



**STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND**

**REPORT ON THE ALLOCATION OF
OTHER POST EMPLOYMENT BENEFIT AMOUNTS**

For the Years Ended June 30, 2017 and 2016

**Performed as Special Assistant Auditors
For the Auditor General, State of Illinois**



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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
For the Years Ended June 30, 2017 and 2016

AGENCY OFFICIALS

Director	Tim McDevitt, Acting (3/3/18 – present) Michael Hoffman, Acting (1/16/16 – 3/2/18) Tom Tyrrell (through 1/15/16)
Assistant Directors	Sarah Kerley, Acting (February 1, 2018 - present) Markus Veile (1/20/15 – January 31, 2018) Amiel Harper (8/1/17 – present) Jimmy Odom, Acting (1/13/17 – 5/8/17) Kimberly McCullough-Starks (through 7/25/16)
Chief Administrative Officer	Vacant
Chief Operating Officer	Vacant (6/16/17 – present) Jennifer Waldinger (through 6/15/17)
Chief Fiscal Officer	Mark Lewis (7/1/17 – present) Karen Pape (through 6/30/17)
General Counsel	Ryan Green (2/1/17 – present) Ryan Green, Acting (11/1/16 – 1/31/17) LaShonda Hunt, Acting (7/1/16 – 10/31/16) Mike Basil (through 7/1/16)
Chief Internal Auditor	Jack Rakers (5/16/18 – present) Jack Rakers, Acting (1/2/17 – 5/15/18) Deborah Abbott (through 12/31/16)

Agency main offices are located at:

715 Stratton Office Building
401 South Spring Street
Springfield, IL 62706

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
REPORT ON THE ALLOCATION OF
OTHER POST EMPLOYMENT BENEFIT AMOUNTS
For the Years Ended June 30, 2017 and 2016

SUMMARY

The audit of the accompanying Schedules of Employer Allocations and the Schedule of Other Post Employment Benefit Amounts by Employer of the Community College Health Insurance Security Fund (Schedules) of the State of Illinois, Department of Central Management Services, was performed by Sikich LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Community College Health Insurance Security Fund's Schedules.

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Springfield, IL 62704
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INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Schedules

As Special Assistant Auditors for the Auditor General, we have audited the accompanying Schedule of Employer Allocations of the State of Illinois, Department of Central Management Services' Community College Health Insurance Security Fund, as of and for the year ended June 30, 2017 and 2016, and the related notes. We have also audited the total for all employers of the columns titled beginning total Other Post Employment Benefit (OPEB) liability, ending total OPEB liability, total deferred outflows of resources, total deferred inflows of resources and total OPEB expense (specified column totals) included in the accompanying Schedule of OPEB Amounts by Employer of the State of Illinois, Department of Central Management Services as of and for the year ended June 30, 2017, and the related Notes to the Schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Employer Allocations and the specified column totals included in the Schedule of OPEB Amounts by Employer based on our audit. 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 audit to obtain reasonable assurance about whether the Schedule of Employer Allocations and specified column totals included in the Schedule of OPEB Amounts by Employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations and specified column totals included in the Schedule of OPEB Amounts by Employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Employer Allocations and specified column totals included in the Schedule of OPEB Amounts by Employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Employer Allocations and specified column totals included in the Schedule of OPEB Amounts by Employer 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 entity's internal control. Accordingly, we express no such opinion. 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 Schedule of Employer Allocations and specified column totals included in the Schedule of OPEB Amounts by Employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations as of and for the years ended June 30, 2017 and 2016, and total beginning Other Post Employment Benefits liability, total ending Other Post Employment Benefits liability, total deferred outflows of resources, total deferred inflows of resources, and total Other Post Employment Benefits expense for the total of all participating community colleges in the Community Colleges Health Insurance Security Fund as of and for the year ended June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Report on the Audited Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Illinois, Department of Central Management Services' Community College Health Insurance Security Fund for the years ended June 30, 2017 and 2016 and our reports thereon, dated January 25, 2018 and February 7, 2017, respectively, expressed unmodified opinions on those financial statements.

