



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
STATE EMPLOYEES GROUP INSURANCE PROGRAM

**Compliance Examination- Schedule of Allocation
For the Years Ended June 30, 2017 (as restated)**

Release Date: March 19, 2019

INTRODUCTION

This digest covers the Compliance Examination of the Schedule of Employer Allocations by Fund and Schedule of University On Behalf Allocations of the State Employee Group Insurance Program (SEGIP) as of and for the years ended June 30, 2017 and 2016 and the related notes to the Schedules. In addition, the digest also covers the Compliance Examination of the total for all entities 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 Employer OPEB expense subject to allocation (specified column totals) in the Schedule of OPEB Amounts by Fund of the SEGIP as of and for the year ended June 30, 2017.

The Department of Central Management Services (Department), with the assistance of the public retirement systems sponsored by the State, is the administrator of this single-employer defined benefit OPEB plan not administered through a trust. The plan was established to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Certain agencies and funds of the State of Illinois present financial statements in accordance with generally accepted accounting principles (GAAP) and those agencies and fund employers must recognize their proportionate share of the collective OPEB amounts for OPEB provided to members through the SEGIP plan in order to present their financial statements in accordance with GAAP. The Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the participating entities that prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) to recognize their proportionate share of certain collective OPEB amounts in their financial statements, which includes the net OPEB liability.

Prior to the implementation of GASB Statement 75, the portion of the Plan's liability not covered by assets was not allocated among the agencies and funds for financial reporting purposes. GASB Statement 75 changed previously followed financial reporting requirements and as a result agencies and funds are required to report their portion of the collective OPEB amounts in their GAAP basis financial statements.

Due to the agencies and funds needing to report their proportionate share of the collective OPEB amounts in their financial statements prepared in accordance with GAAP, the Department has prepared the Schedule of Employer Allocations by Fund, the Schedule of University On Behalf Allocations, and the Schedule of OPEB Amounts by Fund which provide the necessary financial information for each entity to report their proportionate share of the collective OPEB amounts in their financial statements. By having these Schedules examined it also provides the entities and the State's auditors an Independent Accountant's Opinion on the allocations and collective OPEB amounts reported in the Schedules.

The SEGIP net OPEB liability at June 30, 2016 was \$43.5 billion. At June 30, 2017, the SEGIP net OPEB liability was \$41.3 billion.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of management's assertions regarding the Schedule of Employer Allocations by Fund for the years ended June 30, 2016 and 2017, the Schedule of University On Behalf Allocations for the years ended June 30, 2016 and 2017, and the total beginning OPEB liability, total ending OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating State Agencies and Universities in the State Employee Group Insurance Program as of and for the year ended June 30, 2017, and the related notes to the Schedules. The accountants stated the Agency complied, in all material respects, with the criteria set forth in Notes D through L of the Notes to the Schedules in the report.

As discussed in Note G to the Schedules, the Schedule of Allocations by Fund, the Schedule of Other Post Employment Benefit Amounts by Fund, and Note G for the year ended June 30, 2017 in the previously issued Accountant's Report dated June 12, 2018 have been restated to correct an error in the secondary allocation. The previously issued report dated June 12, 2018 and report digest should no longer be relied upon for the GRF related portions of the allocations.

This compliance examination was conducted by Sikich LLP.

SIGNED ORIGINAL ON FILE

Jane Clark
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

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FRANK J. MAUTINO
Auditor General

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