FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY (A FIDUCIARY FUND OF FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS)

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Financial Statements with Supplementary Information

December 31, 2017 and 2016

Contents

FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2016

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PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
Forest Preserve District Employees' Annuity
and Benefit Fund of Cook County

Report on the Financial Statements

We have audited the accompanying financial statements of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan), a fiduciary fund of Forest Preserve District of Cook County, Illinois, which comprise the combining statements of pension plan fiduciary net position and postemployment healthcare plan net position as of December 31, 2017 and 2016, and the related combining statements of changes in pension plan fiduciary net position and postemployment healthcare plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

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Opinion
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the net position of Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2017 and 2016, and the changes in 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, the Plan implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. As a result, the financial statements now include substantially different note disclosures and required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 4e and the required supplementary information on pages 26 through 30 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 inquires 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 audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements as a whole. The accompanying supplementary information on pages 31 through 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. Such information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (continued)

Previously Audited Information

We also have previously audited the basic financial statements for the years ended December 31, 2015, 2014, 2013, and 2012 (which are not presented herein), and we expressed unmodified opinions on those financial statements. In our opinion, the information on page 33 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Legacy Professionals LLP

Westchester, Illinois

June 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents Management's Discussion and Analysis of the financial position and performance of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan) for the years ended December 31, 2017 and 2016. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The basic financial statements are prepared on an economic sources focus and accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The basic components of the financial package are described below:

Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position provides a snapshot of account balances and net position held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net position. The net increase (decrease) in net position reports the change in net position as reported in the Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position of the prior year and the current year.

Notes to the Financial Statements provides additional information that is essential to achieving a better understanding of the data provided in the basic financial statements.

Required Supplementary Information provides schedules and related notes concerning actuarial information, employer contributions and investment returns.

Supplementary Information includes schedules of administrative expenses, professional and consulting fees, investment expenses, additions by source, deductions by type and employer contributions receivable.

Financial Highlights

Net position increased by $19,168,548 or 10.0% from $191,202,398 at December 31, 2016 to $210,370,946 at December 31, 2017. Comparatively, net position decreased by $1,119,972 or .6% from $192,322,370 at December 31, 2015 to $191,202,398 at December 31, 2016. The change in net position for both years was primarily due to the fluctuation in the fair value of the investments.

Rate of return of the Plan's investment portfolio was 16.58% for 2017, 5.67% for 2016 and 1.50% for 2015.

Net Position

The condensed Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position reflect the resources available to pay benefits to members. A summary of the Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position is as follows:

Net Position
As of December 31,

				Current Year (Decrease) in	
	2017	2016	2015	Dollars	Percent
Total assets	$ 217,122,394	$ 207,496,922	$ 211,067,343	$ 9,625,472	4.6%
Total liabilities	6,751,448	16,294,524	18,744,973	(9,543,076)	-58.6%
Net position	$ 210,370,946	$ 191,202,398	$ 192,322,370	$ 19,168,548	10.0%

Changes in Net Position

The condensed Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position reflect the changes in the resources available to pay benefits to members. A summary of the Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position is as follows:

Changes in Net Position
For the Years Ended December 31,

				Current Year Increase/(Decrease) in	
	2017	2016	2015	Dollars	Percent
Additions:					
Employer contributions	$ 3,544,707	$ 3,391,381	$ 3,462,037	$ 153,326	4.5%
Employee contributions	3,300,222	3,184,051	2,771,533	116,171	3.6%
Net investment income (includes security lending activities)	30,500,015	10,477,792	2,549,975	20,022,223	191.1%
Other	595,665	317,217	240,278	278,448	87.8%
Total additions	37,940,609	17,370,441	9,023,823	20,570,168	118.4%
Deductions:					
Benefits	18,002,969	17,458,251	17,212,396	544,718	3.1%
Refunds	554,417	740,586	635,908	(186,169)	-25.1%
Employee transfers to the Cook County Fund	54,257	133,999	18,370	(79,742)	-59.5%
Administrative expenses	160,418	157,577	143,953	2,841	1.8%
Total deductions	18,772,061	18,490,413	18,010,627	281,648	1.5%
Net increase (decrease)	19,168,548	(1,119,972)	(8,986,804)	20,288,520	1811.5%
Net position:					
Beginning of year	191,202,398	192,322,370	201,309,174	(1,119,972)	-0.6%
End of year	$ 210,370,946	$ 191,202,398	$ 192,322,370	$ 19,168,548	10.0%

Additions to Net Position

Total additions were $37,940,609 in 2017, $17,370,441 in 2016 and $9,023,823 in 2015.

Employer contributions increased to $3,544,707 in 2017 from $3,391,381 in 2016 and were $3,462,037 in 2015. Employer contributions are statutorily set at 1.30 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, increased to $3,300,222 in 2017 from $3,184,051 in 2016 and were $2,771,533 in 2015. Employees contribute 8.5% of covered wages.

Net investment income totaled $30,500,015 for 2017 compared to $10,477,792 for 2016. Comparatively, net investment income totaled $2,549,975 for 2015. Investment earnings fluctuate primarily from the overall performance of the financial markets from year to year.

Deductions to Net Position

Total deductions were $18,772,061 in 2017, $18,490,413 in 2016 and $18,010,627 in 2015.

Benefits increased to $18,002,969 in 2017 from $17,458,251 in 2016 and $17,212,396 in 2015 primarily due to the 3% annual cost of living increases for annuitants.

Refunds decreased to $554,417 in 2017 from $740,586 in 2016 and decreased from $635,908 in 2015. These changes are due to fluctuations in refund applications.

Employee transfers to the Cook County Fund resulted from Forest Preserve District employees transferring employment to Cook County. The accrued pension benefit obligation is transferred to the Forest Preserve Fund from the Cook County Fund.

