



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS TEACHERS' RETIREMENT SYSTEM

Compliance Examination
 For the Year Ended June 30, 2015

Release Date: March 24, 2016

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2014		15-1	
Category 2:	0	1	1				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

This digest covers our Compliance Examination of the Teachers' Retirement System of the State of Illinois for the year ended June 30, 2015. A separate Financial Audit as of and for the year ending June 30, 2015, was previously released on January 12, 2016. This report contains one finding, which was also reported in the Financial Audit.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Teachers' Retirement System of the State of Illinois for the year ended June 30, 2015, 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.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
 Auditor General

FJM:RPU

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this compliance examination were RSM US LLP.

- Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
- Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
- Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Financial data is summarized on next page.}

TEACHERS' RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2015

EXPENSE STATISTICS	FY 2015	FY 2014
Total Expenses	\$ 5,646,724,033	\$ 5,341,881,048
Benefits and Refunds:		
Retirement Benefits	\$ 5,281,221,313	\$ 4,986,155,845
Survivor Benefits	224,779,380	208,424,078
Disability Benefits	30,398,754	30,626,905
Refunds	88,637,726	95,456,151
Total Benefits and Refunds	<u>\$ 5,625,037,173</u>	<u>\$ 5,320,662,979</u>
Administrative:		
Salaries	\$ 10,585,536	\$ 10,015,342
Other Payroll Costs (Retirement, Social Security and Group Insurance)	5,881,218	5,872,797
Professional Services (Actuary, Legal, Audit, Consulting)	1,197,347	1,340,022
Communications (Postage, Printing, Telephone)	559,379	624,126
Building Operations and Maintenance	509,740	601,630
Insurance	385,240	385,017
Software Licenses and Maintenance, EDP Supplies and Equipment	657,903	515,327
Equipment Repairs, Rentals and Maintenance	294,509	286,121
Depreciation	1,161,278	1,122,457
All Other Expenses	454,710	455,230
Total Administrative	<u>\$ 21,686,860</u>	<u>\$ 21,218,069</u>
Total Revenues	\$ 6,229,257,112	\$ 11,307,495,063
SCHEDULE OF INVESTMENTS (fair value)	June 30, 2015	June 30, 2014
U.S. Treasuries and Agencies	\$ 1,347,259,720	\$ 1,006,399,129
U.S. Government-Backed Mortgages	294,760,391	321,377,157
Municipals	23,131,615	39,018,468
Asset Backed Securities	341,421,950	317,429,427
Commercial and Collateralized Mortgages	246,802,683	336,457,416
Commingled Funds (U.S. and International)	1,737,067,407	1,530,792,546
Domestic Corporate Obligations	2,063,159,964	2,228,946,669
Foreign Debt/Corporate Obligations	2,643,561,328	2,633,164,126
U.S. Equities	8,659,732,256	9,069,286,089
International Equities	9,815,934,063	10,081,847,807
Absolute Return	3,471,868,205	2,618,256,628
Private Equity	5,281,073,621	5,038,446,122
Real Estate	6,255,857,685	5,638,680,343
Real Return Strategies	2,994,366,309	3,055,818,516
Derivatives - Options, Futures and Swaps	936,964	2,805,648
Cash and Cash Equivalents	848,587,909	1,432,002,394
Foreign Currency	74,142,815	84,850,132
Total at End of Year	<u>\$ 46,099,664,885</u>	<u>\$ 45,435,578,617</u>
INVESTMENTS USED FOR BENEFITS AND EXPENSES	FY 2015	FY 2014
CONTRIBUTIONS:		
Members / Participants	\$ 935,451,049	\$ 928,745,853
Employers	145,591,585	158,334,598
State of Illinois	3,377,664,945	3,438,382,892
Total Contributions	<u>4,458,707,579</u>	<u>4,525,463,343</u>
DEDUCTIONS:		
Benefits	5,536,399,447	5,225,206,828
Refunds	88,637,726	95,456,151
Administration	21,686,860	21,218,069
Total Deductions	<u>5,646,724,033</u>	<u>5,341,881,048</u>
Investments Used For Benefits and Expenses	<u>\$ (1,188,016,454)</u>	<u>\$ (816,417,705)</u>
SUPPLEMENTARY INFORMATION	June 30, 2015	June 30, 2013
Number of System Employees (unaudited)	190	186
Retirees and Beneficiaries Receiving Benefits	114,922	112,333
Inactive Members (currently not contributing)	125,969	122,964
Active Members (currently contributing)	159,707	159,838
Time-Weighted Rate of Return (unaudited)	4.0%	17.4%
EXECUTIVE DIRECTOR		
During Engagement Period: Richard W. Ingram		
Currently: Richard W. Ingram		