



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, 2017

Release Date: December 21, 2017

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INTRODUCTION

This digest covers the financial statement audit of the State Universities Retirement System (System) as of and for the year ended June 30, 2017. The State Universities Retirement System's Compliance Examination covering the year ended June 30, 2017 will be issued in a separate report at a later date.

The System's total pension liability is \$43.966 billion at June 30, 2017. The net pension liability at June 30, 2017 is \$25.481 billion, which is the difference between the System's fiduciary net position of \$18.485 billion and the total pension liability. The System's funded ratio is 42.04%. 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.

AUDITOR'S OPINION

The auditors stated the financial statements of the State Universities Retirement System as of June 30, 2017, and for the year then ended, are fairly stated in all material respects.

This financial audit was conducted by BKD 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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{Financial Information is summarized on next page.}

STATE UNIVERSITIES RETIREMENT SYSTEM
FINANCIAL AUDIT
For the Year Ended June 30, 2017

FINANCIAL OPERATIONS	2017	2016
Additions		
Contributions		
Participants.....	\$ 363,859,687	\$ 355,341,100
Employer and Non-employer contributing entity.....	1,717,467,545	1,647,664,587
Total Contributions.....	<u>2,081,327,232</u>	<u>2,003,005,687</u>
Investment Income		
Net appreciation (depreciation) in fair market value.....	1,967,912,694	(256,708,352)
Interest.....	114,131,741	113,996,822
Dividends.....	236,551,585	220,725,192
Securities lending.....	5,885,222	4,215,195
Less: Investment expense.....	<u>(63,821,279)</u>	<u>(61,993,569)</u>
Net Investment Income.....	2,260,659,963	20,235,288
Total Additions.....	<u>4,341,987,195</u>	<u>2,023,240,975</u>
Deductions		
Benefits.....	2,383,819,393	2,281,769,695
Refund of contributions.....	118,929,259	111,646,866
Administrative expense.....	15,303,608	15,210,543
Total Deductions.....	<u>2,518,052,260</u>	<u>2,408,627,104</u>
Net Increase/(Decrease)	<u>\$ 1,823,934,935</u>	<u>\$ (385,386,129)</u>
INVESTMENT PORTFOLIO ANALYSIS		
(Fair Value)	JUNE 30, 2017	JUNE 30, 2016
Equities.....	\$ 9,998,536,284	\$ 9,019,079,231
Fixed income.....	4,772,101,327	4,689,949,900
Real estate and Alternative investments.....	3,345,526,675	2,822,765,293
Mutual funds and variable annuities.....	2,052,773,940	1,723,653,945
Total.....	<u>\$ 20,168,938,226</u>	<u>\$ 18,255,448,369</u>
PENSION LIABILITY (in millions)		
	JUNE 30, 2017	JUNE 30, 2016
Total Pension Liability.....	\$ 43,965.9	\$ 42,970.9
Plan Net Position.....	18,484.8	\$ 17,005.6
Net Pension Liability.....	<u>\$ 25,481.1</u>	<u>\$ 25,965.3</u>
Plan Net Position as a Percentage of the Total Pension Liability.....	42.04%	39.57%
SUPPLEMENTARY INFORMATION		
	JUNE 30, 2017	JUNE 30, 2016
Benefit recipients.....	65,078	63,703
Active members.....	75,969	78,125
Inactive members.....	90,819	88,536
Total.....	<u>231,866</u>	<u>230,364</u>
AGENCY DIRECTOR		
During Audit Period: Mr. William Mabe (through 11-14-16), Martin Noven (effective 11-1-16 to present)		
Current: Martin Noven		