

AUDITORS ' REPORT
STATE EMPLOYEES ' RETIREMENT
SYSTEM OF ILLINOIS

June 30, 1972

CHICAGO OFFICE:
520 STATE OF ILLINOIS BUILDING
160 NORTH LASALLE STREET



SPRINGFIELD OFFICE:
716 STATE OFFICE BUILDING
401 SOUTH SPRING STREET

Jul

DEPARTMENT OF AUDITS
STATE OF ILLINOIS
OFFICE OF THE AUDITOR GENERAL

DAVID B. THOMAS
AUDITOR GENERAL



October 6, 1972

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STATE EMPLOYEES
RETIREMENT SYSTEM
OF ILL.

AUDIT REVIEW

Agency Audited: STATE EMPLOYEES' RETIREMENT SYSTEM
Period Covered: Year Ended June 30, 1971
Auditors: Alexander Grant & Company

Auditors' Opinion:

In the auditors' opinion, the financial statements examined in this audit do not present fairly the financial position of the System Trust Fund at June 30, 1971 or the results of its operations for the year then ended in conformity with generally accepted accounting principles because the statements do not reflect the actuarially determined reserves for employee benefits and the resultant receivable from the State, as prescribed by the Illinois Pension Code. However, the auditors expressed an unqualified opinion on specific components of the financial statements of the System Trust Fund. Further, they expressed an unqualified opinion on the financial statements of the other funds examined by them in this audit.

Recommendations:

Of the four audit recommendations carried over from the prior audit, two had been fully implemented during the period examined. In addition to the two remaining, two new recommendations are offered in the current report. I have reviewed and concur with the recommendations made by the auditors.

Other Matters:

The auditors have summarized audit findings other than those related to recommendations under the caption "Other Findings" on Page 37 of the report.

D. B. Thomas

D. B. THOMAS
Auditor General

DBT/gam

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Alexander Grant

& COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INTERNATIONAL FIRM

ALEXANDER GRANT TANSLEY WITT

David B. Thomas
Auditor General
State of Illinois

We have examined the accompanying balance sheet of each of the various funds of the State Employees' Retirement System of Illinois at June 30, 1972 and the related statements of revenue and expenditures and changes in reserve and fund balances and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the State Employees Investment Fund of the Illinois State Board of Investments which holds investments contributed by the State Employees' Retirement System of Illinois. The statements of the Illinois State Board of Investments were examined by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts related to investments contributed by the State Employees' Retirement System of Illinois, is based in part upon the report of the other auditors.

In our opinion, based upon our examination and the report of other auditors, the above mentioned financial statements present fairly the financial position of each of the various funds of the State Employees' Retirement System of Illinois at June 30, 1972 and the results of operations and changes in reserves and fund balances for the year then ended, in conformity with generally accepted accounting principles on a basis consistent with that of the preceding year after giving retroactive effect to the changes, with which we concur, in the method for accounting for actuarial computations of the unfunded obligation receivable and the reserves as described in notes A 1 and D, and the change from the cash basis to accrual basis of reporting for the Social Security Contribution Fund as described in note E.

