

REPORT DIGEST

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

COMPLIANCE EXAMINATION

For the Year Ended:
June 30, 2009

Summary of Findings:

Total this Report: 0
Total last Report: 0
Repeated from last Report: 0

Release Date:
April 15, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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the worldwide web at
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INTRODUCTION

This digest covers our compliance attestation examination of the Teachers' Retirement System (System) for the year ended June 30, 2009. A financial audit covering the year ending June 30, 2009 was previously released on February 16, 2010. 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, 2009 as required by the Illinois State Auditing Act. The accountants' report does not contain any scope limitations, disclaimers or other significant non-standard language.

WILLIAM G. HOLLAND, Auditor General

WGH:RPU:pp

SPECIAL ASSISTANT AUDITORS

BKD LLP were our special assistant auditors for this engagement.

{Financial Data and Supplementary Information are summarized on the reverse page.}

TEACHERS' RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
YEAR ENDED JUNE 30, 2009

OPERATING STATEMENT ANALYSIS		FY 2009	FY 2008
REVENUES:	Contributions - Members.....	\$ 876,182,122	\$
	Contributions - State of Illinois.....	1,451,591,716	865,400,168
	Contributions - School Districts.....	152,328,853	1,041,114,825
	Total Contributions	\$ 2,480,102,691	130,673,629
	Investment Income - Appreciation (Depreciation) in Fair Value	\$(9,453,113,362)	\$ 2,037,188,622
	Investment Income - Income From Investments.....	957,642,297	\$(3,235,738,717)
	Total Investment Income (Loss)	\$(8,495,471,065)	1,409,751,363
	Investment Expense.....	192,814,446	\$(1,825,987,354)
	Total Revenue	\$(6,208,182,820)	188,915,012
		\$ 3,653,713,951	\$ 22,286,256
EXPENSES:	Benefits.....	53,709,137	\$ 3,423,981,732
	Refunds.....	17,387,936	60,285,624
	Administrative Expenses.....	\$ 3,724,811,024	16,613,364
	Total Expenses	\$(9,932,993,844)	\$ 3,500,880,720
	Excess Revenue over (Under) Expenses.....		\$(3,478,594,464)
SCHEDULE OF INVESTMENT PORTFOLIO - Fair Value		JUNE 30, 2009	JUNE 30, 2008
Equities:	Common Stocks, U.S. Equities.....	\$7,988,982,368	\$10,833,227,881
	Common Stocks, Non - U.S. Equities	5,335,746,892	8,183,568,806
	Preferred Stocks, U.S. Equities	57,209,873	30,706,395
	Preferred Stocks, Non - U.S. Equities.....	137,530,669	296,230,161
	Total Equities.	\$13,519,469,802	\$19,343,733,243
Fixed Income:	U.S. Government, U.S. Treasuries.....	300,375,693	710,206,700
	U.S. Government, Federal Agencies	334,260,961	492,181,750
	U.S. Government, Municipals (taxable).....	56,014,455	28,296,195
	U.S. Government, Index Linked Bonds.....	195,845,375	296,216,084
	U.S. Government, Backed Mortgages.....	1,642,564,054	2,374,253,476
	U.S. Corporate: Asset Backed Securities.....	242,291,664	370,453,273
	U.S. Corporate: Commercial Mortgage Backed Securities...	54,815,495	361,639,452
	U.S. Corporate: Collateralized Mortgage Obligations.....	604,540,058	755,133,505
	U.S. Corporate: Commingled / Closed End Funds.....	85,399,730	81,924,023
	U.S. Corporate: Convertible Bonds	2,375,250	6,493,000
	U.S. Corporate: Credit Obligations	1,833,181,745	2,173,436,388
	International Notes and Bonds.....	1,022,504,237	1,319,829,277
	Total Fixed Income.....	\$ 6,374,168,717	\$ 8,970,063,123
	Total Real Return – Commingled Funds	1,531,130,405	2,118,735,890
	Short Term Investments.....	1,062,916,049	1,330,031,596
	Derivatives: Options, Futures and Swaps.....	(6,846,436)	(25,678,522)
	Real Estate.....	3,380,826,272	4,794,916,293
	Private Equity.....	2,344,035,473	2,399,224,145
	Absolute Return.....	719,854,863	504,224,094
	Foreign Currency.....	35,797,184	60,605,839
	TOTAL INVESTMENTS	\$28,961,352,329	\$39,495,855,701
INVESTMENTS USED FOR BENEFITS AND EXPENSES		FY 2009	FY 2008
CONTRIBUTIONS:	Member/Employers/State of Illinois (1)	\$ 2,480,102,691	\$ 2,037,188,622
DEDUCTIONS:	Benefits.....	\$ 3,653,713,951	\$ 3,423,981,732
	Refunds.....	53,709,137	60,285,624
	Administration	17,387,936	16,613,364
	Total Deductions (2)	\$ 3,724,811,024	\$ 3,500,880,720
	Investments used to Pay Benefits and Expenses (1)-(2).....	\$(1,244,708,333)	\$(1,463,692,098)
SUPPLEMENTARY INFORMATION		FY 2009	FY 2008
	Total time weighted return on investments (unaudited).....	(22.7)%	(5.0)%
	New Age Retirement Claims Processed (unaudited)	3,845	4,492
	Number of Retirement Annuitants.....	84,510	81,773
	Average Monthly Benefit for Retirement Annuitants.....	\$3,597	\$3,461
	Number of Survivor Annuitants	8,817	8,647
	Average Monthly Benefit for Survivor Annuitants	\$1,337	\$1,266
	Value of General Obligation Bond, Pension Series 2003 investments.....	\$3,913,534,413	\$5,502,916,284
EXECUTIVE DIRECTOR			
During Engagement Period: Jon Bauman (until April 8, 2009); Stan Rupnik, Acting (effective April 8, 2009)			
Currently: Stan Rupnik, Acting			