SIKICH

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

ANNUAL FINANCIAL REPORT

**For the Years Ended December 31, 2023 and 2022**

SIKICH.COM

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

TABLE OF CONTENTS

SIKICH.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

## 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

### Opinions

We have audited the accompanying financial statements of the Retiree Health Insurance Trust Fund (the Fund), a fiduciary component unit of the Forest Preserve District of Will County, Illinois, as of and for the years ended December 31, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the respective changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information 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 were derived from and relate 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 CPA LLC

Naperville, Illinois
June 4, 2024

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

**(A Fiduciary Component Unit of the Forest Preserve District of Will County, Illinois)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis (MD&A) of the Forest Preserve District of Will County Retiree Health Insurance Trust Fund's (the "Fund") financial statements. The MD&A addresses the major factors affecting the operations and investment performance of the Fund during the calendar year ended December 31, 2023 and includes comparative information for the years ended December 31, 2022 and 2021.

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, 2023, the Fund provided benefits to 21 retirees and 2 dependents of retirees. Active participants include 15 eligible for retiree health benefits and 87 that are not yet eligible to receive health benefits.

### Overview of Financial Statements and Accompanying Information

This discussion and analysis are 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, 2023. 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, 2023, 2022 and 2021. The financial statement reflects the resources available to pay benefits for members at the end of the years reported. A summary of the plan net position is presented on the next page.

**Condensed Statement of Plan Net Position**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Cash Equivalent | $ 20,523 | $ 62,300 | $ 129,400 |
| Investment, at Fair Value | 3,222,554 | 2,686,529 | 2,667,540 |
| Prepaid Expenses | 5,099 | 5,426 | 5,426 |
| Total Assets | 3,248,176 | 2,754,255 | 2,802,366 |
| Liabilities | 1,320 | 1,475 | 3,044 |
| Total Net Plan Position | $ 3,246,856 | $ 2,752,780 | $ 2,799,322 |

**Financial Highlights**

***December 31, 2023 Compared to December 31, 2022:***
The Fund's plan net position increased by $494,076 or 17.95% from December 31, 2022 to December 31, 2023. While the fair value of the Fund's investment portfolio increased by $494,248, cash and cash equivalents decreased $41,777 for the period December 31, 2023 when compared to December 31, 2022. The decrease is due to the timing of transfers of funds between accounts.

Pursuant to the most recent actuarial study, the funded ratio was 76.91% as of December 31, 2023 as compared to 64.09% on December 31, 2022.

The overall money weighted rate of return for the Fund was 8% during 2023 as compared to -6.28% in 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

***December 31, 2022 Compared to December 31, 2021:***
The Fund's plan net position decreased by $46,542 or 1.66% from December 31, 2021 to December 31, 2022. While the fair value of the Fund's investment portfolio increased by $18,989, cash and cash equivalents decreased $67,100 for the period December 31, 2022 when compared to December 31, 2021. The decrease is due to the timing of transfers of funds between accounts.

Pursuant to the most recent actuarial study, the funded ratio was 64.09% as of December 31, 2022 as compared to 63.91% on December 31, 2021.

The overall money weighted rate of return for the Fund was -6.28% during 2022 as compared to 10.58% in 2021.

**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 a full actuarial valuation in 2022 and an interim (roll-forward) valuation for 2023. The valuation found that the funding status of the Fund as of December 31, 2023 is 76.91% compared to 64.09% on December 31, 2022 and 63.91% in 2021. The unfunded actuarial accrued liability was $974,733 on December 31, 2023, as compared to $1.54 million on December 31, 2022 and $1.58 million on December 31, 2021. This was a drastic decrease of $567,515, or 36.80% when compared to the previous year. The decrease from 2022 to 2023 was due primarily to a greater increase in realized and unrealized gains on investments, along with a small reduction in health care costs and steady employer contributions. In 2018 there was a change in certain actuarial assumptions, which now aligns with those used by the Illinois Municipal Retirement Fund ("IMRF"). Those assumptions include an increase in the discount rate, a change in assumptions associated with rates of mortality, retirement, termination, disability, and participation. The discount rate used to calculate the actuarial accrued liability beginning in 2018 and current is 6.50%. Additional changes in assumptions related to updated health care costs and premiums and updated health care cost trend rates were reflected in 2022 calculations. No assumption changes were made in 2023 due to an interim valuation being authorized. 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 2023 and 2022 actuarial valuation impact the Fund's funded ratio. The key assumptions used in the valuation include that 1) the Fund will earn a 6.50% annual rate of return on its investments, 2) healthcare costs will increase between 4.00% and 7.00% annually over the long term, and 3) the costs of satisfying the unfunded actuarial accrued liability of the Fund will be amortized over a 15-year open period.