The cost to administer the Plan increased to $160,418 in 2017 from $157,577 in 2016. Comparatively, the cost to administer the Plan increased to $157,577 in 2016 from $143,953 in 2015.

Actuarial Information

Pension Benefits

Under GASB Statement No. 67, *Financial Reporting for Pension Plans*, the Plan's funding for pension benefits is as follows:

Funding for Pension Benefits
For the Years Ended December 31,

	2017	2016	2015
Total pension liability	$ 430,452,619	$ 438,859,466	$ 457,577,963
Plan fiduciary net position	(210,370,946)	(191,202,398)	(192,322,370)
Employer's net pension liability	$ 220,081,673	$ 247,657,068	$ 265,255,593
Plan fiduciary net position as a percentage of the total pension liability	48.87%	43.57%	42.03%

Postemployment Healthcare Benefits

Under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the Plan's funding for postemployment healthcare benefits is as follows:

Funding for Postemployment Healthcare Benefits
For the Years Ended December 31,

	2017	2016	2015
Total OPEB liability	$ 49,170,148	$ 50,517,660	N/A*
Plan fiduciary net position	-	-	
Employer's net OPEB liability	$ 49,170,148	$ 50,517,660	

Contributions for postemployment healthcare benefits are made on a "pay-as-you-go" basis, resulting in a 0.00% funded ratio.

* These amounts are unavailable as of December 31, 2015

Actuarial Information (continued)

Combined

The Plan actuary has performed a combined valuation of the pension and postemployment healthcare benefits provided by the Plan to measure the overall funded status and contribution requirements of the Plan. Such a valuation is required under Chapter 40, Article 5/9-199 of the Illinois Pension Code which provides that the Plan shall submit a report each year containing a detailed statement of the affairs of the Plan, its income and expenditures, and assets and liabilities. The combined valuation reflects the actuarial assumptions adopted by the Board based on the results of an actuarial experience study. These assumptions conform to the actuarial standards recommended by the Plan's actuary and were used by the Plan's actuary to present the combined funding status in accordance with *Section 9-199*. The Plan's funding under the combined actuarial valuation is as follows:

	Funding for Combined Pension and Postemployment Healthcare Benefits For the Years Ended December 31,		
	2017	2016	2015
Unfunded actuarial accrued liability	$ 126,639,668	$ 131,962,737	$ 129,035,098
Funded ratio	61.73%	60.04%	60.02%

Contact Information

This financial report is designed to provide the employer, Plan participants and others with a general overview of the Plan's finances and show accountability for money it receives. Questions concerning any data provided in the report or requests for additional information should be addressed to:

Forest Preserve District Employees' Annuity
and Benefit Fund of Cook County
Attention: Executive Director
70 West Madison Street
Suite 1925
Chicago, Illinois 60602

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Combining Statements of Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position

December 31, 2017 and 2016

	2017			2016		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Assets						
Receivables						
Employer contributions less allowance of $119,262 in 2017 and $134,866 in 2016	$ 3,486,512	$ 3,486,512	$ -	$ 3,382,303	$ 3,226,023	$ 156,280
Employee contributions	3,787	3,787	-	3,194	3,194	-
Accrued investment income	198,409	198,409	-	280,241	280,241	-
Receivable for securities sold	320,866	320,866	-	577,903	577,903	-
EGWP/Medicare Part D subsidy	88,472	-	88,472	28,102	-	28,102
Prescription rebates	63,217	-	63,217	46,082	-	46,082
Total receivables	4,161,263	4,009,574	151,689	4,317,825	4,087,361	230,464
Investments						
U.S. and international equities	112,414,952	112,414,952	-	97,193,590	97,193,590	-
U.S. Government and government agency obligations	-	-	-	11,442,228	11,442,228	-
Corporate bonds	-	-	-	5,868,280	5,868,280	-
Collective international equity fund	14,607,348	14,607,348	-	12,456,752	12,456,752	-
Commingled fixed income fund	35,051,663	35,051,663	-	18,807,947	18,807,947	-
Exchange traded funds	4,315,663	4,315,663	-	4,485,230	4,485,230	-
Hedge fund	21,691,553	21,691,553	-	20,282,707	20,282,707	-
Real estate funds	13,440,254	13,440,254	-	12,627,540	12,627,540	-
Short-term investment	5,574,696	5,574,696	-	4,707,634	4,707,634	-
Total investments	207,096,129	207,096,129	-	187,871,908	187,871,908	-
Collateral held for securities on loan	5,865,002	5,865,002	-	15,307,189	15,307,189	-
Total assets	217,122,394	216,970,705	151,689	207,496,922	207,266,458	230,464
Liabilities						
Accounts payable	86,570	86,570	-	81,343	81,343	-
Healthcare benefits payable	151,689	-	151,689	230,464	-	230,464
Due to County Employees' and Officers' Annuity and Benefit Fund of Cook County	359,334	359,334	-	463,181	463,181	-
Payable for securities purchased	288,853	288,853	-	212,347	212,347	-
Securities lending collateral	5,865,002	5,865,002	-	15,307,189	15,307,189	-
Total liabilities	6,751,448	6,599,759	151,689	16,294,524	16,064,060	230,464
Net position						
Net position restricted for pensions	210,370,946	210,370,946	-	191,202,398	191,202,398	-
Net position restricted for postemployment healthcare benefits	-	-	-	-	-	-
Total	$ 210,370,946	$ 210,370,946	$ -	$ 191,202,398	$ 191,202,398	$ -

See accompanying notes to financial statements.

