



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

**Financial Audit
For the Year Ended June 30, 2021**

Release Date: June 16, 2022

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

This digest covers the financial statement audit of the State Employees' Retirement System of the State of Illinois (System) as of and for the year ended June 30, 2021. The System's Compliance Examination covering the year ended June 30, 2021 will be issued in a separate report at a later date.

The System's total pension liability is \$57.0 billion at June 30, 2021, an increase of \$2.9 billion from \$54.1 billion at June 30, 2020. The System's net pension liability at June 30, 2021 is \$33.1 billion, which is the difference between the System's fiduciary net position of \$23.9 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 41.91% as of June 30, 2021 as compared to 35.51% at June 30, 2020. 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, 2021, are fairly stated in all material respects.

This financial audit was conducted by RSM US 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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STATE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FINANCIAL AUDIT
For the Years Ended June 30, 2021 and 2020

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	2021	2020
Additions:		
Contributions - Participants.....	\$ 280,583,917	\$ 271,749,009
Contributions - State Agencies and Appropriations.....	2,478,209,949	2,368,905,396
Total Contributions.....	<u>2,758,793,866</u>	<u>2,640,654,405</u>
Net Appreciation (Depreciation) in Fair Value of Investments.....	4,597,023,302	644,850,428
Interest and Dividends.....	246,645,442	209,466,565
Investment Expense.....	(29,167,875)	(24,988,274)
Net Investment Income.....	<u>4,814,500,869</u>	<u>829,328,719</u>
Total Additions.....	<u>7,573,294,735</u>	<u>3,469,983,124</u>
Deductions:		
Benefits.....	2,853,548,896	2,727,820,833
Refunds.....	17,102,185	19,366,029
Administrative Expenses.....	<u>16,577,412</u>	<u>17,412,562</u>
Total Deductions.....	<u>2,887,228,493</u>	<u>2,764,599,424</u>
Net Increase (Decrease) in Net Position.....	<u>\$ 4,686,066,242</u>	<u>\$ 705,383,700</u>
STATEMENT OF FIDUCIARY NET POSITION AND INVESTMENT SUMMARY - (All investments held in the Illinois State Board of Investment Commingled Fund at fair value)	June 30, 2021	June 30, 2020
U.S. Government, Agency and Municipal Obligations.....	\$ 521,828,660	\$ 237,703,276
Domestic Equities.....	3,337,691,564	2,852,607,404
International Equities.....	307,054,822	235,312,041
Domestic Bank Loans.....	145,394,891	242,975,580
Domestic Obligations.....	271,011,211	733,705,710
International Obligations.....	17,207,758	284,182,790
Commingled Funds.....	14,551,185,317	10,918,731,709
Hedge Funds.....	76,923,377	46,354,758
Real Estate Funds.....	2,233,918,871	1,960,846,320
Private Equity Funds.....	1,690,845,180	942,875,216
Infrastructure Funds.....	310,090,578	279,399,854
Opportunistic Debt Funds.....	1,131,242,538	822,484,844
Restricted Cash (Subscription Advance).....	35,000,000	40,000,000
Money Market Instruments.....	250,743,051	212,665,371
Total Investment Portfolio.....	<u>24,880,137,818</u>	<u>19,809,844,873</u>
Other ISBI Assets Less Liabilities.....	(19,286,609)	1,118,638
ISBI Net Position.....	<u>24,860,851,209</u>	<u>19,810,963,511</u>
Investments owned by other retirement systems and other entities.....	(1,477,748,645)	(1,173,447,537)
State Employees' Retirement System Investments.....	23,383,102,564	18,637,515,974
Cash, Receivables and Other Assets.....	625,753,902	639,228,567
Less: Total Liabilities.....	(125,517,872)	(79,472,189)
Net Position - Restricted for Pensions.....	<u>\$ 23,883,338,594</u>	<u>\$ 19,197,272,352</u>
ADMINISTRATIVE EXPENSES	2021	2020
Personal Services.....	\$ 5,275,180	\$ 5,533,899
Retirement, Group Insurance & Social Security.....	4,899,228	4,691,121
Electronic Data Processing.....	4,065,553	3,915,840
Contractual Services.....	1,328,785	1,870,494
Depreciation and Amortization.....	909,168	984,767
Other Expenses (Net).....	99,498	416,441
Total Administrative Expenses.....	<u>\$ 16,577,412</u>	<u>\$ 17,412,562</u>
SUPPLEMENTARY INFORMATION	June 30, 2021	June 30, 2020
Benefit Recipients.....	74,907	74,372
Active Members.....	62,253	62,621
Inactive Members.....	3,825	3,774
Total.....	<u>140,985</u>	<u>140,767</u>
PENSION LIABILITY	June 30, 2021	June 30, 2020
Total Pension Liability.....	\$ 56,984,058,744	\$ 54,065,950,445
Plan Fiduciary Net Position.....	<u>23,883,338,594</u>	<u>19,197,272,352</u>
Net Pension Liability.....	<u>\$ 33,100,720,150</u>	<u>\$ 34,868,678,093</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	41.91%	35.51%
EXECUTIVE SECRETARY		
During Engagement Period: Timothy B. Blair		
Currently: Timothy B. Blair		