Alexander Grant & Company

Bloomington, Illinois
June 27, 1973

State Employees' Retirement System of Illinois

BALANCE SHEET

June 30, 1972

ASSETS

| | Restricted | | | | | Total All Funds |
|--|----------------------|--|--|---------------------------|-----------|--------------------|
| | System Trust Fund | Social Security Contribution Fund | General Assembly Appropriation Fund | State Property Fund | | |
| CURRENT ASSETS | | | | | | |
| Cash | \$ 949,662 | \$ 7,268,295 | \$ - | \$ - | \$ - | \$ 8,217,957 |
| Contributions receivable | | | | | | |
| From members | 2,487,524 | - | - | - | - | 2,487,524 |
| From employer | 2,342,061 | - | - | - | - | 2,342,061 |
| Other accounts receivable | 22,310 | - | - | - | - | 22,310 |
| Unexpended balance of appropriation | - | - | 62,176 | - | - | 62,176 |
| Total current assets | 5,801,557 | 7,268,295 | 62,176 | - | - | 13,132,028 |
| INVESTMENTS | | | | | | |
| U.S. Government obligations (note B) | - | 137,437 | - | - | - | 137,437 |
| Investment in State Employees Investment Fund of the Illinois State Board of Investments (notes A2 and B) | 337,711,454 | - | - | - | - | 337,711,454 |
| PROPERTY AND EQUIPMENT | | | | | | |
| State property (note A3) | - | - | - | 91,097 | - | 91,097 |
| OTHER ASSET | | | | | | |
| Unfunded obligation of the State of Illinois (notes A 1 and D) | 468,887,460 | - | - | - | - | 468,887,460 |
| | \$812,400,471 | \$ 7,405,732 | \$ 62,176 | \$ 91,097 | \$ 91,097 | \$819,959,476 |

LIABILITIES

| | | | | | | |
|---|-------------|-----------|-----------|--------|------|-------------|
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 62,176 | \$ - | \$ - | \$ 62,176 |
| Benefits payable | 457,208 | - | - | - | - | 457,208 |
| Refunds payable | 351,400 | - | - | - | - | 351,400 |
| Unremitted contributions (note E) | - | - | - | - | - | - |
| Amounts withheld from employees and payments by employing agencies | - | 7,026,802 | - | - | - | 7,026,802 |
| Amounts received from political subdivisions | - | 214,977 | - | - | - | 214,977 |
| Total current liabilities | 808,608 | 7,241,779 | 62,176 | - | - | 8,112,563 |
| RESERVES | | | | | | |
| Reserves (notes A 1 and D) | 811,591,863 | - | - | - | - | 811,591,863 |
| FUND BALANCE | | | | | | |
| Fund balance | 811,591,863 | 163,953 | - | 91,097 | - | 255,050 |
| Reserves and fund balances at June 30, 1972 | 812,400,471 | 7,405,732 | 62,176 | 91,097 | - | 819,959,476 |

The accompanying notes are an integral part of this statement.

State Employees' Retirement System of Illinois
STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES
IN RESERVES AND FUND BALANCES

June 30, 1972

| | System Trust Fund | Social Security Contribution Fund | General Assembly Appropriation Fund | State Property Fund | Total All Funds |
|--|----------------------|--|--|---------------------------|--------------------|
| Revenue | | | | | |
| Payments by members | \$ 33,829,474 | - | - | - | \$ 33,829,474 |
| Contributions from State of Illinois from appropriations made directly to the State Employees' Retirement System | 33,086,831 | - | - | - | 33,086,831 |
| Investment income from the State | 111,780 | - | 742,100 | - | 853,880 |
| Employees Investment Fund of the Illinois State Board of Investments (net of expenses of \$176,155) | 15,150,068 | - | - | - | 15,150,068 |
| Interest on U.S. Obligations | - | 4,693 | - | - | 4,693 |
| Interest paid by participants | 113,699 | - | - | - | 113,699 |
| Repayment of refunds | 350,734 | - | - | - | 350,734 |
| Transfer to Property Fund | 82,642,586 | 4,693 | (1,204) | 1,204 | 83,389,379 |
| Expenditures | | | | | |
| Benefits | 30,249,017 | - | - | - | 30,249,017 |
| Refunds | 4,012,935 | - | - | - | 4,012,935 |
| Payments to recapitulating systems | 43,918 | - | - | - | 43,918 |
| Administrative expenses | - | - | 735,001 | - | 735,001 |
| Appropriation balances lapsed | 26,556,906 | - | 5,895 | - | 26,556,906 |
| Loss on sale and exchange of investments (note C) | 60,862,776 | - | 740,896 | - | 61,603,672 |
| Excess revenue over expenditures | 21,779,810 | 4,693 | - | 1,204 | 21,785,707 |
| Changes in reserve and fund balances | | | | | |
| Unfunded obligation of the State of Illinois for the year ended June 30, 1972 (notes A I and D) | 72,424,570 | - | - | - | 72,424,570 |
| Total increase in reserves and fund balances | 94,204,380 | 4,693 | - | 1,204 | 94,210,277 |
| Reserve balances at July 1, 1971, as restated (notes A I and D) | 717,387,483 | - | - | - | 717,387,483 |
| Fund balances at July 1, 1971 | - | 159,260 | - | 89,893 | 249,153 |
| Total reserve and fund balances at July 1, 1971, as restated | 717,387,483 | 159,260 | - | 89,893 | 717,636,636 |
| Total reserve and fund balances at June 30, 1972 | \$811,591,863 | \$ 163,953 | - | \$ 91,097 | \$811,846,913 |