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Combining Statements of Changes in Pension Plan Fiduciary Net Position and Postemployment Healthcare Plan Net Position

Years Ended December 31, 2017 and 2016

	2017			2016		
	Total	Pension	Postemployment Healthcare	Total	Pension	Postemployment Healthcare
Additions						
Employer contributions	$ 3,544,707	$ 2,239,632	1,305,075	$ 3,391,381	$ 1,971,946	$ 1,419,435
Employee contributions						
Salary deductions	3,046,960	3,046,960	-	2,980,457	2,980,457	-
Refund repayments	160,917	160,917	-	127,639	127,639	-
Former and miscellaneous service payments	56,614	56,614	-	2,571	2,571	-
Deductions in lieu of disability	35,731	35,731	-	73,384	73,384	-
Total employee contributions	3,300,222	3,300,222	-	3,184,051	3,184,051	-
Investment income						
Net appreciation in fair value of investments	28,746,514	28,746,514	-	8,074,762	8,074,762	-
Dividends	2,077,606	2,077,606	-	2,268,706	2,268,706	-
Interest	325,469	325,469	-	686,973	686,973	-
	31,149,589	31,149,589	-	11,030,441	11,030,441	-
Less investment expenses	(674,299)	(674,299)	-	(622,361)	(622,361)	-
Net investment income	30,475,290	30,475,290	-	10,408,080	10,408,080	-
Securities lending						
Income	29,075	29,075	-	83,244	83,244	-
Expenses	(4,350)	(4,350)	-	(13,532)	(13,532)	-
Net securities lending income	24,725	24,725	-	69,712	69,712	-
Other						
EGWP/Medicare Part D subsidy	350,011	-	350,011	130,116	-	130,116
Prescription plan rebates	231,404	-	231,404	187,101	-	187,101
Miscellaneous	14,250	14,250	-	-	-	-
Total other additions	595,665	14,250	581,415	317,217	-	317,217
Total additions	37,940,609	36,054,119	1,886,490	17,370,441	15,633,789	1,736,652
Deductions						
Benefits						
Annuity						
Employee	13,253,194	13,253,194	-	12,896,736	12,896,736	-
Spouse and children	2,630,286	2,630,286	-	2,523,376	2,523,376	-
Disability						
Ordinary	230,363	230,363	-	245,271	245,271	-
Duty	2,636	2,636	-	56,216	56,216	-
Healthcare less annuitant contributions of $1,321,187 in 2017 and $1,177,887 in 2016	1,886,490	-	1,886,490	1,736,652	-	1,736,652
Total benefits	18,002,969	16,116,479	1,886,490	17,458,251	15,721,599	1,736,652
Refunds	554,417	554,417	-	740,586	740,586	-
Employee transfers to County Employees' and Officers' Annuity and Benefit Fund of Cook County	54,257	54,257	-	133,999	133,999	-
Administrative expenses	160,418	160,418	-	157,577	157,577	-
Total deductions	18,772,061	16,885,571	1,886,490	18,490,413	16,753,761	1,736,652
Net increase (decrease)	19,168,548	19,168,548	-	(1,119,972)	(1,119,972)	-
Net position						
Beginning of year	191,202,398	191,202,398	-	192,322,370	192,322,370	-
End of year	$ 210,370,946	$ 210,370,946	$ -	$ 191,202,398	$ 191,202,398	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan) is administered in accordance with Chapter 40, Article 5/10 of the Illinois Compiled Statutes.

Financial Reporting Entity - Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. The Plan has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Plan's financial statements.

Based on the above criteria, the Plan is considered to be a fiduciary fund of Forest Preserve District of Cook County, Illinois (the Forest Preserve District) and is included in the Forest Preserve District's financial statements.

New Accounting Pronouncements - The Plan has implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), which addresses accounting and financial reporting issues related to other postemployment benefit plans. GASB 74 requires more extensive note disclosures and required supplementary information related to the measurement of the other postemployment benefit liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

The Plan has also implemented GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73* (GASB 82), which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Method of Accounting - The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as income pursuant to legal requirements as specified by the Illinois Compiled Statutes. Employee contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Where less than an entire investment holding is sold, average value is used to determine realized gain or loss.

Allocated Expenses - Administrative expenses are initially paid by the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Cook County Fund). These expenses are allocated between the Cook County Fund and the Plan on a pro rata basis as applicable.

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2017 and 2016, the Plan does not have any capital assets.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events - Subsequent events have been evaluated through June 14, 2018, which is the date the financial statements were available to be issued.

NOTE 2. PLAN DESCRIPTION

The Plan was established on July 1, 1931, and is governed by legislation contained in the Illinois Compiled Statutes (the Statutes), particularly Chapter 40, Article 5/10 (the Article). Effective with the signing of Public Act 96-0889 into law on April 14, 2010, participants that first became contributors on or after January 1, 2011 are Tier 2 participants. All other participants that were contributing prior to January 1, 2011 are Tier 1 participants. The Plan can be amended only by the Illinois Legislature. The Plan is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was established for the purpose of providing retirement, death and disability benefits for full-time employees of the Forest Preserve District and the dependents of such employees. The Plan is considered to be a fiduciary fund of Forest Preserve District of Cook County, Illinois and is included in the Forest Preserve District's financial statements.

The Statutes authorize a Board of Trustees (the Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, four are elected by the employee members of the Plan and three are elected by the annuitants of the Plan. The two ex officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. All members of the Board are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget, which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the Forest Preserve District Board of Cook County a detailed report of the financial affairs and status of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Covered employees are required to contribute 8.5% of their salary to the Plan, subject to the salary limitations for Tier 2 participants in Article 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The Forest Preserve District's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.30. The source of funds for the Forest Preserve District's contributions has been designated by State Statute as the Forest Preserve District's annual property tax levy. The Forest Preserve District's payroll for employees covered by the Plan for the years ended December 31, 2017 and 2016 was $35,078,173 and $34,509,011 respectively.

The Plan provides retirement as well as death and disability benefits. Tier 1 employees age 50 or older and Tier 2 employees age 62 or older are entitled to receive a minimum formula annuity of 2.4% for each year of credited service if they have at least 10 years of service. The maximum benefit is 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced by ½% for each month the participant is below that age. The reduction is waived for Tier 1 participants having 30 or more years of credited service.

