GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

COMPONENT UNIT FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1991

GENERAL ASSEMBLY RETIREMENT SYSTEM,
STATE OF ILLINOIS

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

Prepared by the
Accounting Division

Printed by Authority of the State of Illinois

Table of Contents

Introductory Section

Letter of Transmittal

Administration, Board of Trustees and Administrative Staff

Certificate of Achievement for Excellence in Financial Reporting

STATE RETIREMENT SYSTEMS
• 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

November 22, 1991

The Board of Trustees and Members
General Assembly Retirement System,
State of Illinois
Springfield, IL 62794

Dear Board of Trustees and Members:

The component unit annual financial report of the General Assembly Retirement System (System) for the fiscal year ended June 30, 1991 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 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;

2. The Financial Section which contains the report of the independent public accountants, the financial statements of the System, and the supplementary and additional financial information;

3. The Actuarial Section which contains the report of the Actuary as well as the summary of major actuarial assumptions and certain tables;

4. The Investment Section which contains a summary of the System's investment management approach and selected summary tables, including investment performance;

5. The Statistical Section which contains significant statistical data; and

6. A summary of the System's plan provisions and current legislative changes.

Although the General Assembly Retirement System, State Employees' Retirement System and Judges' Retirement System share a common administration, they are separate entities for legal and financial reporting purposes. Therefore, the financial statements of the General Assembly Retirement System do not include balance sheet information nor the results of operations of the State Employees' Retirement System or Judges' Retirement System.

PLAN HISTORY AND SERVICES PROVIDED

The General Assembly Retirement System (System) was established as a public employee retirement system (PERS) by state statute on July 8, 1947. The purpose of the System as prescribed by state statute is to "provide retirement annuities, survivors' annuities and other benefits for members of the General Assembly, certain elected state officials and their beneficiaries".

Responsibility for operation of the System and the direction of its policies is vested in a Board of Trustees consisting of seven members. The administration of the detailed affairs of the System is the responsibility of the

Executive Secretary who is appointed by the Board of Trustees. Administrative policies and procedures are designed to ensure an accurate accounting of funds of the System and prompt payment of claims for benefits within the applicable state statute.

At the June 11, 1991 meeting of the Board of Trustees, the System seated two new Board members. The new members are Representative David R. Leitch and Representative Donald L. Saltsman. The Board consists of Senate President Philip J. Rock, Chairman, retired Senator John Merlo, Senators Calvin W. Schuneman and John A. D'Arco, Representatives Samuel W. Wolf, David R. Leitch, and Donald L. Saltsman, trustees.

REVENUES

Collections of employer and participant retirement contributions, as well as income from investments, provide the reserves necessary to finance retirement benefits. These income sources totaled $6,005.3 thousand during the fiscal year ending June 30, 1991, which is an increase from revenue reported for fiscal year 1990, shown as follows:

	1991 (Thousands)	1990 (Thousands)	Increase/(Decrease) (Thousands)	(Percentage)
Contributions:				
Participants	$ 1,486.8	$ 1,002.3	$ 484.5	48.3%
Employer	2,347.8	2,147.0	200.8	9.4%
Investments	2,170.7	2,665.9	(495.2)	(18.6%)
Total Revenue	$ 6,005.3	$ 5,815.2	$ 190.1	3.3%

As indicated in the total above, a substantial portion of the total revenue is derived from investment income, including the realization of net gains on the sale of investments.

EXPENSES

The primary expense of a retirement system relates to the purpose for which it is created; namely the payment of benefits. The payments, together with the expense to administer the plan, constitute the total expenses of the System. Expenses of the System for 1991 and 1990 are shown below for comparison purposes.

	1991 (Thousands)	1990 (Thousands)	Increase/(Decrease) (Thousands)	(Percentage)
Benefits:				
Retirement annuities	$ 3,302.6	$ 3,163.6	$ 139.0	4.4%
Survivors' annuities	821.7	717.1	104.6	14.6%
Total Benefits Expenses	$ 4,124.3	$ 3,880.7	$ 243.6	6.3%
Refunds	36.7	42.4	(5.7)	(13.4%)
Administrative expenses	144.9	126.9	18.0	14.2%
Total Expenses	$ 4,305.9	$ 4,050.0	$ 255.9	6.3%

The increase in benefit payments resulted primarily from (1) a growth in the number of benefits paid, (2) an increase in the average benefit payment amount, and (3) post retirement annuity increases granted each January 1.

INVESTMENTS

The System's investments are managed by the Illinois State Board of Investment (ISBI) pursuant to Article 22A of the Illinois Pension Code. For the fiscal year ended June 30, 1991, the total investment return on the market value of assets managed by the ISBI was 7.0% compared to 8.0% during the fiscal year ended June 30, 1990.

Total investment income, including net realized gains on the sale of investments, amounted to $2,170.7 thousand during fiscal year 1991, a decrease of $495.2 thousand from fiscal year 1990. This reflects the general stability of the stock market and lower interest rates in the bond markets during the last fiscal year. The System's total investments revenue for fiscal year 1991 and 1990 is shown below for comparison purposes.

	1991 (Thousands)	1990 (Thousands)	Increase/(Decrease) (Thousands)	Increase/(Decrease) (Percentage)
Net investments income	$ 1,884.6	$ 1,880.0	$ 4.6	0.2%
Net realized gain on sale of investments	231.2	703.9	(472.7)	(67.1%)
Interest earned on cash balances	54.9	82.0	(27.1)	(33.0%)
Total Investments revenue	$ 2,170.7	$ 2,665.9	$ (495.2)	(18.6%)

Income from investments has, over the years, become a greater share of the total revenue of the System. For the fiscal year ended June 30, 1991, income from investments represents 36.1% of total fund revenue.

A detailed discussion of investment performance and strategies are provided in the Investment Section of this report.

FUNDING AND RESERVES

Funding is the process of specifically allocating monies for current and future use. Proper funding includes an actuarial review of the fund balances to ensure that funds will be available for current and future benefit payments.

The actuarial determined liability of the System at June 30, 1991, amounted to $84.5 million. The fund balances for participant contributions and future operations amounted to $35.2 million as of the same date. The amount by which the actuarial determined liability exceeds the fund balances is called the "unfunded present value of credited projected benefits." The unfunded present value of credited projected benefits amounts to $49.3 million and reflects the continuing state policy of appropriating funds at amounts less than the actuarially determined contribution requirement. A detailed discussion of funding is provided in the Actuarial Section of this report.

ECONOMIC CONDITION AND OUTLOOK

The state's policy on pension funding has been based on variations of the pay-as-you-go approach. Since fiscal year 1982, state appropriations have been less than 100% of benefit payout, and during the past ten years have been as low as 50% of benefit payout.

Financing the retirement benefits that are being earned is one of the most important issues facing the General Assembly Retirement System. Over the years, a number of organizations have stressed the need for sound funding of the System. In August, 1989, then Governor Thompson signed Senate Bill 95 into law. This Bill provided for the increased funding of the unfunded actuarial liability which has been steadily increasing for the past several years. The amortization period of the unfunded liability was established at 40 years and is scheduled to begin in 1996. In order to defer the cost of a substantial increase in the required employer contributions, a seven year phase-in period was included in the legislation. The seven year phase-in period was to be used to increase the amount of contributions from the current contribution level to that level required for the amortization of the unfunded liability over the 40 year period. However, the state has not appropriated sufficient monies to cover the employer share of retirement contributions during the first two years of the phase-in period.

Assessing the financial status of any retirement system is a difficult task. The valuation of pension liabilities is a complex procedure requiring the application of actuarial techniques. It is not possible to provide a simple measure of the financial status of a retirement system because no universally accepted measure of the financial status presently exists. By any reasonable actuarial standard, however, the System's present financial condition must be described as precarious due to the continually increasing dollar level of the unfunded liability. The events in the financial markets during the past several years serve as a constant reminder of the fact that no source of revenue can be guaranteed and that the ultimate responsibility for a sound funding policy and the related liability for contributions rests ultimately with the State of Illinois.

MAJOR INITIATIVES

During the past fiscal year, the System completed work on several major projects. Most significant was the publishing of a retirees' and survivors' benefit handbook and the implementation of a Field Services program designed to provide valuable information to all members, annuitants and survivors utilizing one-on-one consultation sessions by staff personnel at various locations throughout the state.

Additionally, in a joint effort, the General Assembly, Judges', and State Employees' Retirement Systems established an in-house publication and printing center. The publication and printing center, designed to stabilize the increasing cost of publications by utilizing System personnel to develop and produce all communications, will be responsible for the publication of all communications distributed to the membership including this annual report.

Projects for fiscal year 1992 include the continuation of the development and implementation of an automated benefit calculation system; the expansion of the current Field Services program, in which approximately 25% of the active membership participated in during fiscal year 1991, to include other sections of the state; the development of a new and expanded annual statement provided to active members to include current contributions, service, projected retirement, survivor and disability benefits, and beneficiary designations; and the updating of the participant handbook titled "BENEFITS - Your Rights and Responsibilities" for mailing to the membership during early 1992. A new tax information brochure specifically designed to explain the tax consequences associated with our benefits in accordance with current IRS statutes is also being developed for publication during fiscal year 1992.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

This report has been prepared to conform with the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The accrual basis of accounting is used to record the assets, liabilities, revenues and expenses of the General Assembly Retirement System. Revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. The General Assembly Retirement System also uses the State of Illinois, Comptroller's Uniform Statewide Accounting System (CUSAS) as a basis for the preparation of the financial statements. In developing the System's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records. Constant effort is directed by the System at improving this level to assure the participants of a financially sound retirement system.

PROFESSIONAL SERVICES

Independent consultants are retained by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of the System. Actuarial services are provided by Goldstein & Associates, Chicago, Illinois. The annual financial audit of the System was conducted by the accounting firm of McGladrey & Pullen under the direction of the Auditor General of the State of Illinois. The System's investment function is managed by the Illinois State Board of Investment.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the General Assembly Retirement System for its component unit financial report for the fiscal year ended June 30, 1990. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized component unit financial report, whose contents conform to program standards. Such component unit financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The General Assembly Retirement System has received a Certificate of Achievement for the last two fiscal years (fiscal years ended June 30, 1989 and June 30, 1990). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ADDITIONAL COMMENTS

On a sad note, Norman E. Lentz passed away in December, 1990. Mr. Lentz, former Executive Secretary of the System, served the State Retirement Systems in various capacities from 1953 to 1969. In January, 1970, he was appointed to the position of Executive Secretary of the General Assembly Retirement System and served in that capacity until the time of his retirement in 1989.