Restriction on Use

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, Department management, Community Colleges and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
May 30, 2018

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF EMPLOYER ALLOCATIONS

Employer	As of June 30, 2016		As of June 30, 2017	
	Fiscal Year 2016 Contribution	Proportionate Share	Fiscal Year 2017 Contribution	Proportionate Share
Black Hawk College	\$ 97,783	1.078906%	\$ 90,069	1.038173%
Carl Sandburg College	42,845	0.472735%	41,255	0.475525%
College Of DuPage	388,231	4.283591%	399,726	4.607406%
College Of Lake County	268,416	2.961604%	270,390	3.116623%
Danville Area Community College	53,655	0.592012%	51,967	0.598994%
Elgin Community College	202,249	2.231538%	196,448	2.264336%
Heartland Community College	84,316	0.930315%	81,331	0.937451%
Highland Community College	44,796	0.494267%	43,788	0.504722%
IL Community College Trustees Assoc	1,937	0.021376%	1,948	0.022450%
IL Eastern Community College	77,006	0.849655%	72,448	0.835067%
Illinois Central College	156,180	1.723233%	158,523	1.827203%
Illinois Valley Community College	58,392	0.644272%	56,819	0.654919%
John A. Logan College	100,481	1.108664%	84,297	0.971646%
John Wood Community College	39,243	0.432997%	39,068	0.450316%
Joliet Junior College	234,920	2.592016%	250,455	2.886844%
Kankakee Community College	71,943	0.793787%	68,230	0.786442%
Kaskaskia College	73,512	0.811106%	59,539	0.686268%
Kishwaukee College	68,095	0.751332%	61,654	0.710649%
Lake Land College	110,412	1.218246%	103,716	1.195476%
Lewis and Clark Community College	106,824	1.178653%	105,183	1.212380%
Lincoln Land Community College	137,760	1.519993%	139,063	1.602900%
McHenry College	119,142	1.314567%	116,032	1.337431%
Moraine Valley Community College	211,485	2.333444%	212,502	2.449387%
Morton College	63,310	0.698534%	64,329	0.741479%
Oakton Community College	193,502	2.135026%	191,600	2.208457%
Parkland College	167,066	1.843339%	161,139	1.857349%
Prairie State College	75,779	0.836121%	78,993	0.910510%
Rend Lake College	51,067	0.563454%	48,018	0.553476%
Richland Community College	55,909	0.616878%	52,749	0.608006%
Rock Valley College	130,571	1.440675%	124,337	1.433162%
Sauk Valley College	36,410	0.401732%	37,593	0.433313%
Shawnee College	32,518	0.358787%	30,609	0.352815%
South Suburban College	101,876	1.124060%	95,925	1.105675%
Southeastern Illinois College	30,114	0.332270%	26,604	0.306650%
Southwestern Illinois College	158,365	1.747343%	155,863	1.796539%
Spoon River College	27,225	0.300395%	29,995	0.345734%
Triton College	142,902	1.576729%	140,162	1.615562%
Waubonsee Community College	141,121	1.557076%	145,384	1.675759%
Wm. Rainey Harper College	281,223	3.102909%	278,869	3.214352%
Subtotal of Community Colleges	\$ 4,438,582	48.973637%	\$ 4,366,622	50.331448%
Total State Appropriation	\$ 4,624,625	51.026363%	\$ 4,309,111	49.668552%
Grand Total¹	\$ 9,063,207	100.000000%	\$ 8,675,733	100.000000%

¹ The sum of the values by employer may differ from the plan totals due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
As of and for the Year Ended June 30, 2017