Participants should refer to the applicable State Statutes for more complete information.

At December 31, 2017 and 2016, participants consisted of the following:

	2017	2016
Active members	548	572
Retired members	381	378
Beneficiaries	146	152
Inactive members	1,365	1,296
Total	2,440	2,398

NOTE 3. EMPLOYER'S PENSION LIABILITY

Net Pension Liability

The components of the employer's net pension liability of the Plan for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Total pension liability	$ 430,452,619	$ 438,859,466
Plan fiduciary net position	210,370,946	191,202,398
Employer's net pension liability	$ 220,081,673	$ 247,657,068
Plan fiduciary net position as a percentage of the total pension liability	48.87%	43.57%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Plan.

The net pension liability was determined by actuarial valuations performed as of December 31, 2017 and 2016 using the following actuarial methods and assumptions:

Actuarial valuation dates	December 31, 2017 and 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions:	
Inflation	2017 - 2.75% per year, compounded annually; 2016 - 3.25% per year, compounded annually
Salary increases	2017 - 1.50% to 7.50%, based on age; 2016 - 3.75% to 8.00%, based on age
Investment rate of return	2017 - 7.25% per year, compounded annually; 2016 - 7.50% per year, compounded annually
Retirement age	2017 -Rates of retirement for each age from 50 to 80 based on recent experience of the Plan where all employees are assumed to retire by age 80 2016 - Rates of retirement for each age from 50 to 75 based on recent experience of the Plan where all employees are assumed to retire by age 75
Mortality	2017 - RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale 2016 - RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB
Postretirement annuity increase	Tier 1 participants - 3.0% compounded annually Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

NOTE 3. EMPLOYER'S PENSION LIABILITY (CONTINUED)

Net Pension Liability (continued)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by Conduent, Inc. (formerly Buck Consultants, LLC) dated February 2018. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by Buck Consultants, LLC dated January 2014.

Discount Rate

The blended discount rates used to measure the total pension liability at December 31, 2017 and 2016 were 4.45% and 4.62%, respectively. The projection of cash flows used to determine the discount rate assumed that the employer's contributions will continue to follow the current funding policy. Based on this assumption, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Municipal bond rates of 3.16% and 3.71% at December 31, 2017 and 2016, respectively, and the long-term investment rate of return of 7.25% and 7.50% for 2017 and 2016, respectively, were used in the development of the blended discount rates. The municipal bond rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following is an analysis of the net pension liability's sensitivity to changes in the discount rate at December 31, 2017 and 2016. The following table presents the net pension liability of the employer using the blended discount rate as well as the employer's net pension liability calculated using a discount rate 1 percent lower and 1 percent higher than the current discount rate:

	1% Decrease 3.45%	Current Discount Rate 4.45%	1% Increase 5.45%
Net Pension Liability - December 31, 2017	$ 287,353,111	$ 220,081,673	$ 166,170,214

	1% Decrease 3.62%	Current Discount Rate 4.62%	1% Increase 5.62%
Net Pension Liability - December 31, 2016	$ 319,995,043	$ 247,657,068	$ 190,280,122

NOTE 4. SUMMARY OF EMPLOYER FUNDING POLICIES

Employer contributions are funded primarily through a tax levied by the Forest Preserve District of Cook County, Illinois. The employer contributions to be remitted to the Plan are equal to the total contributions made by the employees to the Plan in the calendar year two years prior, multiplied by 1.30.

NOTE 5. INVESTMENTS

Investment Policy

The Board of Trustees is responsible for establishing reasonable and consistent investment objectives, policies and guidelines governing the investment of Plan assets in accordance with the Illinois Compiled Statutes. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the state statutes. All of the Plan's financial instruments are consistent with the permissible investments outlined in the state statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the State Statutes. During the year ended December 31, 2017 and 2016, there were no significant changes to the investment policy.

The Plan's investment policy in accordance with the Illinois Compiled Statutes establishes the following target allocation across asset classes:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Domestic equities	32.00%	11.17%
International equities	27.00%	9.51%
Fixed income	21.00%	4.77%
Real estate funds	9.00%	9.77%
Hedge funds	10.00%	7.31%
Cash	1.00%	3.98%
Total investments	100.00%	

NOTE 5. INVESTMENTS (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plan's investments was determined based on the results of an experience study performed by Conduent, Inc. The results of the experience study were adopted by the Board in April 2018. The investment return assumption was based on the current asset allocation of the Plan. In the experience study, Conduent developed best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. These ranges were 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 or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2017 are listed in the previous table.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.58% and 5.67% for the years ended December 31, 2017 and 2016, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy is an average credit quality for each manager's total fixed income portfolio (corporate and U.S. Government holdings) of not less than A- by two out of three credit agencies (Moody's Investor Service, Standard & Poor's and/or Fitch). The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2017 and 2016 as valued by Moody's Investors Service, Standard & Poor's and/or Fitch:

Type of Investment	Rating	2017	2016
U.S. Government and	Aa/AA	$ -	$ 11,243,062
government agency obligations	Not Rated	-	199,166
		$ -	$ 11,442,228
Corporate bonds	A/A	$ -	$ 2,046,395
	Baa/BBB	-	3,286,284
	Ba/BB	-	535,601
		$ -	$ 5,868,280
Commingled fixed income fund	Not Rated	$ 35,051,663	$ 18,807,947
Short-term investment	Not Rated	$ 5,574,696	$ 4,707,634

NOTE 5. INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plan's investment policy for duration for each manager's total fixed income portfolio is within plus or minus 30% of the duration for the fixed income performance benchmark (*Bloomberg Barclays US Aggregate Fixed Income,* which was 5.98 years at December 31, 2017 and 5.89 years at December 31, 2016). The following table presents a summarization of the Plan's debt investments at December 31, 2017 and 2016 using the segmented time distribution method:

Type of Investment	Maturity	2017	2016
U.S. Government and government agency obligations	< 1 year	$ -	$ 1,335
	1 - 5 years	-	2,212,010
	5 - 10 years	-	3,834,266
	Over 10 years	-	5,394,617
		$ -	$ 11,442,228
Corporate bonds	1 - 5 years	$ -	$ 1,744,603
	5 - 10 years	-	2,978,752
	Over 10 years	-	1,144,925
		$ -	$ 5,868,280
Commingled fixed income fund	5-10 years	$ 35,051,663	$ 18,807,947
Short-term investment	< 1 year	$ 5,574,696	$ 4,707,634

NOTE 5. INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's exposure to foreign currency risk at December 31, 2017 and 2016 is as follows:

Type of Investment	Fair Value (USD) 2017	Fair Value (USD) 2016
U.S. and international equities		
Australian dollar	$ -	$ 1,659,083
British pound sterling	9,619,912	9,571,732
Canadian dollar	3,381,223	2,025,413
Danish krone	1,016,739	1,185,771
European euro	12,030,897	8,863,401
Israeli shekel	1,255,544	914,471
Japanese yen	8,982,474	5,992,539
New Zealand dollar	832,118	756,403
Norwegian krone	1,009,225	1,790,782
Singapore dollar	903,704	402,083
Swedish krona	2,220,062	1,197,883
Swiss franc	1,491,797	884,198
U.S. dollar	69,671,257	61,949,831
Total U.S. and international equities	$ 112,414,952	$ 97,193,590

For the years ended December 31, 2017 and 2016, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $9,887,995 and $4,337,995 respectively. These amounts are included in the net appreciation in fair value of investments as reported on the combining statements of changes in pension plan fiduciary net position and postemployment healthcare plan net position. The calculation of realized gains and losses is independent of the calculation of net appreciation in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation in plan assets being reported in both the current year and the previous years.

NOTE 6. FAIR VALUE MEASUREMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2017 and 2016:

		Fair Value Measurements at 12/31/2017 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. and international equities	$ 112,414,952	$ 112,414,952	$ -	$ -
Exchange traded funds	4,315,663	4,315,663	-	-
Total investments by fair value level	116,730,615	$ 116,730,615	$ -	$ -
Investments measured at net asset value	90,365,514			
Total investments at fair value	$ 207,096,129			

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

		Fair Value Measurements at 12/31/2016 Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. and international equities	$ 97,193,590	$ 97,193,590	$ -	$ -
U.S. Government and government agency obligations	11,442,228	-	11,442,228	-
Corporate bonds	5,868,280	-	5,868,280	-
Exchange traded funds	4,485,230	4,485,230	-	-
Total investments by fair value level	118,989,328	$ 101,678,820	$ 17,310,508	$ -
Investments measured at net asset value	68,882,580			
Total investments at fair value	$ 187,871,908			

Level 1 Measurements

U.S. and international equities and exchange traded funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the measurement date.

Level 2 Measurements

U.S. Government and government agency obligations and corporate bonds are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager’s best estimates.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

The valuation methods for investments measured at net asset value (NAV) are presented on the following table:

	Fair Value 12/31/2017	Fair Value 12/31/2016	Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
Investments measured at net asset value:					
Collective international equity fund (1)					
Lazard/Wilmington Emerging Markets Sudan Free Portfolio	$ 14,607,348	$ 12,456,752	-	Daily	N/A
Commingled fixed income fund (2)					
EB DV Non-SL Aggregate Bond Index Fund	35,051,663	18,807,947	-	Daily	N/A
Hedge fund (3)					
Burnham Harbor Fund Ltd.	21,691,553	20,282,707	-	Monthly	95 days
Real estate funds (4)					
JPMCB Strategic Property Fund	7,105,673	6,685,531	-	Quarterly	45 days
PRISA Separate Account	6,334,581	5,942,009	-	Quarterly	90 days
Short-term investment (5)					
BNY Mellon EB Temporary Investment Fund	5,574,696	4,707,634	-	Daily	N/A
Total investments measured at net asset value	$ 90,365,514	$ 68,882,580			

(1) Collective international equity fund - The fund's investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-related securities of issuers that are located, or do significant business, in emerging market countries. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(2) Commingled fixed income fund - The fund's investment objective is to track the performance of the Barclays U.S. Aggregate Index. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

(3) Hedge fund - The fund was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

(4) Real estate funds - These investments include a commingled pension trust fund and an insurance company separate account that are both designed as funding vehicles for tax-qualified pension plans. Their investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Due to the nature of the investments and available cash on hand, significant redemptions in this type of investment may at times be subject to additional restrictions.

(5) Short-term investment - This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

NOTE 7. SECURITIES LENDING

State Statutes and the investment policy permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 102 days for 2017 and 46 days for 2016; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral is invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2017 and 2016 of 2 and 10 days, respectively.

As of December 31, 2017 and 2016, the fair value (carrying amount) of loaned securities was $10,775,607 and $18,981,757 respectively. As of December 31, 2017 and 2016, the fair value (carrying amount) of cash collateral received by the Plan was $5,865,002 and $15,307,189 respectively. The cash collateral is included as an asset and a corresponding liability on the combining statements of pension plan fiduciary net position and postemployment healthcare plan net position. As of December 31, 2017 and 2016, the fair value (carrying amount) of noncash collateral received by the Plan was $5,178,759 and $4,147,183 respectively.

Although the Plan's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

NOTE 7. SECURITIES LENDING (CONTINUED)

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Plan if borrowers fail to return the securities or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

During 2017 and 2016, there were no losses due to default of a borrower or the lending agent.