Norman E. Lentz will be remembered for his leadership and devotion during his many years of service.

ACKNOWLEDGEMENTS

The preparation of this report reflects the combined efforts of the System's staff under the direction of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the participants in the State of Illinois. On behalf of the Board of Trustees we would like to express our appreciation to the staff and professional consultants who worked so effectively to ensure the successful operation of the System.

Respectfully submitted,

Michael L. Mory
Executive Secretary

David M. Richter, CPA
Accounting Division

GENERAL ASSEMBLY RETIREMENT SYSTEM
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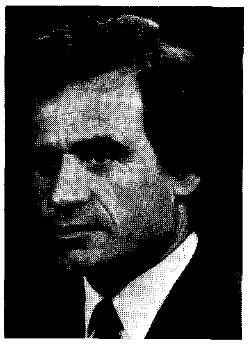

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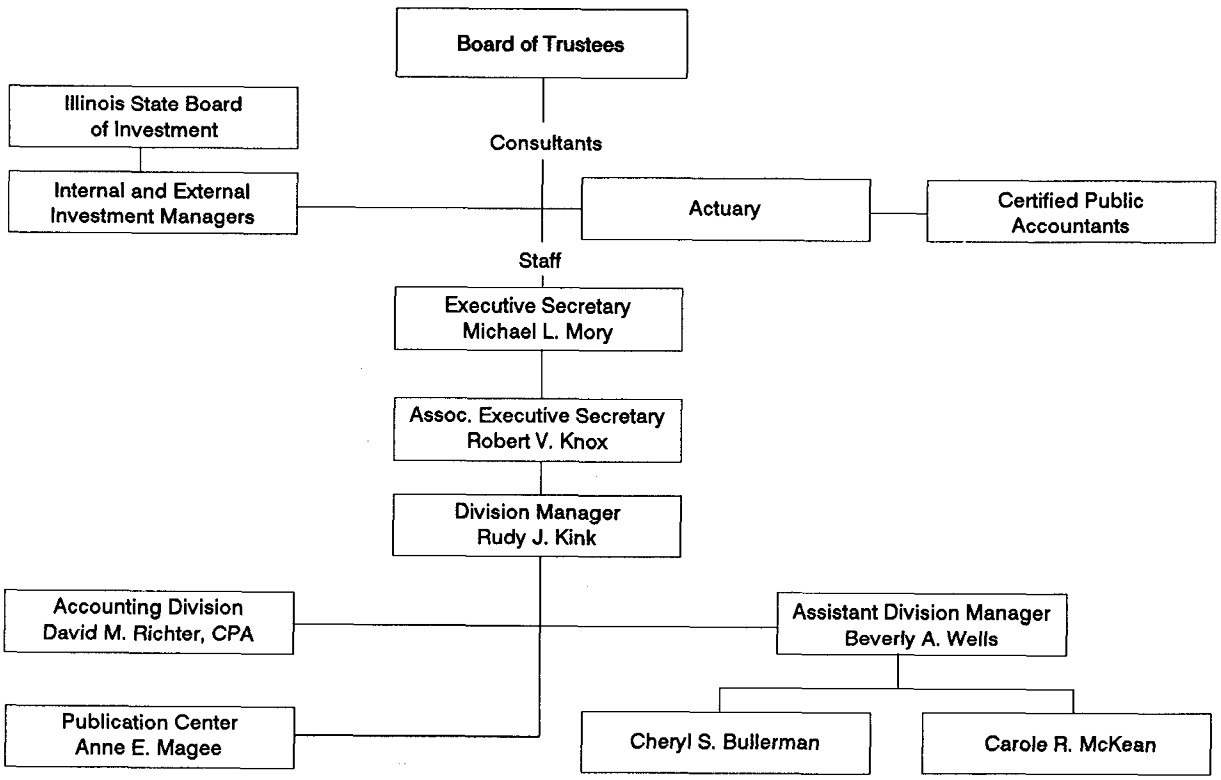


Certificate of Achievement for Excellence in Financial Reporting

Presented to

General Assembly Retirement System, State of Illinois

For its Component Unit
Financial Report
for the Fiscal Year Ended
June 30, 1990

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose component unit financial reports (CUFR's) achieve the highest standards in government accounting and financial reporting.

Gary R. Norstrem
President

Jeffrey L. Esser
Executive Director

Financial Section

Independent Auditor's Report

Financial Statements

Required Supplementary Information

Supplementary Financial Information

Additional Financial Information

McGLADREY & PULLEN
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Robert G. Cronson
Auditor General, State of Illinois
Springfield, Illinois

Board of Trustees
General Assembly Retirement System, State of Illinois
Springfield, Illinois

We have audited, as special assistant auditors for the Illinois Auditor General, the accompanying balance sheet of the General Assembly Retirement System, State of Illinois as of June 30, 1991, and the related statement of revenue, expenses and changes in fund balance for the year then ended. These component unit financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit. The component unit financial statements of the General Assembly Retirement System, State of Illinois as of and for the year ended June 30, 1990, were audited by other auditors whose report, dated October 19, 1990, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1991 component unit financial statements referred to above present fairly, in all material respects, the financial position of the General Assembly Retirement System, State of Illinois as of June 30, 1991, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic component unit financial statements as of and for the year ended June 30, 1991, taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic component unit financial statements. The supplementary information as of and for the year ended June 30, 1991, has been subjected to the auditing procedures applied in the audit of the basic component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic component unit financial statements taken as a whole. The related supplemental schedules for the years ended June 30, 1982 through 1990 have been derived from financial statements audited by other auditors whose reports thereon expressed an unqualified opinion.

McGladrey & Pullen

Springfield, Illinois
October 18, 1991

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Balance Sheets
June 30, 1991 and 1990

	1991	1990
Assets		
Cash	$ 728,538	$ 913,283
Receivables:		
Participants' contributions	$ 11,624	$ 5,357
Refundable annuities	2,680	3,579
Interest on cash balances	931	5,511
	$ 15,235	$ 14,447
Investments - held in the Illinois State Board of Investment Commingled Fund, at cost (Market value: 1991, $38,386,470 1990, $36,119,540) (Note 3)	$ 34,440,112	$ 32,549,302
Equipment, net of accumulated depreciation (Note 8)	19,082	17,723
Total Assets	$ 35,202,967	$ 33,494,755
Liabilities and Fund Balance		
Benefits payable	$ 929	$ -
Refunds payable	8,516	513
Administrative expenses payable (Note 7)	13,573	11,306
Due to Judges' Retirement System of Illinois	37,856	38,259
Participants' Deferred Service Credit Accounts	-	2,000
Total Liabilities	$ 60,874	$ 52,078
Fund Balance		
Actuarial present value of credited projected benefits (Note 5)	$ 84,468,429	$ 78,623,637
Less unfunded present value of credited projected benefits representing an obligation of the State of Illinois	(49,326,336)	(45,180,960)
Total Fund Balance (Note 10)	$ 35,142,093	$ 33,442,677
Total Liabilities and Fund Balance	$ 35,202,967	$ 33,494,755

See accompanying notes to financial statements.

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Statements of Revenue, Expenses and Changes in Fund Balance
Years ended June 30, 1991 and 1990

	1991	1990
Revenue:		
Contributions:		
Participants	$ 1,486,815	$ 1,002,258
Employer	2,347,761	2,147,001
Total Contributions revenue	$ 3,834,576	$ 3,149,259
Investments:		
Net investments income	$ 1,884,565	$ 1,879,972
Interest earned on cash balances	54,930	81,973
Net realized gain on sale of investments	231,245	703,938
Total Investments revenue	$ 2,170,740	$ 2,665,883
Total Revenue	$ 6,005,316	$ 5,815,142
Expenses:		
Benefits:		
Retirement annuities	$ 3,302,545	$ 3,163,616
Survivors' annuities	821,705	717,076
Total Benefits expenses	$ 4,124,250	$ 3,880,692
Refunds	36,742	42,427
Administrative (Note 7)	144,908	126,852
Total Expenses	$ 4,305,900	$ 4,049,971
Excess of Revenue over Expenses	$ 1,699,416	$ 1,765,171
Fund Balance at beginning of year	$ 33,442,677	$ 31,677,506
Fund Balance at end of year	$ 35,142,093	$ 33,442,677

See accompanying notes to financial statements.

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS

Notes to Financial Statements
June 30, 1991 and 1990

(1) Reporting Entity

The General Assembly Retirement System (System) is a component unit of the State of Illinois. The System is considered part of the State of Illinois financial reporting entity and is included in the state's comprehensive annual financial report as a pension trust fund.

The System has developed criteria to determine whether other state agencies, boards or commissions which benefit the members of the System should be included within its financial reporting entity. The criteria include, but are not limited to, whether the System exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationships.

Based upon the above criteria, there were no other state agencies, boards or commissions which were required to be included within the financial reporting entity.

(2) Plan Description

The System is the administrator of a single-employer public employee retirement system (PERS) established and administered by the State of Illinois to provide pension benefits for its participants.

At June 30, 1991 and 1990, the System membership consisted of:

	1991	1990
Retirees and beneficiaries currently receiving benefits:		
Retirement annuities	200	196
Survivors' annuities	122	121
Reversionary annuities	3	3
	325	320
Inactive participants entitled to benefits but not yet receiving them	79	81
Total	404	401
Current Participants:		
Vested	163	157
Nonvested	32	31
Total	195	188

Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System.

(a) Eligibility and Membership

The General Assembly Retirement System covers members of the General Assembly of the State and persons elected to the offices of Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller and Attorney General for the period of service in such offices and the Clerks and Assistant Clerks of the respective Houses of the General Assembly. Participation by eligible persons is optional.

(b) Contributions

The General Assembly Retirement System is funded through contributions from participants, State of Illinois appropriations and investment income. Participants in the General Assembly Retirement System contribute 8-1/2% of their salaries for retirement annuities, 2% for survivors' annuities and 1% for an annual automatic increase in the retirement annuity.

