



**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 Year Ended June 30, 2018

**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
REPORT ON THE ALLOCATION OF
OTHER POST EMPLOYMENT BENEFIT AMOUNTS
For the Year Ended June 30, 2018

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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
For the Year Ended June 30, 2018

AGENCY OFFICIALS

Director	Janel Forde, Acting (1/21/19 – present) Sarah Kerley, Acting (1/5/19 – 1/20/19) Tim McDevitt, Acting (3/3/18 – 1/4/19) Michael Hoffman, Acting (through 3/2/18)
Assistant Directors	Ben Jones, Acting (6/22/18– present) Sarah Kerley, Acting (2/1/18 – 1/4/19) Amiel Harper (8/1/17 – 6/15/18) Markus Veile (through 1/31/18)
Chief Administrative Officer	Mark Mahoney (4/15/19 – present) Vacant (through 4/14/19)
Chief Operating Officer	Ayesejul Kalaycioglu (4/18/19 – present) Vacant (2/1/19 – 4/17/19) Ngozi Okorafor (8/1/18 – 1/31/19) Vacant (through 7/31/18)
Fiscal Officer	Karen Pape, Acting (4/15/19 – present) Mark Lewis (7/1/17 – 4/15/19)
Legal Counsel	Vacant (1/1/19 – Present) Kathleen Abbott, Acting (7/2/18 – 12/31/18) Ryan Green (through 6/29/2018)
Chief Internal Auditor	Jack Rakers (5/16/18 – present) Jack Rakers, Acting (through 5/15/18)

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 Year Ended June 30, 2018

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.

SUMMARY OF FINDINGS

The auditors identified matters involving the Department's internal control over the Schedules that they considered to be material weaknesses. The material weaknesses are described in the accompanying Schedule of Findings on pages 16-17 of this report as item 2018-001, *Inaccurate calculation of changes in proportion for the deferred outflow of resources, deferred inflow of resources and the Other Post Employment Benefits expense.*

EXIT CONFERENCE

The Department waived an exit conference. The responses to the recommendations were provided by Jack Rakers, Chief Internal Auditor, on June 17, 2019.

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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, 2018 and the related Notes to the Schedules. 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 (Schedules) of the State of Illinois, Department of Central Management Services as of and for the year ended June 30, 2018, 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 audit 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 opinion.

Opinions

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations as of and for the year ended June 30, 2018 beginning total OPEB liability, ending OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating community colleges in the Community College Health Insurance Security Fund as of and for the year ended June 30, 2018, 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 year ended June 30, 2018 and our report thereon, dated March 25, 2019, expressed an unmodified opinion on those financial statements. In the report dated March 25, 2019, the June 30, 2017 fiduciary net position included a restatement, increasing the deficit in fiduciary net position by \$513,003.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Schedule of Employer Allocations and the total for all employers of the columns titled beginning total 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 (Schedules), as of and for the year ended June 30, 2017, and our report, dated May 30, 2018, expressed an unmodified opinion on those schedules.