A summary of securities loaned at fair value as of December 31, 2017 and 2016 is as follows:

	2017	2016
Securities loaned - backed by cash collateral		
U.S. and international equities	$ 2,265,059	$ 10,492,107
Exchanged traded funds	3,462,160	4,231,327
Corporate bonds	-	219,850
Total securities loaned - backed by cash collateral	5,727,219	14,943,284
Securities loaned - backed by non-cash collateral		
U.S. and international equities	5,048,388	2,866,394
U.S. Government and government agency obligations	-	1,172,079
Total securities loaned - backed by non-cash collateral	5,048,388	4,038,473
Total	$ 10,775,607	$ 18,981,757

NOTE 8. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY

Plan Description

The Plan administers a Postemployment Group Healthcare Benefit Plan (PGHBP), a single-employer defined benefit postemployment healthcare plan. The PGHBP is administered in accordance with Chapter 40, Article 5/10 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the Plan's Board of Trustees. The PGHBP provides a healthcare benefit to annuitants of the Forest Preserve District of Cook County, Illinois (the employer) who elect to participate in the PGHBP.

NOTE 8. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

Plan Description (continued)

At December 31, 2017 and 2016, participants consisted of the following:

	2017	2016
Active members	548	572
Inactive plan members or beneficiaries currently receiving benefit payments	349	361
Inactive plan members entitled to but not yet receiving benefit payments	30	36
Total	927	969

Benefits Provided - The PGHBP provides healthcare and vision benefits for annuitants and their dependents.

Contributions - The employer funds the PGHBP on a "pay-as-you-go" basis. The employee and spouse annuitants pay approximately 50% and 35% of the annual medical costs, respectively. The remaining costs are borne by the employer.

Method of Accounting - The PGHBP's financial statements have been combined with the Plan's financial statements and are presented using the accrual basis of accounting. Healthcare expenses are recognized when incurred and estimable.

Employer's Net Postemployment Healthcare Liability

The components of the employer's net postemployment healthcare liability at December 31, 2017 and 2016, were as follows:

	2017	2016
Total postemployment healthcare liability	$ 49,170,148	$ 50,517,660
Plan fiduciary net position	-	-
Employer's net postemployment healthcare liability	49,170,148	50,517,660
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%	0.00%

Contributions for postemployment healthcare benefits are made on a "pay-as-you-go" basis, resulting in a 0.00% funded ratio.

See the schedule of changes in the employer's net postemployment healthcare liability and related ratios in the required supplementary information for additional information related to the funded status of the PGHBP.

NOTE 8. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

The net postemployment healthcare liability was determined by actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation	2017 - 2.75% per year; 2016 - 3.25% per year
Salary increases	2017 - 3.50% to 8.00%, based on age; 2016 - 3.75% to 8.00%, based on age
Health care cost trend rates	2017 - 7.25% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-medicare. 5.75% in the first year, decreasing by .25% until an ultimate rate of 4.75% is reached for post-medicare. 2016 - 7.50% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-medicare. 6.00% in the first year, decreasing by .25% until an ultimate rate of 4.75% is reached for post-medicare.
Mortality	2017 - RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale 2016 - RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by Conduent, Inc. over the period 2013 through 2016.

Discount Rate

The blended discount rate used to measure the total postemployment healthcare liability at December 31, 2017 was 3.16%. The projection of cash flows used to determine the discount rate assumed that the employer's contributions will continue to follow the current funding policy. Based on this assumption, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Municipal bond rates of 3.16% at December 31, 2017, and the long-term investment rate of return of 0% were used in the development of the blended discount rates. The municipal bond rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index.

NOTE 8. EMPLOYER'S POSTEMPLOYMENT HEALTHCARE LIABILITY (CONTINUED)

Sensitivity of the Net Postemployment Healthcare Liability to Changes in the Discount Rate

The following is an analysis of the net postemployment healthcare liability's sensitivity to changes in the discount rate at December 31, 2017. The following table presents the net postemployment healthcare liability of the employer using the blended discount rate as well as the employer's net postemployment healthcare liability calculated using a discount rate 1 percent lower and 1 percent higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net postemployment healthcare liability	2.16%	3.16%	4.16%
as of December 31, 2017	$ 57,652,626	$ 49,170,148	$ 42,430,686

Sensitivity of the Net Postemployment Healthcare Liability to Changes in the Health Care Cost Trend Rate

The following is an analysis of the net postemployment healthcare liability's sensitivity to changes in the health care cost trend rate at December 31, 2017. The following table presents the net postemployment healthcare liability of the employer using the health care cost trend rate as well as the employer's net postemployment healthcare liability calculated using a health care cost trend rate 1 percent lower and 1 percent higher than the current health care cost trend rate:

Net postemployment healthcare liability	1% Decrease	Health Care Cost Trend Rate	1% Increase
as of December 31, 2017	$ 41,718,370	$ 49,170,148	$ 58,862,959

NOTE 9. RELATED PARTY TRANSACTIONS

The Plan has common Trustees and shares office space with the Cook County Fund. The Plan reimburses the Cook County Fund for shared administrative services provided by the Cook County Fund. During the years ended December 31, 2017 and 2016, the Cook County Fund allocated administrative expenditures of $109,430 and $101,167 respectively.

As of December 31, 2017 and 2016, the Plan owes the Cook County Fund $359,334 and $463,181 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

NOTE 10. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Statement No. 75 requires governments to report a liability on the financial statements for the other postemployment benefits that they provide. Statement No. 75 also requires more extensive note disclosures and required supplementary information about the other postemployment benefit liabilities. Statement No. 75 is effective for the Plan's fiscal year ending December 31, 2018.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Statement No. 83 is effective for the Plan's fiscal year ending December 31, 2019.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 is effective for the Plan's fiscal year ending December 31, 2019.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Statement No. 85 is effective for the Plan's fiscal year ending December 31, 2018.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. Statement No. 86 was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 is effective for the Plan's fiscal year ending December 31, 2018.