(c) Benefits

The General Assembly Retirement System, State of Illinois, was established in 1947 as a component unit of the State of Illinois and is governed by Chapter 108-1/2, Article 2 of the Illinois Revised Statutes.

After eight years of credited service, participants have vested rights to retirement benefits beginning at age 55, or after four years of service with retirement benefits beginning at age 62. The General Assembly Retirement System also provides annual automatic annuity increases for retirees and survivors, survivors' annuity benefits, reversionary annuity benefits, and under specified conditions, lump sum death benefits. Participants who terminate service may receive, upon application, a refund of their total contributions.

The retirement annuity is determined according to the following formula based upon the participants' final rate of salary.

3.0% for each of the first 4 years of service, plus
3.5% for each of the next 2 years of service, plus
4.0% for each of the next 2 years of service, plus
4.5% for each of the next 4 years of service, plus
5.0% for each year of service in excess of 12 years

The maximum retirement annuity payable is 85% of the final rate of salary.

(3) Summary of Significant Accounting Policies and Plan Asset Matters

(a) Basis of Accounting

The financial transactions of the System are recorded on the accrual basis of accounting and in conformity with generally accepted accounting principles. Participant and employer contributions are recognized as revenues in the period in which employee services are performed.

(b) Method Used to Value Investments

The System retains all of its available cash in a commingled investment pool managed by the Treasurer of the State of Illinois (Treasurer). All deposits are fully collateralized by the Treasurer. "Available cash" is determined to be that amount which is required for the current operating expenditures of the System. The excess of available cash is transferred to the Illinois State Board of Investment (ISBI) for purposes of long-term investment for the System.

Investments are managed by the ISBI pursuant to Article 22A of the Illinois Pension Code and are maintained in the ISBI Commingled Fund. Such investments are valued at the cost of the System's units of participation in the ISBI Commingled Fund. Units of the ISBI Commingled Fund are issued to the member systems on the last day of the month based on the unit net asset value calculated as of that date. Net investment income of the ISBI Commingled Fund is allocated to each of the member systems on the last day of the month on the basis of percentage of accumulated units owned by the respective systems. Management expenses are deducted monthly from income before distribution. Investment income is recognized when earned.

The investment authority of the ISBI is provided in Illinois Revised Statutes Chapter 108-1/2, Article 22A-112. The ISBI investment authority includes investments in obligations of the U.S. Treasury and other agencies, notes secured by mortgages which are insured by the Federal Housing Commission, real estate, common and preferred stocks, convertible debt securities, deposits or certificates of deposit of federally insured institutions and options. Such investment authority requires that all opportunities be undertaken with care, skill, prudence and diligence given prevailing circumstances that a prudent person acting in like capacity and experience would undertake.

Governmental Accounting Standards Board (GASB) Statement No. 3 entitled "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" requires certain financial statement disclosure of deposits and investments, such as the disclosure of carrying amounts by type of investment and classification into one of three categories based upon credit risk. Investments in pools managed by other governmental agencies, in general, are to be disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form.

The System transfers money to the ISBI for investment in the ISBI Commingled Fund. This money is then allocated among various investment managers to pursue a specific investment strategy. All investment transactions are initiated by the investment managers (either internal or external). The transaction settlement information is then forwarded to the agent bank's trust department under a master custodial agreement. Custody of a majority of the actual physical securities is maintained at an agent of the agent bank's trust department using a book-entry system. The agent of the master custodian is Depository Trust Company.

Listed below are the ISBI investments, as categorized in the ISBI annual financial report. They are categorized to indicate the level of risk assumed by the ISBI Board at year end. Category I includes investments that are insured or registered or for which the securities are held by the master custodian in the ISBI Board's name. Category II includes uninsured and unregistered investments for which the securities are held by the master custodian in the ISBI Board's name. Category III includes uninsured and unregistered investments for which the securities are held by an agent of the master custodian but not in the ISBI Board's name.

At June 30, 1991, the ISBI Board's deposits and investments were categorized as follows:

	Category I	Category II	Category III	Cost	Market Value
U.S. Government Obligations	$ 575,488,977	$ -	$ -	$ 575,488,977	$ 588,016,750
Foreign Obligations - Bonds	25,492,490	-	-	25,492,490	24,762,061
Foreign Obligations - Equities	186,809,794	-	-	186,809,794	172,856,349
Corporate Obligations	658,082,641	-	-	658,082,641	680,616,840
Convertible Bonds	84,862,088	-	-	84,862,088	81,619,370
Common Stock & Equity Funds	1,040,601,506	-	-	1,040,601,506	1,271,667,415
Convertible Preferred Stock	15,634,110	-	-	15,634,110	15,277,541
Preferred Stock	10,441,162	-	-	10,441,162	3,213,256
Money Market Instruments	108,733,615	-	1,935,153	110,668,768	111,840,839
SUBTOTAL	$ 2,706,146,383	$ -	$ 1,935,153	$ 2,708,081,536	$ 2,949,870,421
Real Estate Pooled Funds				295,958,956	341,066,237
Venture Capital				121,447,935	183,670,238
Other assets, less liabilities				28,407,190	28,407,190
TOTAL				$ 3,153,895,617	$ 3,503,014,086

The ISBI Board participates in a securities lending program whereby securities are loaned to brokers and, in return, the ISBI Board receives collateral of amounts slightly in excess of the market value of securities loaned. Collateral consists solely of cash, letters of credit, commercial paper and government securities. As of June 30, 1991 and 1990, the ISBI Board had outstanding loaned investment securities having a market value of approximately $313,109,467 and $332,849,772, respectively, against which it had received collateral of approximately $329,552,739 and $337,371,274, respectively.

The System owns 1.1% of the ISBI Commingled Fund as of June 30, 1991.

(c) Fixed Assets
Expenditures for fixed assets are capitalized and depreciated over their estimated useful lives.

(d) Actuarial Experience Review
In accordance with Illinois Revised Statutes, an actuarial experience review is to be performed at least once every five years to determine the adequacy of actuarial assumptions regarding the mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the System. An experience review was performed as of June 30, 1987.

(e) Administrative Expenses
Expenses related to the administration of the System are budgeted and approved by the System's Board of Trustees. Administrative expenses common to the General Assembly Retirement System and the Judges' Retirement System are borne 40% by the General Assembly Retirement System and 60% by the Judges' Retirement System. Invoices/vouchers covering common expenses incurred are paid by the Judges' Retirement System, and 40% thereof is allocated to and reimbursed by the General Assembly Retirement System. Administrative expenses allocated to and reimbursed by the General Assembly Retirement System as of June 30, 1991 and 1990, were $129,272 and $119,787, respectively.

(4) Funding Status and Progress
The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of participant service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the General Assembly Retirement System funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS. The measure is the same as the actuarial funding method used to determine contributions to the System discussed in Note 5.

The pension benefit obligation was determined as part of an actuarial valuation as of June 30, 1991. Significant actuarial assumptions used include (a) rates of return on the investment of present and future assets of 8.0% per year (consisting of an inflation component of 5% per year and a real rate of return component of 3% per year), compounded annually, (b) projected salary increase of 6% per year (consisting of an inflation component of 5% per year and a seniority/merit component of 1% per year), compounded annually, (c) mortality rates based on the UP-1984 Mortality Table, (d) assumed age at retirement ranging from 55 to 70, based upon recent history with the System, (e) 75% of participants are assumed to be married, (f) the age of the spouse is assumed to be 4 years younger than the age of the participant, and (g) termination rates based upon the recent experience of the System.

At June 30, 1991 and 1990, the unfunded pension benefit obligation was $49,326,336 and $45,180,960 as follows:

	1991	1990
Pension benefit obligation:		
Retirees & beneficiaries currently receiving benefits, including inactive participants	$ 51,349,076	$ 46,758,991
Current Participants:		
Accumulated participant contributions	7,284,025	6,759,696
Employer-financed vested	17,705,200	16,709,618
Employer-financed nonvested	8,130,128	8,395,332
Total Pension benefit obligation	$ 84,468,429	$ 78,623,637
Net assets available for benefits, at cost (market value at June 30, 1991 $39,088,451; June 30, 1990 $37,012,915)	35,142,093	33,442,677
Unfunded pension benefit obligation	$ 49,326,336	$ 45,180,960

Public Acts 86-0027 and 86-0273, which were signed into law on July 7 and August 23, 1989, respectively, enacted several changes in the benefit provisions of the System effective January 1, 1990. These changes provide for: (1) the elected state executive officers to participate based on total compensation without the previous limitation whereby compensation could not exceed the salary paid the highest salaried officer of the General Assembly; (2) the accrual of 3% automatic annual increases for participants who remain in service after attaining 20 years of creditable service beginning on the January 1 next following the date upon which the participant (a) attains age 55, or (b) attains 20 years of creditable service, whichever occurs later; (3) 3% automatic annual increases in retirement annuities based on the current amount of annuity instead of the originally granted amount of annuity; (4) a 3% automatic annual increase in the amount of survivors' annuities based on the current amount of annuity and; (5) minimum survivors' annuities to qualified survivors of $300 per month.

These benefit changes enacted under Public Acts 86-0027 and 86-0273 had the effect of increasing the actuarial present value of credited projected benefits and the related unfunded actuarial liability by $9,107,450 during fiscal year 1990.

There were no benefit changes enacted during fiscal year 1991 having an impact on the actuarial present value of credited projected benefits and the related unfunded actuarial liability.

(5) Contributions Required and Contributions Made

In the past, the Illinois State Legislature has generally followed a funding policy of appropriating funds based upon a percentage of benefit payout. Since fiscal year 1982, state appropriations have been less than 100% of benefit payout, and during the past ten years have been as low as 50% of benefit payout.

Public Act 86-0273, which was signed into law on August 23, 1989, enacted a funding policy under which, starting with fiscal year 1990, the employer contributions made by the State of Illinois shall be increased incrementally over a seven year period so that by fiscal year 1996, the minimum state employer contribution shall be an amount that is sufficient to meet the normal cost and amortize the unfunded actuarial liability over forty years as a level percent of payroll as determined under the projected unit credit actuarial cost method.