**Investments**

The allocation of investment assets for the Fund as of December 31, 2023, 2022 and 2021 were as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Cash and Equivalents | 0.63% | 2.27% | 4.62% |
| Equity Mutual Funds | - | 10.32% | 12.26% |
| Money Market Mutual Funds | 11.22% | 3.26% | 1.60% |
| Stocks | 47.85% | 38.47% | 39.68% |
| Municipal Bonds | - | - | 0.90% |
| Corporate Bonds | 12.70% | 18.86% | 16.84% |
| US Agencies | 27.60% | 26.82% | 24.10% |
| 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, 2023, 2022 and 2021 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**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Additions: | | | |
| Employer Contributions | $400,000 | $400,000 | $400,000 |
| Net Investment Income | 264,768 | (255,848) | 262,834 |
| Total Additions | 664,768 | 144,152 | 662,834 |
| Deductions: | | | |
| Health Insurance Benefits | 162,639 | 184,084 | 212,020 |
| Administrative Expenses | 8,053 | 6,610 | 7,395 |
| Total Deductions | $170,692 | $190,694 | $219,415 |
| Net Increase in Plan Net Position | $494,076 | ($46,542) | $443,419 |

***December 31, 2023 as Compared to December 31, 2022:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions were $400,000 in 2023, 2022, and 2021. 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 $22,374 in 2023, compared to $28,943 in 2022 and reduce the expenditures for health insurance benefits. The contributions required of retirees are established in the District's Employee Handbook. During 2023, the Fund paid 100% of the health care premiums for retired employees. Incremental increases in premium costs due to the addition of dependent or family coverage are at the sole expense of the retired employee. To be eligible for participation in the group health program, 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 2023 was $264,768, an increase of $520,616 from 2022 which recognized net investment loss of $255,848. The increase is due to greater recognition of unrealized gains in the Fund's investment portfolio.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2023 and 2022, the Fund paid out $162,639 and $184,084 in net benefits respectively, resulting in a decrease of $21,445. The net decrease is the result of a slight reduction in health insurance premiums paid on behalf of retirees and their dependents, which is partially offset by a larger increase in retiree contributions. Fluctuations in the timing of retirees coming onto the plan and those leaving the plan also affect total benefit payments. There was also an insignificant decrease in the number of retirees receiving coverage during 2023. At the end of fiscal year 2023, 21 retirees and 2 dependents were receiving post-employment benefits, as compared to 21 retirees and 5 dependents on December 31, 2022.

***December 31, 2022 as Compared to December 31, 2021:***

Additions to plan net position include employer contributions and net income from investment activities. Employer contributions were $400,000 in 2022, 2021, and 2020. 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 $28,943 in 2022, compared to $40,244 in 2021 and reduce the expenditures for health insurance benefits. The contributions required of retirees are established in the District's Employee Handbook. During 2022, the Fund paid 100% of the health care premiums for retired employees. Incremental increases in premium costs due to the addition of dependent or family coverage are at the sole expense of the retired employee. To be eligible for participation in the group health program, 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 2022 was negative $255,848, a decrease of $518,682 from 2021 which recognized net investment income of $262,834. The decrease is due to greater recognition of unrealized losses in the Fund's investment portfolio.

Deductions from plan net position are primarily benefit payments, which are offset by retiree contributions associated with dependent care coverage. During 2022 and 2021, the Fund paid out $184,084 and $212,020 in net benefits respectively, resulting in a decrease of $27,936. The net decrease is the result of a slight reduction in health insurance premiums paid on behalf of retirees and their dependents, which is partially offset by a larger increase in retiree contributions. There was also a slight decrease in the number of retirees receiving coverage during 2022. At the end of fiscal year 2022, 21 retirees and 5 dependents were receiving post-employment benefits, as compared to 23 retirees and 6 dependents on December 31, 2021.

**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. While the coronavirus pandemic and global turmoil had done significant damage to the financial markets in previous years, the fund experienced considerable financial improvement during 2023 and continuing into the first half of 2024.

