



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND

Financial Audit
For the Year Ended: June 30, 2011

Release Date: May 2, 2012

Summary of Findings:

Total this audit:	1
Total last audit:	0
Repeated from last audit:	0

INTRODUCTION

This report covers our financial audit of the Community College Health Insurance Security Fund for the year ended June 30, 2011. At June 30, 2011 the Net Assets Held in Trust for Other Postemployment Benefits reflected a deficit of \$19,657,000. Further, the Schedule of Funding Progress reflects an Unfunded Actuarial Accrued Liability of \$2,072,790,000.

SYNOPSIS

- The Department's year-end financial reporting was not timely.

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

**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2011**

STATEMENT OF CHANGES IN PLAN NET ASSETS (expressed in thousands)	Fiscal Year 2011	Fiscal Year 2010
Additions		
Contributions		
Employer.....	\$ 4,090	\$ 3,966
State.....	5,237	4,059
Plan Member		
Actives.....	4,090	3,966
Retirees.....	14,109	12,504
Federal government Medicare Part D.....	2,219	2,267
Total contributions.....	<u>29,745</u>	<u>26,762</u>
Interest income.....	9	12
Total additions.....	<u>29,754</u>	<u>26,774</u>
Deductions		
Benefit payments and refunds.....	41,169	34,255
General and administrative.....	1,554	653
Total deductions.....	<u>42,723</u>	<u>34,908</u>
Net additions (deductions).....	(12,969)	(8,134)
Net assets held in trust for other postemployment benefits		
Beginning of year.....	(6,688)	1,446
End of Year.....	\$ (19,657)	\$ (6,688)

SCHEDULE OF FUNDING PROGRESS (expressed in thousands)	June 30, 2011	June 30, 2009	June 30, 2007
Actuarial Value of Assets.....	(19,657)	1,446	9,562
Actuarial Accrued Liability - Projected Unit.....	2,053,133	1,894,272	1,846,969
Unfunded Actuarial Accrued Liability.....	2,072,790	1,892,826	1,837,407
Funded Ratio.....	-0.96%	0.08%	0.52%

SUPPLEMENTARY INFORMATION	Fiscal Year 2011	Fiscal Year 2010
Number of retirees and beneficiaries receiving benefits.....	6,083	5,854
Number of waived retirees who may elect healthcare coverage in the future.....	1,354	731
Number of terminated plan members entitled to but not yet receiving benefits..	4,433	5,298
Number of active plan members.....	22,603	24,320
Total.....	<u>34,473</u>	<u>36,203</u>
Number of participating employers.....	39	39

AGENCY DIRECTOR
During Examination Period: Ms. Julie Hamos
Currently: Ms. Julie Hamos

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

FINANCIAL STATEMENT PREPARATION

The Illinois Department of Healthcare and Family Services' (Department) did not complete the Community College Health Insurance Security Fund's (Fund) financial statements in a timely manner.

Financial statements completed six and a half months after year end

During our audit of the June 30, 2011 Fund financial statements, we noted a complete set of the Fund's financial statements were not provided to the auditors until January 17, 2012, six and a half months after the year end.

Actuarial valuation provided eight months after year end

In addition, to complete the Fund's financial statements, the Department was required to obtain and include in the Fund's financial statements actuarial valuations for purposes of complying with the requirements of Statement No. 43 of the Governmental Accounting Standards Board. The draft actuarial valuation was not available to the auditors until January 27, 2012 and the final actuarial valuation was not provided until February 27, 2012, eight months after the year end. (Finding 1, pages 20-21 of the Financial Report)

We recommended the Department implement additional internal control procedures to ensure Fund financial statements are prepared in a timely manner.

Department agrees with auditors

Department officials concurred with our recommendation and stated that the Department is continually assessing the financial reporting process and implementing procedures to improve upon timeliness.

AUDITORS' OPINION

Our auditors state the financial statements of the Community College Health Insurance Security Fund as of June 30, 2011, are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

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AUDITORS ASSIGNED

This audit was performed by the Office of the Auditor General's staff.