Note 7. Employees' Retirement System

Illinois Municipal Retirement Fund

Plan Description: The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided: The County participates in the Regular Plan (RP) and the Sheriff's Law Enforcement Personnel (SLEP) plan. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employee Covered by Benefit Terms: As of December 31, 2017, the following employees were covered by the benefit terms:

	Regular	SLEP
Retirees and beneficiaries	1,995	219
Inactive, non-retired members	1,290	34
Active members	2,164	158
Total	5,449	411

Note 7. Employees' Retirement System (Continued)

Contributions: As set by statute, County employees participating in IMRF's Regular and SLEP Plans are required to contribute 4.50 percent and 7.50 percent of their annual covered salary, respectively. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's Regular Plan annual contribution rates for calendar years 2018 and 2017 were 10.08 percent and 10.43 percent, respectively. The County's SLEP Plan annual contribution rates for calendar years 2018 and 2017 were 24.33 percent and 24.92 percent, respectively. For the fiscal year ended November 30, 2018, the County contributed $14,150,591 and $4,178,426 to the Regular and SLEP Plan, respectively. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Total contributions of $18,329,017 are reported in the financial statements as follows:

Governmental activities	$ 17,692,648
Business-type activities and Public Works Fund	636,369
	$ 18,329,017

Net pension liability (asset): The County's net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net position liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50 percent.
- **Salary Increases** were expected to be 3.39 percent to 14.25 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Note 7. Employees' Retirement System (Continued)

- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

			Project Returns / Risk	
Asset Class	Portfolio Target Percentage		One Year Arithmetic	Ten Year Geometric
Domestic equity	37.0	%	8.30	6.85
International equity	18.0		8.45	6.75
Fixed income	28.0		3.05	3.00
Real estate	9.0		6.90	5.75
Alternative investments	7.0			
Private equity	-		12.45	7.35
Hedge funds	-		5.35	5.05
Commodities	-		4.25	2.65
Cash equivalents	1.0		2.25	2.25
	100.0	%		

There were no benefit changes during the year.

Discount Rate: A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits)

2. The tax-exempt municipal bond rate based on an index 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent, and the resulting single discount rate is 7.50 percent.

Note 7. Employees' Retirement System (Continued)

Changes in the Net Pension Liability: The following tables shows the components of the County's annual pension liability and related plan fiduciary net position as of the measurement date, December 31, 2017:

Regular Plan:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2016	$ 779,456,305	$ 705,029,600	$ 74,426,705
Changes for the year:			
Service cost	14,140,696	-	14,140,696
Interest on the total pension liability	57,583,341	-	57,583,341
Differences between expected and actual experience	1,923,865	-	1,923,865
Changes of assumptions	(24,097,439)	-	(24,097,439)
Contributions - employer	-	14,497,805	(14,497,805)
Contributions - employee	-	6,154,284	(6,154,284)
Net investment income	-	122,700,268	(122,700,268)
Benefit payments, including refunds of employee contributions	(37,497,550)	(37,497,550)	-
Other	-	(13,564,293)	13,564,293
Balances at December 31, 2017	$ 791,509,218	$ 797,320,114	$ (5,810,896)

SLEP Plan:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2016	$ 198,980,342	$ 165,978,064	$ 33,002,278
Changes for the year:			
Service cost	3,055,938	-	3,055,938
Interest on the total pension liability	14,595,155	-	14,595,155
Differences between expected and actual experience	918,106	-	918,106
Changes of assumptions	(2,663,827)	-	(2,663,827)
Contributions - employer	-	4,229,673	(4,229,673)
Contributions - employee	-	1,298,914	(1,298,914)
Net investment income	-	31,517,760	(31,517,760)
Benefit payments, including refunds of employee contributions	(11,812,489)	(11,812,489)	-
Other	-	(2,422,215)	2,422,215
Balances at December 31, 2017	$ 203,073,225	$ 188,789,707	$ 14,283,518

Note 7. Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the plans' net pension liability (asset), calculated using a single discount rate of 7.50 percent, as well as what the plans' net pension liability (asset) would be if it were calculated using a single discount rate that is 1.0 percent lower or 1.0 percent higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability/(asset) - Regular Plan	$ 92,475,299	$ (5,810,896)	$ (86,164,527)
Net pension liability/(asset) - SLEP Plan	39,741,934	14,283,518	(6,749,623)
Total	$ 132,217,233	$ 8,472,622	$ (92,914,150)

The total net pension liability of $8,472,622 is reported in the financial statements as follows:

Governmental activities	$ 8,178,460
Business-type activities and Public Works Fund	294,162
	$ 8,472,622

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended November 30, 2018, the County recognized pension expense of $10,023,989 and $2,167,724 for the Regular and SLEP Plan, respectively. Total pension expense of $12,191,713 is reported in the financial statements as follows:

Governmental activities	$ 11,768,426
Business-type activities and Public Works Fund	423,287
	$ 12,191,713

Note 7. Employees' Retirement System (Continued)

At November 30, 2018, the County reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Regular Plan:		
Differences between expected and actual experience	$ 5,422,838	$ 6,599,848
Changes of assumptions	3,615,944	19,961,755
Net difference between projected and actual investment earnings	-	33,790,005
Contributions subsequent to the measurement date	12,497,911	-
Change in proportionate share	233,622	233,622
Totals	21,770,315	60,585,230
SLEP Plan:		
Differences between expected and actual experience	2,506,342	439,721
Changes of assumptions	654,149	2,504,212
Net difference between projected and actual investment earnings	-	10,192,146
Contributions subsequent to the measurement date	3,705,276	-
Change in proportionate share	103,328	103,328
Totals	6,969,095	13,239,407
Total deferred amounts related to IMRF	$ 28,739,410	$ 73,824,637
Governmental Activities	$ 27,336,184	$ 71,228,605
Business-Type Activities	1,403,226	2,596,032
	$ 28,739,410	$ 73,824,637

For the Regular and SLEP Plan, the County reported $12,497,911 and $3,705,276, respectively, as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date and will be recognized as a reduction in the net pension liability for the year ending November 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal year:	Regular Plan	SLEP Plan	Total
2019	$ (4,449,263)	$ (333,481)	$ (4,782,744)
2020	(9,907,140)	(1,286,569)	(11,193,709)
2021	(19,689,675)	(4,248,328)	(23,938,003)
2022	(17,266,748)	(4,107,210)	(21,373,958)
	$ (51,312,826)	$ (9,975,588)	$ (61,288,414)

Note 8. Other Postemployment Benefits

Plan Description and Benefits Provided. The County's group health insurance plan is a single-employer self-insured health care plan administered by the County. The plan provides limited health care coverage at 100% of the active premium rate. The State of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore, an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health insurance benefits. The plan does not issue a stand-alone financial report.

Employees Covered by Benefit Terms. At November 30, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	261
Active Plan Members	2,172
Total	2,433

Total OPEB Liability. The County's total OPEB liability was measured as of November 30, 2018, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at November 30, 2017	$ 23,638,033	$ -	$ 23,638,033
Changes for the year:			
Service cost	972,350	-	972,350
Interest on the total OPEB liability	853,229	-	853,229
Changes of assumptions	(585,032)	-	(585,032)
Contributions - employer	-	1,687,114	(1,687,114)
Benefit payments	(1,687,114)	(1,687,114)	-
Net changes	(446,567)	-	(446,567)
Balance at November 30, 2018	$ 23,191,466	$ -	$ 23,191,466

Note 8. Other Postemployment Benefits (Continued)

Actuarial Assumptions. The following are the methods and assumptions used to determine total OPEB liability at November 30, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- **Salary Increases** varies by age or service.
- For **Healthcare Cost Trend Rates**, actual trend rate used for fiscal year 2018. For fiscal years on and after 2019, Non-Medicare Medical and Prescription Drugs trend starts at 7.50 percent and gradually decreases to an ultimate trend of 4.50 percent and Medicare Medical and Prescription Drugs trend starts at 6.75 percent and gradually decreases to an ultimate 4.50 percent.
- For **Retirees,** a mortality table was used with fully generational projection scale MP-2017 (base year 2015). The rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current experience.
- For **Active Members**, a mortality table was used with fully generational projection scale MP-2017 (base year 2015). The rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current experience.

There were no benefit changes during the year.

Actuarial assumptions were changed from the prior year. The discount rate was change from 3.59 percent to 4.22 percent to comply with GASB 75. For Retirees and Active Members, fully generational projection scale was change from MP-2016 (base year 2014) to MP-2017 (base year 2015).