**Request for Information**

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

# BASIC FINANCIAL STATEMENTS

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

STATEMENT OF PLAN NET POSITION

December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash and short-term investments | $ 20,523 | $ 62,300 |
| Investments, at fair value | | |
| U.S. Treasury and agency securities | 895,248 | 737,294 |
| Corporate bonds | 411,715 | 518,546 |
| Money market mutual funds | 363,866 | 89,483 |
| Equity mutual funds | - | 1,057,554 |
| Equity securities | 1,551,725 | 283,653 |
| Prepaid expenses | 5,099 | 5,426 |
| Total assets | 3,248,176 | 2,754,256 |
| **LIABILITIES** | | |
| Unearned revenue | 1,320 | 1,476 |
| Total liabilities | 1,320 | 1,476 |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | $ 3,246,856 | $ 2,752,780 |

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, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | | |
| Employer contributions | $ 400,000 | $ 400,000 |
| Total contributions | 400,000 | 400,000 |
| Investment income | | |
| Net appreciation (depreciation) in fair value of investments | 226,997 | (283,718) |
| Interest and dividends | 62,851 | 51,786 |
| Total investment income | 289,848 | (231,932) |
| Less investment expense | (25,080) | (23,916) |
| Net investment income | 264,768 | (255,848) |
| Total additions | 664,768 | 144,152 |
| **DEDUCTIONS** | | |
| Health insurance benefits | 192,404 | 213,027 |
| Less retiree contributions | (22,374) | (28,943) |
| Less insurance refunds | (7,391) | - |
| Administrative expenses | 8,053 | 6,610 |
| Total deductions | 170,692 | 190,694 |
| NET INCREASE (DECREASE) | 494,076 | (46,542) |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | | |
| January 1 | 2,752,780 | 2,799,322 |
| December 31 | $ 3,246,856 | $ 2,752,780 |

See accompanying notes to financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Retiree Health Insurance Trust Fund of the Forest Preserve District of Will County, Illinois (the Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

a. Reporting Entity

The Fund is a fiduciary component unit of the Forest Preserve District of Will County, Illinois (the Forest Preserve) pursuant to GASB Statement Nos. 14 and 84 as amended by GASB Statement No 61.

b. Fund Accounting

The Fund uses funds to report on its plan net position and the changes in its plan net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Fund is classified into the fiduciary category.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. 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, 2023 and 2022, for both reporting and actuarial purposes. The money market fund is valued at amortized cost, which approximates fair value, as there are no limitations or restrictions on withdrawals. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

e. Budgets

An annual budget is adopted for the Fund by the Board of Trustees. The budget is adopted on a basis consistent with GAAP. The budget, which may not be legally exceeded at the fund level, lapses at the end of the fiscal year. Once adopted, the budget may be amended by the Board of Trustees.

## 2. DEPOSITS AND INVESTMENTS

The deposits and investments of the Fund are held separately from those of the Forest Preserve.

The Fund's investment policy authorizes the Fund to invest in certain stocks and equity securities, debt securities guaranteed by the United States Government (explicitly or implicitly), interest-bearing accounts and certificates of a bank (also savings and loans if fully FDIC insured and credit unions if main office is located in Illinois), certain money market mutual funds, certain repurchase agreements, equity mutual funds, debt mutual funds and local government investment pools.

The investment policy calls for the following allocation of the Fund's assets:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|---|---|---|
| Large Cap Stock | 50.00% | 6.00% |
| Fixed Income (Government Short) | 15.00% | 0.50% |
| Fixed Income (Government Intermediate) | 15.00% | 2.00% |
| Fixed Income (Corporate Short) | 5.00% | 1.00% |
| Fixed Income (Corporate Intermediate) | 5.00% | 3.00% |
| Fixed Income (Municipal Short) | 4.50% | 0.50% |
| Fixed Income (Municipal Intermediate) | 4.50% | 2.00% |
| Cash | 1.00% | 0.30% |
| TOTAL | 100.00% | |

## 2. DEPOSITS AND INVESTMENTS (Continued)

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on fund investments, net of fund investment expense, was 8.00% and (6.28%) 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, 2023 and 2022, are indicated in Note 2 on the previous page.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund’s deposits may not be returned to it. The Fund’s investment policy requires deposits in financial institutions that participate in the FDIC program and pledging of collateral for all bank balances in excess of federal depository insurance at 110% of the uninsured amounts with the collateral held by an independent third party agent of the Fund or the Federal Reserve Bank in the Fund’s name.