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
July 1, 2019

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

Employer	As of June 30, 2018		As of June 30, 2017	
	Fiscal Year 2018 Contribution	Proportionate Share	Fiscal Year 2017 Contribution	Proportionate Share
Black Hawk College	\$ 86,236	0.987503%	\$ 90,069	1.038173%
Carl Sandburg College	40,968	0.469134%	41,255	0.475525%
College Of DuPage	405,149	4.639441%	399,726	4.607406%
College Of Lake County	267,410	3.062167%	270,390	3.116623%
Danville Area Community College	53,566	0.613390%	51,967	0.598994%
Elgin Community College	192,144	2.200284%	196,448	2.264336%
Heartland Community College	83,229	0.953073%	81,331	0.937451%
Highland Community College	46,664	0.534359%	43,788	0.504722%
IL Community College Trustees Assoc	2,006	0.022974%	1,948	0.022450%
IL Eastern Community College	73,097	0.837049%	72,448	0.835067%
Illinois Central College	155,718	1.783153%	158,523	1.827203%
Illinois Valley Community College	54,979	0.629575%	56,819	0.654919%
John A. Logan College	85,396	0.977891%	84,297	0.971646%
John Wood Community College	40,587	0.464772%	39,068	0.450316%
Joliet Junior College	243,635	2.789909%	250,455	2.886844%
Kankakee Community College	68,365	0.782865%	68,230	0.786442%
Kaskaskia College	60,878	0.697124%	59,539	0.686268%
Kishwaukee College	63,045	0.721939%	61,654	0.710649%
Lake Land College	106,230	1.216456%	103,716	1.195476%
Lewis and Clark Community College	106,126	1.215274%	105,183	1.212380%
Lincoln Land Community College	139,407	1.596376%	139,063	1.602900%
McHenry College	113,502	1.299732%	116,032	1.337431%
Moraine Valley Community College	223,133	2.555138%	212,502	2.449387%
Morton College	65,415	0.749076%	64,329	0.741479%
Oakton Community College	194,815	2.230867%	191,600	2.208457%
Parkland College	159,254	1.823644%	161,139	1.857349%
Prairie State College	83,134	0.951982%	78,993	0.910510%
Rend Lake College	46,332	0.530561%	48,018	0.553476%
Richland Community College	47,851	0.547955%	52,749	0.608006%
Rock Valley College	115,403	1.321498%	124,337	1.433162%
Sauk Valley College	36,854	0.422026%	37,593	0.433313%
Shawnee College	30,544	0.349766%	30,609	0.352815%
South Suburban College	96,783	1.108276%	95,925	1.105675%
Southeastern Illinois College	25,504	0.292056%	26,604	0.306650%
Southwestern Illinois College	147,172	1.685298%	155,863	1.796539%
Spoon River College	31,272	0.358104%	29,995	0.345734%
Triton College	136,065	1.558112%	140,162	1.615562%
Waubonsee Community College	154,058	1.764152%	145,384	1.675759%
Wm. Rainey Harper College	284,429	3.257050%	278,869	3.214352%
Subtotal Community Colleges	4,366,356	50.000000%	4,366,622	50.331448%
Total State Appropriation	4,366,356	50.000000%	4,309,111	49.668552%
Grand Total¹	\$ 8,732,711	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, 2018

Employer	Beginning Total OPEB Liability	Ending Total OPEB Liability	Prior Year Proportionate Share	Current Year Proportionate Share
Black Hawk College	\$ 18,932,513	\$ 18,616,921	1.038173%	0.987503%
Carl Sandburg College	8,671,841	8,844,364	0.475525%	0.469134%
College Of DuPage	84,022,357	87,465,137	4.607406%	4.639441%
College Of Lake County	56,835,882	57,729,548	3.116623%	3.062167%
Danville Area Community College	10,923,478	11,563,940	0.598994%	0.613390%
Elgin Community College	41,293,273	41,480,897	2.264336%	2.200284%
Heartland Community College	17,095,712	17,967,825	0.937451%	0.953073%
Highland Community College	9,204,296	10,074,013	0.504722%	0.534359%
IL Community College Trustees Assoc	409,414	433,115	0.022450%	0.022974%
IL Eastern Community College	15,228,583	15,780,483	0.835067%	0.837049%
Illinois Central College	33,321,554	33,616,923	1.827203%	1.783153%
Illinois Valley Community College	11,943,344	11,869,083	0.654919%	0.629575%
John A. Logan College	17,719,288	18,435,712	0.971646%	0.977891%
John Wood Community College	8,212,134	8,762,125	0.450316%	0.464772%
Joliet Junior College	52,645,550	52,596,813	2.886844%	2.789909%
Kankakee Community College	14,341,851	14,758,978	0.786442%	0.782865%
Kaskaskia College	12,515,035	13,142,545	0.686268%	0.697124%
Kishwaukee College	12,959,662	13,610,359	0.710649%	0.721939%
Lake Land College	21,801,147	22,933,249	1.195476%	1.216456%
Lewis and Clark Community College	22,109,415	22,910,966	1.212380%	1.215274%
Lincoln Land Community College	29,231,076	30,095,699	1.602900%	1.596376%
McHenry College	24,389,883	24,503,226	1.337431%	1.299732%
Moraine Valley Community College	44,667,920	48,170,790	2.449387%	2.555138%
Morton College	13,521,877	14,121,970	0.741479%	0.749076%
Oakton Community College	40,274,243	42,057,465	2.208457%	2.230867%
Parkland College	33,871,311	34,380,273	1.857349%	1.823644%
Prairie State College	16,604,393	17,947,255	0.910510%	0.951982%
Rend Lake College	10,093,399	10,002,404	0.553476%	0.530561%
Richland Community College	11,087,820	10,330,327	0.608006%	0.547955%
Rock Valley College	26,135,678	24,913,559	1.433162%	1.321498%
Sauk Valley College	7,902,056	7,956,259	0.433313%	0.422026%
Shawnee College	6,434,065	6,593,971	0.352815%	0.349766%
South Suburban College	20,163,500	20,893,801	1.105675%	1.108276%
Southeastern Illinois College	5,592,175	5,505,996	0.306650%	0.292056%
Southwestern Illinois College	32,762,356	31,772,113	1.796539%	1.685298%
Spoon River College	6,304,942	6,751,154	0.345734%	0.358104%
Triton College	29,461,982	29,374,329	1.615562%	1.558112%
Waubensee Community College	30,559,765	33,258,707	1.675759%	1.764152%
Wm. Rainey Harper College	58,618,119	61,403,588	3.214352%	3.257050%
Subtotal of Community Colleges	\$ 917,862,889	\$ 942,625,882	50.331448%	50.000000%
Total State Appropriation	905,774,068	942,625,882	49.668552%	50.000000%
Grand Total¹	\$ 1,823,636,957	\$ 1,885,251,764	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, 2018

