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

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2018 and 2017

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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 blended fiduciary fund of the Forest Preserve District of Will County, Illinois as of and for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, and the changes in plan net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Fund. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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
April 22, 2019

BASIC FINANCIAL STATEMENTS

FOREST PRESERVE DISTRICT OF WILL COUNTY
RETIREE HEALTH INSURANCE TRUST FUND

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis (MD&A) of the Forest Preserve District of Will County Retiree Health Insurance Trust Fund's (the "Fund") financial statements. The MD&A addresses the major factors affecting the operations and investment performance of the Fund during the calendar year ended December 31, 2018 and includes comparative information for the years ended December 31, 2017 and 2016.

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, 2018, the Fund provided benefits to 19 retirees and 3 dependents of retirees. Active participants include 22 eligible for retiree health benefits and 80 that are not yet eligible to receive health benefits.

Overview of Financial Statements and Accompanying Information
This discussion and analysis is intended to serve as an introduction to the Fund's financial reporting which is comprised of the following components:

1. Basic Financial Statements: This information presents the plan net position held in trust for benefits as of December 31, 2018. 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, 2018, 2017 and 2016. 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.

	2018	2017	2016
Cash and Equivalents	$ 31,222	$ 12,860	$ 7,883
Investments, at fair value	1,525,268	1,433,657	1,172,297
Prepaid Expenses	21,001	18,816	22,115
Other Assets	-	-	-
Total Assets	1,577,491	1,465,333	1,202,295
Liabilities	3,552	4,318	2,169
Total Net Plan Position	$ 1,573,939	$ 1,461,015	$ 1,200,126

Financial Highlights

December 31, 2018 Compared to December 31, 2017:
The Fund's plan net position rose by $112,930 or 7.73% from December 31, 2017 to December 31, 2018. The primary reason for the change was a decrease in the fair value of the Fund's investment portfolio Cash and cash equivalents increased $18,362 for the period December 31, 2018 when compared to December 31, 2017. The increase is a result of the Fund carrying additional cash on hand due to a slight increase in operational expenses.

Pursuant to the most recent actuarial study, the funded ratio was 36.882% as of December 31, 2018, as compared to 49.62% at December 31, 2017.

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

December 31, 2017 Compared to December 31, 2016:
The Fund's plan net position rose by $260,889 or 21.74% from December 31, 2016 to December 31, 2017. The primary reason for the change was an increase in the fair value of the Fund's investment portfolio and an increase in the employer contribution. Cash and cash equivalents increased $4,977 for the period December 31, 2017 when compared to December 31, 2016. The increase is a result of the Fund carrying additional cash on hand due to a slight increase in operational expenses.

Pursuant to the most recent actuarial study, the funded ratio was 49.62% as of December 31, 2017, as compared to 40.94% at December 31, 2016.

The overall money weighted rate of return for the Fund was 10.627% during 2017 as compared to 5.66% in 2016.

Funded Ratio

The funded ratio of the plan measures the ratio of net assets against actuarially determined liabilities and is an indicator of the fiscal strength of the fund's ability to meet obligations to its members. The Fund commissioned an actuarial valuation in 2018. The valuation found that the funding status of the Fund as of December 31, 2018 is 36.88% compared to 49.62% at December 31, 2017 and 40.94% in 2016. The unfunded actuarial accrued liability was $2.69 million on December 31, 2018, as compared to $1.48 million on December 31, 2017 and $1.73 million on December 31, 2016. This was an increase of approximately $1.2 million, or 81.58% when compared to the previous year. A change in certain actuarial assumptions in 2018, which now aligns with those used by the Illinois Municipal Retirement Fund ("IMRF"), was the primary reason for the increase in the unfunded actuarial accrued liability. Those assumptions include an increase in the discount rate, a change in assumptions associated with rates of mortality, retirement, termination, disability and participation. The discount rate used to calculate the actuarial accrued liability for December 31, 2018 is 6.50% as compared to 5.90% at December 31, 2017. For more information, please refer to the Schedule of Changes in the Employer's Net OPEB Liability included in the Required Supplementary Information section of this report.

