



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
TEACHER HEALTH INSURANCE SECURITY FUND

Financial Audit
For the Year Ended June 30, 2014

Release Date: February 19, 2015

FINDINGS THIS AUDIT:	0
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FINDINGS LAST AUDIT:	1
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INTRODUCTION

This report covers our financial audit of the Teacher Health Insurance Security Fund for the year ended June 30, 2014. At June 30, 2014 the Net Position Held in Trust for Other Postemployment Benefits reflected a deficit of \$87,555,000. Further, the Schedule of Funding Progress reflects an Unfunded Actuarial Accrued Liability of \$19,539,746,000.

There were no material findings of noncompliance disclosed during our examination.

AUDITORS' OPINION

Our auditors state the financial statements of the Teacher Health Insurance Security Fund as of June 30, 2014, are fairly presented in all material respects.

A handwritten signature in blue ink, appearing to read "William G. Holland", written over a horizontal line.

WILLIAM G. HOLLAND
Auditor General

WGH:skm

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were Sikich LLP.

{Financial data is summarized on next page.}

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
TEACHER HEALTH INSURANCE SECURITY FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2014**

STATEMENT OF CHANGES IN PLAN NET POSITION (expressed in thousands)	Fiscal Year 2014	Fiscal Year 2013
Additions		
Contributions		
Employer.....	\$ 77,290	\$ 74,023
State.....	90,430	86,683
Plan Member		
Actives.....	104,400	98,918
Retirees.....	157,234	175,153
Federal government Medicare Part D.....	16,360	23,958
Consolidated Omnibus Budget Reconciliation Act.....	133	137
Total contributions.....	<u>445,847</u>	<u>458,872</u>
Interest income.....	152	119
Total additions.....	<u>445,999</u>	<u>458,991</u>
Deductions		
Benefit payments and refunds.....	434,088	488,281
General and administrative.....	19,327	19,653
Total deductions.....	<u>453,415</u>	<u>507,934</u>
Net additions (deductions).....	(7,416)	(48,943)
Net position held in trust for other postemployment benefits		
Beginning of year.....	(80,139)	(31,196)
End of Year.....	<u>\$ (87,555)</u>	<u>\$ (80,139)</u>

SCHEDULE OF FUNDING PROGRESS (expressed in thousands)	June 30, 2013	June 30, 2011	June 30, 2009
Actuarial Value of Assets.....	\$ (80,139)	\$ 7,125	\$ 54,603
Actuarial Accrued Liability - Projected Unit.....	\$ 19,459,607	\$ 18,860,375	\$ 14,931,396
Unfunded Actuarial Accrued Liability.....	\$ 19,539,746	\$ 18,853,250	\$ 14,876,793
Funded Ratio.....	-0.41%	0.04%	0.37%

SUPPLEMENTARY INFORMATION	Fiscal Year 2014	Fiscal Year 2013
Number of retirees and beneficiaries receiving benefits.....	72,991	72,652
Number of waived retirees who may elect healthcare coverage in the future.....	17,689	17,983
Number of terminated plan members entitled to but not yet receiving benefits.....	15,512	15,195
Number of active plan members.....	155,168	156,040
Total.....	<u>261,360</u>	<u>261,870</u>
Number of participating employers.....	995	999

AGENCY DIRECTOR
During Examination Period: Mr. Malcolm Weems (7/1/11 through 10/4/13) Ms. Simone McNeil - Acting (10/5/13 through 1/12/15) Currently: Mr. Tom Tyrrell- Acting