



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, 2019**

**Release Date: January 22, 2020**

<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, 2019. The Judges' Retirement System's Compliance Examination covering the year ended June 30, 2019 will be issued in a separate report at a later date.

The System's total pension liability is \$2,850.5 million at June 30, 2019, an increase of \$66.6 million from \$2,783.9 million at June 30, 2018. The System's net pension liability at June 30, 2018 is \$1,777.4 million, which is the difference between the System's fiduciary net position of \$1,073.1 million and the total pension liability. The System's net position as a percentage of the total pension liability is 37.65% at June 30, 2019 as compared to 36.37% at June 30, 2018. 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, 2019 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.}

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2019 and 2018**

<b>STATEMENT OF CHANGES IN PLAN NET POSITION</b>	<b>2019</b>	<b>2018</b>
Additions:		
Contributions - Participants.....	\$ 14,610,446	\$ 14,295,562
Contributions - Employer/Appropriations.....	140,518,962	135,962,000
Total Contributions.....	<u>155,129,408</u>	<u>150,257,562</u>
Net Appreciation (Depreciation) in Fair Value of Investments.....	48,942,209	49,815,053
Investment Income.....	17,211,792	21,555,828
Investment Expense.....	(1,413,265)	(1,421,235)
Net Investment Income.....	<u>64,740,736</u>	<u>69,949,646</u>
Total Additions.....	<u>219,870,144</u>	<u>220,207,208</u>
Deductions:		
Benefits.....	157,349,969	148,146,938
Refunds.....	990,688	481,716
Administrative Expenses.....	910,537	897,285
Total Deductions.....	<u>159,251,194</u>	<u>149,525,939</u>
Net Increase in Net Position.....	<u>\$ 60,618,950</u>	<u>\$ 70,681,269</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, 2019</b>	<b>June 30, 2018</b>
U.S. Government and Agency Obligations.....	\$ 249,211,178	\$ 3,772,996,557
Foreign Obligations.....	145,836,447	317,071,356
Corporate Obligations.....	687,426,898	978,155,830
Municipal Bonds.....	2,174,758	8,911,164
Common Stock & Equity Funds.....	2,961,709,654	5,227,218,322
Commingled Funds.....	10,791,639,807	1,721,839,058
Foreign Equity Securities (including Preferred Stock).....	233,224,060	2,310,044,822
Hedge Funds.....	141,715,793	360,744,003
Opportunistic Debt.....	506,150,801	225,053,335
Real Estate Funds.....	1,737,430,583	1,594,774,574
Private Equity.....	779,475,084	706,768,270
Infrastructure.....	316,264,251	408,985,767
Bank Loans.....	392,020,733	464,315,920
Money Market Instruments.....	156,715,534	231,743,812
Foreign Currency Forward Contracts.....	-	(7,847,062)
Total Investment Portfolio.....	<u>19,100,995,581</u>	<u>18,320,775,728</u>
Other ISBI Assets Less Liabilities.....	58,269,428	15,658,721
ISBI Net Position.....	<u>19,159,265,009</u>	<u>18,336,434,449</u>
Investments owned by other retirement systems and other entities.....	(18,119,141,315)	(17,358,237,613)
Judges' Retirement System Investments.....	1,040,123,694	978,196,836
Cash, Receivables and Other Assets.....	38,855,435	46,867,447
Less: Total Liabilities.....	(5,875,378)	(12,579,482)
Net Position - Restricted for Pension Benefits.....	<u>\$ 1,073,103,751</u>	<u>\$ 1,012,484,801</u>
<b>ADMINISTRATIVE EXPENSES</b>	<b>2019</b>	<b>2018</b>
Personal Services.....	\$ 352,970	\$ 392,613
Retirement, Group Insurance & Social Security.....	300,588	294,687
Contractual Services.....	193,900	166,571
Other Expenses (Net).....	63,079	43,414
Total Administrative Expenses.....	<u>\$ 910,537</u>	<u>\$ 897,285</u>
<b>SUPPLEMENTARY INFORMATION</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Benefit Recipients.....	1,234	1,193
Active Members.....	956	936
Inactive Members.....	10	9
Total.....	<u>2,200</u>	<u>2,138</u>
<b>PENSION LIABILITY</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Total Pension Liability.....	\$ 2,850,453,114	\$ 2,783,868,067
Plan Fiduciary Net Position.....	1,073,103,751	1,012,484,801
Net Pension Liability.....	<u>\$ 1,777,349,363</u>	<u>\$ 1,771,383,266</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	37.65%	36.37%
<b>EXECUTIVE SECRETARY</b>		
During Engagement Period: Timothy B. Blair		
Currently: Timothy B. Blair		