For each fiscal year, the System's actuary performs an actuarial valuation and computes actuarially determined contribution requirements for the System, using the projected unit credit actuarial cost method. The same actuarial assumptions were used to determine the contribution requirements as are used to compute the pension benefit obligation discussed in Note 4. For fiscal years prior to 1990, the required employer contributions were computed in accordance with the Board of Trustee's approved funding policy of normal cost plus interest on the unfunded actuarial liability. For fiscal years after 1989, required employer contributions have been actuarially determined in accordance with the funding policy legislated by Public Act 86-0273. The state, however, has not followed the funding policy established by law for the fiscal years ended June 30, 1991 and June 30, 1990.

It has been interpreted that the laws of the State of Illinois regarding state finance provide for the Governor and the state legislature to have specific authority to reduce or increase monies appropriated for the employer share of retirement contributions regardless of the rate certified by the Board of Trustees.

The total amount of actuarially determined State of Illinois employer contributions required for the fiscal year ended June 30, 1991 amounted to $2,428,771. However, the state's employer contributions were not made in accordance with the actuarially determined contribution requirements for fiscal year 1991. The total amount of employer contributions made by the state was $2,072,600 and consisted of (a) $1,561,235 normal cost and (b) $511,365 amortization of the unfunded actuarial accrued liability.

Schedule of Contributions Required and Contributions Made

	1991	1990	1989	1988	1987
Covered Payroll	$ 8,238,709	$ 7,254,510	$ 6,907,676	$ 6,873,250	$ 6,643,710
Required Employer Contributions	$ 2,428,771	$ 2,376,310	$ 3,514,623	$ 3,273,090	$ 3,296,451
Actual Employer Contributions	$ 2,072,600	$ 2,072,600	$ 1,997,500	$ 1,970,000	$ 2,214,100
Actual Employer Contribution Rate	25.2%	28.6%	28.9%	28.7%	33.3%
Board of Trustees Recommended Contribution Rate	29.5%	32.8%	50.9%	47.6%	49.6%
Participant Contributions	$ 1,486,815	$ 1,002,258	$ 869,635	$ 796,393	$ 767,483
Participant Contribution Rate	18.0%	13.8%	12.6%	11.6%	11.6%

(6) Historical Trend Information

Historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 23-24.

(7) Administrative Expenses

A summary of the administrative expenses for the General Assembly Retirement System for fiscal years 1991 and 1990 is as follows:

	1991	1990
Personal services	$ 86,396	$ 84,643
Retirement contributions	4,133	5,252
Social Security contributions	6,385	4,758
Group insurance	5,147	4,280
Contractual services	23,369	22,149
Travel	1,717	1,526
Printing	3,615	3,602
Commodities	1,251	684
Telecommunications	1,042	1,298
Electronic Data Processing	5,607	3,737
Depreciation	3,044	1,760
Other	3,202	(6,837)
Total	$ 144,908	$ 126,852

(8) Equipment

Fixed assets are capitalized at their cost at the time of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful lives are as follows: (1) office furniture - 10 years, (2) equipment - 6 years, and (3) certain electronic data processing equipment - 3 years.

A summary of the changes in fixed assets for fiscal years 1991 and 1990 is as follows:

1991	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 22,872	$ 10,800	$ (6,912)	$ 26,760
Accumulated Depreciation	(5,149)	(3,044)	515	(7,678)
Equipment, net	$ 17,723	$ 7,756	$ (6,397)	$ 19,082

1990	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 18,498	$ 6,703	$ (2,329)	$ 22,872
Accumulated Depreciation	(4,966)	(1,760)	1,577	(5,149)
Equipment, net	$ 13,532	$ 4,943	$ (752)	$ 17,723

(9) Accrued Compensated Absences

Employees of the General Assembly Retirement System are entitled to receive compensation for all accrued but unused vacation time and one-half of all unused sick leave earned after January 1, 1984 upon termination of employment. The value of accrued compensated absences as of June 30, 1991 and 1990 was $10,938 and $8,735, respectively.

(10) Analysis of Changes in Fund Balances - Reserved

The funded statutory reserves of the General Assembly Retirement System are composed of two components as follows:

(a) Reserve for Participants' Contributions -
This reserve consists of participants' accumulated contributions for retirement annuities, survivors' annuities and automatic annual increases.

(b) Reserve for Future Operations -
This reserve is the balance remaining in the General Assembly Retirement System from State of Illinois contributions and revenue from investments after consideration of charges for payouts by the General Assembly Retirement System.

GENERAL ASSEMBLY RETIREMENT SYSTEM, STATE OF ILLINOIS
Statements of Changes in Fund Balances (Reserved)
Years ended June 30, 1991 and 1990

	Reserve for Participants' Contributions	Automatic Annuity Increase	Future Operations	Total Fund Balance
Balance at June 30, 1989	$ 6,748,268	$ 460,664	$ 24,468,574	$31,677,506
Add (deduct):				
Excess (deficiency) of revenue over expenses	881,317	-	883,854	1,765,171
Reserve transfers:				
Accumulated contributions of participants who retired or died with eligible survivor during the year	(62,763)	-	62,763	-
Transfer to eliminate reserve for automatic annuity increase no longer required by statutes	670,409	(460,664)	(209,745)	-
Balance at June 30, 1990	$ 8,237,231	$ -	$ 25,205,446	$ 33,442,677
Add (deduct):				
Excess (deficiency) of revenue over expenses	1,258,921	-	440,495	1,699,416
Reserve transfers:				
Accumulated contributions of participants who retired or died with eligible survivor during the year	(536,272)	-	536,272	-
Balance at June 30, 1991	$ 8,959,880	$ -	$ 26,182,213	$ 35,142,093

(11) Pension Disclosure

All of the System's full-time employees who are not eligible for another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which state agencies, including the System, participate on a cost-sharing basis. The financial position and results of operations of the SERS for FY1991 and FY1990 and the related GASB Statement 5 employer disclosures are included in the State's Comprehensive Annual Financial Report for the years ended June 30, 1991 and 1990, respectively. The SERS also issues a separate component unit financial report (CUFR).

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, is included as an integral part of the SERS CUFR. Also included is a discussion of employer and employee obligations to contribute, the authority under which those obligations are established, as well as an explanation of the pension benefit obligation. The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits.

The pension benefit obligation at June 30, 1991 and June 30, 1990 for the SERS as a whole, determined through an actuarial valuation at that date was $4,949.9 million and $4,538.1 million, respectively. The SERS net assets available for benefits on these respective dates (valued at cost) were $2,979.4 million and $2,795.6 million, leaving unfunded pension benefit obligations of $1,970.5 million and $1,742.5 million. The System's FY1991 and FY1990 contribution requirement represented .003% and .004%, respectively of total contributions required of all state agency/department employers participating in the SERS.

Ten-year historical trend information designed to provide information about the SERS progress made in accumulating sufficient assets to pay benefits when due is presented in its separately issued CUFRs for the years ended June 30, 1991 and June 30, 1990, respectively.

Pertinent financial information relating to the System's participation in SERS is summarized as follows:

The System's covered payrolls for FY1991 and FY1990 were $86.4 thousand and $84.6 thousand and the payrolls for all System employees were $86.4 thousand and $84.6 thousand, respectively.

The System's (i.e., the employers') actuarially determined contribution requirements for FY1991 and FY1990 were $4.1 thousand and $5.3 thousand, respectively, or 4.7% and 6.2% of the System's covered payrolls. For FY1991, the System's and employee contributions actually made were $4.1 thousand and $3.3 thousand, respectively, which represents 4.7% and 3.8%, respectively, of the current year covered payroll. For FY1990, the System's and employee contributions actually made were $5.3 thousand and $3.1 thousand, respectively, which represents 6.2% and 3.7%, respectively, of the covered payroll.

Analysis of Funding Progress

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation**	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a % of Covered Payroll (4) ÷ (5)
1987	$ 29,140,876	$ 60,635,325	48.1%	$ 31,494,449	$ 6,643,710	474.0%
1988	30,106,386	64,160,481	46.9%	34,054,095	6,873,250	495.5%
1989	31,677,506	62,834,957	50.4%	31,157,451	6,907,676	451.1%
1990	33,442,677	78,623,637	42.5%	45,180,960	7,254,510	622.8%
1991	35,142,093	84,468,429	41.6%	49,326,336	8,238,709	598.7%

* At cost

** The pension benefit obligation information is not available for fiscal years prior to 1987.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the public employees' retirement system (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year Ended June 30	Participants' Contributions	Employer Contributions: State of Illinois	Employer Contributions: Transferred from Reciprocating Systems	Employer Contributions: Total	Income from Investments	Total
1982	$ 766,686	$ 1,450,000	$ 11,637	$ 1,461,637	$ 1,577,311	$ 3,805,634
1983	786,705	2,061,100	58,181	2,119,281	2,877,001	5,782,987
1984	658,899	1,524,800	-	1,524,800	2,204,477	4,388,176
1985	679,000	2,215,800	2,932	2,218,732	1,516,230	4,413,962
1986	1,059,024	2,216,200	125,212	2,341,412	3,416,960	6,817,396
1987	767,483	2,214,100	213	2,214,313	3,064,668	6,046,464
1988	796,393	1,970,000	-	1,970,000	1,933,098	4,699,491
1989	869,635	1,997,500	-	1,997,500	2,555,317	5,422,452
1990	1,002,258	2,072,600	74,401	2,147,001	2,665,883	5,815,142
1991	1,486,815	2,072,600	275,161	2,347,761	2,170,740	6,005,316

Expenses by Type

Fiscal Year Ended June 30	Benefits	Refunds	Administrative Expenses	Total
1982	$ 2,094,792	$ 56,797	$ 67,284	$ 2,218,873
1983	2,389,904	185,106	72,547	2,647,557
1984	2,712,913	71,902	76,642	2,861,457
1985	2,955,395	118,711	79,401	3,153,507
1986	3,200,212	42,316	86,763	3,329,291
1987	3,461,212	80,202	103,150	3,644,564
1988	3,618,087	16,717	99,177	3,733,981
1989	3,682,411	55,660	113,261	3,851,332
1990	3,880,692	42,427	126,852	4,049,971
1991	4,124,250	36,742	144,908	4,305,900

Analysis of Employer Contributions - Fiscal Year 1988 through 1991

Fiscal Year (A)	(1) Covered Payroll	(2) State of Illinois Employer Contributions Required (B)	(3) State of Illinois Employer Contributions Required as a % of Covered Payroll (2) ÷ (1)	(4) State of Illinois Employer Contributions Received	(5) State of Illinois Employer Contributions Received as a % of Covered Payroll (4) ÷ (1)	(6) Contributions Required in Excess of Contributions Received (2) — (4)
1988	$ 6,873,250	$ 3,273,090	47.6%	$ 1,970,000	28.7%	$ 1,303,090
1989	6,907,676	3,514,623	50.9%	1,997,500	28.9%	1,517,123
1990	7,254,510	2,376,310	32.8%	2,072,600	28.6%	303,710
1991	8,238,709	2,428,771	29.5%	2,072,600	25.2%	356,171

(A) = Prior to fiscal year 1988, the Actuary did not determine an "Employer Contribution Required" amount.

