FOREST PRESERVE DISTRICT OF
WILL COUNTY, ILLINOIS

RETIREE HEALTH INSURANCE TRUST FUND

ANNUAL FINANCIAL REPORT

For the Years Ended
December 31, 2016 and 2015

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 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, 2016 and 2015, 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 opinion.

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, 2016 and 2015, and the changes in plan net position for the year 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.

Emphasis of Matter

The Fund adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which established standards for reporting and disclosing investments reported at fair value and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which established revised note disclosures and required supplementary information for the Fund. Our opinion is not modified with respect to these matters.

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 18, 2017

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, 2016 and includes comparative information for the years ended December 31, 2015 and 2014.

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 1, 2016, the Fund provided benefits to 19 retirees and 2 spouses of retirees. Active participants include 25 eligible for retiree health benefits and 73 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, 2016. 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, 2016, 2015 and 2014. 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

	2016	2015	2014
Cash and Equivalents	$ 7,883	$ 6,225	$ 16,148
Investments, at fair value	1,172,297	1,062,091	1,008,087
Prepaid Expenses	22,115	15,364	13,059
Other Assets	-	1,668	-
Total Assets	1,202,295	1,085,348	1,037,294
Liabilities	2,169	777	104
Total Net Plan Position	$ 1,200,126	$ 1,084,571	$ 1,037,190

Financial Highlights

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.

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.

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. The valuation found that the funding status of the Fund as of December 31, 2016 is 40.94% as compared to 41.25% in 2015 and 2014. The unfunded actuarial accrued liability was $1.73 million on December 31, 2016, as compared to $1.41 million on December 31, 2015 and 2014. This was an increase of approximately $320,000 or 22.70%. 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. Furthermore, the new valuation commissioned in 2016 used current information to calculate the unfunded actuarial liability in accordance with GASB Statement No. 74, which was implemented in the current year. This resulted in a decrease in the discount rate from 6.5% to 5.85%, which also caused an increase in the actuarial accrued liability. 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 2016 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 8.00% 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, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Cash and Equivalents	0.67%	0.58%	1.61%
Corporate Bond Mutual Funds	0.00%	0.00%	55.60%
Equity Mutual Funds	12.33%	17.43%	40.40%
Money Market Mutual Funds	5.04%	3.72%	2.39%
Stocks	38.06%	35.68%	0.00%
Municipal Bonds	8.09%	6.20%	0.00%
Corporate Bonds	10.60%	9.38%	0.00%
US Agencies	25.21%	27.01%	0.00%
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, 2016, 2015 and 2014 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

	2016	2015	2014
Additions:			
Employer Contributions	$282,000	$182,000	$155,000
Net Investment Income	56,880	30,783	40,859
Total Additions	338,880	212,783	195,859
Deductions:			
Health Insurance Benefits	217,425	160,298	138,099
Administrative Expenses	5,900	5,104	6,175
Total Deductions	223,325	165,402	144,274
Net Increase in Plan Net Position	$115,555	$47,381	$51,585

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 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

STATEMENT OF PLAN NET POSITION

December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and short-term investments	$ 7,883	$ 6,225
Investments, at fair value		
U.S agency and securities	297,497	288,514
Municipal bonds	95,466	66,189
Corporate bonds	125,156	100,238
Money market mutual funds	59,490	39,770
Equity mutual funds	145,474	186,230
Equity securities	449,214	381,150
Accrued interest receivable	-	1,668
Prepaid expenses	22,115	15,364
Total assets	1,202,295	1,085,348
LIABILITIES		
Unearned revenue	2,169	777
Total liabilities	2,169	777
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS	$ 1,200,126	$ 1,084,571

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, 2016 and 2015

	2016	2015	
ADDITIONS			
Contributions			
Employer contributions	$ 282,000	$ 182,000	
Total contributions	282,000	182,000	
Investment Income			
Net appreciation in fair value of investments	44,382	21,747	
Interest and dividends	22,870	16,692	
Total investment income	67,252	38,439	
Less investment expense	(10,372)	(7,656)	
Net investment income	56,880	30,783	
Total additions	338,880	212,783	
DEDUCTIONS			
Health insurance benefits	217,425	160,298	*
Administrative expenses	5,900	5,104	
Total deductions	223,325	165,402	
NET INCREASE	115,555	47,381	
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS			
January 1	1,084,571	1,037,190	
December 31	$ 1,200,126	$ 1,084,571	

*Retiree contributions were netted against health insurance benefits for the prior year, to provide a comparison to the current year's presentation in accordance with GASB Statement Number 74.

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, 2016 for both reporting and actuarial purposes. The money market fund is valued at amortized cost, which approximates fair value.