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	\$ 273,623	\$ -	\$ -	\$ -	\$ 273,623
Carl Sandburg College	129,991	-	-	33,851	163,842
College Of DuPage	1,285,525	-	-	4,457,234	5,742,759
College Of Lake County	848,484	-	-	1,880,844	2,729,328
Danville Area Community College	169,962	-	-	322,155	492,117
Elgin Community College	609,668	-	-	397,938	1,007,606
Heartland Community College	264,083	-	-	344,244	608,327
Highland Community College	148,063	-	-	615,676	763,739
IL Community College Trustees Assoc	6,366	-	-	21,664	28,030
IL Eastern Community College	231,935	-	-	32,699	264,634
Illinois Central College	494,087	-	-	1,261,471	1,755,558
Illinois Valley Community College	174,447	-	-	129,179	303,626
John A. Logan College	270,960	-	-	103,014	373,974
John Wood Community College	128,782	-	-	448,564	577,346
Joliet Junior College	773,045	-	-	3,577,157	4,350,202
Kankakee Community College	216,921	-	-	-	216,921
Kaskaskia College	193,163	-	-	179,060	372,223
Kishwaukee College	200,039	-	-	186,203	386,242
Lake Land College	337,063	-	-	346,026	683,089
Lewis and Clark Community College	336,735	-	-	456,931	793,666
Lincoln Land Community College	442,334	-	-	1,005,906	1,448,240
McHenry College	360,138	-	-	277,404	637,542
Moraine Valley Community College	707,993	-	-	3,150,970	3,858,963
Morton College	207,559	-	-	646,357	853,916
Oakton Community College	618,142	-	-	1,260,571	1,878,713
Parkland College	505,306	-	-	169,987	675,293
Prairie State College	263,781	-	-	1,586,594	1,850,375
Rend Lake College	147,011	-	-	-	147,011
Richland Community College	151,831	-	-	-	151,831
Rock Valley College	366,169	-	-	-	366,169
Sauk Valley College	116,938	-	-	383,174	500,112
Shawnee College	96,915	-	-	-	96,915
South Suburban College	307,088	-	-	42,906	349,994
Southeastern Illinois College	80,925	-	-	-	80,925
Southwestern Illinois College	466,973	-	-	596,903	1,063,876
Spoon River College	99,226	-	-	754,118	853,344
Triton College	431,731	-	-	471,160	902,891
Waubensee Community College	488,822	-	-	2,897,916	3,386,738
Wm. Rainey Harper College	902,484	-	-	2,056,380	2,958,864
Subtotal of Community Colleges	\$ 13,854,308	\$ -	\$ -	\$ 30,094,256	\$ 43,948,564
					\$ -
Total State Appropriation	13,854,308	-	-	5,466,814	19,321,122
Grand Total¹	\$ 27,708,616	\$ -	\$ -	\$ 35,561,070	\$ 63,269,686