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 was issued to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement No. 87 is effective for the Plan's fiscal year ending December 31, 2020.

NOTE 10. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In June 2017, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Statement No. 88 was issued to improve the information that is disclosed in notes to government financial statements related to debt. This Statement also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 is effective for the Plan's fiscal year ending December 31, 2019.

The Plan is currently evaluating the impact of adopting the aforementioned GASB Statements.

REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Pension

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 10,698,297	$ 11,224,976	$ 9,656,955	$ 9,575,195
Interest	20,384,471	19,482,189	19,471,424	18,880,782
Difference between expected and actual experience	(1,344,952)	(6,776,942)	(270,033)	-
Changes of assumptions	(21,473,767)	(26,186,535)	28,495,220	-
Expected benefit payments, including refunds of employee contributions	(16,670,896)	(16,462,185)	(15,920,776)	(15,805,217)
Net change in total pension liability	(8,406,847)	(18,718,497)	41,432,790	12,650,760
Total pension liability				
Beginning of year	438,859,466	457,577,963	416,145,173	403,494,413
End of year	$ 430,452,619	$ 438,859,466	$ 457,577,963	$ 416,145,173
Plan fiduciary net position				
Contributions - employer	$ 2,239,632	$ 1,971,946	$ 1,763,345	$ 1,520,316
Contributions - employee	3,300,222	3,184,051	2,771,533	2,645,164
Net investment income	30,500,015	10,477,792	2,549,975	13,525,606
Expected benefit payments, including refunds of employee contributions	(16,670,896)	(16,462,185)	(15,920,776)	(15,805,217)
Administrative expenses	(160,418)	(157,577)	(143,953)	(142,067)
Other	(40,007)	(133,999)	(6,928)	(175,370)
Net change in plan fiduciary net position	19,168,548	(1,119,972)	(8,986,804)	1,568,432
Plan fiduciary net position				
Beginning of year	191,202,398	192,322,370	201,309,174	199,740,742
End of year	$ 210,370,946	$ 191,202,398	$ 192,322,370	$ 201,309,174
Employer's net pension liability	$ 220,081,673	$ 247,657,068	$ 265,255,593	$ 214,835,999
Plan fiduciary net position as a percentage of the total pension liability	48.87%	43.57%	42.03%	48.37%
Covered payroll	$ 35,078,173	$ 34,509,011	$ 32,007,657	$ 29,811,912
Employer's net pension liability as a percentage of covered payroll	627.40%	717.66%	828.73%	720.64%

Note:
This schedule is intended to show information for ten years.
The additional years' information will be displayed as it becomes available.

See Report of Independent Auditors.

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Pension

Schedule of Employer Contributions and Related Notes

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 10,230,872	$ 10,166,661	$ 10,921,946	$ 9,608,247	$ 8,590,721	$ 7,626,778	$ 4,498,036	$ 3,329,502	$ 2,809,494	$ 2,691,753
Contributions in relation to the actuarially determined contribution	(2,239,632)	(1,971,946)	(1,763,345)	(1,520,316)	(1,403,628)	(2,117,976)	(2,457,405)	(1,333,140)	(1,282,642)	(523,928)
Contribution deficiency	$ 7,991,240	$ 8,194,715	$ 9,158,601	$ 8,087,931	$ 7,187,093	$ 5,508,802	$ 2,040,631	$ 1,996,362	$ 1,526,852	$ 2,167,825
Covered payroll	$ 35,078,173	$ 34,509,011	$ 32,007,657	$ 29,811,912	$ 29,485,857	$ 26,252,071	$ 22,678,566	$ 24,397,376	$ 24,967,115	$ 23,474,621
Contributions as a percentage of covered payroll	6.38%	5.71%	5.51%	5.10%	4.76%	8.07%	10.84%	5.46%	5.14%	2.23%

Notes to Schedule

Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Valuation Date: December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Inflation	2.75% per year, compounded annually
Salary increases	1.50% to 7.50%, based on age
Investment rate of return	7.25% per year, compounded annually
Retirement age	Based on actual past experience, assume all employees retire by age 80 (Tier 1 participants) and 75 (Tier 2 participants)
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale
Postretirement annuity increases	Tier 1 participants - 3.0% compounded annually. Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index.

See Report of Independent Auditors.

Required Supplementary Information - Pension

Schedule of Investment Returns

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	16.58%	5.67%	1.50%	7.10%

Note:
This schedule is intended to show information for ten years.
The additional years' information will be displayed as it becomes available.

See Report of Independent Auditors.

REQUIRED SUPPLEMENTARY INFORMATION - POSTEMPLOYMENT HEALTHCARE

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Postemployment Healthcare

Schedule of Changes in the Employer's Net Postemployment Healthcare Liability and Related Ratios

	2017
Total postemployment healthcare liability	
Service cost	$ 2,349,531
Interest	1,937,384
Changes in benefit terms	(1,738,947)
Difference between expected and actual experience	(611,268)
Changes of assumptions	(1,979,137)
Benefit payments	(1,305,075)
Net change in total postemployment healthcare liability	(1,347,512)
Total postemployment healthcare liability	
Beginning of year	50,517,660
End of year	$ 49,170,148
Plan fiduciary net position	
Contributions - employer	$ 1,305,075
Benefit payments - net	(1,305,075)
Net change in plan fiduciary net position	-
Plan fiduciary net position	
Beginning of year	-
End of year	$ -
Employer's net postemployment healthcare liability	$ 49,170,148
Plan fiduciary net position as a percentage of the total postemployment healthcare liability	0.00%
Covered-employee payroll	$ 35,078,173
Employer's net postemployment healthcare liability as a percentage of covered employee-payroll	140.17%

Note:

This schedule is intended to show information for ten years.
The additional years' information will be displayed as it becomes available.