The accompanying notes are an integral part of this statement.

State Employees' Retirement System of Illinois

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended June 30, 1972

| | System Trust Fund | Social Security Contribution Fund | General Assembly Appropriation Fund | State Property Fund | Total All Funds |
|---|----------------------|--|--|---------------------------|--------------------|
| Sources of working capital | | | | | |
| From operations | | | | | |
| Excess of revenue over expenditures for the year ended June 30, 1972 | \$ 21,779,810 | \$ 4,693 | \$ - | \$ 1,204 | \$ 21,785,707 |
| Charges (credits) to revenue not using (providing) working capital | | | | | |
| Loss on sale of investments | 26,556,906 | - | - | - | 26,556,906 |
| Income from equity in State Employees Investment Fund of the Illinois State Board of Investments reinvested in the fund | (15,150,068) | - | - | - | (15,150,068) |
| Working capital provided from operations | 33,186,648 | 4,693 | - | 1,204 | 33,192,545 |
| Increase in the unfunded obligation of the State of Illinois as actuarially determined (note D) | 72,424,570 | 19,132 | - | - | 72,424,570 |
| Proceeds from U.S. obligations | 105,611,218 | 23,825 | - | 1,204 | 105,636,247 |
| Applications of working capital | | | | | |
| Transfer of funds to Illinois State Board of Investments | 33,250,000 | - | - | - | 33,250,000 |
| Purchase of U.S. obligations | - | 47,831 | - | - | 47,831 |
| Increase in reserves for accrued liabilities as actuarially determined | 72,424,570 | - | - | - | 72,424,570 |
| Purchase of equipment | 105,674,570 | 47,831 | - | 1,204 | 105,723,605 |
| DECREASE IN WORKING CAPITAL | 63,352 | 24,006 | - | - | 87,358 |
| WORKING CAPITAL AT JULY 1, 1971 | 5,056,301 | 50,522 | - | - | 5,106,823 |
| WORKING CAPITAL AT JUNE 30, 1972 | \$ 4,992,949 | \$ 26,516 | \$ - | \$ - | \$ 5,019,465 |

State Employees' Retirement System
STATEMENT OF CHANGES IN FINANCIAL POSITION - CONTINUED
Year ended June 30, 1972

