

## **Note:**

This report of the Illinois Workers' Compensation Commissions' Self-Insurers Security Fund (Fund) should be read in conjunction with the FY16 financial statements of the Fund and the auditor's report dated January 4, 2018.

In FY16, the auditors issued an adverse opinion on the Fund's financial statements due to the Commission having an inadequate process to determine the claims liabilities of the Fund, and because the proper accounting treatment for the insolvent self-insurer security collected by the State of Illinois is not determinable due to two different irreconcilable interpretations of the Worker's Compensation Act. Because of the adverse auditor opinion of the Fund's financial statements for the year ended June 30, 2016, the audit reports for the year ended prior to June 30, 2016 should not be relied upon without considering the auditor's report dated January 4, 2018.



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS WORKERS' COMPENSATION COMMISSION – SELF INSURERS'  
SECURITY FUND**

**Financial Audit  
For the Year Ended: June 30, 2012**

**Release Date: January 30, 2013**

**Summary of Findings:**

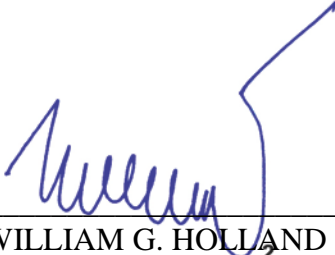
|                                  |          |
|----------------------------------|----------|
| <b>Total this audit:</b>         | <b>0</b> |
| <b>Total last audit:</b>         | <b>1</b> |
| <b>Repeated from last audit:</b> | <b>0</b> |

**INTRODUCTION**

This audit was limited to an audit of the Self-Insurers' Security Fund for the purpose of rendering an opinion on the financial statements of the Fund. The Fund was established to provide compensation for employees of insolvent self-insured employers for injuries and occupational diseases. A State Compliance examination on the entire Commission will be performed next year for the two year period ending June 30, 2013.

**AUDITORS' OPINION**

Our auditors state that the financial statements present fairly, in all material respects, the financial position of the Self-Insurers' Security Fund as of June 30, 2012, and its changes in financial position and cash flows for the year then ended.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JGR

**SPECIAL ASSISTANT AUDITORS**

E.C. Ortiz & Co., LLP were our Special Assistant Auditors for this engagement.

{Expenditures and Activity Measures are summarized on the reverse page.}

**WORKERS' COMPENSATION COMMISSION  
 SELF-INSURERS' SECURITY FUND  
 FINANCIAL AUDIT  
 For The Year Ended June 30, 2012**

| <b>STATEMENT OF REVENUES, EXPENSES AND<br/>CHANGES IN NET ASSETS</b> | <b>2012</b>      |
|--|------------------|
| <b>OPERATING REVENUES</b>  | \$ 1,697,794     |
| <b>OPERATING EXPENSES</b>  |                  |
| Benefit Payments and Refunds.....                                    | 1,328,883        |
| Personnel and Operating Expenses.....                                | 128,464          |
| Total.....   | <u>1,457,347</u> |
| OPERATING (LOSS) INCOME.....   | <u>240,447</u>   |
| <b>NONOPERATING REVENUES AND EXPENSES</b>                            |                  |
| Interest Income.....   | <u>108,950</u>   |
| Total Nonoperating.....  | 108,950          |
| Increase (Decrease) in net assets.....                               | \$ 349,397       |

| <b>SELECTED ACCOUNT BALANCES -<br/>STATEMENT OF NET ASSETS</b> | <b>2012</b>          |
|--|----------------------|
| <b>ASSETS</b>  |                      |
| Cash in State Treasury.....                                    | \$ 32,952,490        |
| Cash in Bank and on Hand.....                                  | 233,656              |
| Accrued Interest Receivable.....                               | 10,830               |
| Excess Insurance Receivable.....                               | 379,713              |
| Securities Lending Collateral.....                             | <u>15,494,060</u>    |
| Total Assets.....  | <u>49,070,749</u>    |
| <b>LIABILITIES</b>   |                      |
| Accounts Payable.....  | 78,061               |
| Obligations Under Securities.....                              | 15,494,060           |
| Deferred Security Deposit.....                                 | 13,697,546           |
| Liabilities for Unpaid Claims.....                             | <u>7,444,815</u>     |
| Total Liabilities.....   | <u>36,714,482</u>    |
| <b>RESTRICTED NET ASSETS, End of Year</b>                      | <b>\$ 12,356,267</b> |

**CHAIRMAN**

During Audit Period: Mitch Weisz

Currently: Mitch Weisz