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

STATE OF ILLINOIS
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COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT AMOUNTS BY EMPLOYER
As of and for the Year Ended June 30, 2018

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 Contributions	Total Deferred Inflows of Resources
Black Hawk College	\$ 40,774	\$ 2,330,290	\$ 608	\$ 1,330,750	\$ 3,702,422
Carl Sandburg College	19,371	1,107,054	289	105,779	1,232,493
College Of DuPage	191,560	10,948,056	2,858	3,766	11,146,240
College Of Lake County	126,437	7,226,039	1,886	900,669	8,255,031
Danville Area Community College	25,327	1,447,464	380	498	1,473,669
Elgin Community College	90,850	5,192,185	1,355	1,058,240	6,342,630
Heartland Community College	39,353	2,249,042	587	774	2,289,756
Highland Community College	22,064	1,260,969	329	434	1,283,796
IL Community College Trustees Assoc	949	54,213	14	19	55,195
IL Eastern Community College	34,562	1,975,251	516	177,678	2,188,007
Illinois Central College	73,627	4,207,847	1,098	728,001	5,010,573
Illinois Valley Community College	25,995	1,485,659	388	418,519	1,930,561
John A. Logan College	40,377	2,307,608	602	1,663,244	4,011,831
John Wood Community College	19,191	1,096,760	286	377	1,116,614
Joliet Junior College	115,196	6,583,570	1,719	1,601,076	8,301,561
Kankakee Community College	32,325	1,847,389	482	148,747	2,028,943
Kaskaskia College	28,784	1,645,059	429	1,515,228	3,189,500
Kishwaukee College	29,809	1,703,616	445	494,189	2,228,059
Lake Land College	50,228	2,870,567	749	277,251	3,198,795
Lewis and Clark Community College	50,179	2,867,777	749	986	2,919,691
Lincoln Land Community College	65,915	3,767,094	983	108,907	3,942,899
McHenry College	53,666	3,067,081	801	622,844	3,744,392
Moraine Valley Community College	105,502	6,029,562	1,574	2,074	6,138,712
Morton College	30,929	1,767,654	461	608	1,799,652
Oakton Community College	92,113	5,264,354	1,374	1,811	5,359,652
Parkland College	75,299	4,303,396	1,123	557,415	4,937,233
Prairie State College	39,307	2,246,467	586	773	2,287,133
Rend Lake College	21,907	1,252,006	327	499,454	1,773,694
Richland Community College	22,625	1,293,052	338	1,098,556	2,414,571
Rock Valley College	54,565	3,118,443	814	1,933,995	5,107,817
Sauk Valley College	17,426	995,889	260	186,502	1,200,077
Shawnee College	14,442	825,371	215	123,027	963,055
South Suburban College	45,761	2,615,288	683	223,967	2,885,699
Southeastern Illinois College	12,059	689,188	180	551,789	1,253,216
Southwestern Illinois College	69,586	3,976,932	1,038	1,836,150	5,883,706
Spoon River College	14,786	845,045	221	291	860,343
Triton College	64,335	3,676,800	960	948,830	4,690,925
Waubensee Community College	72,842	4,163,009	1,087	1,432	4,238,370
Wm. Rainey Harper College	134,484	7,685,918	2,006	2,644	7,825,052
Subtotal of Community Colleges	\$ 2,064,507	\$ 117,988,964	\$ 30,800	\$ 19,127,294	\$ 139,211,565
Total State Appropriation	2,064,508	117,988,964	30,800	16,514,947	136,599,218
Grand Total¹	\$ 4,129,015	\$ 235,977,928	\$ 61,600	\$ 35,642,241	\$ 275,810,783

