

STATE OF ILLINOIS

**SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING
OF STATE APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION
AND RETIREMENT FUND OF CHICAGO**

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF STATE
APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND
RETIREMENT FUND OF CHICAGO
For the Two Years Ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Accountant's Reports	
Independent Accountants' Report on Special Limited State Compliance Testing and on Supplementary Information for State Compliance Purposes	4
Supplementary Information for State Compliance Purposes	
Summary	6
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	7
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	9
Analysis of Significant Variations in Expenditures	10

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF STATE
APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND
RETIREMENT FUND OF CHICAGO
For the Two Years Ended June 30, 2009

AGENCY OFFICIALS

Executive Director

Mr. Kevin Huber

Chief Financial Officer/Chief
Operating Officer

Ms. Patricia Hambrick

Agency offices are located at:

203 N. LaSalle, Suite 2600
Chicago, IL 60601



Chicago Teachers' Pension Fund

203 North La Salle Street, suite 2600 Chicago, Illinois 60601-1231

MANAGEMENT ASSERTION LETTER

March 25, 2010

Honorable William G. Holland
Illinois Auditor General
740 East Ash Street
Springfield, IL 62703

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Fund. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Fund's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2008 and June 30, 2009, the Fund has materially complied with the assertions below.

- A. The Fund has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Fund has submitted its annual report to the State as required by law.

Yours very truly,

Public School Teachers' Pension and Retirement Fund of Chicago

Kevin Huber, Executive Director

Patricia Hambrick, Chief Financial Officer

BOARD OF TRUSTEES

John F. O'Brill
president

Lois Nelson
financial secretary

Lois W. Ashford
Alberto A. Carrero, Jr.

Walter E. Pilditch
Mary Sharon Reilly

Kevin B. Huber
executive director

Linda S. Goff
vice president

Maria J. Rodriguez
recording secretary

Peggy A. Davis
Chris N. Kolis

Jay C. Rehak
James F. Ward

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF STATE
APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND
RETIREMENT FUND OF CHICAGO
For the Two Years Ended June 30, 2009

COMPLIANCE REPORT

SUMMARY

The special limited compliance examination testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on Special Limited State Compliance Testing and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

There were no findings of noncompliance disclosed by our special limited State compliance examination tests in this examination or in the prior examination which are required to be reported in accordance with the Audit Guide.

EXIT CONFERENCE

The Public School Teachers' Pension and Retirement Fund of Chicago waived an exit conference in an email on March 19, 2010.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2867



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. - SUITE S-900
160 NORTH LASALLE - 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

**INDEPENDENT ACCOUNTANTS' REPORT ON SPECIAL LIMITED STATE
COMPLIANCE TESTING AND ON SUPPLEMENTARY INFORMATION FOR STATE
COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Public School Teachers' Pension and Retirement Fund of Chicago's (Fund) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, insofar as such standards are applicable to this special limited testing, during the two years ended June 30, 2009. The management of the Fund is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Fund's compliance based on our examination.

- A. The Fund has expended and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Fund has submitted its annual report to the State as required by law.

We conducted our special limited scope compliance examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act insofar as such standards are applicable to this special limited testing; and, accordingly, included examining, on a test basis, evidence about the Fund's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Fund's compliance with specified requirements.

Our special limited compliance testing was restricted to the appropriations made from the Illinois General Assembly to the Fund from Fund 001 and Fund 007 and the related expenditures. We have not examined the financial statements of the Fund and, accordingly, we do not express an opinion on them.

In our opinion, the Fund complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. The results of our procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General. There were no immaterial findings developed in this special limited State compliance testing which have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2008 and the 2009 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Fund management, and the Fund's governing board and is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA

Director of Financial and Compliance Audits

March 25, 2010

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF STATE
APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND
RETIREMENT FUND OF CHICAGO
For the Two Years Ended June 30, 2009

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Analysis of Significant Variations in Expenditures

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states we have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for the information on the 2007 Supplementary Information for State Compliance Purposes on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF
STATE APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2009

P.A. 95-0734 FISCAL YEAR 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
For Payment of the State's Contribution for retirement contributions under Section 17-127 of the Pension Code to the Public School Teachers' Pension and Retirement Fund of Chicago					
	\$ 9,800,000	\$ 8,983,333	\$ 816,667	\$ 9,800,000	\$ -
Education Assistance Fund - 007					
For payment of the State's Contribution to Public School Teachers' Pension and Retirement Fund of Chicago					
	<u>\$ 65,044,700</u>	<u>\$ 59,624,308</u>	<u>\$ 5,420,392</u>	<u>\$ 65,044,700</u>	<u>\$ -</u>
Total Fiscal Year 2009	<u>\$ 74,844,700</u>	<u>\$ 68,607,641</u>	<u>\$ 6,237,059</u>	<u>\$ 74,844,700</u>	<u>\$ -</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency Records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF
STATE APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
For Payment of the State's Contribution for retirement contributions under Section 17-127 of the Pension Code to the Public School Teachers' Pension and Retirement Fund of Chicago					
	\$ 10,218,000	\$ 9,376,500	\$ 841,500	\$ 10,218,000	\$ -
Education Assistance Fund - 007					
For payment of the State's Contribution to Public School Teachers' Pension and Retirement Fund of Chicago					
	<u>\$ 65,044,700</u>	<u>\$ 59,624,308</u>	<u>\$ 5,420,392</u>	<u>\$ 65,044,700</u>	<u>\$ -</u>
Total Fiscal Year 2008	<u>\$ 75,262,700</u>	<u>\$ 69,000,808</u>	<u>\$ 6,261,892</u>	<u>\$ 75,262,700</u>	<u>\$ -</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency Records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF
STATE APPROPRIATIONS TO THE PUBLIC SCHOOL TEACHERS'
PENSION AND RETIREMENT FUND OF CHICAGO
**COMPARATIVE SCHEDULE OF NET STATE APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For Fiscal Years Ended June 30, 2009

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenue Fund - 001	P.A. 95-0734	P.A. 95-0348	P.A. 94-0798
Appropriations (Net After Transfers)	<u>\$ 9,800,000</u>	<u>\$ 10,218,000</u>	<u>\$ 10,242,000</u>
<u>Expenditures</u>			
For Payment of the State's Contribution for retirement contributions under Section 17-127 of the Pension Code to the Public School Teachers' Pension and Retirement Fund of Chicago	<u>\$ 9,800,000</u>	<u>\$ 10,218,000</u>	<u>\$ 10,242,000</u>
Total Expenditures - 001	<u>\$ 9,800,000</u>	<u>\$ 10,218,000</u>	<u>\$ 10,242,000</u>
Lapsed Balances - 001	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Education Assistance Fund - 007			
Appropriations (Net After Transfers)	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>
<u>Expenditures</u>			
For payment of the State's Contribution to Public School Teachers' Pension and Retirement Fund of Chicago	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>
Total Expenditures - 007	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>	<u>\$ 65,044,700</u>
Lapsed Balances - 007	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Appropriations (Net After Transfers) - All Funds	<u>\$ 74,844,700</u>	<u>\$ 75,262,700</u>	<u>\$ 75,286,700</u>
Total Expenditures - All Funds	<u>\$ 74,844,700</u>	<u>\$ 75,262,700</u>	<u>\$ 75,286,700</u>
Lapsed Balances - All Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATE OF ILLINOIS
SPECIAL LIMITED COMPLIANCE EXAMINATION TESTING OF STATE APPROPRIATIONS
TO THE PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

We did not note any significant variations in expenditures for the two years ended June 30, 2009.