

**FOREST PRESERVE DISTRICT OF
WILL COUNTY, ILLINOIS**

RETIREE HEALTH INSURANCE TRUST FUND

ANNUAL FINANCIAL REPORT

For the Years Ended
December 31, 2015 and 2014



FOREST PRESERVE DISTRICT OF WILL COUNTY, ILLINOIS
RETIREE HEALTH INSURANCE TRUST FUND
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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic 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, 2015 and 2014, and the related notes to 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 opinions.

Opinions

In our opinion, the basic 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, 2015 and 2014, 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 Retiree Health Insurance Trust 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.

A handwritten signature in black ink, appearing to read 'M. J. P.', is located in the lower right quadrant of the page.

Naperville, Illinois
April 18, 2016

**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, 2015 and includes comparative information for the years ended December 31, 2014 and 2013.

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, 2015, the Fund provided benefits to 15 retirees and their family members. Plan members also include 77 vested and 41 non-vested District employees.

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, 2015. This financial information also summarizes the changes in plan net position held in trust for benefits for the year then ended.
2. **Notes to Financial Statements:** The notes to 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, 2015, 2014 and 2013. 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.

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 – Continued

Condensed Statement of Plan Net Position				
		2015	2014	2013
Cash and Equivalents	\$	6,225	\$ 16,148	\$ 14,592
Investments, at fair value		1,062,091	1,008,087	962,431
Prepaid Expenses		15,364	13,059	10,028
Other Assets		1,668	-	-
Total Assets		1,085,348	1,037,294	987,051
Liabilities		777	104	1,446
Total Net Plan Position	\$	1,084,571	\$ 1,037,190	\$ 985,605

Financial Highlights

December 31, 2015 Compared to December 31, 2014:

The Fund’s plan net position rose by approximately \$47,000 or 4.5% from December 31, 2014 to December 31, 2015. The primary reason for the change was an increase in the fair value of the Fund’s investment portfolio. Cash and cash equivalents decreased \$9,923 for the period December 31, 2015 when compared to December 31, 2014. The decrease is a direct result of payment of current accounts payables associated with the operations of the Fund. Changes in other assets and liabilities were not material.

Pursuant to the most recent actuarial study, the Fund was actuarially funded at 41.25% as of December 31, 2015, 2014 and 2013, compared to 36.73% as of December 31, 2012 and 2011.

The overall blended rate of return for the Fund was 3.12% during 2015 as compared to 5.22% in 2014.

December 31, 2014 Compared to December 31, 2013:

The Fund’s plan net position rose by approximately \$52,000 or 5.3% from December 31, 2013 to December 31, 2014. The primary reason for the change was an increase in the fair value of the Fund’s investment portfolio. Cash and cash equivalents increased approximately \$1,600 for the period December 31, 2014 as compared to December 31, 2013. The increase is a direct result of having additional cash on hand to pay the current accounts payable of the Fund. Changes in other assets and liabilities were not material.

The Fund was actuarially funded at 41.25% as of December 31, 2013, compared to 36.73% as of December 31, 2012 and 2011.

The overall blended rate of return for the Fund was 5.22% during 2014 as compared to 9.17% in 2013.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST
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(A Fiduciary Fund 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 commissions an actuarial valuation every three years. The most recent available valuation found that the funded status of the Fund as of December 31, 2015, 2014 and 2013 increased to 41.25% from 36.73% on December 31, 2012 and 2011. The unfunded actuarial accrued liability was \$1.41 million on December 31, 2015, 2014 and 2013 as compared to \$1.31 million on December 31, 2012 and 2011. This was an increase of \$100,000 or 7.63%. A recent rise in the cost of benefits led to an increase in the actuarial accrued liability of the Fund that, in turn, impacted upon the unfunded actuarial accrued liability. For more information, please refer to the Schedule of Funding Progress included in the Required Supplementary Information section of this report.

The assumptions used in the actuarial valuation impact upon the Fund’s funded ratio. The key assumptions used in the valuation include that 1) the Fund will earn a 6.5% annual rate of return on its investments, 2) healthcare costs will increase 6.0% annually over the long term, and 3) the costs of satisfying the unfunded actuarial accrued liability of the Fund will be amortized over a 30-year open period.

Investments

The allocation of investment assets for the Fund as of December 31, 2015, 2014 and 2013 were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash and Equivalents	0.58%	1.61%	1.49%
Corporate Bond Mutual Funds	-	55.60%	54.12%
Equity Mutual Funds	17.43%	40.40%	39.74%
Money Market Mutual Funds	3.72%	2.39%	4.65%
Equity Securities	35.68%	-	-
Municipal Bonds	6.20%	-	-
Corporate Bonds	9.38%	-	-
US Agencies	27.01%	-	-
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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.