See Report of Independent Auditors.

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Required Supplementary Information - Postemployment Healthcare

Schedule of Employer Contributions and Related Notes

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 4,681,598	$ 5,099,567	$ 4,637,519	$ 4,641,151	$ 4,234,545	$ 3,541,064	$ 3,830,933	$ 3,876,537	$ 3,490,173	$ 3,785,850
Contributions in relation to the actuarially determined contribution	(1,305,075)	(1,419,435)	(1,698,692)	(1,616,436)	(1,459,517)	(991,000)	(798,204)	(1,326,894)	(1,261,052)	(1,499,520)
Contribution deficiency	$ 3,376,523	$ 3,680,132	$ 2,938,827	$ 3,024,715	$ 2,775,028	$ 2,550,064	$ 3,032,729	$ 2,549,643	$ 2,229,121	$ 2,286,330
Covered employee payroll	$ 35,078,173	$ 34,512,652	$ 32,007,657	$ 29,811,912	$ 29,485,857	$ 26,252,071	$ 22,678,566	$ 24,397,376	$ 24,967,115	$ 23,474,621
Contributions as a percentage of covered employee payroll	3.72%	4.11%	5.31%	5.42%	4.95%	3.77%	3.52%	5.44%	5.05%	6.39%

Notes to Schedule

Actuarially determined contribution rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Valuation Date: December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Inflation	2.75% per year
Salary increases	3.50% to 8%, based on age
Health care cost trend rate	7.25% in the first year, decreasing by .25% per year until an ulimate rate of 4.75% is reached for pre-medicare 5.75% in the first year, decreasing by .25% until an ulitmate rate of 4.75% is reached for post-medicare.
Retirement Rates	Based on actual past experience, assume all employees retire by age 80 (Tier 1 participants) and 75 (Tier 2 participants)
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale

See Report of Independent Auditors.

SUPPLEMENTARY INFORMATION

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Schedules of Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2017 and 2016

	2017	2016
Administrative expenses		
Administrative expenses allocated from County Employees' and Officers' Annuity and Benefit Fund of Cook County	$ 109,430	$ 101,167
Bank charges	9,911	9,603
Election expense	2,296	2,919
Membership	435	435
Miscellaneous	-	3,229
Professional and consulting fees	30,346	32,224
Regulatory filing fees	8,000	8,000
Total	$ 160,418	$ 157,577
Professional and consulting fees		
Actuarial service	$ 2,300	$ 2,915
Audit	21,100	25,175
Consulting	2,045	1,302
Legal	3,989	1,939
Lobbyist	912	893
Total	$ 30,346	$ 32,224

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Schedules of Investment Expenses

Years Ended December 31, 2017 and 2016

	2017	2016
Investment manager expense		
Blackstone Alternative Asset Management	$ 213,582	$ 196,665
Channing Capital Management	85,300	73,373
J.P. Morgan Asset Management	60,197	57,104
Lazard Asset Management, LLC	110,586	105,689
LM Capital Group, LLC	10,073	27,198
Mellon Capital	7,102	5,239
Prudential Real Estate Investors	49,186	40,969
RhumbLine Advisers	3,178	4,150
William Blair & Company	118,898	98,769
Total investment manager expenses	658,102	609,156
Investment consulting fees		
Callan Associates Inc.	8,997	8,205
Investment custodian fees		
BNY Mellon	7,200	5,000
Total investment expenses	$ 674,299	$ 622,361

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Additions by Source

Year Ended December 31,	Employer Contributions	Employee Contributions	Net Investment and Net Securities Lending Income (1)	Other (2)	Total Additions
2012	$ 3,108,976	$ 2,426,776	$ 22,209,855	$ 212,447	$ 27,958,054
2013	$ 2,863,145	$ 2,687,211	$ 30,383,512	$ 159,383	$ 36,093,251
2014	$ 3,136,752	$ 2,645,164	$ 13,525,606	$ 204,853	$ 19,512,375
2015	$ 3,462,037	$ 2,771,533	$ 2,549,975	$ 240,278	$ 9,023,823
2016	$ 3,391,381	$ 3,184,051	$ 10,477,792	$ 317,217	$ 17,370,441
2017	$ 3,544,707	$ 3,300,222	$ 30,500,015	$ 595,665	$ 37,940,609

Deductions by Type

Year Ended December 31,	Benefits	Refunds	Employee Transfers to (from) Cook County Fund	Administrative Expenses	Total Deductions
2012	$ 14,160,157	$ 1,188,639	$ 205,887	$ 111,662	$ 15,666,345
2013	$ 15,668,207	$ 958,707	$ (106,012)	$ 119,019	$ 16,639,921
2014	$ 16,664,869	$ 961,637	$ 175,370	$ 142,067	$ 17,943,943
2015	$ 17,212,396	$ 635,908	$ 18,370	$ 143,953	$ 18,010,627
2016	$ 17,458,251	$ 740,586	$ 133,999	$ 157,577	$ 18,490,413
2017	$ 18,002,969	$ 554,417	$ 54,257	$ 160,418	$ 18,772,061

1 - Includes realized and unrealized net gain or loss on investments and net securities lending income.

2 - Includes EGWP/Medicare Part D, prescription plan rebates and miscellaneous income.
The Early Retirement Reinsurance Program is included in 2012.

Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

Schedule of Employer Contributions Receivable

December 31, 2017

Contribution Year	Contributions Receivable	Uncollected Balance	Reserved	Net Contributions Receivable
2016	$ 3,438,713	$ 34,196	$ 21,992	$ 12,204
2017	$ 3,571,578	3,571,578	97,270	3,474,308
		$ 3,605,774	$ 119,262	$ 3,486,512

Note:

Employer contributions are funded primarily through property taxies levied by the Forest Preserve District of Cook County, Illinois. Uncollected employer contributions for the 2015 and prior years are fully reserved.