



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, 2016**

**Release Date: February 9, 2017**

**INTRODUCTION**

This digest covers the Financial Audit of the Schedule of Allocation as of and for the year ended June 30, 2016 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, 2016, 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, 2016. We previously released a separate Financial Audit of the System's financial statements (released December 22, 2016) as of and for the year ending June 30, 2016.

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), which would be considered a non-employer contributing entity. For the year ended June 30, 2015, employers and non-employers that made contributions to the System implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions as amendment of GASB statement No. 27*. GASB Statement 68 required the participating employers and non-employers 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 Allocation 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 Report in regard to those Schedules.

The System's net pension liability at June 30, 2016 was \$25.96 billion of which 100% is allocated to the State of Illinois as its 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, 2016, 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, 2016, and the related notes to the Schedules, are fairly stated in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this audit were BKD LLP.