



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
TEACHER HEALTH INSURANCE SECURITY FUND

Financial Audit
For the Year Ended June 30, 2016

Release Date: February 23, 2017

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

INTRODUCTION

This digest covers our financial audit of the Teacher Health Insurance Security Fund for the year ended June 30, 2016. At June 30, 2016 the Net Position Held in Trust for Other Postemployment Benefits reflected a deficit of \$59,416,000. Further, the Schedule of Funding Progress reflects an Unfunded Actuarial Accrued Liability of \$18,847,331,000.

There were no material findings disclosed during our examination.

AUDITORS' OPINION

Our auditors stated the financial statements of the Teacher Health Insurance Security Fund as of June 30, 2016, and for the year then ended, are fairly stated in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:SKM

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were Sikich, LLP.

{Expenditures and Activity Measures are summarized on next page.}

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
TEACHER HEALTH INSURANCE SECURITY FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2016**

STATEMENT OF CHANGES IN PLAN NET POSITION (expressed in thousands)	Fiscal Year 2016	Fiscal Year 2015
Additions		
Contributions		
Employer.....	\$ 86,146	\$ 81,415
State.....	108,259	100,983
Plan Members		
Actives.....	115,355	109,413
Retirees.....	124,788	124,140
Federal government Medicare Part D.....	1,838	2,760
Consolidated Omnibus Budget Reconciliation Act.....	87	108
Total contributions.....	<u>436,473</u>	<u>418,819</u>
Interest income.....	174	161
Total additions.....	<u>436,647</u>	<u>418,980</u>
Deductions		
Benefit payments and refunds.....	420,458	389,280
General and administrative.....	9,333	8,417
Total deductions.....	<u>429,791</u>	<u>397,697</u>
Net additions (deductions).....	6,856	21,283
Net position held in trust for other postemployment benefits		
Beginning of year.....	(66,272)	(87,555)
End of Year.....	<u>\$ (59,416)</u>	<u>\$ (66,272)</u>

SCHEDULE OF FUNDING PROGRESS (expressed in thousands)	June 30, 2014	June 30, 2013	June 30, 2011
Actuarial Value of Assets.....	\$ (87,555)	\$ (80,139)	\$ 7,125
Actuarial Accrued Liability - Projected Unit.....	\$ 18,759,776	\$ 19,459,607	\$ 18,860,375
Unfunded Actuarial Accrued Liability.....	\$ 18,847,331	\$ 19,539,746	\$ 18,853,250
Funded Ratio.....	-0.47%	-0.41%	0.04%

SUPPLEMENTARY INFORMATION	Fiscal Year 2016	Fiscal Year 2015
Number of retirees and beneficiaries receiving benefits.....	74,523	75,428
Number of waived retirees who may elect healthcare coverage in the future.....	21,803	19,416
Number of terminated plan members entitled to but not yet receiving benefits.....	16,669	15,935
Number of active plan members.....	<u>154,076</u>	<u>154,387</u>
Total.....	<u>267,071</u>	<u>265,166</u>
Number of participating employers.....	976	989

AGENCY DIRECTOR
During Examination Period: Tom Tyrrell (4/30/15 through 1/15/16)
Michael Hoffman - Acting (1/16/16 - present)
Currently: Michael Hoffman - Acting