(B) = For fiscal year 1988 and 1989, the State of Illinois required employer contributions were computed in accordance with the Board of Trustee's approved funding policy of normal cost plus interest on the unfunded actuarial liability. For fiscal years after 1989, required employer contributions have been computed in accordance with Public Act 86-0273 which was signed into law on August 23, 1989. Public Act 86-0273 enacted a funding plan under which, starting with fiscal year 1990, the state's contribution shall be increased incrementally over a seven year period so that by fiscal year 1996, the minimum state contribution shall be an amount that is sufficient to meet the normal cost and amortize the unfunded actuarial liability over forty years as a level percent of payroll as determined under the projected unit credit actuarial cost method.

Schedule of Employer Contributions as a Percentage of Covered Payroll

Fiscal Year	Covered Payroll	State of Illinois Employer Contributions Received	State of Illinois Employer Contributions Received as a % of Covered Payroll
1982	$ 6,925,500	$ 1,450,000	20.9%
1983	5,545,500	2,061,100	37.2%
1984	5,524,500	1,524,800	27.6%
1985	5,985,000	2,215,800	37.0%
1986	6,480,500	2,216,200	34.2%
1987	6,643,710	2,214,100	33.3%
1988	6,873,250	1,970,000	28.7%
1989	6,907,676	1,997,500	28.9%
1990	7,254,510	2,072,600	28.6%
1991	8,238,709	2,072,600	25.2%

SUMMARY OF REVENUES BY SOURCE
Years Ended June 30, 1991 and 1990

	1991	1990
Contributions:		
Participants	$ 1,067,630	$ 864,927
Interest paid by participants	136,372	57,918
Repayments of contributions refunded	12,075	-
Transferred from reciprocating systems	270,738	79,413
Total participants contributions	$ 1,486,815	$ 1,002,258
General Revenue Fund	$ 1,911,800	$ 2,019,000
State Pension Fund	160,800	53,600
Paid by reciprocating systems	275,161	74,401
Total employer contributions	$ 2,347,761	$ 2,147,001
Total Contributions revenue	$ 3,834,576	$ 3,149,259
Investments:		
Net investments income	$ 1,884,565	$ 1,879,972
Interest earned on cash balances	54,930	81,973
Net realized gain on sale of investments	231,245	703,938
Total Investments revenue	$ 2,170,740	$ 2,665,883
Total Revenue	$ 6,005,316	$ 5,815,142

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Years Ended June 30, 1991 and 1990

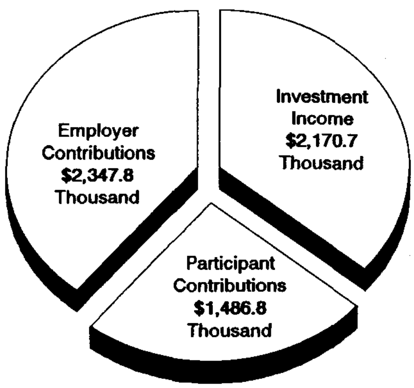
	1991	1990
Cash balance, beginning of year	$ 913,283	$ 348,265
Receipts:		
Participant contributions	$ 1,451,231	$ 1,061,268
Employer contributions:		
General Revenue Fund	1,911,800	2,019,000
State Pension Fund	160,800	53,600
Paid by reciprocating systems	271,977	74,401
Interest income on cash balances	59,510	80,620
Participants' deferred service credit payments	32,501	3,380
Cancellation of annuities	7,861	2,654
Transfers from Illinois State Board of Investment	1,250,000	2,425,000
Total cash receipts	$ 5,145,680	$ 5,719,923
Disbursements:		
Benefit payments:		
Retirement annuities	$ 3,307,654	$ 3,162,303
Survivors' annuities	822,629	717,830
Refunds	30,739	41,914
Administrative expenses	144,403	132,858
Transfers to Illinois State Board of Investment	1,025,000	1,100,000
Total cash disbursements	$ 5,330,425	$ 5,154,905
Cash balance, end of year	$ 728,538	$ 913,283

REVENUES

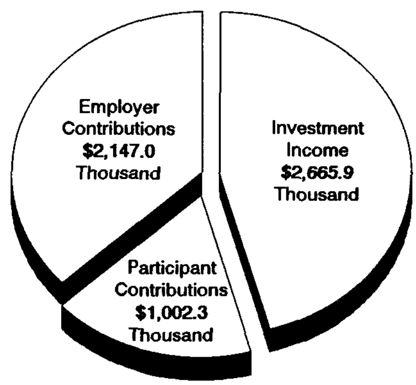
Total revenue of $6005.3 thousand for FY 1991 was a $190.1 thousand increase from the FY 1990 level of $5,815.2 thousand. Net income from investments and net realized gains on sales of investments were less than the prior fiscal year by $495.2 thousand primarily due to a decrease in the net realized gains on sale of investments. Employer contributions show an increase of 9.4% ($200.8 thousand) and participant contributions were $484.5 thousand (48.3%) higher than for FY 1990 primarily due to participants electing to transfer service credits from reciprocating systems during FY 1991.

Revenue Source	FY 91 (Thousands)	FY 90 (Thousands)	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Participant Contributions	$ 1,486.8	$ 1,002.3	$ 484.5	48.3%
Employer Contributions	2,347.8	2,147.0	200.8	9.4%
Investment Income	2,170.7	2,665.9	(495.2)	(18.6%)
Total	$ 6,005.3	$ 5,815.2	$ 190.1	3.3%

REVENUES BY SOURCE 1991
TOTAL REVENUES
$ 6,005.3 Thousand



REVENUES BY SOURCE 1990
TOTAL REVENUES
$5,815.2 Thousand



Gross investment income for 1991 of $2,010,975, less the Investment Board's administrative expenses of $126,410, resulted in net investment income of $1,884,565. This amount, when combined with the net realized gain on sale of investments of $231,245, provided net revenue from investments of $2,115,810. Net cash transfers from the Illinois State Board of Investment were $225,000 during FY 1991. The balance of investments at cost increased by $1,890,810 from June 30, 1990 thru June 30, 1991. The following table shows a comparison of investment operations for FY 1991 and FY 1990.

	1991	1990	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Balance at beginning of year, at cost	$ 32,549,302	$ 31,290,392	$ 1,258,910	4.0%
Cash transferred from ISBI (net)	(225,000)	(1,325,000)	(1,100,000)	(83.0%)
Investment income:				
Commingled Fund income	$ 2,010,975	$ 1,992,559	$ 18,416	.9%
Less Expenses	(126,410)	(112,587)	13,823	12.3%
Net investment income	$ 1,884,565	$ 1,879,972	$ 4,593	.2%
Distributed Net Realized Gain on Sale of Investments	$ 231,245	$ 703,938	$ (472,693)	(67.1%)
Balance at end of year, at cost	$ 34,440,112	$ 32,549,302	$ 1,890,810	5.8%
Market value	$ 38,386,470	$ 36,119,540	$ 2,266,930	6.3%

In addition, interest on the average balance in the System's account for FY 1991 was $54,930 compared to $81,973 during FY 1990 primarily due to lower average interest yields during FY 1991.

EXPENSES

The number of participants receiving retirement annuities on June 30, 1991 was 2.0% higher than the June 30, 1990 level while the dollar cost of these annuities increased by 4.4% over the FY 1990 level. Higher salaries for current retirees and post retirement increases granted each January 1 resulted in retirement annuity costs rising at a more rapid pace than the number of annuitants. Survivor annuities increased by 0.8% in number with a 14.6% increase in dollar costs. Higher earned retirement annuities of current year deceased annuitants/participants and annual increases granted on January 1 attributed to the increase in survivors annuity cost.

	FY 91 (Thousands)	FY 90 (Thousands)	Increase/(Decrease) Amount	Percentage
Retirement annuities	$ 3,302.6	$ 3,163.6	$ 139.0	4.4%
Survivors' annuities	821.7	717.1	104.6	14.6%
Refunds	36.7	42.4	(5.7)	(13.4%)
Administrative expense	144.9	126.9	18.0	14.2%
TOTAL EXPENSES	$ 4,305.9	$ 4,050.0	$ 255.9	6.3%

NUMBER OF RECURRING BENEFIT PAYMENTS

	FY Ended June 30, 1990	New Claims Processed During FY 91	Benefits Ceased During FY 91	FY Ended June 30, 1991	Increase/(Decrease) Amount	Percentage
Retirement	196	13	9	200	4	2.0%
Survivors	121	4	3	122	1	0.8%
Reversionary	3	-	-	3	-	0.0%
TOTALS	320	17	12	325	5	1.5%

RESERVES

As of June 30, 1991, the funds available for payment of current and future benefits were $35,142.1 thousand as shown in the following schedule:

Assets	FY 91 (Thousands)	FY 90 (Thousands)	Increase/ (Decrease)
Cash	$ 728.5	$ 913.3	$ (184.8)
Receivables (less payables)	(45.6)	(37.6)	(8.0)
Investments	34,440.1	32,549.3	1,890.8
Fixed Assets (net of accumulated depreciation)	19.1	17.7	1.4
NET ASSETS	$ 35,142.1	$ 33,442.7	$ 1,699.4

Total System revenues for FY 1991 of $6005.3 thousand less expenditures of $4,305.9 thousand resulted in a net increase to reserves of $1,699.4 thousand.