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
Cash and cash equivalents	1%	0%
Fixed income	49%	2.00%
Domestic equities and mutual funds	50%	6.00%

For the year ended December 31, 2016, the annual money-weighted rate of return on Fund investments, net of Fund investment expense, was 5.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

2. DEPOSITS AND INVESTMENTS (Continued)

The long-term rate of return on Fund investments was determined using a building block-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, 2016 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, 2016:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
US 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	$ -	$ -

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 asses; 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, 2016.

2. DEPOSITS AND INVESTMENTS (Continued)

The Fund's equity securities 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 A1 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, 2016 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.

3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)

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 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, 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

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 Forest Preserve's fiscal year after the next. For example, the actuarial valuation as of December 31, 2016 included the ADC for the Forest Preserve's 2017 fiscal year. (The fiscal years of the Fund and the Forest Preserve both coincide with the calendar year.)

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, 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, 2016 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.00%
Investment rate of return (Net of fund investment expense, including inflation)	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 later years)
Asset valuation method	Market

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

4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)

b. Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2016 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 5.85%. 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 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 not to be available to make all projected future benefit payments of current Fund members for more than 30 years after December 31, 2016. Therefore, the long-term expected rate of return on Fund plan investments at 6.50% was blended with the index rate of 3.78% for tax exempt general obligation municipal bonds rated AA or better published in the Bond Buyer at December 31, 2016 to arrive at a discount rate of 5.85% used to determine the total OPEB liability.

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 5.85% 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 (4.85%) or 1 percentage point higher (6.85%) than the current rate:

	1% Decrease (4.85%)	Current Discount Rate (5.85%)	1% Increase (6.85%)
Net OPEB liability	$ 1,906,171	$ 1,731,599	$ 1,566,958

4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)

d. Rate Sensitivity (Continued)

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

	1% Decrease (3% to 7%)	Current Healthcare Rate (4% to 8%)	1% Increase (5% to 9%)
Net OPEB liability	$ 1,492,207	$ 1,731,599	$ 2,294,297

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

December 31, 2016

MEASUREMENT DATE DECEMBER 31,	**2016**
TOTAL OPEB LIABILITY	
Service cost	$ 92,781
Interest	168,368
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(226,255)
Net change in total OPEB liability	34,894
Total OPEB liability - beginning	2,896,831
TOTAL OPEB LIABILITY - ENDING	$ 2,931,725
FIDUCIARY NET POSITION	
Contributions - employer	$ 282,000
Net investment income	56,880
Benefit payments	(217,425)
Administrative expense	(5,900)
Net change in fiduciary net position	115,555
Fiduciary net position - beginning	1,084,571
FIDUCIARY NET POSITION - ENDING	$ 1,200,126
EMPLOYER'S NET OPEB LIABILITY	$ 1,731,599
Fiduciary net position as a percentage of the total OPEB liability	40.9%
Covered-employee payroll	$ 6,092,140
Employer's net OPEB liability as a percentage of covered-employee payroll	28.4%

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

(See independent auditor's report.)

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2016

FISCAL YEAR ENDING DECEMBER 31,	**2016**
Actuarially determined contribution	$ 242,475
Contributions in relation to the actuarially determined contribution	282,000
CONTRIBUTION DEFICIENCY (Excess)	$ (39,525)
Covered-employee payroll	$ 6,092,140
Contributions as a percentage of covered-employee payroll	4.6%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of January 1 of the prior fiscal year.

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%
Healthcare Cost Trend Rate	Initial rate of 8.00% in fiscal year 2016, then 8.75% in fiscal year 2017, grading down to the ultimate trend rate of 4.00% in fiscal year 2073.
Investment Rate of Return	6.50%
Mortality	See Note 3b in the notes to financial statements

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

(See independent auditor's report.)

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

SCHEDULE OF INVESTMENT RETURNS

December 31, 2016

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

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer contributions	$ 282,000	$ 282,000	$ -
Total contributions	282,000	282,000	-
Interest income			
Net appreciation in fair value of investments	-	44,382	44,382
Interest and dividends	18,000	22,870	4,870
Total investment income	18,000	67,252	49,252
Less investment expense	(8,000)	(10,372)	(2,372)
Net investment income	10,000	56,880	46,880
Total additions	292,000	338,880	46,880
DEDUCTIONS			
Health insurance benefits	237,500	236,907	(593)
Less retiree contributions	(8,820)	(19,482)	(10,662)
Administrative expenses	9,000	5,900	(3,100)
Total deductions	237,680	223,325	(14,355)
NET INCREASE	$ 54,320	115,555	$ 61,235
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS			
January 1		1,084,571	
December 31		$ 1,200,126	

(See independent auditor's report.)