



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, 2012**

**Release Date: January 16, 2013**

**Summary of Findings:**

<b>Total this audit:</b>	<b>0</b>
<b>Total last audit:</b>	<b>0</b>
<b>Repeated from last audit:</b>	<b>0</b>

**INTRODUCTION**

This digest covers our financial audit of the System for the year ended June 30, 2012. A compliance examination report covering the year ending June 30, 2012 will be issued separately.

**FUNDED RATIO**

The actuarial accrued liability was valued at \$33.1 billion at June 30, 2012. The actuarial value of assets (at smoothed value) totaled approximately \$13.9 billion at June 30, 2012. 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 \$19.2 billion reflects the unfunded liability of the System at June 30, 2012. The System had a funded ratio (at smoothed value) of 42.1% at June 30, 2012. When using the market value, the System would have a funded ratio of 41.3%.

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

---

**STATE UNIVERSITIES RETIREMENT SYSTEM**  
**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2012**

<b>FINANCIAL OPERATIONS</b>	<b>2012</b>	<b>2011</b>
<b>Additions</b>		
Contributions		
Participants.....	\$ 312,357,812	\$ 309,934,408
Employer.....	1,031,738,495	818,435,806
Total Contributions.....	<u>\$ 1,344,096,307</u>	<u>\$ 1,128,370,214</u>
Investment Income		
Net appreciation in fair market value.....	\$ (218,846,087)	\$ 2,646,764,487
Interest.....	81,396,519	192,587,174
Dividends.....	200,831,741	181,007,663
Securities lending.....	5,641,433	5,347,769
Less: Investment expense.....	<u>(43,296,841)</u>	<u>(52,092,669)</u>
Net Investment Income (Loss).....	<u>25,726,765</u>	<u>2,973,614,424</u>
Total Additions.....	<u>\$ 1,369,823,072</u>	<u>\$ 4,101,984,638</u>
<b>Deductions</b>		
Benefits.....	\$ 1,757,675,491	\$ 1,622,452,595
Refund of contributions.....	85,170,450	73,895,151
Administrative expense.....	13,555,757	12,618,044
Total Deductions.....	<u>\$ 1,856,401,698</u>	<u>\$ 1,708,965,790</u>
Net Increase.....	<u>\$ (486,578,626)</u>	<u>\$ 2,393,018,848</u>

<b>INVESTMENT PORTFOLIO ANALYSIS</b> (Fair Value)	<b>JUNE 30, 2012</b>	<b>JUNE 30, 2011</b>
Equities.....	\$ 9,283,732,530	\$ 10,131,613,173
Fixed income.....	3,662,881,949	3,210,020,243
Real estate.....	417,259,556	375,589,750
Mutual funds and variable annuities.....	971,088,663	890,678,243
Total.....	<u>\$ 14,334,962,698</u>	<u>\$ 14,607,901,409</u>

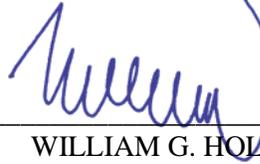
<b>FUNDING PROGRESS (Millions)</b>	<b>JUNE 30, 2012</b>	<b>JUNE 30, 2011</b>
Actuarial Accrued Liability.....	\$ 33,170.2	\$ 31,514.3
Actuarial Value of Assets.....	13,949.9	13,945.7
Unfunded Actuarial Accrued Liability.....	<u>\$ 19,220.3</u>	<u>\$ 17,568.6</u>
Funded Ratio.....	42.1%	44.3%

<b>SUPPLEMENTARY INFORMATION</b>	<b>JUNE 30, 2012</b>	<b>JUNE 30, 2011</b>
Benefit recipients.....	54,785	51,552
Active members.....	81,156	81,611
Inactive members.....	<u>81,341</u>	<u>79,922</u>
Total.....	<u>217,282</u>	<u>213,085</u>

<b>AGENCY DIRECTOR</b>
During Audit Period and Current: William Mabe

**AUDITORS' OPINION**

Our auditors state the June 30, 2012 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 above a horizontal line. A blue line extends from the top right of the signature, pointing towards the text above.

WILLIAM G. HOLLAND  
..Auditor General

WGH:TLK

**SPECIAL ASSISTANT AUDITORS**

McGladrey LLP was our Special Assistant Auditors for this engagement.