The following table presents the investments and maturities of the Fund’s debt securities as of December 31, 2023 and 2022:

<u>2023</u>

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury and agency | $ 895,248 | $ 363,905 | $ 531,343 | $ - | $ - |
| Corporate bonds | 411,715 | 148,337 | 263,378 | - | - |
| TOTAL | $ 1,306,963 | $ 512,242 | $ 794,721 | $ - | $ - |

<u>2022</u>

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury and agency | $ 737,294 | $ 298,327 | $ 438,967 | $ - | $ - |
| Corporate bonds | 518,546 | 128,541 | 390,005 | - | - |
| TOTAL | $ 1,255,840 | $ 426,868 | $ 828,972 | $ - | $ - |

## 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, 2023 and 2022.

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

It is the policy of the Fund to limit its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government and by limiting investment in securities with higher credit risks, including not allowing investments stock options, call options and any form of derivative. The corporate bonds are rated Aa2-A3. 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, 2023 and 2022, as the investments are held by the Fund's agent in the funds name separate from where the investment was purchased.

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

## 3. RETIREE HEALTH INSURANCE TRUST FUND

a. Plan Description

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

b. Benefits Provided

To be eligible for benefits, an employee must qualify for retirement under the Forest Preserve's retirement plan, the Illinois Municipal Retirement Fund (IMRF), and have been employed for at least seven years with the Forest Preserve, ten years for employees hired on or after January 1, 2015. All health care benefits are provided through the Forest Preserve's third party indemnity plan or through the union's third party indemnity plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. The benefit for employees hired prior to January 1, 2015, which is 100% of the individual premium for employees with seven years of service, is available for ten years or until the employee becomes Medicare eligible, whichever occurs first. The retiree will be responsible for 100% of any dependent coverage.

For employees hired on or after January 1, 2015, the Fund will pay 50% of the premium for individual coverage for employees with ten years of service, increasing by 5% per year of service over ten to a maximum of 100% for ten years or until the employee becomes Medicare eligible.

c. Membership

At December 31, 2023 and 2022, membership consisted of:

| | 2022 | 2023 |
|---|---|---|
| Inactive fund members or beneficiaries currently receiving benefits payments | 23 | 23 |
| Inactive fund members entitled to but not yet receiving benefit payments | - | - |
| Active fund members | 102 | 102 |
| TOTAL | 125 | 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 2023 and 2022 the employer contribution was 5.47% respectively, of covered payroll.

## 4. OPEB LIABILITY OF THE FOREST PRESERVE

a. Net OPEB Liability

The components of the net OPEB liability of the Forest Preserve as of December 31, 2023, were as follows:

| | | |
|---|---|---|
| Total OPEB liability | $ | 4,221,589 |
| Plan fiduciary net position | | (3,246,856) |
| Forest Preserve's net OPEB liability | | 974,733 |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 76.91% |

The components of the net OPEB liability of the Forest Preserve as of December 31, 2022, were as follows:

| | | |
|---|---|---|
| Total OPEB liability | $ | 4,295,028 |
| Plan fiduciary net position | | (2,752,780) |
| Forest Preserve's net OPEB liability | | 1,542,248 |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 64.09% |

See the schedule of changes in the employer's net OPEB liability and related ratios on page 14 and 15 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, 2023 and 2022, using the actuarial methods and assumptions on the next page.

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

b. Actuarial Assumptions (Continued)

| | | |
|---|---|---|
| Actuarial valuation date | December 31, 2022 | December 31, 2023 |
| Actuarial cost method | Entry-age normal | Entry-age normal |
| Assumptions | | |
| Inflation | 2.50% | 2.50% |
| Investment rate of return (net of fund investment expense, including inflation) | 6.50% | 6.50% |
| Healthcare cost trend rates | 7.25% in Fiscal 2022, and an ultimate trend rate of 4.00% in 2074. | 7.00% in Fiscal 2023 and an ultimate trend rate of 4.00% in 2074. |
| Asset valuation method | Fair value | Fair value |

