
**STATE EMPLOYEES' RETIREMENT SYSTEM
OF ILLINOIS**

**A PENSION TRUST FUND
OF THE STATE OF ILLINOIS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 1998**

STATE EMPLOYEES'
RETIREMENT SYSTEM
OF ILLINOIS

2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794 - 9255

Prepared by the
Accounting Division

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Edgar OKs pension increase

INTRODUCTORY SECTION

3,000 employees benefit by

BY BILL BUSH STAFF WRITER

Gov. Jim E. ... Monday that ... most star ... ay and ... ons. ... The p ... w ou ... rth e ... rs ... 3.0 ... e

year with 23 years of service at retirement

Security — would get a 54 percent increase in benefits, from \$670 a month

Edgar said

will add

Employees with less than 20 years' service also will begin paying part of their own health-care costs.

Estimated to cost employers \$5 million and \$17 million

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by employees agreeing to forego cost-of-living pay raises in 1998 and to end the policy of paying for unused sick days accrued after 1997. State workers still will be able to cash in unused

related prior

to Jan. 1.

Employees with less than 20 years' service also will begin paying part of their own health-care costs.

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with the sick leave," he said. "I thought was something in there if you were sick, but that became a negotiated item. I think that (eliminating the accumulation of sick time) is a much better use of those dollars."

Henry Bayer, executive director of the American Federation of State, County and Municipal Employees, said that many younger state employees probably won't fully appreciate the increase successfully negotiated by AFSCME and state university officials until they are closer to retirement.

"I think it's fair to say that there is probably no issue of more importance in the long run to working people than is pensions," Bayer said.

The legislation brings ill-

State union leader expects workers to approve contract

BY DOUG FINKE STAFF WRITER

The head of the largest state employees union said Wednesday he expects rank-and-file members to enthusiastically approve a new three-year contract that calls for a one-year increase in exchange for greatly improved pension benefits.

Henry Bayer, executive director of Council 31 of the American Federation of State, County and Municipal Employees, said most union members were very concerned about obtaining better pension benefits. "In our surveys of our membership, pensions were at the top of the list," Bayer said. "I want to see the full contract signed with

About 17,000 state personnel workers already under the proposal. The increase applies to those who retire after Jan. 1, 1998. Those who already retire will be based on the current formula. AFSCME agreed to have pensioners help underwrite the pension

Bomke pushing for higher pensions for state workers

BY DOUG FINKE STAFF WRITER

Republican Sen. Larry Bomke is pushing for higher pensions for state workers.

to be reviewed by the Commission on Governmental Pension Reform before he temporarily vacates his post. Bomke has a three-month contract to fill the commission and remains in the state until

Social Security benefits. Bomke's bill will also call for a 50 percent increase in the pension of state workers to address the state's budget deficit.

The state constitution is the only barrier to higher pensions, Bomke said.

The State Journal-Register

City edition

Wednesday, May 21, 1997

Tentative deal on pensions

50% hike has a price for state workers



AT THE

BY DOUG FINKE STAFF WRITER

The deal calls for a 50 percent increase in the pension of state workers to address the state's budget deficit.

Deregulation of electricity closer

BY BILL BUSH STAFF WRITER

Electricity in Illinois is set to be deregulated by the end of the year, according to a bill introduced in the Senate.

Senate bill would allow residential customers to choose their own utility provider. The bill also would allow businesses to purchase electricity in bulk.

See ELECTRIC on page 8

State Employees' Retirement System of Illinois



- State Employees' Retirement System of Illinois
- General Assembly Retirement System
- Judges' Retirement System of Illinois

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255, Ph. (217)785-7444

December 1, 1998

The Board of Trustees and Members
 State Employees' Retirement System of Illinois
 Springfield, IL 62794

Dear Board and Members:

The comprehensive annual financial report of the State Employees' Retirement System of Illinois (System) as of and for the fiscal year ended June 30, 1998 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the System. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included. The report consists of six sections:

1. An Introductory Section which contains this letter of transmittal and the identification of the administrative organization and the *Certificate of Achievement for Excellence in Financial Reporting*;
2. The Financial Section which contains the report of the Independent Auditors, the financial statements of the System, and certain required and other supplementary financial information;
3. The Investment Section which contains a summary of the System's investment management approach and selected summary tables, including investment performance;
4. The Actuarial Section which contains an Actuary's Certification Letter and the results of the annual actuarial valuation;
5. The Statistical Section which contains significant statistical data; and
6. A summary of the System's plan provisions and current legislative changes.

Generally accepted accounting principles require that the financial reporting entity include: (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the criteria of the Governmental Accounting Standards Board Statement No. 14, there are no other state agencies, boards or commissions, or other organizations required to be combined with the System, however, the System is considered to be part of the State of Illinois financial reporting entity, and is to be combined and included in the State of Illinois' comprehensive annual financial report. Although the State Employees' Retirement System, Judges' Retirement System and General Assembly Retirement System share a common administration, they are separate entities for legal and financial reporting purposes. Therefore, the financial statements of the State Employees' Retirement System do not include plan net asset information nor the changes in plan net assets of the General Assembly Retirement System or Judges' Retirement System.