Reserves	FY91 (Thousands)	FY90 (Thousands)	Increase/ (Decrease)
Participant Contributions	$ 8,959.9	$ 8,237.2	$ 722.7
Future Operations	26,182.2	25,205.5	976.7
TOTAL RESERVES	$ 35,142.1	$ 33,442.7	$ 1,699.4

Participant contributions transferred to the Reserve for Future Operations due to retirement or death of active participants during the year amounted to $536.3 thousand.

Actuarial Section

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October 3, 1991

Board of Trustees and Executive Secretary
General Assembly Retirement System, State of Illinois
2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794

ACTUARIAL CERTIFICATION

I have completed the annual actuarial valuation of the General Assembly Retirement System as of June 30, 1991. The purpose of the valuation was to determine the financial condition and funding requirements of the retirement system. The same actuarial assumptions were used for the June 30, 1991 valuation as were used for the June 30, 1990 valuation.

Since the last actuarial valuation, Senate Bill 1951 which was signed into law in January 1991 as Public Act 86-1488 modified the date of commencement of the automatic annual increase in survivor's annuity. I have estimated that this change had a relatively minor impact on the system's total actuarial liability.

Pursuant to the law governing the system, the actuary shall investigate the experience of the system at least once every five years and recommend as a result of such investigation the actuarial assumptions to be adopted. As the actuary, I have completed such an experience analysis for the three years ending June 30, 1987 and the assumptions used for the current valuation were based on that study. I believe that, in the aggregate, the current actuarial assumptions relate reasonably to the past and anticipated experience of the system.

The financing objective of the system is to accumulate assets equal to the value of the system's total actuarial liability determined under the projected unit credit actuarial cost method. Contribution rates have been determined providing for the normal cost plus an amortization of the unfunded actuarial liability as required under Public Act 86-0273. Normal cost rates are expected to remain constant as a percent of payroll, while the amortization contribution rate will increase in equal annual increments until the 1996 fiscal year is reached. The total contribution rate can thus be expected to rise gradually until fiscal year 1996, remain level until fiscal year 2035, and then drop to a constant normal cost rate.

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Employer contributions in recent years have been less than that required under this financing plan. For fiscal year 1992, employer contributions are expected to fall $509,400 short of the amount required under Public Act 86-0273.

The asset values used for the valuation were based on the asset information reported by the system. For purposes of the valuation, the book value of the assets of the system (assets valued at cost), less the amount of liabilities, was used.

In my opinion, the following schedule of valuation results fairly presents the financial condition of the General Assembly Retirement System as of June 30, 1991. The contribution rates determined are in compliance with the provisions of the funding plan enacted under Public Act 86-0273.

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein
Fellow of the Society of Actuaries
Enrolled Actuary No. 3402

INTRODUCTION

The state's policy on pension funding has been based on variations of the pay-as-you-go approach. Since fiscal year 1982, state appropriations have been less than 100% of benefit payout, and during the past ten years have been as low as 50% of benefit payout.

Annually, the System's actuarial consultants perform a valuation of the liabilities and reserves of the System in order to make a determination of the amount of contributions required from the state. These results are then certified to the Board.

The Board, in turn, has the duty of certifying a rate of contribution, based upon participants' compensation, required to be paid to the System during the succeeding fiscal year. The employers' contribution amount, together with participants' contributions, income from investments and any other income received by the System, shall be sufficient to meet the cost of maintaining and administering the System on a funded basis in accordance with actuarial reserve requirements, pursuant to Article 2-146 of the Illinois Revised Statutes.

Based upon the state's funding method described above, the System, in recent years, has not received the minimum actuarially determined employer contribution amount.

The underfunding of employer contributions places undue pressure on one of the other major sources of revenue to the System, namely income from investments, to consistently provide an increasing percentage of total fund revenue. In recent years, the higher than assumed rate of return on investments distorts the fact that employer contributions have not kept pace with prior, current, and future estimated benefit costs.

In an attempt to address the pension funding dilemma, the state legislature passed Public Act 86-0273 in August, 1989, which provided for a standardized funding method (projected unit credit) and a specified term for the amortization of prior unfunded pension costs (40 years, level percentage of payroll). There is a seven-year phase in period of the required employer contributions to attain the 40-year amortization level. The phase in period began in fiscal year 1990, however, the state has not adequately funded the System with the actuarially required contributions, during the first two years of the phase-in period.

ACTUARIAL COST METHOD AND SUMMARY OF MAJOR ACTUARIAL ASSUMPTIONS

The System utilizes the projected unit credit cost method. Under this method, the actuarial liability is the actuarial present value of that portion of a participant's projected benefit that is attributable to service to date on the basis of future compensation projected to retirement. The normal cost represents the actuarial present value of the participant's projected benefit that is attributable to service in the current year, again based on future compensation projected to retirement. Actuarial gains and losses are recognized immediately in the unfunded actuarial liability of the System. However, for purposes of determining future employer contributions, the actuarial gains and losses are amortized over a 40 year period as a level percentage of payroll.

A description of the actuarial assumptions utilized for fiscal year 1991 and fiscal year 1990 follows:

Mortality Rates: The UP-1984 Mortality Table was used for the valuation.

Termination Rates: Termination rates based on the recent experience of the System were used. The following termination rates were used:

Age	Rate of Termination
20-54	.080
55 and over	.000

Disability Rates: Disability rates based on the recent experience of the System as well as on published disability rate tables were used.

The following is a sample of the disability rates that were used for the valuation:

Age	Rate of Disability
30	.00057
35	.00064
40	.00083
45	.00115
50	.00170

Retirement Rates: Rates of retirement for each age from 55 to 70 based on the recent experience of the System were used. The following are samples of the rates of retirement that were used:

Age	Rate of Retirement
55	.2
60	.1
65	.1
70	1.0

The above retirement rates are equivalent to an average retirement age of approximately 62.

Salary Increase: A salary increase assumption of 6.0% per year (consisting of an inflation component of 5% per year and a seniority/merit component of 1% per year), compounded annually, was used.

Interest Rate: An interest rate assumption of 8.0% per year (consisting of an inflation component of 5% per year and a real rate of return component of 3% per year), compounded annually, was used.

Marital Status: It was assumed that 75% of active participants will be married at the time of retirement.

Spouse's Age: The age of the spouse was assumed to be 4 years younger than the age of the participant.

VALUATION RESULTS

Actuarial Liability (Reserves)	June 30, 1991	June 30, 1990
For Active Participants:		
Basic retirement annuity	$ 17,607,031	$ 16,897,467
Annual increase in retirement annuity	4,364,689	4,201,359
Pre-retirement survivors' annuity	1,679,080	1,640,260
Post-retirement survivors' annuity	3,613,281	3,457,514
Withdrawal benefits	5,676,819	5,497,032
Disability benefits	178,453	171,014
Total	$ 33,119,353	$ 31,864,646
For Participants Receiving Benefits:		
Retirement annuities	$ 37,551,741	$ 34,357,361
Survivor annuities	7,446,601	7,054,215
Total	$ 44,998,342	$ 41,411,576
For Inactive Participants	$ 6,350,734	$ 5,347,415
Total Actuarial Liability	$ 84,468,429	$ 78,623,637
Net Assets, Book Value (Cost)	35,142,093	33,442,677
Unfunded Actuarial Liability	$ 49,326,336	$ 45,180,960

SHORT-TERM SOLVENCY TEST

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's present assets (primarily cash and investments) are compared with: 1) active and inactive participant contributions on deposit; 2) the liabilities for future benefits to present retired lives; and 3) the liabilities for service already rendered by active and inactive participants. In a system that has been following level percent of payroll financing, the liabilities for service already rendered by active and inactive participants (liability 3) should be partially covered by the remainder of present assets. If the system continues using level cost financing, the funded portion of liability 3 will increase over time, although it is very rare for a system to have its liability 3 fully funded.

The State of Illinois, however, has funded the System based on benefit payout, a level which increases over time reflecting a larger work force and higher salary levels.

Computed Actuarial Values

	Aggregate Accrued Liabilities For				Percentage of Accrued Liabilities Covered By Net Real Assets		
Fiscal Year	(1) Active and Inactive Participant Contributions	(2) Retirement and Survivor Annuitants	(3) Active and Inactive Participants (Employer Financed Portion)	Net Real Assets	(1)	(2)	(3)
1983	$ 4,129,682	$ 23,637,775	$ 20,069,286	$ 20,463,697	100.0%	69.1%	0.0%
1984	4,539,234	25,818,124	22,833,250	21,990,416	100.0%	67.6%	0.0%
1985	4,612,815	27,616,936	26,432,984	23,250,871	100.0%	67.5%	0.0%
1986	5,373,363	30,829,965	30,247,333	26,738,976	100.0%	69.3%	0.0%
1987	6,414,817	36,673,471	17,547,037	29,140,876	100.0%	62.0%	0.0%
1988	6,861,195	37,155,381	20,143,905	30,106,386	100.0%	62.6%	0.0%
1989	7,208,932	34,062,464	21,563,561	31,677,506	100.0%	71.8%	0.0%
1990	8,237,231	41,411,576	28,974,830	33,442,677	100.0%	60.9%	0.0%
1991	8,959,880	44,998,342	30,510,207	35,142,093	100.0%	58.2%	0.0%

ANALYSIS OF FUNDING

In an inflationary economy, the value of the dollar decreases. This environment results in employees' pay and retirement benefits increasing in dollar amounts resulting in unfunded accrued liabilities which increase in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. The ratio of the unfunded accrued liabilities to active employee payroll provides an index which clarifies understanding. The smaller the ratio of unfunded liabilities to active participant payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the system is becoming financially stronger or weaker. (It should be noted that the improvement reflected in the following schedule for recent years results primarily from significant realized gains on the sale of investments and the change in the actuarial interest rate assumption from 7.5% to 8.0% during fiscal year 1989.)