| | System Trust Fund | Social Security Contribution Fund | General Assembly Appropriation Fund | State Property Fund | Total All Funds |
|---|----------------------|--|--|---------------------------|--------------------|
| Changes in components of working capital | | | | | |
| Increase (decrease) in current assets | | | | | |
| Cash | \$ 547,796 | \$ 1,211,784 | \$ - | \$ - | \$ 1,759,580 |
| Contributions receivable | | | | | |
| From members | 321,767 | - | - | - | 321,767 |
| From employers | (616,400) | - | - | - | (616,400) |
| Other accounts receivable | 9,484 | - | - | - | 9,484 |
| Unexpended balance of appropriations | <u>262,647</u> | <u>1,211,784</u> | <u>41,217</u> | <u>-</u> | <u>41,217</u> |
| | | | <u>41,217</u> | <u>-</u> | <u>1,515,648</u> |
| (Increase) decrease in current liabilities | | | | | |
| Accounts payable | - | - | (41,217) | - | (41,217) |
| Benefits payable | (140,066) | - | - | - | (140,066) |
| Refunds payable | (185,933) | - | - | - | (185,933) |
| Unremitted contributions | | | | | |
| Amounts withheld from employees and payments by employing agencies | - | (1,266,414) | - | - | (1,266,414) |
| Amounts received from political subdivisions | <u>(325,999)</u> | <u>30,624</u> | <u>(41,217)</u> | <u>-</u> | <u>30,624</u> |
| | | <u>(1,235,790)</u> | <u>(41,217)</u> | <u>-</u> | <u>1,603,006</u> |
| DECREASE IN WORKING CAPITAL | \$ 63,352 | \$ 24,006 | \$ - | \$ - | \$ 87,358 |

The accompanying notes are an integral part of this statement.

State Employees' Retirement System of Illinois

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 1972

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied consistently in the preparation of the System's financial statements follows:

1. Method of accounting

The financial statements of the System Trust Fund reflect the contribution's that would be required from State appropriations to provide for the actuarial requirements of the benefits as defined by the Illinois Pension Code.

The financial statements of the Social Security Contribution Fund do not reflect the activity of the clearing account on behalf of the Social Security Administration for political subdivisions and agencies and employees of the State of Illinois. (See note E)

2. Investments

Under the provisions of Article 22A of the Illinois Pension Code, the investments of the State Employees' Retirement System of Illinois were transferred to the State Employees Investment Fund of the Illinois State Board of Investment as of June 30, 1970. The equity in the State Employees Investment Fund is carried on the System's books at cost or amortized cost.

3. Property and equipment

The System records the purchase of property and equipment at cost in the State Property Fund. Property and equipment are not depreciated in conformity with governmental accounting principles.

NOTE B - INVESTMENTS

The components of the assets held by the State Employees' Investment Fund of the Illinois State Board of Investment are as follows:

| | Cost or amortized cost | Market |
|--|------------------------------|---------------|
| U.S. Government obligations | \$ 8,521,927 | \$ 8,177,894 |
| Corporate debt | 10,255,000 | 10,255,000 |
| Illinois Equity Fund (9,549,478 units) | 110,615,681 | 122,144,854 |
| Illinois Bond Fund (20,725,011 units) | 207,243,816 | 207,772,802 |
| Cash and receivables (net) | 1,075,030 | 1,075,030 |
| | \$337,711,454 | \$349,425,580 |
| | ===== | ===== |

State Employees' Retirement System of Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year ended June 30, 1972

NOTE B - INVESTMENTS - CONTINUED

The Illinois State Board of Investment carries these assets at market value.

NOTE C - LOSS ON SALE AND EXCHANGE OF INVESTMENTS

On April 1, 1972, the Illinois State Board of Investment transferred U.S. Government and Corporate Bonds from the State Employees' Investment Fund to the Illinois Bond Fund, a newly established commingled fixed income fund. Assets transferred had an amortized cost of \$223,952,871 with a market value of \$197,487,159, thereby realizing a loss of approximately \$26,465,712. In addition, a loss of \$91,194 was realized on the sale of a U.S. Treasury Bond with an amortized cost of \$10,588,235 which was sold for \$10,497,041. Thus the total loss on sale and exchange of investments was \$26,556,906.