Employer	Beginning Total OPEB Liability	Ending Total OPEB Liability	Prior Year Proportionate Share	Current Year Proportionate Share
Black Hawk College	\$ 19,635,594	\$ 18,932,513	1.078906%	1.038173%
Carl Sandburg College	8,603,553	8,671,841	0.472735%	0.475525%
College Of DuPage	77,959,395	84,022,357	4.283591%	4.607406%
College Of Lake County	53,899,845	56,835,882	2.961604%	3.116623%
Danville Area Community College	10,774,342	10,923,478	0.592012%	0.598994%
Elgin Community College	40,612,979	41,293,273	2.231538%	2.264336%
Heartland Community College	16,931,307	17,095,712	0.930315%	0.937451%
Highland Community College	8,995,434	9,204,296	0.494267%	0.504722%
IL Community College Trustees Assoc	389,041	409,414	0.021376%	0.022450%
IL Eastern Community College	15,463,329	15,228,583	0.849655%	0.835067%
Illinois Central College	31,362,059	33,321,554	1.723233%	1.827203%
Illinois Valley Community College	11,725,457	11,943,344	0.644272%	0.654919%
John A. Logan College	20,177,182	17,719,288	1.108664%	0.971646%
John Wood Community College	7,880,351	8,212,134	0.432997%	0.450316%
Joliet Junior College	47,173,505	52,645,550	2.592016%	2.886844%
Kankakee Community College	14,446,557	14,341,851	0.793787%	0.786442%
Kaskaskia College	14,761,756	12,515,035	0.811106%	0.686268%
Kishwaukee College	13,673,897	12,959,662	0.751332%	0.710649%
Lake Land College	22,171,518	21,801,147	1.218246%	1.195476%
Lewis and Clark Community College	21,450,952	22,109,415	1.178653%	1.212380%
Lincoln Land Community College	27,663,188	29,231,076	1.519993%	1.602900%
McHenry College	23,924,526	24,389,883	1.314567%	1.337431%
Moraine Valley Community College	42,467,622	44,667,920	2.333444%	2.449387%
Morton College	12,713,003	13,521,877	0.698534%	0.741479%
Oakton Community College	38,856,495	40,274,243	2.135026%	2.208457%
Parkland College	33,547,933	33,871,311	1.843339%	1.857349%
Prairie State College	15,217,015	16,604,393	0.836121%	0.910510%
Rend Lake College	10,254,605	10,093,399	0.563454%	0.553476%
Richland Community College	11,226,898	11,087,820	0.616878%	0.608006%
Rock Valley College	26,219,636	26,135,678	1.440675%	1.433162%
Sauk Valley College	7,311,338	7,902,056	0.401732%	0.433313%
Shawnee College	6,529,754	6,434,065	0.358787%	0.352815%
South Suburban College	20,457,384	20,163,500	1.124060%	1.105675%
Southeastern Illinois College	6,047,163	5,592,175	0.332270%	0.306650%
Southwestern Illinois College	31,800,842	32,762,356	1.747343%	1.796539%
Spoon River College	5,467,052	6,304,942	0.300395%	0.345734%
Triton College	28,695,747	29,461,982	1.576729%	1.615562%
Waubensee Community College	28,338,070	30,559,765	1.557076%	1.675759%
Wm. Rainey Harper College	56,471,534	58,618,119	3.102909%	3.214352%
Subtotal of Community Colleges	\$ 891,297,858	\$ 917,862,889	48.973637%	50.331448%
Total State Appropriation	928,656,534	905,774,068	51.026363%	49.668552%
Grand Total¹	\$ 1,819,954,392	\$ 1,823,636,957	100.000000%	100.000000%

¹ The sum of the values by employer may differ from the plan totals due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
As of and for the Year Ended June 30, 2017