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, 2018

OPEB Expense			
Employer	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 Expense
Black Hawk College	\$ 1,237,379	\$ (291,870)	\$ 945,509
Carl Sandburg College	587,843	(12,821)	575,022
College Of DuPage	5,813,396	1,087,770	6,901,166
College Of Lake County	3,837,012	288,989	4,126,001
Danville Area Community College	768,601	68,853	837,454
Elgin Community College	2,757,040	(113,442)	2,643,598
Heartland Community College	1,194,236	73,334	1,267,570
Highland Community College	669,572	129,980	799,552
IL Community College Trustees Assoc	28,787	4,991	33,778
IL Eastern Community College	1,048,854	(37,807)	1,011,047
Illinois Central College	2,234,359	168,889	2,403,248
Illinois Valley Community College	788,882	(51,914)	736,968
John A. Logan College	1,225,335	(395,045)	830,290
John Wood Community College	582,377	100,431	682,808
Joliet Junior College	3,495,863	572,141	4,068,004
Kankakee Community College	980,960	(34,277)	946,683
Kaskaskia College	873,523	(342,751)	530,772
Kishwaukee College	904,617	(86,053)	818,564
Lake Land College	1,524,265	358	1,524,623
Lewis and Clark Community College	1,522,784	111,706	1,634,490
Lincoln Land Community College	2,000,320	229,564	2,229,884
McHenry College	1,628,614	(55,970)	1,572,644
Moraine Valley Community College	3,201,686	702,219	3,903,905
Morton College	938,621	155,352	1,093,973
Oakton Community College	2,795,362	296,743	3,092,105
Parkland College	2,285,095	(69,659)	2,215,436
Prairie State College	1,192,870	363,117	1,555,987
Rend Lake College	664,813	(106,401)	558,412
Richland Community College	686,608	(226,290)	460,318
Rock Valley College	1,655,887	(393,582)	1,262,305
Sauk Valley College	528,815	58,268	587,083
Shawnee College	438,270	(28,289)	409,981
South Suburban College	1,388,713	(47,315)	1,341,398
Southeastern Illinois College	365,958	(126,191)	239,767
Southwestern Illinois College	2,111,743	(220,221)	1,891,522
Spoon River College	448,717	178,517	627,234
Triton College	1,952,374	(73,122)	1,879,252
Waubensee Community College	2,210,550	653,054	2,863,604
Wm. Rainey Harper College	4,081,208	479,201	4,560,409
Subtotal of Community Colleges	\$ 62,651,909	\$ 3,010,457	\$ 65,662,366
Total State Appropriation	62,651,910	(3,026,798)	59,625,112
Grand Total¹	\$ 125,303,819	\$ (16,341)	\$ 125,287,478

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 Year Ended June 30, 2018

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.

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 total 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." Additionally, paragraph 109, states "if the effective OPEB plan terms define a specific relationship of the contribution requirements of a nonemployer contributing entity to those of the employer and other contributing entities, the employer's proportion should be established in a manner consistent with those terms, notwithstanding differences between the measurement basis used to determine contributions and the measurement basis used to determine the collective total OPEB liability".

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 2018 contributions used within the proportionate share calculation for each employer and respective allocation percentage. For the non-employer contributing entity (State of Illinois) the CCHISF utilized the long-range funding target of 50% as the allocation percentage and respective contribution amount. For the purpose of allocating the beginning total OPEB liability, the CCHISF utilized contributions reported during fiscal year 2017.

The Schedule of OPEB Amount by Employer presents the proportionate share of total total 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, 2017. The measurement date of the OPEB liability was June 30, 2018.

D. Basis of Allocation

In determining the proportionate share of the total 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 employer contributions made to the Plan during fiscal year 2018 are appropriate as the basis because they are representative of future contributions. For the non-employer contribution, the plan has determined to use a 50% share as this is the long-range funding target.

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 total OPEB liability is the System's total OPEB liability plus the deficit in fiduciary net position. The total OPEB liability was determined by an actuarial valuation measured as of June 30, 2018. The CCHISF allocates the total 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 2018 and 2017 used as the denominator for the allocation calculation in the Schedule of Employer Allocations can be reconciled to the CCHISF financial statements, as follows:

	2018	2017
Contributions to defined benefit plan		
Employer	\$ 4,463,032	\$ 4,366,866
State	4,366,356	4,309,111
PY In-transit Employer items not recorded in financials	(96,257)	-
Miscellaneous adjustments	(420)	(244)
Total Contributions – Schedule of Employer Allocations	\$ 8,732,711	\$ 8,675,733

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 OPEB amounts allocated to employers and to the State of Illinois are based on total contributions.