Fiscal Year	Total Actuarial Liability	Net Assets	Net Assets as a % of Actuarial Liability	Total Unfunded Actuarial Liability	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Annual Covered Payroll
1983	$ 47,836,743	$ 20,463,697	42.8%	$ 27,373,046	$ 5,545,500	493.6%
1984	53,190,608	21,990,416	41.3%	31,200,192	5,524,500	564.8%
1985	58,662,735	23,250,871	39.6%	35,411,864	5,985,000	591.7%
1986	66,450,661	26,738,976	40.2%	39,711,685	6,480,500	612.8%
1987	60,635,325	29,140,876	48.1%	31,494,449	6,643,710	474.0%
1988	64,160,481	30,106,386	46.9%	34,054,095	6,873,250	495.5%
1989	62,834,957	31,677,506	50.4%	31,157,451	6,907,676	451.1%
1990	78,623,637	33,442,677	42.5%	45,180,960	7,254,510	622.8%
1991	84,468,429	35,142,093	41.6%	49,326,336	8,238,709	598.7%

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITY

	FY 91	FY 90
Unfunded actuarial liability at Beginning of FY	$ 45,180,960	$ 31,157,451
Employer contribution requirement of normal cost plus interest on the unfunded liability	$ 5,094,188	$ 3,362,095
Actual employer contribution for the year	2,072,600	2,072,600
Increase in unfunded liability due to employer contributions being less than normal cost plus interest on unfunded liability	$ 3,021,588	$ 1,289,495
Increase/(Decrease) in unfunded liability due to investment return lower/(greater) than assumed	485,821	(167,711)
Increase in unfunded liability due to benefit increases enacted under Public Act 86-0027 and 86-0273	-	9,107,450
(Decrease) in unfunded liability due to salary increases less than assumed	(1,720,691)	(385,078)
Increase in unfunded liability due to other sources	2,358,658	4,179,353
Total Actuarial (Gains) Losses	$ 1,123,788	$ 12,734,014
Net Increase in unfunded liability for the year	$ 4,145,376	$ 14,023,509
Unfunded actuarial liability at End of FY	$ 49,326,336	$ 45,180,960

BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

	Annuitants				Survivors*				
	Beginning	Additions	Deletions	Ending	Beginning	Additions	Deletions	Ending	Total
1982	166	7	4	169	100	7	3	104	273
1983	169	34	12	191	104	9	4	109	300
1984	191	7	11	187	109	12	4	117	304
1985	187	16	5	198	117	5	3	119	317
1986	198	9	8	199	119	6	2	123	322
1987	199	17	10	206	123	6	3	126	332
1988	206	5	13	198	126	6	6	126	324
1989	198	6	5	199	126	4	4	126	325
1990	199	3	6	196	126	3	5	124	320
1991	196	13	9	200	124	4	3	125	325

*Includes Reversionary annuities

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

	Active Members			
Valuation Date June 30	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
1982	239	$ 6,925,500	$ 28,977	(0.3%)
1983	189	5,545,500	29,341	1.3%
1984	189	5,524,500	29,230	(0.4%)
1985	190	5,985,000	31,500	7.8%
1986	192	6,480,500	33,753	7.2%
1987	188	6,643,710	35,339	4.7%
1988	185	6,873,250	37,153	5.1%
1989	184	6,907,676	37,542	1.0%
1990	188	7,254,510	38,588	2.8%
1991	195	8,238,709	42,250	9.5%

Investment Section

Investment Report

Investment Portfolio Summary

Analysis of Investment Performance

INVESTMENT REPORT

By state law the System's investment function is managed by the Illinois State Board of Investment (ISBI Board). The ISBI Board was created in 1969 to provide a means of centralizing the investment management function for public employee pension funds and retirement systems operating in the state. At the end of the fiscal year, in addition to the assets of the General Assembly Retirement Systems, the ISBI Board also managed the investment function for the State Employees' and Judges' Retirement System. As of June 30, 1991, total net assets under management valued at market, amounted to $3.503 billion. Of the total assets under management, $38.4 million or 1.1% represented assets of the General Assembly Retirement System.

Management Approach

The ISBI Board manages the Fund in accordance with the "prudent person rule" as adopted by the Illinois General Assembly in 1982. The ISBI Board has established a long-range investment policy which, in line with the prudent person rule, affirms that the Fund's objective is to provide the greatest possible long-term benefits through maximization of the total return of the Fund, within prudent risk parameters. Further, it is the ISBI Board's philosophy that the assets owned by the participating systems and managed by the ISBI Board are held for the exclusive purpose of providing benefits to the participants and annuitants of the respective retirement systems and their beneficiaries. In line with this philosophy, the ISBI Board from time to time evaluates its asset allocation which is considered by many to be the single most important factor in pension investment management. The three major asset classes are: bonds, equities and cash; with smaller positions being allocated to real estate, venture capital and other alternative investments.

Total Fund Results

The Illinois State Board of Investment Commingled Fund (ISBI Fund) had a market value of $3.503 billion as of the end of its fiscal year, June 30, 1991. The ISBI Fund had an increase in market value of $219.2 million for the fiscal year, all of which resulted from net appreciation of assets and net realized yield on investments, as the member systems withdrew $10 million on a net basis during the fiscal year.

Due to strong domestic equity and bond markets during the last six months of the fiscal year, the ISBI Fund produced a total rate of return of 7% for fiscal year 1991. As set forth in more detail below, domestic equities, fixed income and non-marketable securities achieved results well above the ISBI Fund's total rate of return, while international securities and real estate produced lower results.

The objective of the ISBI Fund is to allocate assets among the various investment categories in a manner that maximizes return and minimizes risk in the security markets. Focusing on that objective, the ISBI Board has engaged a consulting firm to make a comprehensive and quantitative review of the ISBI Fund's portfolio mix, including conformance to pre-determined asset allocation policies and investment guidelines, as well as performance benchmarks for its external managers. It is anticipated that this project will be completed before the end of calendar year 1991 and the ISBI Board intends to then review and possibly adopt a new three to five year investment strategy.

Over the nine year period since the adoption of the prudent person legislation, the ISBI Fund has produced a compounded annual rate of return, net of expenses and charges, of 13.2% and its net assets have increased by $2.4 billion. The last three and five year average annual returns were 9.9% and 8.1%, respectively.

Fixed Income

Substantially all of the investments in the fixed income component are managed internally except for approximately $264.6 million managed by external high yield and convertible debt managers. Internally managed fixed income investments produced a 10.4% rate of return which is slightly better than the benchmark. External managers produced net rates of return approximating their benchmark indices.

Comparative average annual rates of return for the composite of the funds allocated to the fixed income managers and the benchmark market indices are set forth below:

	1 Year	3 Years	5 Years
ISBI	9.0%	8.9%	8.4%
Shearson Lehman G/C	10.2%	9.9%	8.3%
Shearson Lehman Aggregate	10.1%	10.2%	8.8%

Equity

The ISBI Board's stated policy of having all equity investments managed externally has been implemented. As of June 30, 1991, funds under management by domestic, global, and international equity mangers totaled $1,273 million, $207 million, and $87 million, respectively.

All three equity categories performed better than their market benchmarks with domestic equities substantially outperforming global and international equities during the fiscal year. Domestic equity managers produced a 9.9% rate of return for the fiscal year, as compared to 7.4% for the S & P 500; global managers had a loss of .3%, as compared to a 4% loss for the Morgan Stanley Capital International World Index (MSCI); and international managers had a loss of 10.9%, as compared to an 11.2% loss for the Morgan Stanley Capital International Perspective Index for Europe, Australia, and the Far East (EAFE) for the fiscal year.

The composite average annual rates of return for investments managed by all of the equity managers, as compared to the S & P 500, are set forth below:

	1 Year	3 Years	5 Years
ISBI	7.3%	11.5%	8.6%
S&P 500	7.4%	14.7%	11.9%

Real Estate

The combined real estate portfolio is well diversified by property type and substantially non-leveraged. Nonetheless, write-downs on appraised values exceeded cash returns to the ISBI Fund, thereby resulting in a loss of 1.4% for fiscal year 1991. All of the ISBI Fund's investments in real estate are passive and are represented by interests in limited partnerships, trusts, and other forms of pooled investments. The allocation according to property type is 32% retail, 23% office, 12% apartment, 6% warehouse and research and development, with the remaining 27% in mixed use, land and miscellaneous. The ISBI Board made no new commitments to the real estate sector during fiscal years 1990 and 1991.

Average annual returns for the combined real estate portfolio compared to the benchmark market index for unleveraged institutional grade property returns are as follows:

	1 Year	3 Years	5 Years
ISBI	(1.4)%	3.6%	4.9%
NCREIF	(1.1)%	2.0%	3.7%

Non-Marketable Securities

The total rate of return for this category of investment was an excellent 22.7% for the fiscal year. A substantial portion of the return was attributable to one leveraged buyout external manager's performance and the fact that initial public offerings were effected by a number of portfolio companies. This category of investments consists primarily of passive interests in limited partnerships and other entities that have pooled financial resources and engage in leveraged buyouts, venture capital and other private placement activities. As of June 30, 1991, the market value of the non-marketable securities portfolio amounts to 5.2% of the total ISBI Fund.

Average annual returns for additional time periods for this category are set forth below:

	1 Year	3 Years	5 Years
ISBI	22.7%	14.8%	11.1%

Management Expenses

Total operating expenses, including fees to external managers, for the fiscal year were $11,486,438, as compared to $9,915,278 for the previous fiscal year. The expense ratio (expenses divided by assets under management) was .33% as compared to .31% last fiscal year. The General Assembly Retirement System's share of total operating expenses amounted to $126,410.

Additional Information

For additional information regarding the System's investment function, please refer to the Annual Report of the Illinois State Board of Investment, June 30, 1991. A copy of the report can be obtained from the Board at 180 North LaSalle Street, Suite 2015, Chicago, Illinois 60601.

INVESTMENT PORTFOLIO SUMMARY

	June 30, 1991		June 30, 1990	
	Market Value	Percentage	Market Value	Percentage
Fixed Income	$ 1,375,015,021	39.3%	$ 1,280,391,270	39.0%
Equities	1,473,327,061	42.1%	1,415,536,152	43.1%
Real Estate	341,066,237	9.7%	338,205,156	10.3%
Non-Marketable	183,670,238	5.2%	157,978,812	4.8%
Cash equivalents**	129,935,529	3.7%	91,665,687	2.8%
Net assets at market value	$ 3,503,014,086*	100.0%	$ 3,283,777,077*	100.0%
Net assets, at cost	$ 3,153,895,617*		$ 2,971,557,481*	

* These amounts represent the total assets under management of the Illinois State Board of Investment. The assets of the General Assembly Retirement System at market and cost for fiscal year 1991 were $38,386,470 and $34,440,112, respectively. For fiscal year 1990 the market and cost values were $36,119,540 and $32,549,302, respectively.

