



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Financial Audit
For the Year Ended June 30, 2017

Release Date: January 9, 2018

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

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

The System's total pension liability is \$125.8 billion at June 30, 2017, an increase of \$1.6 billion from \$124.2 billion at June 30, 2016. The net pension liability at June 30, 2017 is \$76.4 billion, which is the difference between the System's fiduciary net position of \$49.4 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 39.3% at June 30, 2017 as compared to 36.4% at June 30, 2016. 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 used for funding purposes, therefore this information 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 BKD 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 next page.}

TEACHERS' RETIREMENT SYSTEM OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2017

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	2017	2016
Additions:		
Contributions - Members.....	\$ 929,130,165	\$ 951,809,398
Contributions - State of Illinois.....	3,986,363,699	3,742,469,245
Contributions - School Districts / Employers.....	149,495,577	148,040,767
Total Contributions.....	<u>5,064,989,441</u>	<u>4,842,319,410</u>
Investment Income (Loss), Net of Expenses.....	5,520,453,001	(44,103,178)
Total Additions.....	<u>10,585,442,442</u>	<u>4,798,216,232</u>
Deductions:		
Benefits.....	6,152,867,751	5,848,180,208
Refunds.....	285,138,169	83,026,969
Administrative Expenses.....	22,728,735	22,967,917
Total Deductions.....	<u>6,460,734,655</u>	<u>5,954,175,094</u>
Net Increase (Decrease) in Net Position.....	<u>\$ 4,124,707,787</u>	<u>\$ (1,155,958,862)</u>
STATEMENT OF FIDUCIARY NET POSITION	June 30, 2017	June 30, 2016
Cash.....	\$ 38,331,642	\$ 40,637,848
Receivables and Prepaid Expenses.....	10,059,591,696	5,279,564,166
Investments, at fair value.....	49,180,275,900	45,632,926,356
Invested Securities Lending Collateral.....	3,268,211,165	3,134,036,175
Capital Assets, Net of Accumulated Depreciation.....	2,913,530	3,605,993
Total Assets.....	<u>\$ 62,549,323,933</u>	<u>\$ 54,090,770,538</u>
Liabilities.....	13,173,659,415	8,839,813,807
Net Position Restricted for Pensions.....	<u>\$ 49,375,664,518</u>	<u>\$ 45,250,956,731</u>
INVESTMENT PORTFOLIO ANALYSIS - Fair Value	June 30, 2017	June 30, 2016
Fixed Income.....	\$ 10,552,182,948	\$ 9,887,153,436
Public Equities.....	17,480,643,235	16,083,525,866
Alternative Investments.....	19,838,883,828	18,494,303,800
Derivatives.....	3,427,917	(62,716,360)
Short-term Investments.....	1,223,393,259	1,127,440,142
Foreign Currency.....	81,744,713	103,219,472
Total Investment Portfolio.....	<u>\$ 49,180,275,900</u>	<u>\$ 45,632,926,356</u>
ADMINISTRATIVE EXPENSES	2017	2016
Personal Services.....	\$ 16,552,769	\$ 17,585,286
Other Services.....	2,830,893	2,658,173
Professional Services.....	1,698,085	1,061,094
Depreciation.....	1,065,985	1,100,476
Communications.....	581,003	562,888
Total Administrative Expenses.....	<u>\$ 22,728,735</u>	<u>\$ 22,967,917</u>
SUPPLEMENTARY INFORMATION	June 30, 2017	June 30, 2016
Benefit Recipients.....	120,151	117,650
Active Members.....	160,488	159,735
Inactive Members.....	131,812	129,470
Total.....	<u>412,451</u>	<u>406,855</u>
PENSION LIABILITY	June 30, 2017	June 30, 2016
Total Pension Liability.....	\$ 125,773,806,438	\$ 124,187,003,384
Plan Fiduciary Net Position.....	49,375,664,518	45,250,956,731
Net Pension Liability.....	<u>\$ 76,398,141,920</u>	<u>\$ 78,936,046,653</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	39.3%	36.4%
EXECUTIVE DIRECTOR		
During Engagement Period: Richard W. Ingram		
Currently: Richard W. Ingram		