



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, 2018

Release Date: January 3, 2019

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, 2018. The 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 \$129.9 billion at June 30, 2018, an increase of \$4.1 billion from \$125.8 billion at June 30, 2017. The System's net pension liability at June 30, 2018 is \$77.9 billion, which is the difference between the System's fiduciary net position of \$52.0 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 40.0% at June 30, 2018 as compared to 39.3% 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 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, 2018 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 the next page.}

TEACHERS' RETIREMENT SYSTEM OF ILLINOIS

FINANCIAL AUDIT

For the Year Ended June 30, 2018 and 2017

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	2018	2017
Additions:		
Contributions - Members.....	\$ 938,037,245	\$ 929,130,165
Contributions - State of Illinois.....	4,095,125,358	3,986,363,699
Contributions - School Districts / Employers.....	84,633,117	149,495,577
Total Contributions.....	5,117,795,720	5,064,989,441
Investment Income (Loss), Net of Expenses.....	4,049,271,728	5,520,453,001
Total Additions.....	9,167,067,448	10,585,442,442
Deductions:		
Benefits.....	6,458,709,645	6,152,867,751
Refunds.....	92,924,731	285,138,169
Administrative Expenses.....	21,550,896	22,728,735
Total Deductions.....	6,573,185,272	6,460,734,655
Net Increase (Decrease) in Net Position.....	\$ 2,593,882,176	\$ 4,124,707,787
STATEMENT OF FIDUCIARY NET POSITION	June 30, 2018	June 30, 2017
Cash.....	\$ 32,034,294	\$ 38,331,642
Receivables and Prepaid Expenses.....	5,856,758,011	10,059,591,696
Investments, at fair value.....	52,070,945,762	49,180,275,900
Invested Securities Lending Collateral.....	2,323,876,849	3,268,211,165
Capital Assets, Net of Accumulated Depreciation.....	2,851,122	2,913,530
Total Assets.....	\$ 60,286,466,038	\$ 62,549,323,933
Liabilities.....	8,316,919,344	13,173,659,415
Net Position Restricted for Pensions.....	\$ 51,969,546,694	\$ 49,375,664,518
INVESTMENT PORTFOLIO ANALYSIS - Fair Value	June 30, 2018	June 30, 2017
Fixed Income.....	\$ 12,138,093,138	\$ 10,552,182,948
Public Equities.....	18,207,596,005	17,480,643,235
Alternative Investments.....	20,343,876,329	19,838,883,828
Derivatives.....	32,220,547	3,427,917
Short-term Investments.....	1,280,712,915	1,223,393,259
Foreign Currency.....	68,446,828	81,744,713
Total Investment Portfolio.....	\$ 52,070,945,762	\$ 49,180,275,900
ADMINISTRATIVE EXPENSES	2018	2017
Personal Services.....	\$ 15,785,515	\$ 16,552,769
Other Services.....	2,405,690	2,830,893
Professional Services.....	1,879,628	1,698,085
Depreciation.....	948,500	1,065,985
Communications.....	531,563	581,003
Total Administrative Expenses.....	\$ 21,550,896	\$ 22,728,735
SUPPLEMENTARY INFORMATION	June 30, 2018	June 30, 2017
Benefit Recipients.....	122,423	120,151
Active Members.....	160,859	160,488
Inactive Members.....	134,010	131,812
Total.....	417,292	412,451
PENSION LIABILITY	June 30, 2018	June 30, 2017
Total Pension Liability.....	\$ 129,914,383,296	\$ 125,773,806,438
Plan Fiduciary Net Position.....	51,969,546,694	49,375,664,518
Net Pension Liability.....	\$ 77,944,836,602	\$ 76,398,141,920
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	40.0%	39.3%
EXECUTIVE DIRECTOR		
During Engagement Period: Richard W. Ingram		
Currently: Richard W. Ingram		