NOTE D - RESERVES

The prior years' financial statements did not reflect the unfunded obligation of the State of Illinois and the corresponding unfunded accrued liability of the System for the actuarially computed benefits as required by the Illinois Pension Code because the determination dates were subsequent to the issuance of the financial statements. However, for the year ended June 30, 1972 this actuarial determination, made by a consulting actuary, was available and is reflected in the financial statements. The reserve balances for the years ended June 30, 1971 and 1972 have been restated as follows:

| | <u>1972</u> | <u>1971</u> |
|---|------------------------|------------------------|
| Reserve balances recorded on the books of the System at June 30 | \$342,704,403 | \$320,924,592 |
| Unfunded accrued liability of the System actuarially computed as of June 30 | <u>468,887,460</u> | <u>396,462,891</u> |
| Reserve balances, as restated at June 30 | \$811,591,863 ===== | \$717,387,483 ===== |

State Employees' Retirement System of Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year ended June 30, 1972

NOTE E - SOCIAL SECURITY CONTRIBUTION FUND

The Social Security Contribution Fund of the State Employees' Retirement System acts as a clearing account for amounts remitted from participating political subdivisions, State employees and employing agencies. Funds are collected from the various sources and in turn are forwarded to the United States Treasurer. The activity for the year ended June 30, 1972 follows:

| | | |
|--|-------------------|-------------------|
| Unremitted contributions at June 30, 1971 | | |
| Political subdivisions | \$ 5,760,388 | |
| State employees and employing agencies | <u>245,602</u> | \$ 6,005,990 |
| Additions: | | |
| Receipts from political subdivisions | 64,650,418 | |
| Receipts from State employees and employing agencies | <u>31,935,735</u> | <u>96,586,153</u> |
| | | 102,592,143 |
| Deductions: | | |
| Deposits to State Treasurer's General Revenue Fund (for share of operating expenses paid by political subdivisions) | 50,921 | |
| Deposits to United States Treasurer | 95,269,295 | |
| Refunds of erroneous payments | <u>30,148</u> | <u>95,350,364</u> |
| Unremitted contributions at June 30, 1972 | | |
| Political subdivisions | 7,026,802 | |
| State employees and employing agencies | <u>214,977</u> | \$ 7,241,779 |
| | | ===== |

SUPPLEMENTAL INFORMATION

AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

David B. Thomas
Auditor General
State of Illinois

The basic financial statements of the State Employees' Retirement System of Illinois for the year ended June 30, 1972, and our report thereon, are presented in the preceding section of this report. Our examination was made primarily for the purpose of formulating an overall opinion on those financial statements. We have previously examined and reported on the financial statements for the preceding year.

The supplemental statements presented hereinafter, although not considered necessary for a fair presentation of financial position and results of operations, are presented solely as supplementary information and other than certain statistical data, have been subjected to the audit procedures applied in the examination of the basic financial statements. In our opinion, the supplemental statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alexander Grant & Company

Bloomington, Illinois
June 27, 1973.

