total contributions | 400,000 | 400,000 | - |
| Interest income | | | |
| Net appreciation in fair value of investments | - | 147,338 | 147,338 |
| Interest and dividends | 25,000 | 41,799 | 16,799 |
| Total investment income | 25,000 | 189,137 | 164,137 |
| Less investment expense | - | (15,109) | (15,109) |
| Net investment income | 25,000 | 174,028 | 149,028 |
| Total additions | 425,000 | 574,028 | 149,028 |
| **DEDUCTIONS** | | | |
| Health insurance benefits | 275,000 | 269,391 | (5,609) |
| Less retiree contributions | (40,000) | (42,993) | (2,993) |
| Administrative expenses | 34,500 | 7,238 | (27,262) |
| Total deductions | 269,500 | 233,636 | (35,864) |
| **NET INCREASE** | $ 155,500 | 340,392 | $ 184,892 |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | | | |
| January 1 | | 2,015,511 | |
| December 31 | | $ 2,355,903 | |

(See independent auditor's report.)