

REPORT DIGEST

GENERAL ASSEMBLY RETIREMENT SYSTEM COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 1995

INTRODUCTION

This digest covers our compliance audit of the System for the year ended June 30, 1995. A financial audit covering the year ending June 30, 1995 was previously issued.

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 material findings of noncompliance disclosed during our audit tests. We commend the System for maintaining effective fiscal controls.

FUTURE REPORTING REQUIREMENTS

In November 1994, the Governmental Accounting Standards Board issued Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement requires that plan assets be reported at fair value, rather than at cost. In addition, this Statement establishes a new financial reporting framework that will result in significant changes to the financial statements as well as the required supplementary information. The requirements of this Statement are effective for periods beginning after June 15, 1996, with earlier implementation encouraged. If comparative financial statements are presented, restatement of the prior year financial statements is required.

The System intends to adopt this Statement beginning with the fiscal year ending June 30, 1997. The effect of this Statement will be to increase the net assets by the difference between fair value and cost of the net assets on the date of adoption. The Statement, however,

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

allows for different valuation methods of assets related to some function of market value (i.e. smoothing of market values over time or current market values) for determining funded status and the annual required contribution. If the System had implemented Statement No. 25 at June 30, 1995 and used the current market value method, the net assets available for benefits would have been \$47,693,242 resulting in a funding ratio of 40%.

At present, investments are valued at cost or book value as specified by State law. Thus, implementation of Statement No. 25 will require a change to existing State law to comply with generally accepted accounting principles. Net assets available for benefits at cost at June 30, 1995 were \$40,697,602 resulting in a funding ratio of 34.1%.

WILLIAM G. HOLLAND, Auditor General
WGH:KMA:pp

SUMMARY OF AUDIT FINDINGS

Number of This Audit Prior Audit
Audit findings 00
Repeated findings 00
Recommendations implemented or
not repeated 00

SPECIAL ASSISTANT AUDITORS

McGladrey & Pullen, LLP were our special assistant auditors for this audit.

**GENERAL ASSEMBLY RETIREMENT SYSTEM
 INFORMATION FROM FINANCIAL AND COMPLIANCE AUDITS
 FOR THE YEAR ENDED JUNE 30, 1995**

FINANCIAL OPERATIONS	FY 1995	FY 1994
REVENUES		
Contributions:		
Participants	\$ 1,174,764	\$ 1,011,354
State General Revenue Fund	1,911,800	1,911,800
State Pension Fund	236,400	205,000
Other employers	163,814	-
Net investment income	2,090,016	1,999,664
Net realized gain on sale of investments	965,272	1,431,974
Other	<u>100,367</u>	<u>44,665</u>
Total Revenue	<u>\$ 6,642,433</u>	<u>\$ 6,604,457</u>
EXPENSES		
Benefits:		
Retirement annuities	\$ 5,203,413	\$ 4,942,821
Survivors' annuities	1,336,508	1,188,675
Refunds	117,386	41,590
Administration	<u>198,091</u>	<u>194,494</u>
Total Expenses	<u>\$ 6,855,398</u>	<u>\$ 6,367,580</u>
SELECTED ACCOUNT BALANCES	JUNE 30, 1995	JUNE 30, 1994
Cash	\$1,693,213	\$1,177,781
Receivables	\$8,941	\$3,191
Investments, at cost	\$39,081,113	\$39,825,825
Property and equipment, net of accumulated depreciation	\$9,384	\$12,120
Liabilities	\$95,049	\$108,350
Net Assets Available for Benefits	\$40,697,602	\$40,910,567
Actuarial Pension Obligation	\$119,362,113	\$110,719,958
Unfunded Pension Liability	\$78,664,511	\$69,809,391
SUPPLEMENTARY INFORMATION	FY 1995	FY 1994
Number of System employees (shared with Judges Retirement System)	8	8
Number of retirees and beneficiaries currently receiving benefits	361	356
Inactive members not yet receiving benefits	114	101
Current Members:		
Vested	103	114
Nonvested	79	70

EXECUTIVE SECRETARY

During Audit Period: Michael L. Mory
 Currently: Michael L. Mory