State Employees' Retirement System of Illinois
System Trust Fund

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN RESERVE BALANCES

Year ended June 30, 1972

| | Total | Members' contributions | Interest accumulations | Allocation by reserve | | | | Future operations |
|--|---------------|------------------------|------------------------|---------------------------|---------------------------------------|----------------------------|-------------|-------------------|
| | | | | Annuitants death benefits | Retired member's supplemental annuity | Automatic annuity increase | | |
| Revenue | \$ 33,829,474 | \$ 31,007,655 | \$ - | \$ - | \$ 96,747 | \$ 2,725,072 | \$ - | |
| Payments by members | 33,086,831 | - | - | - | - | 2,820,212 | 30,266,619 | |
| Contributions by employing State agencies | | | | | | | | |
| Contributions from State of Illinois from appropriations made directly to the State Employees' Retirement System of Illinois | 111,780 | - | - | - | - | - | 111,780 | |
| Investment income from the State Employees Investment Fund of the Illinois State Board of Investments (net of expenses of \$176,155) | 15,150,068 | - | - | - | - | - | 15,150,068 | |
| Interest paid by members | 113,699 | - | - | - | - | - | 113,699 | |
| Repayment of refunds | 350,734 | 350,734 | - | - | - | - | - | |
| Expenditures | 82,642,586 | 31,358,389 | - | - | 96,747 | 5,545,284 | 45,642,166 | |
| Benefits | | | | | | | | |
| Service retirement allowance | 18,094,449 | - | - | - | - | - | 18,094,449 | |
| Death benefit after retirement | 100,230 | - | - | - | - | - | 100,230 | |
| Ordinary death | 1,982,058 | 1,430,913 | - | - | - | - | 551,145 | |
| Accidental death | 331,360 | 18,972 | - | - | - | - | 312,388 | |
| Ordinary disability | 3,676,506 | - | - | - | - | - | 3,676,506 | |
| Accidental disability | 275,843 | - | - | - | - | - | 275,843 | |
| Survivor's annuity | 3,868,938 | - | - | - | - | - | 3,868,938 | |
| Widows' annuity | 1,109,124 | - | - | - | - | - | 1,109,124 | |
| Retired members' supplemental annuity | 777,000 | - | - | - | 777,000 | - | - | |
| Reversionary annuity | 10,017 | - | - | - | - | - | 10,017 | |
| Automatic annuity increase | 23,492 | - | - | - | - | 23,492 | - | |
| Refunds | 4,012,935 | 4,012,557 | - | - | 378 | - | - | |
| Payments to reciprocating systems | 43,918 | 34,420 | - | - | - | - | - | |
| | 34,305,870 | 5,496,862 | - | - | 777,378 | 23,492 | 28,008,138 | |
| Excess of revenue or (expenditures) before loss of exchange on sale of investments | 48,336,716 | 25,861,527 | - | - | (680,631) | 5,521,792 | 17,634,028 | |
| Loss on sale and exchange of investments | 26,556,906 | - | - | - | - | - | 26,556,906 | |
| Excess of revenue or (expenditures) after loss and exchange on sale of investments | 21,779,810 | 25,861,527 | - | - | (680,631) | 5,521,792 | (8,922,878) | |

State Employees' Retirement System of Illinois
System Trust Fund

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN RESERVE BALANCES - CONTINUED

Year ended June 30, 1972

| | Allocation by reserve | | | | | | |
|---|-----------------------|------------------------|------------------------|---------------------------|---------------------------------------|----------------------------|----------------------|
| | Total | Members' contributions | Interest accumulations | Annuitants death benefits | Retired member's supplemental annuity | Automatic annuity increase | Future operations |
| Excess of revenue or (expenditures) after loss and exchange on sale of investments | \$ 21,779,810 | \$ 25,861,527 | \$ - | \$ - | \$ (680,631) | \$ 5,521,792 | \$ (8,922,878) |
| Unfunded obligation of the State of Illinois for the year ended June 30, 1972 | 72,424,570 | - | - | - | (1,600,463) | (2,227,952) | 76,252,985 |
| Reserve transfers: | | | | | | | |
| Transfer of accumulated contributions of those retiring during the year less accumulated contributions of members who resumed employment during the year | - | (6,476,155) | - | - | - | - | 6,476,155 |
| Transfer to adjust members' death benefits after retirement to an amount representing excess accumulated contributions over pension payments made to date | - | (1,177,244) | - | 1,113,409 | - | - | 63,835 |
| Transfer of interest credited to member's accounts | - | - | 1,790,263 | - | - | - | (1,790,263) |
| Transfer of investment income in excess of 4% average investment | - | - | - | - | 2,078,473 | - | (2,078,473) |
| Transfer of 4% on July 1, 1971 balance of automatic annuity increase reserve | - | - | - | - | - | 276,559 | (276,559) |
| Net increase (decrease) in reserves for the year | 94,204,380 | 18,208,128 | 1,790,263 | 1,113,409 | (202,621) | 3,570,399 | 69,724,802 |
| Reserve balances at July 1, 1971, as restated | <u>717,387,483</u> | <u>156,521,044</u> | <u>17,851,827</u> | <u>8,921,486</u> | <u>16,036,532</u> | <u>18,793,222</u> | <u>499,263,372</u> |
| Reserve balances at June 30, 1972 | <u>\$811,591,863</u> | <u>\$ 174,729,172</u> | <u>\$ 19,642,090</u> | <u>\$10,034,895</u> | <u>\$ 15,833,911</u> | <u>\$22,363,621</u> | <u>\$568,988,174</u> |