Deferred Outflows of Resources

Employer	Differences between Expected and Actual Experience	Changes of Assumptions	Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes in Proportion and Differences between Employer Contributions and Share of Contributions	Total Deferred Outflows of Resources
Black Hawk College	\$ -	\$ -	\$ -	\$ -	\$ -
Carl Sandburg College	-	-	-	42,313	42,313
College Of DuPage	-	-	-	4,911,070	4,911,070
College Of Lake County	-	-	-	2,351,047	2,351,047
Danville Area Community College	-	-	-	105,897	105,897
Elgin Community College	-	-	-	497,418	497,418
Heartland Community College	-	-	-	108,233	108,233
Highland Community College	-	-	-	158,560	158,560
IL Community College Trustees Assoc	-	-	-	16,289	16,289
IL Eastern Community College	-	-	-	-	-
Illinois Central College	-	-	-	1,576,835	1,576,835
Illinois Valley Community College	-	-	-	161,473	161,473
John A. Logan College	-	-	-	-	-
John Wood Community College	-	-	-	262,665	262,665
Joliet Junior College	-	-	-	4,471,440	4,471,440
Kankakee Community College	-	-	-	-	-
Kaskaskia College	-	-	-	-	-
Kishwaukee College	-	-	-	-	-
Lake Land College	-	-	-	-	-
Lewis and Clark Community College	-	-	-	511,510	511,510
Lincoln Land Community College	-	-	-	1,257,380	1,257,380
McHenry College	-	-	-	346,753	346,753
Moraine Valley Community College	-	-	-	1,758,409	1,758,409
Morton College	-	-	-	651,305	651,305
Oakton Community College	-	-	-	1,113,678	1,113,678
Parkland College	-	-	-	212,480	212,480
Prairie State College	-	-	-	1,128,204	1,128,204
Rend Lake College	-	-	-	-	-
Richland Community College	-	-	-	-	-
Rock Valley College	-	-	-	-	-
Sauk Valley College	-	-	-	478,965	478,965
Shawnee College	-	-	-	-	-
South Suburban College	-	-	-	-	-
Southeastern Illinois College	-	-	-	-	-
Southwestern Illinois College	-	-	-	746,125	746,125
Spoon River College	-	-	-	687,630	687,630
Triton College	-	-	-	588,945	588,945
Waubensee Community College	-	-	-	1,799,982	1,799,982
Wm. Rainey Harper College	-	-	-	1,690,170	1,690,170
Subtotal of Community Colleges	-	-	-	27,634,776	27,634,776
Total State Appropriation	-	-	-	-	-
Grand Total¹	\$ -	\$ -	\$ -	\$ 27,634,776	\$ 27,634,776

¹ The sum of the values by employer may differ from the plan totals due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
As of and for the Year Ended June 30, 2017

