



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GENERAL ASSEMBLY RETIREMENT SYSTEM

Compliance Examination
 For the Year Ended June 30, 2019

Release Date: April 22, 2020

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2015		19-1	
Category 2:	1	1	2				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

This digest covers our Compliance Examination of the General Assembly Retirement System for the year ended June 30, 2019. A separate Financial Audit as of and for the year ending June 30, 2019, was previously released on January 22, 2020. This report contains two findings, neither of which were reported in the financial audit.

SYNOPSIS

- (19-1) The General Assembly Retirement System of the State of Illinois did not comply with the ethics training provisions of the Illinois Pension Code.

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

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2019

EXPENSE AND RECEIPT STATISTICS	FY 2019	FY 2018
Total Expenditures.....	\$ 48,310,026	\$ 45,517,719
General Revenue Fund - 001:		
Appropriation for State's contribution.....	23,221,000	21,155,000
General Assembly Retirement System Fund - 481:		
Pensions, annuities and benefits.....	24,469,043	23,202,390
Purchase of investments.....	-	700,000
Refunds.....	169,134	49,416
Contractual services.....	119,009	74,078
Personal services.....	117,379	130,636
Other payroll costs	99,977	98,043
Electronic data processing.....	21,964	20,974
All other expenses.....	3,124	2,228
General Assembly Retirement Excess Benefit Fund - 786:		
Pensions, annuities and benefits.....	89,396	84,954
Total Receipts.....	\$ 24,544,667	\$ 24,598,677
CHANGES IN INVESTMENT BALANCES	June 30, 2019	June 30, 2018
Balance at beginning of year, at fair value.....	\$ 51,487,943	\$ 47,148,105
Net cash added (withdrawn) to (from) investments, net.....	(260,000)	700,000
Net investments.....	51,227,943	47,848,105
Investment income - interest, dividends and other.....	881,479	1,103,641
Investment expenses.....	(74,362)	(74,462)
Net investment income.....	807,117	1,029,179
Net realized gain (loss) on investments.....	3,113,956	2,550,442
Net unrealized gain (loss) on sale of investments.....	(544,584)	60,217
Net appreciation (depreciation) in fair value of investments.....	2,569,372	2,610,659
Total net investment income (loss).....	3,376,489	3,639,838
Balance at end of year, at fair value.....	<u>\$ 54,604,432</u>	<u>\$ 51,487,943</u>
SCHEDULE OF CONTRIBUTIONS/DEDUCTIONS AND EFFECT ON INVESTMENTS (UNAUDITED)	FY 2019	FY 2018
CONTRIBUTIONS:		
Participant.....	\$ 1,317,187	\$ 1,255,232
Employer.....	23,253,426	21,155,000
Total Contributions.....	<u>24,570,613</u>	<u>22,410,232</u>
DEDUCTIONS:		
Benefits.....	24,558,440	23,283,020
Refunds.....	168,920	44,856
Administration.....	389,833	348,384
Total Deductions.....	<u>25,117,193</u>	<u>23,676,260</u>
Contributions in Excess of Deductions (Investments used to pay Benefits and Expenses).....	<u>\$ (546,580)</u>	<u>\$ (1,266,028)</u>
SUPPLEMENTARY INFORMATION (UNAUDITED)	June 30, 2019	June 30, 2018
Money-weighted rate of return.....	7.2%	7.5%
EXECUTIVE SECRETARY		
During Engagement Period: Timothy Blair		
Currently: Timothy Blair		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH ETHICS TRAINING
REQUIREMENTS**

The General Assembly Retirement System of the State of Illinois (System) continues to not comply with the ethics training provisions of the Illinois Pension Code.

The System did not track the ethics training completed by its Board members

During the current year examination testing, we determined through our compliance testing the System did not track the ethics training completed by its Board members and did not submit the required annual certification of compliance certifying ethics training was completed by its Board members with the Illinois Department of Financial and Professional Regulation, Division of Insurance (DFPR). (Finding 1, page 10) **This finding has been repeated since 2015.**

Annual certification not submitted

We recommended the System finalize their draft certification for calendar year 2019 and submit the required annual certification to DFPR.

The System agreed with the recommendation

The System accepted our recommendation and stated they would submit the required annual certification to DFPR.

OTHER FINDINGS

The remaining finding pertains to the General Assembly Retirement System's (System) failure to file the Hispanic and Asian American Employment Plan Survey. We will review the System's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the General Assembly Retirement System for the year ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants stated the General Assembly Retirement System complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by RSM US LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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