



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

JUDGES' RETIREMENT SYSTEM

Compliance Examination
 For the Year Ended June 30, 2019

Release Date: April 22, 2020

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

INTRODUCTION

This digest covers our Compliance Examination of the Judges' 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 one finding which was not reported in the financial audit.

SYNOPSIS

- (19-1) The Judges' Retirement System of the State of Illinois did not file the Hispanic and Asian American Employment Plan Survey.

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

JUDGES' RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2019

EXPENSE AND RECEIPT STATISTICS	FY 2019	FY 2018
Total Expenditures	\$ 299,911,277	\$ 297,347,163
General Revenue Fund - 001:		
Appropriation for State's contribution.....	140,469,000	135,962,000
Judges' Retirement System Fund - 477:		
Pensions, annuities and benefits.....	155,565,148	146,423,161
Purchase of investments.....	-	11,600,000
Refunds.....	956,045	521,414
Personal services.....	467,784	520,356
Other payroll costs.....	398,546	390,427
Contractual services.....	168,905	149,470
Electronic data processing.....	74,037	68,632
All other expenses.....	13,892	11,191
Judges' Retirement Excess Benefit Fund - 787:		
Pensions, annuities and benefits.....	1,797,920	1,700,512
Total Receipts	\$ 157,606,692	\$ 164,746,527
CHANGES IN INVESTMENT BALANCES	June 30, 2019	June 30, 2018
Balance at beginning of year, at fair value.....	\$ 978,196,836	\$ 899,652,119
Net cash transferred to (from) investments, net.....	(2,350,000)	9,100,000
Net investments.....	<u>975,846,836</u>	<u>908,752,119</u>
Investment income - interest, dividends and other.....	16,747,914	21,050,899
Investment expenses.....	(1,413,265)	(1,421,235)
Net investment income.....	<u>15,334,649</u>	<u>19,629,664</u>
Net unrealized gain (loss) on investments.....	(10,208,198)	1,149,030
Net realized gain on sales of investments.....	59,150,407	48,666,023
Net appreciation (depreciation) in fair value of investments.....	<u>48,942,209</u>	<u>49,815,053</u>
Total net investment income (loss).....	<u>64,276,858</u>	<u>69,444,717</u>
Balance at end of year, at fair value.....	<u>\$ 1,040,123,694</u>	<u>\$ 978,196,836</u>
SCHEDULE OF CONTRIBUTIONS/DEDUCTIONS AND EFFECT ON INVESTMENTS (UNAUDITED)	FY 2019	FY 2018
CONTRIBUTIONS:		
Participant.....	\$ 14,610,446	\$ 14,295,562
Employer.....	<u>140,518,962</u>	<u>135,962,000</u>
Total Contributions.....	<u>155,129,408</u>	<u>150,257,562</u>
DEDUCTIONS:		
Benefits.....	157,349,969	148,146,938
Refunds.....	990,688	481,716
Administration.....	<u>910,537</u>	<u>897,285</u>
Total Deductions.....	<u>159,251,194</u>	<u>149,525,939</u>
Contributions in Excess of Deductions (Investments used to pay Benefits and Expenses).....	<u>\$ (4,121,786)</u>	<u>\$ 731,623</u>
SUPPLEMENTARY INFORMATION (UNAUDITED)	June 30, 2019	June 30, 2018
Number of System employees.....	5	5
Money-weighted rate of return.....	7.2%	7.5%
EXECUTIVE SECRETARY		
During Engagement Period: Timothy Blair		
Currently: Timothy Blair		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO REPORT STATE HISPANIC AND ASIAN
AMERICAN EMPLOYMENT PLAN**

The Judges' Retirement System of the State of Illinois (System) did not file the Hispanic and Asian American Employment Plan Survey.

**The System did not report its
Hispanic and Asian American Plan
Survey**

During the current compliance examination, we determined based on our compliance testing the System did not report to the Department of Central Management Services (DCMS) and the Department of Human Rights (DHR), on forms prescribed by those Departments, all of the System's activities in implementing the State Hispanic and Asian American Employment Plan. (Finding 1, page 10)

We recommended the System implement a formal process to ensure timely reporting of the System's State Hispanic and Asian American Employment Plan with DCMS and DHR.

**System officials accepted
recommendation**

The System accepted our recommendation and stated the Human Resources Manager has developed a calendar to ensure reports are completed and timely filed. Further, the System stated they timely filed their State Hispanic and Asian American Employment Plans for calendar year 2020 ahead of established due dates.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Judges' Retirement System for the year ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants stated the Judges' 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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