



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Financial Audit
For the Year Ended: June 30, 2011**

Release Date: January 11, 2012

Summary of Findings:

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

INTRODUCTION

This digest covers our financial audit of the System for the year ended June 30, 2011. A compliance examination report covering the year ending June 30, 2011 will be issued separately.

FUNDED RATIO

The actuarial accrued liability was valued at \$31.5 billion at June 30, 2011. The actuarial value of assets (at smoothed value) totaled approximately \$13.9 billion at June 30, 2011. The method for determining the actuarial value of assets was changed beginning with the June 30, 2009 valuation. The method was changed from the market value to a smoothed value where the actuarial gains or losses for each year are recognized in equal amounts over the ensuing five-year period.

The difference between the actuarial accrued liability and the actuarial value of assets of \$17.6 billion reflects the unfunded liability of the System at June 30, 2011. The System had a funded ratio (at smoothed value) of 44.3% at June 30, 2011. When using the market value, the System would have a funded ratio of 45.3%.

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

STATE UNIVERSITIES RETIREMENT SYSTEM
FINANCIAL AUDIT
For The Year Ended June 30, 2011

FINANCIAL OPERATIONS	2011	2010
Additions		
Contributions		
Participants.....	\$ 309,934,408	\$ 323,570,314
Employer.....	818,435,806	739,711,843
Total Contributions.....	<u>\$ 1,128,370,214</u>	<u>\$ 1,063,282,157</u>
Investment Income		
Net appreciation in fair market value.....	\$ 2,646,764,487	\$ 1,294,472,087
Interest.....	192,587,174	324,588,475
Dividends.....	181,007,663	153,916,871
Securities lending.....	5,347,769	6,534,929
Less: Investment expense.....	<u>(52,092,669)</u>	<u>(54,177,017)</u>
Net Investment Income (Loss).....	<u>2,973,614,424</u>	<u>1,725,335,345</u>
Total Additions.....	<u>\$ 4,101,984,638</u>	<u>\$ 2,788,617,502</u>
Deductions		
Benefits.....	\$ 1,622,452,595	\$ 1,483,740,506
Refund of contributions.....	73,895,151	57,467,779
Administrative expense.....	12,618,044	12,455,584
Total Deductions.....	<u>\$ 1,708,965,790</u>	<u>\$ 1,553,663,869</u>
Net Increase.....	<u>\$ 2,393,018,848</u>	<u>\$ 1,234,953,633</u>

INVESTMENT PORTFOLIO ANALYSIS (Fair Value)	JUNE 30, 2011	JUNE 30, 2010
Equities.....	\$ 10,131,613,173	\$ 7,634,359,192
Fixed income.....	3,210,020,243	3,596,346,644
Real estate.....	375,589,750	266,184,186
Mutual funds and variable annuities.....	890,678,243	667,015,195
Total.....	<u>\$ 14,607,901,409</u>	<u>\$ 12,163,905,217</u>

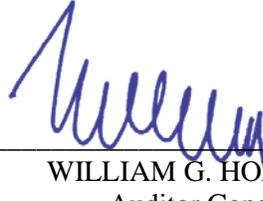
FUNDING PROGRESS (Millions)	JUNE 30, 2011	JUNE 30, 2010
Actuarial Accrued Liability.....	\$ 31,514.3	\$ 30,120.4
Actuarial Value of Assets.....	13,945.7	13,966.6
Unfunded Actuarial Accrued Liability.....	<u>\$ 17,568.6</u>	<u>\$ 16,153.5</u>
Funded Ratio.....	44.3%	46.4%

SUPPLEMENTARY INFORMATION	JUNE 30, 2011	JUNE 30, 2010
Benefit recipients.....	51,552	49,056
Active members.....	81,611	82,742
Inactive members.....	79,922	80,438
Total.....	<u>213,085</u>	<u>212,236</u>

AGENCY DIRECTOR
During Audit Period and Current: William Mabe

AUDITORS' OPINION

Our auditors state the June 30, 2011 financial statements of the State Universities Retirement System are presented fairly in all material respects.

A handwritten signature in blue ink, appearing to read "William G. Holland", is written over a horizontal line.

WILLIAM G. HOLLAND
Auditor General ²

WGH:TLK

SPECIAL ASSISTANT AUDITORS

McGladrey & Pullen LLP were our Special Assistant Auditors for this engagement.