The assumptions used in the 2018 actuarial valuation impact the Fund's funded ratio. The key assumptions used in the valuation include that 1) the Fund will earn a 6.50% annual rate of return on its investments, 2) healthcare costs will increase between 4.00% and 8.50% annually over the long term, and 3) the costs of satisfying the unfunded actuarial accrued liability of the Fund will be amortized over a 15-year open period.

Investments

The allocation of investment assets for the Fund as of December 31, 2018, 2017 and 2016 were as follows:

	2018	2017	2016
Cash and Equivalents	2.01%	0.90%	0.67%
Equity Mutual Funds	10.67%	12.49%	12.33%
Money Market Mutual Funds	1.18%	7.14%	5.04%
Stocks	38.53%	39.98%	38.06%
Municipal Bonds	4.82%	6.93%	8.09%
Corporate Bonds	4.77%	8.61%	10.60%
US Agencies	38.02%	23.95%	25.21%
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, 2018, 2017 and 2016 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

	2018	2017	2016
Additions:			
Employer Contributions	$350,000	$350,000	$282,000
Net Investment Income	(18,380)	126,366	56,880
Total Additions	331,620	476,366	338,880
Deductions:			
Health Insurance Benefits	211,955	205,148	217,425
Administrative Expenses	6,741	10,329	5,900
Total Deductions	218,696	215,477	223,325
Net Increase in Plan Net Position	$112,924	$260,889	$115,555

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

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

Retiree contributions were $50,876 in 2018, compared to $35,773 in 2017 and reduce the deductions for health insurance benefits. The contributions required of retirees are established in the District's Employee Personnel Manual. During 2018, The Fund paid 100% of the health care premium for retired employees. On January 9, 2014, the Board of Commissioners amended the Employee Personnel Manual, which now requires retired District employees to pay 100% of any incremental increase in premium costs as a result of adding dependent or family coverage. To be eligible for this benefit, a retiree must qualify for retirement with IMRF and have completed a minimum of seven years of service with the District until such time as the retiree is eligible for Medicare benefits or ten years of service, whichever comes first.

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

The Fund's net investment income for 2018 depreciated $5,598 as compared to an increase of $126,366 in 2017. The decrease is due to a reduction in the fair market value of the Fund's investment portfolio. The decrease is primarily due to a net loss in the Fund's equity investments, which is partially offset by an increase in interest and dividends.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2018 and 2017, the Fund paid out $218,696 and $205,148 in net benefits, respectively. This was an increase of $3,219. The net increase is the result of an increase in health insurance premiums paid on behalf of retirees and their dependents, which is partially offset by an increase in retiree contributions and certain administrative expenses. There were 19 retirees and 3 dependents receiving post-employment benefits at December 31, 2018.

December 31, 2017 as Compared to December 31, 2016:
Additions to plan net position include employer contributions and net income from investment activities. Employer contributions increased from $282,000 in 2016 to $350,000 in 2017, a change of $68,000 or 24.11%. The increase reflects the District's continued desire to continue contributing the actuarially determined contribution to the Fund each year.

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

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

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

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

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.

Future Outlook
Employer contributions to the Fund are expected to remain constant over the next few years as the District intends to satisfy the annual required contribution calculated by the Fund's actuary. With respect to investment income, the Fund will continue to structure its investment portfolio with the goal of maximizing returns over the long term.