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 – Continued

Changes in Plan Net Position

A condensed statement of changes in plan net position for the years ended December 31, 2015, 2014 and 2013 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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Additions:			
Employer Contributions	\$182,000	\$155,000	\$153,000
Retiree Contributions	8,811	15,491	12,915
Net Investment Income	<u>30,783</u>	<u>40,859</u>	<u>75,067</u>
Total Additions	<u>221,594</u>	<u>211,350</u>	<u>240,982</u>
Deductions:			
Health Insurance Benefits	169,109	153,590	119,092
Administrative Expenses	<u>5,104</u>	<u>6,175</u>	<u>2,041</u>
Total Deductions	<u>174,213</u>	<u>159,765</u>	<u>121,133</u>
Net Increase in Plan Net Position	<u><u>\$47,381</u></u>	<u><u>\$51,585</u></u>	<u><u>\$119,849</u></u>

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.

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 – Continued

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 2015 and a slight increase in the premium cost of health care benefits. There were 15 retirees receiving post-employment benefits at December 31, 2015.

December 31, 2014 as Compared to December 31, 2013:

Additions to plan net position include employer and retiree contributions and net income from investment activities. Employer contributions increased from \$153,000 in 2013 to \$155,000 in 2014, a change of \$2,000 or 1.31%. 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 \$15,491 in 2014, compared to \$12,915 in 2013. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2014, 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 2014 was \$40,859 as compared to \$75,067 in 2013. The decrease is due to a reduction in the amount of appreciation in the fair value of funds invested in equity investments and a reduction in the amount of interest and dividends from portfolio investments.

Deductions from plan net position are primarily benefit payments. During 2014 and 2013, the Fund paid out \$153,590 and \$119,092 in benefits, respectively. This was an increase of approximately \$34,500. The increase is a direct result of two additional employees retiring in 2014 and a slight increase in the premium cost of health care benefits. There were 13 retirees receiving post-employment benefits at December 31, 2014.

FOREST PRESERVE DISTRICT OF WILL COUNTY RETIREE HEALTH INSURANCE TRUST
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(A Fiduciary Fund 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 grow over the next few years as the District intends to satisfy a higher percentage of 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.

BASIC FINANCIAL STATEMENTS

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

STATEMENTS OF PLAN NET POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and short-term investments	\$ 6,225	\$ 16,148
Investments, at Fair Value		
Equity Securities	381,150	-
U.S. Agency and Securities	288,514	-
Municipal Bonds	66,189	-
Corporate Bonds	100,238	-
Money Market Mutual Funds	39,770	24,538
Equity Mutual Funds	186,230	414,146
Bond Mutual Funds	-	569,403
Accrued interest receivable	1,668	-
Prepaid expenses	15,364	13,059
	<hr/>	<hr/>
Total assets	1,085,348	1,037,294
	<hr/>	<hr/>
LIABILITIES		
Unearned revenue	777	104
	<hr/>	<hr/>
Total liabilities	777	104
	<hr/>	<hr/>
NET PLAN POSITION HELD IN TRUST FOR OPEB BENEFITS	<u>\$ 1,084,571</u>	<u>\$ 1,037,190</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CHANGES IN PLAN NET POSITION

For the Years Ended December 31, 2015 and 2014

	2015	2014
ADDITIONS		
Contributions		
Employer contributions	\$ 182,000	\$ 155,000
Retiree contributions	8,811	15,491
	190,811	170,491
Investment Income		
Net appreciation in fair value of investments	21,747	33,859
Interest and dividends	16,692	14,445
	38,439	48,304
Less investment expense	(7,656)	(7,445)
	30,783	40,859
Total additions	221,594	211,350
DEDUCTIONS		
Health insurance benefits	169,109	153,590
Administrative expenses	5,104	6,175
	174,213	159,765
NET INCREASE	47,381	51,585
NET PLAN POSITION HELD IN TRUST FOR OPEB BENEFITS		
January 1	1,037,190	985,605
December 31	\$ 1,084,571	\$ 1,037,190

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Investments

Investments are stated at fair value as of December 31, 2015 and 2014 for both reporting and actuarial purposes. Securities traded on national exchanges are valued at the last reported sale price.

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.