State Employees' Retirement System of Illinois

System Trust Fund

COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES

Year ended June 30

| | <u>1972</u> | <u>1971</u> |
|---|-------------------|-------------------|
| Revenue | | |
| Payments by members | \$33,829,474 | \$27,177,897 |
| Contributions by employing State agencies | 33,086,831 | 35,880,363 |
| Contributions from State of Illinois from appropriations made directly to the State Employees' Retirement System of Illinois | 111,780 | 920,000 |
| Investment income, State Employees Investment Fund of the Illinois State Board of Investment, (net of expenses of \$176,155 and \$115,147 respectively) | 15,150,068 | 15,500,326 |
| Interest paid by members | 113,699 | 40,272 |
| Repayment of refunds | 350,734 | 152,404 |
| Receipts from reciprocating systems | - | 933 |
| | <u>82,642,586</u> | <u>79,672,195</u> |
| Expenditures | | |
| Benefits | | |
| Service retirement allowance | 18,094,449 | 15,686,770 |
| Death benefits after retirement | 100,230 | 113,705 |
| Ordinary death | 1,982,058 | 1,716,127 |
| Accidental death | 331,360 | 278,579 |
| Ordinary disability | 3,676,506 | 2,770,158 |
| Accidental disability | 275,843 | 185,318 |
| Survivor's annuity | 3,868,938 | 3,272,265 |
| Widows' annuity | 1,109,124 | 1,004,483 |
| Retired member's supplemental annuity | 777,000 | 585,475 |
| Reversionary annuity | 10,017 | 9,779 |
| Automatic annuity increase | 23,492 | 372 |
| | <u>30,249,017</u> | <u>25,623,031</u> |
| Refunds | 4,012,935 | 5,601,459 |
| Payments to reciprocating systems | 43,918 | - |
| | <u>34,305,870</u> | <u>31,224,490</u> |
| Excess of revenue over expenditures before loss and exchange on sale of investments | 48,336,716 | 48,447,705 |
| Loss on sale and exchange of investments | <u>26,556,906</u> | <u>-</u> |
| Excess of revenue over expenditures after loss and exchange on sale of investments | \$21,779,810 | \$48,447,705 |
| | ===== | ===== |

State Employees' Retirement System of Illinois

DETAIL OF CASH

Year ended June 30, 1972

System Trust Fund

Cash on deposit with State Treasurer,
(net of deposits in transit and
warrants outstanding)

\$ 674,928

Cash on hand

274,734

\$ 949,662
=====

Social Security Contribution Fund

Cash on deposit with State Treasurer,
(net of deposits in transit and
warrants outstanding)