Request for Information

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

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

STATEMENT OF PLAN NET POSITION

December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and short-term investments	$ 31,222	$ 12,860
Investments, at fair value		
U.S Treasury and agency securities	591,908	346,403
Municipal bonds	74,990	100,304
Corporate bonds	74,240	124,585
Money market mutual funds	18,264	103,301
Equity mutual funds	166,129	180,696
Equity securities	599,737	578,368
Prepaid expenses	21,001	18,816
Total assets	1,577,491	1,465,333
LIABILITIES		
Unearned revenue	3,552	4,318
Total liabilities	3,552	4,318
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS	$ 1,573,939	$ 1,461,015

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, 2018 and 2017

	2018	2017
ADDITIONS		
Contributions		
Employer contributions	$ 350,000	$ 350,000
Total contributions	350,000	350,000
Investment income		
Net appreciation (depreciation) in fair value of investments	(38,108)	113,464
Interest and dividends	32,510	24,296
Total investment income	(5,598)	137,760
Less investment expense	(12,782)	(11,394)
Net investment income	(18,380)	126,366
Total additions	331,620	476,366
DEDUCTIONS		
Health insurance benefits	211,955	205,148
Administrative expenses	6,741	10,329
Total deductions	218,696	215,477
NET INCREASE	112,924	260,889
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS		
January 1	1,461,015	1,200,126
December 31	$ 1,573,939	$ 1,461,015

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, 2018 and 2017 for both reporting and actuarial purposes. The money market fund is valued at amortized cost, which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

e. Budgets

An annual budget is adopted for the Fund by the Board of Trustees. The budget is adopted on a basis consistent with 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%	6.00%
Fixed Income (Government Intermediate)	15.00%	1.00%
Fixed Income (Corporate Short)	5.00%	2.00%
Fixed Income (Municipal Short)	4.50%	2.00%
Fixed Income (Corporate Intermediate)	5.00%	1.00%
Fixed Income (Municipal Intermediate)	4.50%	2.50%
Cash	1.00%	1.00%
TOTAL	100.00%	

2. DEPOSITS AND INVESTMENTS (Continued)

For the years ended December 31, 2018 and 2017, the annual money-weighted rate of return on fund investments, net of fund investment expense, was (1.09)% and 10.62% 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, 2018 and 2017 are indicated in Note 2 above.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires deposits in financial institutions that participate in the FDIC program and pledging of collateral for all bank balances in excess of federal depository insurance at 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, 2018 and 2017:

2018

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

2017

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

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, 2018 and 2017.

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

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's investment policy does not address custodial credit risk for investments; however, the Fund does not have any exposure to custodial credit risk at December 31, 2018 and 2017 as the investments are held by the Fund's agent in the funds name separate from where the investment was purchased.

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

3. RETIREE HEALTH INSURANCE TRUST FUND

a. Plan Description

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

b. Benefits Provided

To be eligible for benefits, an employee must qualify for retirement under the Forest Preserve's retirement plan, the Illinois Municipal Retirement Fund (IMRF), and have been employed for at least seven years with the Forest Preserve, 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, 2018 and 2017, membership consisted of:

Inactive fund members or beneficiaries currently receiving benefits payments	19	21
Inactive fund members entitled to but not yet receiving benefit payments	-	-
Active fund members	102	104
TOTAL	121	125

3. RETIREE HEALTH INSURANCE TRUST FUND (Continued)

d. Contributions

In conjunction with the preparation of the annual actuarial valuation for the Fund, the Fund's actuary calculates the Forest Preserve's actuarially determined contribution (ADC) for the plan/fiscal year in which contributions are reported. For 2018 and 2017 the employer contribution was 5.50% 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, 2018 were as follows:

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

The components of the net OPEB liability of the Forest Preserve as of December 31, 2017 were as follows:

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

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, 2018 and 2017 using the following actuarial methods and assumptions.