Mortality rates in 2022 and 2023 were based on the PubG-2010 Mortality Table with amount-weighted, below median income, projected generationally using Scale MP-2020.

c. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% at December 31, 2023 and 2022. 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, 2023 | $ 1,249,147 | $ 974,733 | $ 723,292 |
| December 31, 2022 | 1,774,270 | 1,542,248 | 1,248,708 |

The table below presents the net OPEB liability of the Forest Preserve calculated using the current healthcare rate as well as what the Forest Preserve's net OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| Net OPEB Liability | 1% Decrease (3.00% to 6.00%) | Current Healthcare Rate (4.00% to 7.00%) | 1% Increase (5.00% to 8.00%) |
|---|---|---|---|
| December 31, 2023 | $ 592,341 | $ 974,733 | $ 1,415,026 |

| Net OPEB Liability | 1% Decrease (3.00% to 6.25%) | Current Healthcare Rate (4.00% to 7.25%) | 1% Increase (5.00% to 8.25%) |
|---|---|---|---|
| December 31, 2022 | $ 1,117,611 | $ 1,542,248 | $ 1,940,296 |

# 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 Eight Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|
| **TOTAL OPEB LIABILITY** | | | | | | | | |
| Service cost | $ 92,781 | $ 96,492 | $ 98,802 | $ 139,537 | $ 119,973 | $ 132,846 | $ 111,620 | $ 102,201 |
| Interest | 168,368 | 170,056 | 184,858 | 276,449 | 274,522 | 279,723 | 293,376 | 271,516 |
| Differences between expected and actual experience | - | - | 223,801 | - | (80,208) | - | 225,703 | - |
| Changes of assumptions | - | (7,997) | 1,087,477 | - | 61,879 | - | (301,503) | - |
| Explicit benefit payments | (217,425) | (205,148) | (211,955) | (207,164) | (269,391) | (252,264) | (213,027) | (192,404) |
| Implicit benefit payments | (8,830) | (40,904) | (59,191) | (106,777) | (109,373) | (147,787) | (201,122) | (254,752) |
| Net change in total OPEB liability | 34,894 | 12,499 | 1,323,792 | 102,045 | (2,598) | 12,518 | (84,953) | (73,439) |
| Total OPEB liability - beginning | 2,896,831 | 2,931,725 | 2,944,224 | 4,268,016 | 4,370,061 | 4,367,463 | 4,379,981 | 4,295,028 |
| **TOTAL OPEB LIABILITY - ENDING** | $ 2,931,725 | $ 2,944,224 | $ 4,268,016 | $ 4,370,061 | $ 4,367,463 | $ 4,379,981 | $ 4,295,028 | $ 4,221,589 |
| **PLAN FIDUCIARY NET POSITION** | | | | | | | | |
| Explicit contributions | $ 282,000 | $ 350,000 | $ 350,000 | $ 400,000 | $ 442,993 | $ 440,244 | $ 428,943 | $ 422,374 |
| Implicit contributions | 8,830 | 40,904 | 59,191 | 106,777 | 109,373 | 147,787 | 201,122 | 254,752 |
| Net investment income | 56,880 | 126,366 | (18,380) | 255,625 | 174,028 | 262,834 | (255,848) | 264,768 |
| Explicit benefit payments | (217,425) | (205,148) | (211,955) | (207,164) | (269,391) | (252,264) | (213,027) | (192,404) |
| Implicit benefit payments | (8,830) | (40,904) | (59,191) | (106,777) | (109,373) | (147,787) | (201,122) | (254,752) |
| Administrative expense | (5,900) | (10,329) | (6,741) | (6,889) | (7,238) | (7,395) | (6,610) | (8,053) |
| Other | - | - | - | - | - | - | - | 7,391 |
| Net change in plan fiduciary net position | 115,555 | 260,889 | 112,924 | 441,572 | 340,392 | 443,419 | (46,542) | 494,076 |
| Plan fiduciary net position - beginning | 1,084,571 | 1,200,126 | 1,461,015 | 1,573,939 | 2,015,511 | 2,355,903 | 2,799,322 | 2,752,780 |
| **PLAN FIDUCIARY NET POSITION - ENDING** | $ 1,200,126 | $ 1,461,015 | $ 1,573,939 | $ 2,015,511 | $ 2,355,903 | $ 2,799,322 | $ 2,752,780 | $ 3,246,856 |
| **EMPLOYER'S NET OPEB LIABILITY** | $ 1,731,599 | $ 1,483,209 | $ 2,694,077 | $ 2,354,550 | $ 2,011,560 | $ 1,580,659 | $ 1,542,248 | $ 974,733 |

