



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

**Financial Audit
For the Year Ended June 30, 2020**

Release Date: January 27, 2021

| | |
|-----------------------------|----------|
| FINDINGS THIS AUDIT: | 0 |
| FINDINGS LAST AUDIT: | 0 |

INTRODUCTION

This digest covers the financial statement audit of the State Employees' Retirement System of the State of Illinois (System) as of and for the year ended June 30, 2020. The State Employees' Retirement System's Compliance Examination covering the year ended June 30, 2020 will be issued in a separate report at a later date.

The System's total pension liability is \$54.1 billion at June 30, 2020, an increase of \$2.2 billion from \$51.9 billion at June 30, 2019. The System's net pension liability at June 30, 2020 is \$34.9 billion, which is the difference between the System's fiduciary net position of \$19.2 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 35.51% at June 30, 2020 as compared to 35.64% at June 30, 2019. 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 findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION

The auditors stated the financial statements of the System as of and for the year ended June 30, 2020 are fairly stated in all material respects.

The financial audit was conducted by RSM 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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**STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
FINANCIAL AUDIT**

For the Years Ended June 30, 2020 and 2019

| STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Additions: | | |
| Contributions - Participants..... | \$ 271,749,009 | \$ 275,675,175 |
| Contributions - State Agencies and Appropriations..... | 2,368,905,396 | 2,274,925,279 |
| Total Contributions..... | <u>2,640,654,405</u> | <u>2,550,600,454</u> |
| Net Appreciation (Depreciation) in Fair Value of Investments..... | 644,850,428 | 845,866,191 |
| Interest and Dividends..... | 209,466,565 | 297,231,841 |
| Investment Expense..... | (24,988,274) | (24,669,122) |
| Net Investment Income..... | <u>829,328,719</u> | <u>1,118,428,910</u> |
| Total Additions..... | <u>3,469,983,124</u> | <u>3,669,029,364</u> |
| Deductions: | | |
| Benefits..... | 2,727,820,833 | 2,601,306,593 |
| Refunds..... | 19,366,029 | 24,133,508 |
| Administrative Expenses..... | 17,412,562 | 14,978,852 |
| Total Deductions..... | <u>2,764,599,424</u> | <u>2,640,418,953</u> |
| Net Increase (Decrease) in Net Position..... | <u>\$ 705,383,700</u> | <u>\$ 1,028,610,411</u> |
| STATEMENT OF FIDUCIARY NET POSITION AND INVESTMENT SUMMARY - (All investments held in the Illinois State Board of Investment Commingled Fund at fair value) | June 30, 2020 | June 30, 2019 |
| U.S. Government, Agency and Municipal Obligations..... | \$ 237,703,276 | \$ 251,385,936 |
| Domestic Equities..... | 2,852,607,404 | 2,961,709,654 |
| International Equities..... | 235,312,041 | 233,224,060 |
| Domestic Bank Loans..... | 242,975,580 | 392,020,733 |
| Domestic Obligations..... | 733,705,710 | 687,426,898 |
| International Obligations..... | 284,182,790 | 145,836,447 |
| Commingled Funds..... | 10,918,731,709 | 10,791,639,807 |
| Hedge Funds..... | 46,354,758 | 141,715,793 |
| Real Estate Funds..... | 1,960,846,320 | 1,737,430,583 |
| Private Equity Funds..... | 942,875,216 | 779,475,084 |
| Infrastructure Funds..... | 279,399,854 | 316,264,251 |
| Opportunistic Debt Funds..... | 822,484,844 | 506,150,801 |
| Restricted Cash (Subscription Advance)..... | 40,000,000 | - |
| Money Market Instruments..... | 212,665,371 | 156,715,534 |
| Total Investment Portfolio..... | <u>19,809,844,873</u> | <u>19,100,995,581</u> |
| Other ISBI Assets Less Liabilities..... | 1,118,638 | 58,269,428 |
| ISBI Net Position..... | <u>19,810,963,511</u> | <u>19,159,265,009</u> |
| Investments owned by other retirement systems and other entities..... | (1,173,447,537) | (1,134,216,509) |
| State Employees' Retirement System Investments..... | 18,637,515,974 | 18,025,048,500 |
| Cash, Receivables and Other Assets..... | 639,228,567 | 558,400,453 |
| Less: Total Liabilities..... | (79,472,189) | (91,560,301) |
| Net Position - Restricted for Pensions..... | <u>\$ 19,197,272,352</u> | <u>\$ 18,491,888,652</u> |
| ADMINISTRATIVE EXPENSES | 2020 | 2019 |
| Personal Services..... | \$ 5,533,899 | \$ 4,932,669 |
| Retirement, Group Insurance & Social Security..... | 4,691,121 | 4,306,979 |
| Electronic Data Processing..... | 3,915,840 | 2,731,088 |
| Contractual Services..... | 1,870,494 | 1,953,466 |
| Depreciation and Amortization..... | 984,767 | 972,770 |
| Other Expenses (Net)..... | 416,441 | 81,880 |
| Total Administrative Expenses..... | <u>\$ 17,412,562</u> | <u>\$ 14,978,852</u> |
| SUPPLEMENTARY INFORMATION | June 30, 2020 | June 30, 2019 |
| Benefit Recipients..... | 74,372 | 74,589 |
| Active Members..... | 62,621 | 62,026 |
| Inactive Members..... | 3,774 | 3,843 |
| Total..... | <u>140,767</u> | <u>140,458</u> |
| PENSION LIABILITY | June 30, 2020 | June 30, 2019 |
| Total Pension Liability..... | \$ 54,065,950,445 | \$ 51,885,938,889 |
| Plan Fiduciary Net Position..... | <u>19,197,272,352</u> | <u>18,491,888,652</u> |
| Net Pension Liability..... | <u>\$ 34,868,678,093</u> | <u>\$ 33,394,050,237</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability..... | 35.51% | 35.64% |
| EXECUTIVE SECRETARY | | |
| During Engagement Period: Timothy B. Blair | | |
| Currently: Timothy B. Blair | | |