



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Financial Audit
For the Year Ended: June 30, 2013**

Release Date: January 8, 2014

Summary of Findings:

Total this audit:	0
Total last audit:	0
Repeated from last audit:	0

INTRODUCTION

This digest covers our financial audit of the System for the year ended June 30, 2013. A compliance examination report covering the year ending June 30, 2013 will be issued separately.

FUNDED RATIO

The actuarial accrued liability was valued at \$34.4 billion at June 30, 2013. The actuarial value of assets (at smoothed value) totaled approximately \$14.3 billion at June 30, 2013. The method for determining the actuarial value of assets was changed beginning with the June 30, 2009 valuation. The method was changed from the market value to a smoothed value where the actuarial gains or losses for each year are recognized in equal amounts over the ensuing five-year period. The difference between the actuarial accrued liability and the actuarial value of assets of \$20.1 billion reflects the unfunded liability of the System at June 30, 2013. The System had a funded ratio (at smoothed value) of 41.5% at June 30, 2013. When using the market value, the System would have a funded ratio of 43.7%.

AUDITORS' OPINION

Our auditors state the June 30, 2013 financial statements of the State Universities Retirement System are presented fairly in all material respects.



WILLIAM G. HOLLAND, Auditor General

WGH:TLK

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were McGladrey LLP.

{Financial Data is summarized on the reverse page.}

STATE UNIVERSITIES RETIREMENT SYSTEM
FINANCIAL AUDIT
For the Year Ended June 30, 2013

FINANCIAL OPERATIONS	2013	2012
Additions		
Contributions		
Participants.....	\$ 305,079,175	\$ 312,357,812
Employer.....	1,450,720,295	1,031,738,495
Total Contributions.....	<u>1,755,799,470</u>	<u>1,344,096,307</u>
Investment Income		
Net appreciation in fair market value.....	1,549,836,543	(218,846,087)
Interest.....	100,489,294	81,396,519
Dividends.....	237,085,587	200,831,741
Securities lending.....	4,404,538	5,641,433
Less: Investment expense.....	(49,548,198)	(43,296,841)
Net Investment Income.....	<u>1,842,267,764</u>	<u>25,726,765</u>
Total Additions.....	<u>3,598,067,234</u>	<u>1,369,823,072</u>
Deductions		
Benefits.....	1,934,136,238	1,748,672,457
Refund of contributions.....	101,598,796	94,173,484
Administrative expense.....	13,852,565	13,555,757
Total Deductions.....	<u>2,049,587,599</u>	<u>1,856,401,698</u>
Net Increase (Decrease).....	<u>\$ 1,548,479,635</u>	<u>\$ (486,578,626)</u>
INVESTMENT PORTFOLIO ANALYSIS (Fair Value)	JUNE 30, 2013	JUNE 30, 2012
Equities.....	\$ 10,320,326,214	\$ 9,283,732,530
Fixed income.....	3,825,328,939	3,662,881,949
Real estate.....	382,755,515	417,259,556
Mutual funds and variable annuities.....	1,179,889,253	971,088,663
Total.....	<u>\$ 15,708,299,921</u>	<u>\$ 14,334,962,698</u>
FUNDING PROGRESS (in millions)	JUNE 30, 2013	JUNE 30, 2012
Actuarial Accrued Liability.....	\$ 34,373.1	\$ 33,170.2
Actuarial Value of Assets.....	14,262.6	13,949.9
Unfunded Actuarial Accrued Liability.....	<u>\$ 20,110.5</u>	<u>\$ 19,220.3</u>
Funded Ratio.....	41.5%	42.1%
SUPPLEMENTARY INFORMATION	JUNE 30, 2013	JUNE 30, 2012
Benefit recipients.....	57,563	54,785
Active members.....	81,302	81,156
Inactive members.....	82,196	81,341
Total.....	<u>221,061</u>	<u>217,282</u>
AGENCY DIRECTOR		
During Audit Period and Current: William Mabe		