Deferred Inflows of Resources

Employer	Differences between Expected and Actual Experience	Changes of Assumptions	Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes in Proportion and Differences between Employer Contributions and Share of	Total Deferred Inflows of Resources
Black Hawk College	\$ 53,583	\$ 1,577,063	\$ 199	\$ 617,762	\$ 2,248,607
Carl Sandburg College	24,543	722,357	91	-	746,991
College Of DuPage	237,804	6,998,991	886	-	7,237,681
College Of Lake County	160,857	4,734,382	598	-	4,895,837
Danville Area Community College	30,916	909,917	115	-	940,948
Elgin Community College	116,868	3,439,695	435	-	3,556,998
Heartland Community College	48,384	1,424,059	180	-	1,472,623
Highland Community College	26,050	766,710	97	-	792,857
IL Community College Trustees Assoc	1,159	34,104	4	-	35,267
IL Eastern Community College	43,100	1,268,528	160	221,250	1,533,038
Illinois Central College	94,307	2,775,658	351	-	2,870,316
Illinois Valley Community College	33,802	994,871	126	-	1,028,799
John A. Logan College	50,149	1,476,002	187	2,078,065	3,604,403
John Wood Community College	23,242	684,064	86	-	707,392
Joliet Junior College	148,998	4,385,331	554	-	4,534,883
Kankakee Community College	40,590	1,194,664	151	111,393	1,346,798
Kaskaskia College	35,420	1,042,492	132	1,893,329	2,971,373
Kishwaukee College	36,679	1,079,529	136	617,005	1,733,349
Lake Land College	61,702	1,816,017	230	345,333	2,223,282
Lewis and Clark Community College	62,574	1,841,696	233	-	1,904,503
Lincoln Land Community College	82,730	2,434,924	308	-	2,517,962
McHenry College	69,028	2,031,657	257	-	2,100,942
Moraine Valley Community College	126,419	3,720,801	470	-	3,847,690
Morton College	38,270	1,126,361	142	-	1,164,773
Oakton Community College	113,984	3,354,811	424	-	3,469,219
Parkland College	95,863	2,821,452	357	-	2,917,672
Prairie State College	46,994	1,383,132	175	-	1,430,301
Rend Lake College	28,566	840,772	106	151,325	1,020,769
Richland Community College	31,381	923,606	117	134,558	1,089,662
Rock Valley College	73,969	2,177,080	275	113,950	2,365,274
Sauk Valley College	22,364	658,235	83	-	680,682
Shawnee College	18,210	535,952	68	90,569	644,799
South Suburban College	57,067	1,679,603	212	278,837	2,015,719
Southeastern Illinois College	15,827	465,824	59	388,567	870,277
Southwestern Illinois College	92,724	2,729,077	345	-	2,822,146
Spoon River College	17,844	525,196	66	-	543,106
Triton College	83,383	2,454,159	310	-	2,537,852
Waubensee Community College	86,490	2,545,603	322	-	2,632,415
Wm. Rainey Harper College	165,901	4,882,841	617	-	5,049,359
Subtotal of Community Colleges	2,597,741	76,457,216	9,664	7,041,943	86,106,564
Total State Appropriation	2,563,527	75,450,227	9,536	20,592,833	98,616,123
Grand Total¹	\$ 5,161,268	\$ 151,907,443	\$ 19,200	\$ 27,634,776	\$ 184,722,687

¹ The sum of the values by employer may differ from the plan totals due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
As of and for the Year Ended June 30, 2017

Employer	OPEB Expense		
	Proportionate Share of Plan OPEB Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
Black Hawk College	\$ 1,759,148	\$ (123,553)	\$ 1,635,595
Carl Sandburg College	805,760	8,463	814,223
College Of DuPage	7,807,087	982,214	8,789,301
College Of Lake County	5,281,007	470,210	5,751,217
Danville Area Community College	1,014,974	21,180	1,036,154
Elgin Community College	3,836,838	99,484	3,936,322
Heartland Community College	1,588,479	21,647	1,610,126
Highland Community College	855,234	31,712	886,946
IL Community College Trustees Assoc	38,041	3,258	41,299
IL Eastern Community College	1,414,991	(44,250)	1,370,741
Illinois Central College	3,096,132	315,367	3,411,499
Illinois Valley Community College	1,109,737	32,295	1,142,032
John A. Logan College	1,646,419	(415,613)	1,230,806
John Wood Community College	763,045	52,533	815,578
Joliet Junior College	4,891,655	894,288	5,785,943
Kankakee Community College	1,332,599	(22,279)	1,310,320
Kaskaskia College	1,162,857	(378,666)	784,191
Kishwaukee College	1,204,170	(123,401)	1,080,769
Lake Land College	2,025,692	(69,067)	1,956,625
Lewis and Clark Community College	2,054,336	102,302	2,156,638
Lincoln Land Community College	2,716,057	251,476	2,967,533
McHenry College	2,266,229	69,351	2,335,580
Moraine Valley Community College	4,150,399	351,682	4,502,081
Morton College	1,256,409	130,261	1,386,670
Oakton Community College	3,742,153	222,736	3,964,889
Parkland College	3,147,213	42,496	3,189,709
Prairie State College	1,542,827	225,641	1,768,468
Rend Lake College	937,846	(30,265)	907,581
Richland Community College	1,030,245	(26,912)	1,003,333
Rock Valley College	2,428,443	(22,790)	2,405,653
Sauk Valley College	734,234	95,793	830,027
Shawnee College	597,833	(18,114)	579,719
South Suburban College	1,873,528	(55,768)	1,817,760
Southeastern Illinois College	519,607	(77,714)	441,893
Southwestern Illinois College	3,044,173	149,225	3,193,398
Spoon River College	585,835	137,526	723,361
Triton College	2,737,513	117,789	2,855,302
Waubensee Community College	2,839,515	359,997	3,199,512
Wm. Rainey Harper College	5,446,607	338,034	5,784,641
Subtotal of Community Colleges	85,284,867	4,118,568	89,403,435
Total State Appropriation	84,161,612	(4,118,568)	80,043,044
Grand Total¹	\$ 169,446,479	\$ -	\$ 169,446,479

