



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Financial Audit- Schedule of Allocation
For the Year Ended June 30, 2015**

Release Date: April 21, 2016

INTRODUCTION

This digest covers the Financial Audit of the Schedule of Allocation as of and for the years ended June 30, 2015 and 2014 and the related notes to the Schedules. In addition, the digest also covers the Financial Audit of the total for all entities of the columns titled net pension liability as of June 30, 2015 and 2014, total deferred outflows of resources, total deferred inflows of resources, and total pension expense subject to allocation (specified column totals) in the Schedule of Pension Amounts of the State Universities Retirement System (System) as of and for the year ended June 30, 2015. We previously released a separate Financial Audit of the System's financial statements (released January 12, 2016) and Compliance Examination (released April 14, 2016) as of and for the year ending June 30, 2015.

The System is the administrator of a cost-sharing, multiple-employer defined benefit public employee retirement system. The System was established to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. Certain contributions are statutorily required to be made to the System by employees, employers and the State of Illinois (State), who would be considered a non-employer contributing entity. For the year ending June 30, 2015, employers and non-employers that make contributions to the System will be required to adopt Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions as an amendment of GASB statement No. 27*. GASB Statement 68 requires the participating employers and non-employer that prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) to recognize their proportionate share of certain collective pension amounts in their financial statements, which includes the net pension liability.

The State is considered a non-employer contributing entity. The Schedule of Allocations and Schedule of Pension Amounts include amounts for the State. Prior to the implementation of GASB Statement 68, the portion of the System's liability not covered by assets was not allocated to the State for financial reporting purposes. Consequently, the State did not report the cumulative pension amounts, including the net pension liability, in either their audited financial statements or notes, even though they have an obligation to provide pension benefits to the employees.

Due to the State needing to report the pension amounts in their financial statements prepared in accordance with GAAP, the System has prepared the Schedule of Allocation and the Schedule of Pension Amounts which provides the necessary financial information for the State. By having these Schedules audited this will also provide the State's auditors an Independent Auditor's Opinion in regard to those Schedules.

The System's net pension liability at June 30, 2015 was \$23.8 billion of which 100% is allocated to the State of Illinois as their portion of the net pension liability.

AUDITORS' OPINION

Our auditors stated the Schedule of Allocation and the total for all entities of the columns titled net pension liability as of June 30, 2015 and 2014, total deferred outflows of resources, total deferred inflows of resources, and total pension expense subject to allocation (specified column totals) in the Schedule of Pension Amounts of the State Universities Retirement System (System) as of and for the year ended June 30, 2015, and the related notes to the Schedules, 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 RSM US LLP.