Discount Rate. Since the Plan is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was the S&P Municipal Bond 20-Year High Grade Rate Index as of November 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions would be made at the current rates. Based on those assumptions, the Plan's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employee beyond the current year.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the plan's net OPEB liability, calculated using a Discount Rate of 4.22 percent, as well as what the plan's net OPEB liability would be if it were calculated using a Discount rate that is one percentage point higher (5.22 percent) or lower (3.22 percent) that the current rate:

	1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Net OPEB liability	$ 24,079,294	$ 23,191,466	$ 22,139,910

The total net OPEB liability of $23,191,466 is reported in the financial statements as follows:

Governmental activities	$ 22,356,699
Business-type activities and Public Works Fund	834,767
	$ 23,191,466

Note 8. Other Postemployment Benefits (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates, as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower than the current healthcare cost trend rates. The key trend rates are 7.50 percent in 2018 decreasing to an ultimate trend rate of 4.50 percent in 2031.

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	$ 21,416,044	$ 23,191,466	$ 25,101,276

(a) One percentage point decrease in healthcare trend rates are 6.50 percent in 2018 decreasing to an ultimate trend rate of 3.50 percent in 2031.

(b) One percentage point increase in healthcare trend rates are 8.50 percent in 2018 decreasing to an ultimate trend rate of 5.50 percent in 2031.

OPEB Expense, Deferred Outflows or Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended November 30, 2018, the County recognized OPEB expense of $1,769,595, the OPEB expense is reported in the financial statements as follows:

Governmental activities	$ 1,704,565
Business-type activities and Public Works Fund	65,030
	$ 1,769,595

At November 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings	-	-
Changes of assumptions	-	529,048
Change in proportionate share	50,016	50,016
Total deferred amounts related to OPEB	$ 50,016	$ 579,064
Governmental activities	$ 50,016	$ 509,606
Business-type activities and Public Works Fund	-	69,458
	$ 50,016	$ 579,064

Note 8. Other Postemployment Benefits (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Fiscal Year Ending November 30:		
2019	$	(55,984)
2020		(55,984)
2021		(55,984)
2022		(55,984)
2023		(55,984)
Thereafter		(249,128)
	$	(529,048)

Note 9. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; worker's compensation; and health care of its employees. The County is self-insured for all of these risks. These activities are accounted for and financed by the risk and liability insurance activities in the general fund and health, life, and dental internal service fund.

The County is covered by commercial insurers for losses in excess of the following limits through November 30, 2018:

Property	$100,000 retained, up to $250,000,000
Worker's compensation	$500,000 retained, up to statutory limits
General liability	$2,000,000 retained, up to $1,000,000
Medical professional	$0 retained, up to $ infinite
Umbrella liability	$19,000,000 retained, up to $19,000,000

All funds of the County participate in the risk management program. Amounts transferred to the risk fund are based on third-party actuarial estimates based on total expected cost of claims, of possible exposure for claims and judgments, and estimates from legal counsel on pending and threatened litigation. Settled claims have not exceeded the commercial coverage in any of the past three years.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The County does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	Risk Management		Health, Life, and Dental	
	Prior Year	Current Year	Prior Year	Current Year
Unpaid claims - beginning of year	$ 17,221,696	$ 17,520,485	$ 2,910,000	$ 2,720,000
Current year claims and changes in estimates	3,972,784	1,692,438	39,798,101	40,830,781
Claim payments	(3,673,995)	(5,324,378)	(39,988,101)	(41,155,514)
Unpaid claims - end of year	$ 17,520,485	$ 13,888,545	$ 2,720,000	$ 2,395,267

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2019	$ 31,670,000	$ 14,693,908
2020	16,315,000	8,932,033
2021	16,875,000	8,266,343
2022	17,500,000	7,596,683
2023	18,160,000	6,891,470
2024-2028	100,105,000	24,673,002
2029-2033	51,495,000	9,688,977
2034-2035	9,910,000	581,549
	$ 262,030,000	$ 81,323,965

Illinois Municipal Retirement Fund

Plan description: The District's defined benefit pension plan for Regular and Sheriff's Law Enforcement Personnel (SLEP) employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Benefits provided: IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in the amount equal to 1- 2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension

At December 31, 2017, the measurement date, membership in the plan was as follows:

	Regular	SLEP
Retirees and beneficiaries currently receiving benefits	186	8
Inactive plan members entitled to but not yet receiving	243	5
Active plan members	184	19
Total	613	32