| MEASUREMENT DATE DECEMBER 31, | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|
| Plan fiduciary net position as a percentage of the total OPEB liability | 40.94% | 49.62% | 36.88% | 46.12% | 53.94% | 63.91% | 64.09% | 76.91% |
| Covered payroll | $ 6,092,140 | $ 6,335,826 | $ 6,316,748 | $ 6,569,418 | $ 6,339,951 | $ 6,593,549 | $ 7,315,060 | $ 7,315,060 |
| Employer's net OPEB liability as a percentage of covered payroll | 28.42% | 23.41% | 42.65% | 35.84% | 31.73% | 23.97% | 21.08% | 13.33% |

In 2023, no assumption changes were made. In 2022, changes in assumptions related to updated mortality rates. In 2021, no assumption changes were made. In 2020, changes in assumptions related to updated health care costs and premiums and updated health care cost trend rates. In 2019, no assumption changes were made. In 2018, changes in assumptions related to the mortality table, discount rate (5.90% to 6.50%) and 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,** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 182,097 | $ 182,097 | $ 242,475 | $ 239,981 | $ 376,356 | $ 341,119 | $ 338,165 | $ 314,053 | $ 242,071 | $ 237,995 |
| Contributions in relation to the actuarially determined contribution | 155,000 | 182,000 | 282,000 | 350,000 | 350,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **CONTRIBUTION DEFICIENCY (Excess)** | $ 27,097 | $ 97 | $ (39,525) | $ (110,019) | $ 26,356 | $ (58,881) | $ (61,835) | $ (85,947) | $ (157,929) | $ (162,005) |
| Covered payroll | $ 6,092,140 | $ 6,092,140 | $ 6,092,140 | $ 6,335,826 | $ 6,316,748 | $ 6,569,418 | $ 6,339,951 | $ 6,593,549 | $ 7,315,060 | $ 7,315,060 |
| Contributions as a percentage of covered payroll | 2.54% | 2.99% | 4.63% | 5.52% | 5.54% | 6.09% | 6.31% | 6.07% | 5.47% | 5.47% |

**Notes to Schedule**

Valuation date:

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percent of pay, open |
| Remaining amortization period | 14 years |
| Asset valuation method | Fair value |
| Inflation | 2.50% |
| Healthcare cost trend rate | 7.00% in Fiscal 2023 and an ultimate trend rate of 4.00% in 2074. |
| Investment rate of return | 6.50% |
| Retirement age | Various |
| Mortality | PubG-2010 amount-weighted, below-median income, projected generationally with scale MP-2020. |

(See independent auditor's report.)

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

SCHEDULE OF INVESTMENT RETURNS

Last Eight Fiscal Years

| | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 5.66% | 10.62% | (1.09%) | 15.06% | 8.34% | 10.58% | (6.28%) | 8.00% |

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, 2023

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions | | | |
| Employer contributions | $ 400,000 | $ 400,000 | $ - |
| Total contributions | 400,000 | 400,000 | - |
| Interest income | | | |
| Net appreciation in fair value of investments | - | 226,997 | 226,997 |
| Interest and dividends | 35,000 | 62,851 | 27,851 |
| Total investment income | 35,000 | 289,848 | 254,848 |
| Less investment expense | (20,000) | (25,080) | (5,080) |
| Net investment income | 15,000 | 264,768 | 249,768 |
| Total additions | 415,000 | 664,768 | 249,768 |
| **DEDUCTIONS** | | | |
| Health insurance benefits | 180,000 | 192,404 | 12,404 |
| Less retiree contributions | (27,600) | (22,374) | 5,226 |
| Less insurance refunds | - | (7,391) | (7,391) |
| Administrative expenses | 10,700 | 8,053 | (2,647) |
| Total deductions | 163,100 | 170,692 | 7,592 |
| **NET INCREASE** | $ 251,900 | 494,076 | $ 242,176 |
| **NET PLAN POSITION RESTRICTED FOR OPEB BENEFITS** | | | |
| January 1 | | 2,752,780 | |
| December 31 | | $ 3,246,856 | |

(See independent auditor's report.)