



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM

**Compliance Examination
 For the Year Ended June 30, 2014**

Release Date: May 7, 2015

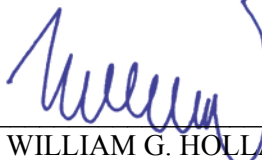
FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings			
Category 2:	3	0	3				
Category 3:	0	0	0				
TOTAL	3	0	3				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This digest covers our Compliance Examination of the State Employees' Retirement System for the year ended June 30, 2014. A separate Financial Audit as of and for the year ending June 30, 2014, was previously released on January 22, 2015. In total, this report contains 3 findings, all of which were also reported in the Financial Audit.

AUDITORS' OPINION

The auditors conducted a State compliance examination of the State Employees' Retirement System for the year ended June 30, 2014, as required by the Illinois State Auditing Act. The accountant's report does not contain any scope limitations, disclaimers or other significant non-standard language.



 WILLIAM G. HOLLAND
 Auditor General

WGH:JAF

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this compliance examination were BKD LLP.

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| <p>Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).</p> <p>Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.</p> <p>Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.</p> |
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{Financial data is summarized on next page.}

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2014

EXPENDITURE STATISTICS	FY 2014	FY 2013
Total Expenditures.....	\$ 3,135,844,031	\$ 2,913,366,784
General Revenue Fund - 001:		
Continuing appropriation for pension contributions.....	1,097,360,220	1,041,371,800
Continuing appropriation fiscal year shortfall.....	-	7,397,876
All other expenses.....	95,685	53,218
State Employees' Retirement System Fund - 479:		
Pensions, annuities and benefits.....	1,890,147,996	1,775,907,400
FY13 Overpayment General Revenue Fund employer contribution.....	58,607,580	-
Refunds.....	41,951,369	43,532,480
Payments to General Obligation Retirement Fund.....	29,456,449	27,690,883
Personal services.....	5,693,842	5,197,643
Electronic data processing.....	5,404,834	5,212,094
Other payroll costs (Retirement, Social Security and Group Insurance).....	4,267,426	4,028,423
Contractual services.....	2,062,621	2,628,497
All other expenses.....	648,658	228,969
State Employee Retirement System Excess Benefit Fund - 788:		
Pensions, annuities and benefits.....	147,351	117,501
Total Receipts.....	\$ 2,067,456,966	\$ 1,852,878,884
ANALYSIS OF PLAN INVESTMENTS	June 30, 2014	June 30, 2013
Balance at beginning of year, at fair value.....	\$ 12,176,459,191	\$ 10,675,772,261
Net cash added (withdrawn) from investments.....	(58,607,580)	-
Net investments.....	12,117,851,611	10,675,772,261
Investment income - interest, dividends and other.....	399,161,898	351,536,458
Investment expenses.....	(40,473,085)	(35,850,179)
Net investment income.....	358,688,813	315,686,279
Net realized gain (loss) on sales of investments.....	1,255,567,547	234,134,905
Net unrealized gain (loss) on investments.....	554,391,042	950,865,746
Net appreciation (depreciation) in fair value of investments.....	1,809,958,589	1,185,000,651
Total net investment income.....	2,168,647,402	1,500,686,930
Balance at end of year, at fair value.....	\$ 14,286,499,013	\$ 12,176,459,191
INVESTMENTS USED FOR BENEFITS AND EXPENSES (UNAUDITED)	FY 2014	FY 2013
CONTRIBUTIONS:		
Participant.....	\$ 269,232,241	\$ 248,169,706
Employer.....	1,699,447,826	1,531,932,137
Total Contributions.....	1,968,680,067	1,780,101,843
DEDUCTIONS:		
Benefits.....	1,917,062,639	1,799,965,655
Refunds.....	23,082,814	24,290,402
Administration.....	16,615,105	17,471,327
Total Deductions.....	1,956,760,558	1,841,727,384
Contributions in Excess of Deductions (Investments Used to pay Benefits and Expenses).....	\$ 11,919,509	\$ (61,625,541)
SUPPLEMENTARY INFORMATION (UNAUDITED)	June 30, 2014	June 30, 2013
Number of System employees.....	98	99
Retirees and beneficiaries receiving benefits	66,609	65,050
Total members	87,023	85,529
Total active members	62,844	61,545
Money-weighted rate of return (not available prior to fiscal year 2014).....	17.9%	N/A
EXECUTIVE SECRETARY		
During Engagement Period: Timothy Blair		
Currently: Timothy Blair		