



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

**COMPLIANCE EXAMINATION
For the Year Ended: June 30, 2010**

Release Date: April 14, 2011

Summary of Findings:

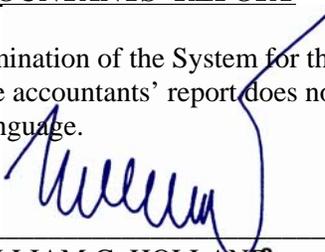
Total this audit:	0
Total last audit:	1
Repeated from last audit:	0

INTRODUCTION

This digest covers our compliance attestation examination of the State Employees' Retirement System of Illinois (System) for the year ended June 30, 2010. A financial audit covering the year ended June 30, 2010 was previously released on March 3, 2011. It should be noted that, pursuant to the Illinois Pension Code, investments of the System are managed by the Illinois State Board of Investment. There were no report findings of noncompliance identified during our testing.

ACCOUNTANTS' REPORT

We conducted a compliance attestation examination of the System for the year ended June 30, 2010 as required by the Illinois State Auditing Act. The accountants' report does not contain any scope limitations, disclosures or other significant non-standard language.



WILLIAM G. HOLLAND
Auditor General

WGH:AKS

SPECIAL ASSISTANT AUDITORS

The public accounting firm of BKD LLP was our special assistant auditor for this engagement.

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

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For The Year Ended June 30, 2010

OPERATING STATEMENT ANALYSIS	FY 2010	FY 2009
ADDITIONS: Contributions - Participants.....	\$ 246,172,971	\$ 242,227,432
Contributions - State agencies and appropriations.....	1,095,545,856	774,910,344
Total Contributions.....	<u>\$ 1,341,718,827</u>	<u>\$ 1,017,137,776</u>
Net Investment Income.....	200,200,994	224,823,314
Net appreciation (depreciation) in fair value of investments.....	598,899,494	(2,441,040,917)
Interest Earned on Cash Balances.....	795,373	7,319,968
Total Additions.....	<u>\$ 2,141,614,688</u>	<u>\$ (1,191,759,859)</u>
DEDUCTIONS: Benefits - Retirement Annuities.....	\$ 1,237,118,008	\$ 1,164,454,557
Benefits - Survivors' Annuities.....	\$ 89,516,980	\$ 73,697,450
Benefits - Disability benefits.....	48,312,629	46,513,406
Benefits - Lump-sum benefits.....	15,693,575	15,548,262
Total Benefits.....	<u>\$ 1,390,641,192</u>	<u>\$ 1,300,213,675</u>
Refunds.....	15,274,174	14,859,487
Administration.....	11,720,755	10,681,376
Total Deductions.....	<u>\$ 1,417,636,121</u>	<u>\$ 1,325,754,538</u>
Excess of revenue over (under) expenses.....	<u>\$ 723,978,567</u>	<u>\$ (2,517,514,397)</u>
ANALYSIS OF PLAN INVESTMENTS	June 30, 2010	June 30, 2009
Balance at beginning of year, at fair value.....	\$ 8,200,755,918	\$ 10,653,973,521
Net cash transferred from investments.....	120,745,288	(237,000,000)
Net investments (1).....	<u>\$ 8,321,501,206</u>	<u>\$ 10,416,973,521</u>
Investment income - interest, dividends and other.....	235,726,009	263,734,307
Investment expenses.....	(35,525,015)	(38,910,993)
Net investment income (2).....	<u>\$ 200,200,994</u>	<u>\$ 224,823,314</u>
Net realized gain (loss) on sale of investments.....	168,618,406	(1,229,510,422)
Net unrealized gain (loss) on investments.....	430,281,088	(1,211,530,495)
Net appreciation (depreciation) in fair value of investments (3).....	<u>\$ 598,899,494</u>	<u>\$ (2,441,040,917)</u>
Total net investment income (loss) (4), (2) + (3).....	<u>\$ 799,100,488</u>	<u>\$ (2,216,217,603)</u>
Balance at end of year, at fair value (1) + (4).....	<u>\$ 9,120,601,694</u>	<u>\$ 8,200,755,918</u>
INVESTMENTS USED FOR BENEFITS AND EXPENSES	FY 2010	FY 2009
CONTRIBUTIONS: Participants.....	\$ 246,172,971	\$ 242,227,432
Appropriations & other.....	1,095,545,856	774,910,344
Total Contributions (5).....	<u>\$ 1,341,718,827</u>	<u>\$ 1,017,137,776</u>
DEDUCTIONS: Benefits.....	\$ 1,390,641,192	\$ 1,300,213,675
Refunds.....	15,274,174	14,859,487
Administration.....	11,720,755	10,681,376
Total Deductions (6).....	<u>\$ 1,417,636,121</u>	<u>\$ 1,325,754,538</u>
Investments used to pay Benefits and Expenses (5) - (6).....	<u>\$ (75,917,294)</u>	<u>\$ (308,616,762)</u>
SUPPLEMENTARY INFORMATION	June 30, 2010	June 30, 2009
Number of System employees.....	84	81
Retirees and beneficiaries receiving benefits (unaudited).....	58,392	57,099
Total members (unaudited).....	84,655	86,456
Total active members (unaudited).....	64,143	65,599
Total return on investments (unaudited).....	9.1%	(20.1)%
EXECUTIVE SECRETARY		
During Engagement Period: Timothy Blair, Acting		
Currently: Timothy Blair		