The components of OPEB expense are:

Service Cost	\$ 111,621,631
Interest on the Total OPEB Liability	63,692,922
Current-Period Benefit Changes	-
Active Member Contributions	(4,463,000)
Projected Earning on Plan Investments	-
OPEB Plan Operating Expenses	3,543,000
Other Changes in Plan Fiduciary Net Position	(207,000)
Recognition of Outflow/(Inflow) due to Liability Experience	4,542,921
Recognition of Outflow/(Inflow) due to Assumption Changes	(53,410,055)
Recognition of Outflow/(Inflow) due to Investment Experience	(16,600)
	\$ 125,303,819

At the beginning of the current measurement period, the expected remaining service lives of all active members in the plan was approximately 193,425 years. Additionally, the total plan membership (active, inactive and retired members) was 32,413. 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 5.97 years.

F. Total OPEB Liability

The total OPEB liability for CCHISF for fiscal year 2018 is set forth in the following table:

Total OPEB Liability Beginning of Year	\$ 1,823,636,957
Restatement to total OPEB liability	513,003
OPEB Expense	125,303,819
Employer Contributions	(8,830,000)
Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities	28,740,870
Change in Assumption Changes Experience Outflows/(Inflows) Recognized in Current Liabilities	(84,070,485)
Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets	(42,400)
Total OPEB Liability End of Year¹	<u>\$ 1,885,251,764</u>

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

The total OPEB liability beginning of year was restated July 1, 2017 due to an overstatement of State contributions and understatement of due to other funds noted in the Department's CCHISF audit for the year ended June 30, 2018. Please see Note 11 of the CCHISF audited financial statements for the year ended June 30, 2018. The allocation of this restatement to the participating employers was made in the Changes in Proportion and Differences between Employer Contributions and Share of Contributions column of the Schedule of OPEB Amounts by Employer as of and for the year ended June 30, 2018.

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 audit report is available on the office of the Auditor General website at www.auditor.illinois.gov, which includes the financial statements of the Department of Central Management Services. Questions regarding the financial statements can be addressed to the Department of Central Management Services at 401 South Spring, Springfield, Illinois, 62706. A copy of the actuarial valuation report will be made available by the Commission on Government Forecasting and Accountability on its website at <http://cgfa.ilga.gov/>.

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 Year Ended June 30, 2018

SCHEDULE OF FINDINGS

CURRENT FINDINGS

2018-001 FINDING (Inaccurate calculation of changes in proportion for the deferred outflow of resources, deferred inflow of resources and the Other Post Employment Benefits expense)

The Department of Central Management Services (Department) did not accurately calculate the changes in the proportionate share for the College Insurance Program (CIP) for the deferred outflow of resources, deferred inflow of resources and the Other Post Employment Benefits (OPEB) expense.

During our testing of the Schedule of Other Post Employment Benefit Amounts by Employer (Schedule), we noted the Department excluded the changes in proportion for the net effect of the change in the employer’s proportionate shares of the collective deferred outflows of resources and deferred inflows of resources related to OPEB. This resulted in an incorrect allocation of the deferred outflow of resources, deferred inflow of resources and the OPEB expense to the Community Colleges and State. The effects of the error were as follows:

	Over/(Under) allocation
Deferred outflows of resources	
Community college portion	\$ (633,221)
State portion	(433,451)
Total	\$ (1,066,672)
Deferred inflows of resources	
Community college portion	(1,066,672)
State portion	-
Total	\$ (1,066,672)
OPEB expense	
Community college portion	87,214
State portion	(87,214)
Total	\$ -

The Department revised the Schedule for this error.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, paragraph 64, states if there is a change in the employer's proportion of the collective total OPEB liability since the prior measurement date, the net effect of that change on the employer's proportionate shares of the collective total OPEB liability and collective deferred outflows of resources and deferred inflows of resources related to OPEB, determined as of the beginning of the measurement period, should be recognized in the employer's OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period. The amount not recognized in the employer's OPEB expense should be reported as a deferred outflow of resources or deferred inflow of resources related to OPEB.

The Department stated the error was due to the Actuary's misinterpretation of the complex layering provisions of GASB Statement No. 75 as this was the first year for implementing the layers.

Failure to accurately calculate the changes in the proportion share for CIP could result in inaccurate financial reporting by the Community Colleges and the State. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend the Department review the Schedules prepared by the Actuary for accuracy to ensure the requirements of GASB Statement No. 75 are appropriately met.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation. The Department will continue to review all schedules prepared by the Actuary for compliance with applicable Accounting Standards.

PRIOR FINDINGS NOT REPEATED

None.