¹ The sum of the values by employer may differ from the plan totals due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS
AND OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
For the Years Ended June 30, 2017 and 2016

The Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, “CIP”) was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9 (f), which became effective July 1, 1999. The purpose of the CCHISF is to receive and record all revenues from the administration of health benefit programs under Article 15 of the Illinois Pension Code.

The Community College Health Insurance Security Fund is a cost-sharing, multiple-employer, defined benefit OPEB Trust Fund due to the following criteria:

1. Plan assets are pooled and may be used to pay employee benefits of any employer participating in the plan.
2. OPEB is provided to the employees of more than one employer.
3. Benefits plan members will receive at or after separation from employment are defined by specific benefit terms as noted in 5 ILCS 375/6 and 5 ILCS 375/6.1.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, paragraph 18, states, “special funding situations are circumstances in which a non-employer entity is legally responsible for providing financial support for OPEB of the employees of another entity by making contributions directly to an OPEB plan that is administered through a trust that meets the criteria” of trust fund reporting (*GASB 75*, paragraph 4), and either of the following criteria are met: (1) the amount of contributions or benefit payments for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the OPEB or (2) the non-employer entity is the only entity with a legal obligation to provide financial support directly to an OPEB plan that is used to provide OPEB to employees of another entity.

The CCHISF has a special funding situation as described in 40 ILCS 15/1.4. The State is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through a trust.

A. Defined Benefit Plan

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financial statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. This fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

B. Benefit Provisions

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department may be obtained by writing to the Department of Central Management Services, 401 South Spring Street, Springfield, Illinois, 62706-4100.

Summary of Significant Accounting Policies

A. Nature of Schedules

Employers participating in a cost-sharing OPEB plan, and any non-employer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective OPEB amounts for OPEB benefits provided to members through the CCHISF plan.

GASB Statement No. 75, paragraph 59, states that in determining the employer's proportion of the collective net OPEB liability, "the basis for the employer's proportion should be consistent with the manner in which contributions to the OPEB plan, excluding those associated with separately financed specific liabilities of and individual employer to the OPEB plan, are determined."

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees.

The Schedule of Employer Allocations presents the actual fiscal year 2017 contributions used within the proportionate share calculation for each employer and the non-employer contributing entity (State of Illinois) and respective allocation percentage. For the purpose of allocating the beginning net OPEB liability, the CCHISF utilized contributions reported during fiscal year 2016.

The Schedule of Net OPEB Liability by Employer presents the proportionate share of total net OPEB liability (beginning and ending), total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense subject to allocation for all CCHIS employers and the State. The OPEB expense includes the amortization of the differences between expected and actual economic and demographic experience, differences between projected and actual investment earnings (net) on Plan investments, and the impact of changes of assumptions about future economic or demographic factors or other inputs.

Due to the nature of the Schedules, the contributions utilized in the allocation calculation were actual contributions received and not rounded. Therefore, the total amounts reported within the Schedules may not agree to the summation of the individual columns.

B. Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting. Employer and non-employer contributing entity contributions are recognized as revenue when due pursuant to statutory or contractual requirements.