4. OPEB LIABILITY OF THE FOREST PRESERVE (Continued)

b. Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2017	December 31, 2018
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	3.00%	2.50%
Investment rate of return (net of fund investment expense, including inflation)	6.50%	6.50%
Healthcare cost trend rates	8.75% in Fiscal 2017, trending to 8.50% in Fiscal 2018 and an ultimate trend rate of 4.00% in 2073.	8.50% in Fiscal 2018, trending to 8.00% in Fiscal 2019 and an ultimate trend rate of 4.00% in 2073.
Asset valuation method	Market	Market

Mortality rates in 2017 were based on the RP-2000 Combined Healthy Mortality Table projected to the valuation date with Scale AA. And on the RP-2014 Combined Health Mortality Table in 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the calendar years 2011 through 2015.

c. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% at December 31, 2018. For the fiscal year ended December 31, 2017, the discount rate used to measure the total OPEB liability was 5.90%. 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, 2017	$ 1,646,953	$ 1,483,209	$ 1,327,988
December 31, 2018	2,971,918	2,694,077	2,439,572

The table below presents the net OPEB liability of the Forest Preserve calculated using the healthcare rate of 4.00% to 8.50% as well as what the Forest Preserve's net OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.00% to 7.50%) or 1 percentage point higher (5.00% to 9.50%) than the current rate:

Net OPEB Liability	1% Decrease (3.00% to 7.50%)	Current Healthcare Rate (4.00% to 8.50%)	1% Increase (5.00% to 9.50%)
December 31, 2017	$ 1,327,988	$ 1,483,209	$ 1,646,953
December 31, 2018	2,318,189	2,694,077	3,127,612

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 Three Fiscal Years

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

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,	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Actuarially determined contribution	$ 237,391	$ 237,391	$ 153,041	$ 153,041	$ 153,041	$ 182,097	$ 182,097	$ 242,475	$ 239,981	$ 376,356
Contributions in relation to the actuarially determined contribution	675,203	238,000	125,000	110,000	153,000	155,000	182,000	282,000	350,000	350,000
CONTRIBUTION DEFICIENCY (Excess)	$ (437,812)	$ (609)	$ 28,041	$ 43,041	$ 41	$ 27,097	$ 97	$ (39,525)	$ (110,019)	$ 26,356
Covered payroll	$ 5,432,690	$ 6,230,353	$ 6,253,000	$ 6,253,000	$ 6,253,000	$ 6,092,140	$ 6,092,140	$ 6,092,140	$ 6,335,826	$ 6,316,748
Contributions as a percentage of covered payroll	12.43%	3.82%	2.00%	1.76%	2.45%	2.54%	2.99%	4.63%	5.52%	5.54%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates shown above are calculated as of December 31 for the plan/fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level percent of pay, open
Remaining amortization period	15 years
Asset valuation method	Market
Inflation	2.5%
Healthcare cost trend rate	8.50% in Fiscal 2018, trending to 8.00% in Fiscal 2019 and an ultimate trend rate of 4.00% in 2073.
Investment rate of return	6.5%
Retirement age	Various
Mortality	Mortality rates were based on the RP-2014 Mortality Table with fully generational projection using Scale MP-2017.

(See independent auditor's report.)

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

SCHEDULE OF INVESTMENT RETURNS

Last Three Fiscal Years

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

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.

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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer contributions	$ 350,000	$ 350,000	$ -
Total contributions	350,000	350,000	-
Interest income			
Net appreciation (depreciaiton) in fair value of investments	-	(38,108)	(38,108)
Interest and dividends	19,000	32,510	13,510
Total investment income	19,000	(5,598)	(24,598)
Less investment expense	(9,500)	(12,782)	(3,282)
Net investment income	9,500	(18,380)	(27,880)
Total additions	359,500	331,620	(27,880)
DEDUCTIONS			
Health insurance benefits	224,000	262,832	38,832
Less retiree contributions	(19,000)	(50,877)	(31,877)
Administrative expenses	19,500	6,741	(12,759)
Total deductions	224,500	218,696	(5,804)
NET INCREASE	$ 135,000	112,924	$ (22,076)
NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS			
January 1		1,461,015	
December 31		$ 1,573,939	

(See independent auditor's report.)