



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**STATE UNIVERSITIES RETIREMENT SYSTEM**

**Financial Audit  
For the Year Ended June 30, 2016**

**Release Date: December 22, 2016**

<b>FINDINGS THIS AUDIT:</b>	<b>0</b>
<b>FINDINGS LAST AUDIT:</b>	<b>1</b>

**INTRODUCTION**

This digest covers the financial statement audit of the State Universities Retirement System (System) as of and for the year ended June 30, 2016. The State Universities Retirement System's Compliance Examination covering the year ended June 30, 2016 will be issued in a separate report at a later date.

The System's total pension liability is \$42.971 billion at June 30, 2016. The net pension liability at June 30, 2016 is \$25.965 billion, which is the difference between the System's fiduciary net position of \$17.006 billion and the total pension liability. The System's funded ratio is 39.57%. The criteria used for computing pension liability information in the financial report in accordance with GASB Statement No. 67 differs from the criteria used to compute the actuarial accrued liability and actuarial unfunded liability under the State's funding plan, therefore this information under the State's funding plan is no longer reported in the financial statements.

There were no material findings of noncompliance disclosed during our examination.

**AUDITORS' OPINION**

Our auditors stated the financial statements of the State Universities Retirement System as of June 30, 2016, and for the year then ended, are fairly stated in all material respects.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:TLK

**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this audit were BKD LLP.

{Expenditures and Activity Measures are summarized on next page.}

**STATE UNIVERSITIES RETIREMENT SYSTEM**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2016**

<b>FINANCIAL OPERATIONS</b>	<b>2016</b>	<b>2015</b>
<b>Additions</b>		
<b>Contributions</b>		
Participants.....	\$ 355,341,100	\$ 340,010,444
Employer and Non-employer contributing entity.....	1,647,664,587	1,590,858,889
<b>Total Contributions.....</b>	<b>2,003,005,687</b>	<b>1,930,869,333</b>
<b>Investment Income</b>		
Net appreciation (depreciation) in fair market value.....	(256,708,352)	315,741,290
Interest.....	113,996,822	111,077,945
Dividends.....	220,725,192	218,278,974
Securities lending.....	4,215,195	4,690,554
Less: Investment expense.....	(61,993,569)	(56,127,346)
<b>Net Investment Income.....</b>	<b>20,235,288</b>	<b>593,661,417</b>
<b>Total Additions.....</b>	<b>2,023,240,975</b>	<b>2,524,530,750</b>
<b>Deductions</b>		
Benefits.....	2,281,769,695	2,160,843,600
Refund of contributions.....	111,646,866	108,644,121
Administrative expense.....	15,210,543	14,535,656
<b>Total Deductions.....</b>	<b>2,408,627,104</b>	<b>2,284,023,377</b>
<b>Net Increase/(Decrease) .....</b>	<b>\$ (385,386,129)</b>	<b>\$ 240,507,373</b>
<b>INVESTMENT PORTFOLIO ANALYSIS</b>		
<b>(Fair Value)</b>	<b>JUNE 30, 2016</b>	<b>JUNE 30, 2015</b>
Equities.....	\$ 9,019,079,231	\$ 11,307,523,098
Fixed income.....	4,689,949,900	4,590,860,760
Real estate and Alternative investments.....	2,822,765,293	874,605,561
Mutual funds and variable annuities.....	1,723,653,945	1,654,146,781
<b>Total.....</b>	<b>\$ 18,255,448,369</b>	<b>\$ 18,427,136,200</b>
<b>PENSION LIABILITY (in millions)</b>		
<b>Total Pension Liability.....</b>	<b>\$ 42,970.9</b>	<b>\$ 41,219.3</b>
Plan Net Position.....	17,005.6	\$ 17,463.0
<b>Net Pension Liability.....</b>	<b>\$ 25,965.3</b>	<b>\$ 23,756.3</b>
Plan Net Position as a Percentage of the Total Pension Liability.	39.57%	42.37%
<b>SUPPLEMENTARY INFORMATION</b>		
Benefit recipients.....	63,703	61,452
Active members.....	78,125	81,309
Inactive members.....	88,536	85,460
<b>Total.....</b>	<b>230,364</b>	<b>228,221</b>
<b>AGENCY DIRECTOR</b>		
During Audit Period: W. Bryan Lewis (4-16-15 to 7-5-16), Interim Director (6-6-16 to 11-14-16)		
Current: Martin Noven (11-1-16 to present)		