C. Use of Estimates in the Preparation of the Schedules

The preparation of the CCHISF Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and the changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. CCHISF uses an actuary to determine the total OPEB liability for the defined benefit plan and to calculate the actuarially determined contributions of the State and employers. The actuarial valuation date for the CCHISF schedules was June 30, 2016. The measurement date of the OPEB liability was June 30, 2017.

D. Basis of Allocation

In determining the proportionate share of the net OPEB liability and corresponding employer OPEB amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to the CIP Plan (Plan), excluding those to separately finance specific liabilities of an individual employer, are determined. The Plan has determined that the actual contributions made to the Plan during fiscal year 2017 are appropriate as the basis because they are representative of future contributions.

GASB Statement No. 75 states that special funding situations are defined as circumstances in which a non-employer entity (State of Illinois) is legally responsible for making contributions directly to CCHISF that is used to provide OPEB to the employees of another entity or entities and the amount of the contributions is not dependent upon one or more events unrelated to OPEB.

The net OPEB liability is the System’s total OPEB liability less the fiduciary net position. The net OPEB liability was determined by an actuarial valuation measured as of June 30, 2017. The CCHISF allocates the net OPEB liabilities to the employers and the State of Illinois, as the non-employer contributing entity, based on the allocation percentages calculated within the Schedule of Employer Allocations.

The actual total employer contributions for fiscal years 2017 and 2016 used as the denominator for the allocation calculation in the Schedule of Employer Allocations can be reconciled to the CCHISF financial statements, as follows:

	2017	2016
Contributions to defined benefit plan		
Employer	\$ 4,366,866	\$ 4,416,742
State	4,309,111	4,624,625
PY In-transit items not recorded in financials	0	(75,465)
CY In-transit items not recorded in financials	0	96,500
Miscellaneous adjustments	(244)	805
Total Contributions – Schedule of Employer Allocations	\$ 8,675,733	\$ 9,063,207

E. OPEB Expense and Amortization of OPEB Expense

OPEB expense, as well as deferred outflows of resources and deferred inflows of resources related to OPEB, should be recognized for the employers' (and non-employer contributing entity's) proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

Deferred outflows of resources are the consumption of net position by CCHISF that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position. Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense beginning in the current period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive), determined as of the beginning of the measurement period.

Net deferred inflows (or outflows) of resources pertaining to differences between projected and actual investment earnings are similarly recognized over a closed five year period.

The components of OPEB expense are:

Service Cost	\$ 147,948,300
Interest on the Total OPEB Liability	54,582,721
Current-Period Benefit Changes	-
Active Member Contributions	(4,367,000)
Projected Earning on Plan Investments	-
OPEB Plan Operating Expenses	2,886,000
Other Changes in Plan Fiduciary Net Position	(185,000)
Recognition of Outflow/(Inflow) due to Liability Experience	(1,032,254)
Recognition of Outflow/(Inflow) due to Assumption Changes	(30,381,489)
Recognition of Outflow/(Inflow) due to Investment Experience	(4,800)
	<u>\$ 169,446,479</u>

At the beginning of the current measurement period, the expected remaining service lives of all active members in the plan was approximately 192,041 years. Additionally, the total plan membership (active, inactive and retired members) was 32,029. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 6.00 years.

F. Net OPEB Liability

The net OPEB liability for CCHISF for fiscal year 2017 is set forth in the following table:

Net OPEB Liability Beginning of Year	\$ 1,819,954,392
OPEB Expense	169,446,479
Employer Contributions	(8,676,000)
Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities	(5,161,268)
Change in Assumption Changes Experience Outflows/(Inflows) Recognized in Current Liabilities	(151,907,443)
Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets	<u>(19,200)</u>
Net OPEB Liability End of Year¹	<u>\$ 1,823,636,960</u>

¹The sum of the value by employer may differ within the schedules from the plan total due to rounding.

Requests for Information

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financial statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.