\$7,168,840

Cash on hand

99,455

\$7,268,295
=====

State Employees' Retirement System of Illinois

General Assembly Appropriation Fund

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND BALANCES LAPSED

Fifteen months ended September 30, 1972

| | Appropriations | Transfers in (out)* | Voucher expenditures year ended June 30, 1972 | Unexpended balances June 30, 1972 | Voucher expenditures three months ended September 30, 1972 | Balances lapsed September 30, 1972 |
|--|----------------|---------------------|---|-----------------------------------|--|------------------------------------|
| Administrative costs and expenses, general (S.B. 249) | \$ 298,600 | \$ - | \$ 298,586 | \$ 14 | \$ - | \$ 14 |
| Personal services | 16,600 | (537) | 15,911 | 152 | - | 152 |
| Contribution to State Employees' Retirement System of Illinois | 8,400 | (2,240) | 6,057 | 103 | - | 103 |
| Contractual services | 60,200 | - | 53,469 | 6,731 | 3,139 | 3,592 |
| Electronic data processing | 186,600 | 12,016 | 166,755 | 31,861 | 31,861 | - |
| Travel | 4,000 | (2,000) | 1,688 | 312 | - | 312 |
| Commodities | 5,500 | - | 4,353 | 1,147 | 930 | 217 |
| Equipment | 4,000 | (2,897) | 1,103 | - | - | - |
| Printing | 10,000 | (4,142) | 2,624 | 3,234 | 2,262 | 972 |
| Telecommunication | 5,500 | - | 4,496 | 1,004 | 1,004 | - |
| Operation of automotive equipment | 1,400 | (200) | 724 | 476 | 46 | 430 |
| Administrative expense of social security for State employees | 49,600 | - | 47,765 | 1,835 | 1,785 | 50 |
| | 650,400 | - | 603,531 | 46,869 | 41,027 | 5,842 |
| Administrative costs and expenses, Social Security Contribution Fund (S.B. 249) | 91,700 | - | 70,498 | 21,202 | 21,149 | 53 |
| Total administrative expenses | 742,100 | - | 674,029 | 68,071 | 62,176 | 5,895 |
| Direct payment to the State Employees' Retirement System of Illinois from the Illinois Pension Fund (S.B. 249) | 111,780 | - | 111,780 | - | - | - |
| | \$ 853,880 | \$ - | \$ 785,809 | \$ 68,071 | \$ 62,176 | \$ 5,895 |

* These transfers were made under authority of P.A. 76-2412 and appear to be properly authorized.

State Employees' Retirement System of Illinois

General Assembly Appropriation Fund

COMPARATIVE SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended June 30

| | <u>1972</u> | <u>1971</u> |
|---|----------------|----------------|
| General expenses | | |
| Personal services | \$298,586 | \$270,174 |
| Administrative expense of social security for State employees | 49,550 | 28,234 |
| Commodities | 5,283 | 3,829 |
| Contractual services | 56,609 | 56,512 |
| Contribution to State Employees' Retirement System | 15,911 | 17,276 |
| Contribution to social security | 6,057 | 5,417 |
| Electronic data processing | 198,616 | 175,050 |
| Operation of automotive equipment | 771 | 873 |
| Printing | 4,886 | 7,538 |
| Telecommunications | 5,500 | 5,340 |
| Travel | 1,688 | 1,859 |
| | <u>643,457</u> | <u>572,102</u> |
| Expenses of the Social Security Unit | | |
| Personal services | 49,210 | 48,180 |
| Commodities | 344 | 320 |
| Contractual services | 15,825 | 14,731 |
| Contribution to State Employees' Retirement System | 2,729 | 3,013 |
| Contribution to social security | 513 | 323 |
| Electronic data processing | *15,322 | - |
| Printing | ** 6,044 | 411 |
| Telecommunications | 878 | 928 |
| Travel | 679 | 832 |
| | <u>91,544</u> | <u>68,738</u> |
| Total administrative expenses | \$735,001 | \$640,840 |
| | ===== | ===== |

* The Social Security Unit did not utilize data processing in 1971.

** In 1972, 120,000 handbooks at a cost of approximately \$5,500 are included.

State Employees' Retirement System of Illinois

General Assembly Appropriation Fund

RECONCILIATION OF ADMINISTRATIVE EXPENSES TO VOUCHER EXPENDITURES

Fifteen months ended September 30, 1972

| | |
|--|--------------------|
| Voucher expenditures for administrative costs and expenses | \$674,029 |
| Add accounts payable at June 30, 1972 | <u>62,176</u> |
| Total voucher expenditures for fifteen months ended September 30, 1972 | 736,205 |
| Deduct expenditures for equipment | <u>1,204</u> |
| Total administrative expenses | \$735,001 ===== |