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, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
US Agency and Securities	\$ 288,514	\$ 164,465	\$ 124,049	\$ -	\$ -
Municipal Bonds	66,189	40,829	25,360	-	-
Corporate Bonds	100,238	49,956	50,282	-	-
TOTAL	\$ 454,941	\$ 255,250	\$ 199,691	\$ -	\$ -

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Mutual Funds	\$ 569,403	\$ 140,858	\$ 428,545	\$ -	\$ -
TOTAL	\$ 569,403	\$ 140,858	\$ 428,545	\$ -	\$ -

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

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 operating funds and maximizing yields for other funds. Investments may be purchased with maturities to match cash flow needs, future expenses or liability requirements.

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 A1 and the municipal bonds are rated Aa2 to Aaa. The mutual funds are primarily rated A- or higher by Standards and Pooors.

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, 2015 and 2014.

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 plans 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

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

3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)

b. Benefits Provided (Continued)

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, which is 100% of the individual premium, 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%, up to Medicare eligible.

c. Membership

At December 31, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	13
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>108</u>
TOTAL	<u><u>121</u></u>
Participating employers	<u><u>1</u></u>

d. Funding Policy

For the fiscal years ended December 31, 2015 and 2014, retirees contributed \$8,811 and \$15,491 and the Forest Preserve contributed \$182,000 and \$155,000, respectively. The Forest Preserve is not required to advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

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

3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Forest Preserve had an actuarial valuation performed for the plan as of December 31, 2013 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2015. The Forest Preserve's annual OPEB cost (expense) was \$189,088 for the year ended December 31, 2015. The Forest Preserve's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last four years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 158,711	\$ 110,000	69.31%	\$ 388,940
2013	156,053	153,000	98.00%	391,993
2014	189,088	155,000	81.97%	426,081
2015	189,695	182,000	96.25%	433,776

The net OPEB obligation (NOPEBO) as of December 31, 2015 was calculated as follows:

Annual Required Contribution	\$ 182,097
Interest on net OPEB Obligation	27,695
Adjustment to Annual Required Contribution	<u>(20,097)</u>
Annual OPEB Cost	189,695
Contributions Made	<u>182,000</u>
Increase in Net OPEB Obligation	7,695
Net OPEB Obligation, Beginning of Year	<u>426,081</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 433,776</u></u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2013, (latest available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,392,595
Actuarial Value of Plan Assets	987,051
Unfunded Actuarial Accrued Liability (UAAL)	1,405,544
Funded Ratio (Actuarial Value of Plan Assets/AAL)	41.25%
Covered Payroll (Active Plan Members)	\$ 6,253,000
UAAL as a Percentage of Covered Payroll	22.48%

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

3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8% declining to 6%. Both rates include a 3% inflation assumption. The actuarial value of assets is based on fair value. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a 30-year open basis.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2015

Years Ended December 31,	Employer Contributions	Annual OPEB Required Contribution (ARC)	Percentage Contributed
2015	\$ 182,000	\$ 182,097	99.95%
2014	155,000	182,097	85.12%
2013	153,000	153,041	99.97%
2012	110,000	153,041	71.88%
2011	125,000	153,041	81.68%
2010	238,000	237,391	100.26%

(See independent auditor's report.)

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

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2015

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2015	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ 987,051	\$ 2,392,595	41.25%	\$ 1,405,544	\$ 6,253,000	22.48%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	\$ 760,112	\$ 2,069,434	36.73%	\$ 1,309,322	\$ 6,230,353	21.02%

N/A - Information is not available as no actuarial valuation was performed.

(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, 2015

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer contributions	\$ 155,000	\$ 182,000	\$ 27,000
Retiree contributions	18,084	8,811	(9,273)
Total contributions	<u>173,084</u>	<u>190,811</u>	<u>17,727</u>
Interest income			
Net appreciation in fair value of investments	-	21,747	21,747
Interest and dividends	18,500	16,692	(1,808)
Total investment income	18,500	38,439	19,939
Less investment expense	(5,000)	(7,656)	(2,656)
Net investment income	<u>13,500</u>	<u>30,783</u>	<u>17,283</u>
Total additions	<u>186,584</u>	<u>221,594</u>	<u>35,010</u>
DEDUCTIONS			
Health insurance benefits	133,000	169,109	36,109
Administrative expenses	6,000	5,104	(896)
Contingencies	3,500	-	(3,500)
Total deductions	<u>142,500</u>	<u>174,213</u>	<u>31,713</u>
NET INCREASE	<u>\$ 44,084</u>	<u>47,381</u>	<u>\$ 3,297</u>
NET PLAN POSITION HELD IN TRUST FOR OPEB BENEFITS			
January 1		<u>1,037,190</u>	
December 31		<u>\$ 1,084,571</u>	

(See independent auditor's report.)