



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**JUDGES' RETIREMENT SYSTEM**

**Financial Audit**  
**For the Year Ended June 30, 2018**

**Release Date: January 23, 2019**

<b>FINDINGS THIS AUDIT:</b>	<b>0</b>
<b>FINDINGS LAST AUDIT:</b>	<b>0</b>

**INTRODUCTION**

This digest covers the financial statement audit of the Judges' Retirement System of the State of Illinois (System) as of and for the year ended June 30, 2018. The Judges' Retirement System's Compliance Examination covering the year ended June 30, 2018 will be issued in a separate report at a later date.

The System's total pension liability is \$2,783.9 million at June 30, 2018, an increase of \$70.9 million from \$2,713.0 million at June 30, 2017. The System's net pension liability at June 30, 2018 is \$1,771.4 million, which is the difference between the System's fiduciary net position of \$1,012.5 million and the total pension liability. The System's net position as a percentage of the total pension liability is 36.37% at June 30, 2018 as compared to 34.71% at June 30, 2017. 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(S)**

The auditors stated the financial statements of the System as of and for the year ended June 30, 2018 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

FJM:JAF

{Financial information is summarized on the next page.}

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2018 and 2017**

<b>STATEMENT OF CHANGES IN PLAN NET POSITION</b>	<b>2018</b>	<b>2017</b>
Additions:		
Contributions - Participants.....	\$ 14,295,562	\$ 14,770,467
Contributions - Employer/Appropriations.....	135,962,000	131,334,000
Total Contributions.....	<u>150,257,562</u>	<u>146,104,467</u>
Net Appreciation (Depreciation) in Fair Value of Investments.....	49,815,053	77,594,390
Investment Income.....	21,555,828	21,761,030
Investment Expense.....	(1,421,235)	(1,558,941)
Net Investment Income.....	<u>69,949,646</u>	<u>97,796,479</u>
Total Additions.....	<u>220,207,208</u>	<u>243,900,946</u>
Deductions:		
Benefits.....	148,146,938	140,497,204
Refunds.....	481,716	974,665
Administrative Expenses.....	897,285	914,405
Total Deductions.....	<u>149,525,939</u>	<u>142,386,274</u>
Net Increase in Net Position.....	<u>\$ 70,681,269</u>	<u>\$ 101,514,672</u>
<b>STATEMENT OF NET POSITION AND INVESTMENT SUMMARY - (All investments held in the Illinois State Board of Investment Commingled Fund at fair value)</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
U.S. Government and Agency Obligations.....	\$ 3,772,996,557	\$ 3,167,555,410
Foreign Obligations.....	317,071,356	259,928,956
Corporate Obligations.....	978,155,830	782,703,583
Municipal Bonds.....	8,911,164	8,524,180
Common Stock & Equity Funds.....	5,227,218,322	4,960,020,282
Commingled Funds.....	1,721,839,058	1,334,987,865
Foreign Equity Securities (including Preferred Stock).....	2,310,044,822	2,517,173,942
Hedge Funds.....	360,744,003	831,753,718
Opportunistic Debt.....	225,053,335	-
Real Estate Funds.....	1,594,774,574	1,601,026,564
Private Equity.....	706,768,270	609,298,253
Money Market Instruments.....	231,743,812	294,723,455
Infrastructure.....	408,985,767	587,711,767
Bank Loans.....	464,315,920	424,188,017
Foreign Currency Forward Contracts.....	(7,847,062)	(11,493,448)
Total Investment Portfolio.....	<u>18,320,775,728</u>	<u>17,368,102,544</u>
Other ISBI Assets Less Liabilities.....	15,658,721	(61,804,339)
ISBI Net Position.....	<u>18,336,434,449</u>	<u>17,306,298,205</u>
Investments owned by other retirement systems and other entities.....	(17,358,237,613)	(16,406,646,087)
Judges' Retirement System Investments.....	978,196,836	899,652,118
Cash, Receivables and Other Assets.....	46,867,447	51,980,140
Less: Total Liabilities.....	<u>(12,579,482)</u>	<u>(9,828,726)</u>
Net Position - Restricted for Pension Benefits.....	<u>\$ 1,012,484,801</u>	<u>\$ 941,803,532</u>
<b>ADMINISTRATIVE EXPENSES</b>	<b>2018</b>	<b>2017</b>
Personal Services.....	\$ 392,613	\$ 388,112
Retirement, Group Insurance & Social Security.....	294,687	288,479
Contractual Services.....	166,571	164,111
Other Expenses (Net).....	43,414	73,703
Total Administrative Expenses.....	<u>\$ 897,285</u>	<u>\$ 914,405</u>
<b>SUPPLEMENTARY INFORMATION</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Benefit Recipients.....	1,193	1,175
Active Members.....	936	953
Inactive Members.....	9	11
Total.....	<u>2,138</u>	<u>2,139</u>
<b>PENSION LIABILITY</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Total Pension Liability.....	\$ 2,783,868,067	\$ 2,713,027,855
Plan Fiduciary Net Position.....	1,012,484,801	941,803,532
Net Pension Liability.....	<u>\$ 1,771,383,266</u>	<u>\$ 1,771,224,323</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	36.37%	34.71%
<b>EXECUTIVE SECRETARY</b>		
During Engagement Period: Timothy B. Blair		
Currently: Timothy B. Blair		