Contributions: As set by statute, the District's Regular Plan Members are required to contribute 4.5 percent for IMRF and 7.5 percent for SLEP of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2017 was 12.50 percent for IMRF and 15.72 percent for SLEP. The District's annual contribution rate for calendar year 2018 was 11.98 percent for IMRF and 14.96 percent for SLEP. For the fiscal year ended 2018, the District contributed $1,478,319 for IMRF and $241,155 for SLEP to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net pension liability: The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was 5 year smoothed market; 20 percent corridor
- The **Inflation Rate** was assumed to be 2.75 percent.
- **Salary Increases** were expected to be 3.39 percent to 14.25 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, the IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage		Project Returns / Risk One Year Arithmetic	Project Returns / Risk Ten Year Geometric
Domestic equity	37.0	%	8.30	6.85
International equity	18.0		8.45	6.75
Fixed income	28.0		3.05	3.00
Real estate	9.0		6.90	5.75
Alternative investments	7.0			
Private equity	-		12.45	7.35
Hedge funds	-		5.35	5.05
Commodities	-		4.25	2.65
Cash equivalents	1.0		2.25	2.25
	100.0	%		

Discount rate: A Single Discount Rate of 7.50 percent for IMRF and 7.50 percent for SLEP was used to measure the total pension liability. The projections of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent, and the resulting single discount rate is 7.50 percent.

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

Changes in net pension liability: The District's changes in net pension liability as of the measurement date December 31, 2017 was as follows:

Regular Plan:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2016	$ 68,703,709	$ 59,049,096	$ 9,654,613
Changes for the year:			
Service cost	1,260,324	-	1,260,324
Interest on the total pension liability	5,107,129	-	5,107,129
Differences between expected and actual experience	18,085	-	18,085
Changes of assumptions	(2,070,694)	-	(2,070,694)
Contributions - employer	-	1,482,330	(1,482,330)
Contributions - employee	-	566,969	(566,969)
Net investment income	-	9,990,419	(9,990,419)
Benefit payments, including refunds of employee contributions	(2,477,640)	(2,477,640)	-
Other	-	(656,097)	656,097
Balances at December 31, 2017	$ 70,540,913	$ 67,955,077	$ 2,585,836

SLEP Plan:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2016	$ 7,927,123	$ 7,150,962	$ 776,161
Changes for the year:			
Service cost	303,110	-	303,110
Interest on the total pension liability	597,637	-	597,637
Differences between expected and actual experience	(246,294)	-	(246,294)
Changes of assumptions	(39,127)	-	(39,127)
Contributions - employer	-	244,211	(244,211)
Contributions - employee	-	116,458	(116,458)
Net investment income	-	1,163,948	(1,163,948)
Benefit payments, including refunds of employee contributions	(220,368)	(220,368)	-
Other	-	(114,394)	114,394
Balances at December 31, 2017	$ 8,322,081	$ 8,340,817	$ (18,736)

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

Discount rate sensitivity: The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50 percent for IMRF and 7.50 percent for SLEP, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability/(asset) - Regular Plan	$ 11,725,364	$ 2,585,836	$ (4,958,633)
Net pension liability/(asset) - SLEP Plan	$ 1,162,235	$ (18,736)	$ (982,634)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended June 30, 2018, the District recognized pension expense of $1,801,081. At June 30, 2018, the District reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Regular Plan:		
Differences between expected and actual experience	$ 156,888	$ 753,071
Changes of assumptions	27,297	1,618,733
Net difference between projected and actual investment earnings	1,880,918	4,481,922
Contributions subsequent to the measurement date	714,460	-
Totals	$ 2,779,563	$ 6,853,726

	Deferred Outflows of Resources	Deferred Inflows of Resources
SLEP Plan:		
Differences between expected and actual experience	$ 55,836	$ 499,979
Changes of assumptions	38,367	40,091
Net difference between projected and actual investment earnings	217,977	501,323
Contributions subsequent to the measurement date	117,003	-
Totals	$ 429,183	$ 1,041,393

Note 13. Lake County Forest Preserve District - Component Unit (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Regular	SLEP
2018	$ (1,108,647)	$ (107,775)
2019	(1,118,807)	(124,332)
2020	(1,440,690)	(214,095)
2021	(1,120,479)	(201,719)
2022	-	(79,097)
Thereafter	-	(2,195)
	$ (4,788,623)	$ (729,213)

Restatement of Net Position

Net position has been restated due to the implementation of GASB Statement No. 75. The statement is necessary to record the prior year net OPEB liability.

Net position as previously reported, June 30, 2017	$ 570,604,437
Adjustment to record the net OPEB liability as of June 30, 2017	(667,345)
Adjustment to remove the OPEB obligation reported as of June 30, 2017	(243,393)
Net position as restated, June 30, 2017	$ 569,693,699

Note 14. Pronouncements Issued But Not Yet Adopted

The Governmental Accounting Standards Board (GASB) recently issued the following statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the County beginning with its year ending November 30, 2020. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the County beginning with its year ending November 30, 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.