



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GENERAL ASSEMBLY RETIREMENT SYSTEM

Financial Audit
For the Year Ended June 30, 2017

Release Date: February 8, 2018

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

INTRODUCTION

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

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* requires the System to disclose the total pension liability and net pension liability in the financial statement notes as well as other related information as required supplementary information. The System's total pension liability is \$378.4 million at June 30, 2017. The net pension liability at June 30, 2017 is \$324.1 million, which is the difference between the System's fiduciary net position of \$54.3 million and the total pension liability. The System's funded ratio is 14.36%. 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, 2017 are fairly stated in all material respects.

This 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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{Financial information is summarized on the next page.}

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2017 and 2016

STATEMENT OF CHANGES IN PLAN NET POSITION	2017	2016
Additions:		
Contributions - Participants.....	\$ 1,284,707	\$ 1,309,697
Contributions - Employer/Appropriations.....	21,721,000	16,073,000
Total Contributions.....	<u>23,005,707</u>	<u>17,382,697</u>
Net Appreciation (Depreciation) in Fair Value of Investments.....	4,047,802	(1,811,781)
Investment Income.....	1,174,687	1,389,953
Investment Expense	(82,239)	(117,666)
Net Investment Income.....	<u>5,140,250</u>	<u>(539,494)</u>
Total Additions.....	<u>28,145,957</u>	<u>16,843,203</u>
Deductions:		
Benefits.....	22,362,526	21,841,237
Refunds.....	130,885	141,817
Administrative Expenses.....	355,711	382,340
Total Deductions.....	<u>22,849,122</u>	<u>22,365,394</u>
Net Increase (Decrease) in Net Position.....	<u>\$ 5,296,835</u>	<u>\$ (5,522,191)</u>

STATEMENT OF NET POSITION AND INVESTMENT SUMMARY - (All investments held in the Illinois State Board of Investment Commingled Fund at fair value)	June 30, 2017	June 30, 2016
U.S. Government and Agency Obligations.....	\$ 3,167,555,410	\$ 2,349,026,919
Foreign Obligations.....	259,928,956	80,165,287
Corporate Obligations.....	782,703,583	746,537,021
Municipal Bonds.....	8,524,180	-
Common Stock & Equity Funds.....	4,960,020,282	4,317,909,601
Commingled Funds.....	1,334,987,865	961,730,986
Foreign Equity Securities (including Preferred Stock).....	2,517,173,942	2,244,023,753
Hedge Funds.....	831,753,718	1,181,203,258
Real Estate Funds.....	1,601,026,564	1,704,064,846
Private Equity.....	609,298,253	582,943,357
Money Market Instruments.....	294,723,455	356,617,721
Real Assets.....	587,711,767	592,736,380
Bank Loans.....	424,188,017	449,925,261
Foreign Currency Forward Contracts.....	(11,493,448)	(1,337,420)
Total Investment Portfolio.....	<u>17,368,102,544</u>	<u>15,565,546,970</u>
Other ISBI Assets Less Liabilities.....	(61,804,339)	36,121,555
ISBI Net Position.....	<u>17,306,298,205</u>	<u>15,601,668,525</u>
Investments owned by other retirement systems and other entities.....	(17,259,150,100)	(15,559,064,084)
General Assembly Retirement System Investments.....	47,148,105	42,604,441
Cash, Receivables and Other Assets.....	9,272,664	7,910,785
Less: Total Liabilities.....	<u>(2,071,861)</u>	<u>(1,463,153)</u>
Net Position - Restricted for Pensions.....	<u>\$ 54,348,908</u>	<u>\$ 49,052,073</u>

ADMINISTRATIVE EXPENSES	2017	2016
Personal Services.....	\$ 129,208	\$ 131,051
Retirement, Group Insurance & Social Security.....	96,024	100,231
Contractual Services.....	108,676	132,404
Other Expenses (Net).....	21,803	18,654
Total Administrative Expenses.....	<u>\$ 355,711</u>	<u>\$ 382,340</u>

SUPPLEMENTARY INFORMATION	June 30, 2017	June 30, 2016
Benefit Recipients.....	421	415
Active Members.....	135	141
Inactive Members.....	58	55
Total.....	<u>614</u>	<u>611</u>

PENSION LIABILITY	June 30, 2017	June 30, 2016
Total Pension Liability.....	\$ 378,405,604	\$ 373,665,822
Plan Fiduciary Net Position.....	54,348,908	49,052,073
Net Pension Liability.....	<u>\$ 324,056,696</u>	<u>\$ 324,613,749</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	14.36%	13.13%

EXECUTIVE SECRETARY
During Engagement Period: Timothy B. Blair
Currently: Timothy B. Blair