** Cash equivalents includes other assets less liabilities.

ANALYSIS OF INVESTMENT PERFORMANCE

	1991	1990	1989	1988	1987
Total Return* - Past 3 years		9.9%			
Total Return* - Past 5 years			8.1%		
Total Return* - year by year	7.0%	8.0%	14.3%	2.5%	8.8%
Actuarial Assumed Rate of Return		8.0%			7.5%
Average Net Income Yield*	5.2%	5.2%	5.5%	5.6%	5.3%
Comparative rates of return on fixed income securities					
Total fixed income - ISBI	9.0%	5.9%	12.0%	9.3%	5.7%
Comparison index: Shearson Lehman Government/ Corporate Bond Index	10.2%	7.1%	12.3%	7.5%	4.7%
Comparative rates of return on equities					
Total equities - ISBI	7.3%	10.5%	17.0%	(4.6%)	14.4%
Comparison index: S&P 500	7.4%	16.4%	20.6%	(6.9%)	25.1%

* Total return is the combined effect of income earned and market appreciation (depreciation). Average net income yield is the income earned for the year divided by the average market value of assets employed.

Statistical Section

BALANCE SHEET ASSETS

Fiscal Year Ended June 30	Cash	Receivables	Investments at Cost	Fixed Assets Net of Accumulated Depreciation	Total
1982	$ 469,123	$ 7,379	$ 16,868,387	$ -	$ 17,344,889
1983	855,726	77,925	19,550,646	-	20,484,297
1984	370,721	6,364	21,638,352	-	22,015,437
1985	194,235	60,245	23,015,713	-	23,270,193
1986	511,796	34,252	26,214,899	-	26,760,947
1987	534,782	3,788	28,649,633	627	29,188,830
1988	494,346	19,628	29,620,883	14,596	30,149,453
1989	348,265	76,691	31,290,392	13,532	31,728,880
1990	913,283	14,447	32,549,302	17,723	33,494,755
1991	728,538	15,235	34,440,112	19,082	35,202,967

BALANCE SHEET LIABILITIES AND FUND BALANCE

Fiscal Year Ended June 30	Total Liabilities	Reserve for Participant Contributions	Reserve for Automatic Annuity Increase	Reserve for Future Operations	Total
1982	$ 16,622	$ 4,310,327	$ 1,176,380	$ 11,841,560	$ 17,344,889
1983	20,600	4,129,681	1,183,439	15,150,577	20,484,297
1984	25,021	4,539,234	1,146,005	16,305,177	22,015,437
1985	19,322	4,612,815	1,062,563	17,575,493	23,270,193
1986	21,971	5,373,363	1,009,112	20,356,501	26,760,947
1987	47,954	5,555,017	859,800	22,726,059	29,188,830
1988	43,067	6,177,939	683,256	23,245,191	30,149,453
1989	51,374	6,748,268	460,664	24,468,574	31,728,880
1990	52,078	8,237,231	-	25,205,446	33,494,755
1991	60,874	8,959,880	-	26,182,213	35,202,967

REVENUES BY SOURCE

Fiscal Year Ended June 30	Participant Contributions	Employer Contributions			Income From Investments	Total
		State of Illinois	Transferred from Reciprocating Systems	Total		
1982	$ 766,686	$ 1,450,000	$ 11,637	$ 1,461,637	$ 1,577,311	$ 3,805,634
1983	786,705	2,061,100	58,181	2,119,281	2,877,001	5,782,987
1984	658,899	1,524,800	-	1,524,800	2,204,477	4,388,176
1985	679,000	2,215,800	2,932	2,218,732	1,516,230	4,413,962
1986	1,059,024	2,216,200	125,212	2,341,412	3,416,960	6,817,396
1987	767,483	2,214,100	213	2,214,313	3,064,668	6,046,464
1988	796,393	1,970,000	-	1,970,000	1,933,098	4,699,491
1989	869,635	1,997,500	-	1,997,500	2,555,317	5,422,452
1990	1,002,258	2,072,600	74,401	2,147,001	2,665,883	5,815,142
1991	1,486,815	2,072,600	275,161	2,347,761	2,170,740	6,005,316

EXPENSES BY TYPE

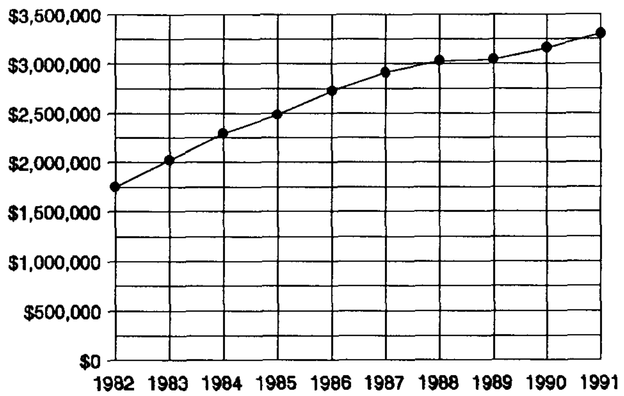
Fiscal Year Ended June 30	Benefits	Refunds	Administrative Expenses	Total
1982	$ 2,094,792	$ 56,797	$ 67,284	$ 2,218,873
1983	2,389,904	185,106	72,547	2,647,557
1984	2,712,913	71,902	76,642	2,861,457
1985	2,955,395	118,711	79,401	3,153,507
1986	3,200,212	42,316	86,763	3,329,291
1987	3,461,212	80,202	103,150	3,644,564
1988	3,618,087	16,717	99,177	3,733,981
1989	3,682,411	55,660	113,261	3,851,332
1990	3,880,692	42,427	126,852	4,049,971
1991	4,124,250	36,742	144,908	4,305,900

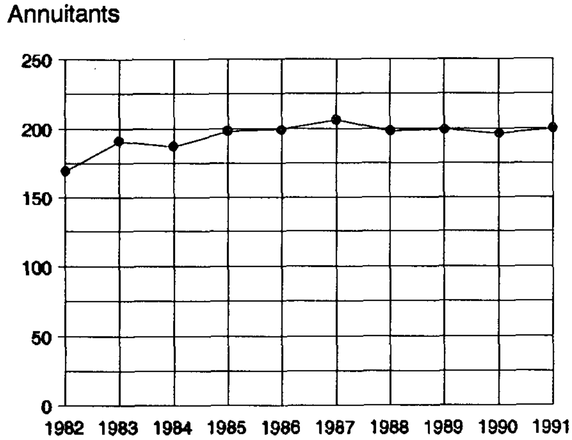
BENEFIT EXPENSES BY TYPE

Fiscal Year Ended June 30	Retirement Annuities	Survivors' Annuities *	Total
1982	$ 1,751,641	$ 343,151	$ 2,094,792
1983	2,024,306	365,598	2,389,904
1984	2,295,291	417,622	2,712,913
1985	2,487,319	468,076	2,955,395
1986	2,728,059	472,153	3,200,212
1987	2,913,799	547,413	3,461,212
1988	3,030,995	587,092	3,618,087
1989	3,046,455	635,956	3,682,411
1990	3,163,616	717,076	3,880,692
1991	3,302,545	821,705	4,124,250

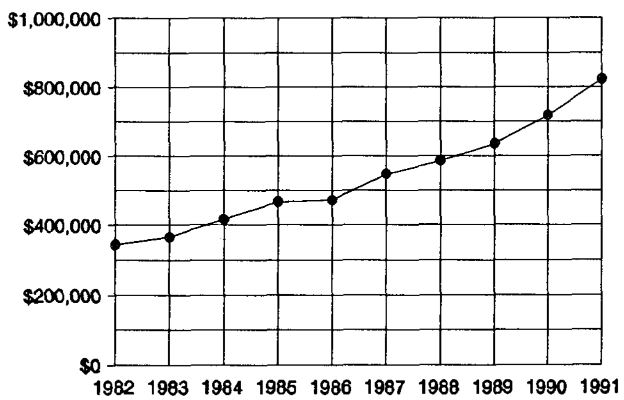
*Includes Reversionary annuities.

Retirement Annuities

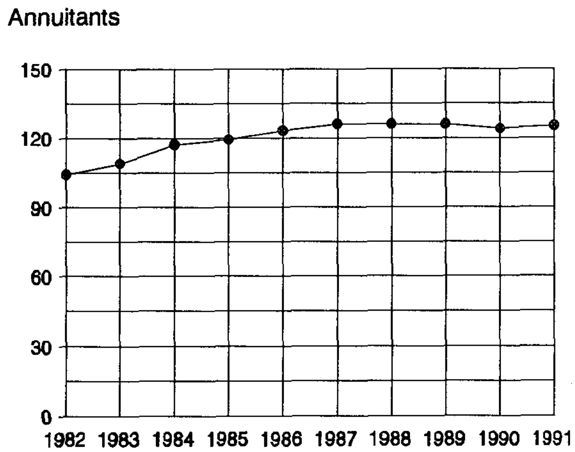




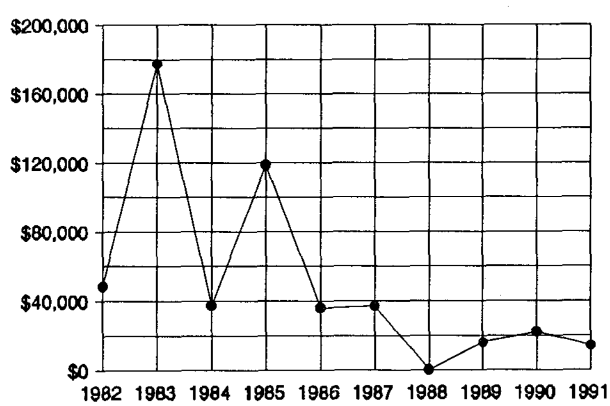
Survivor Annuities*

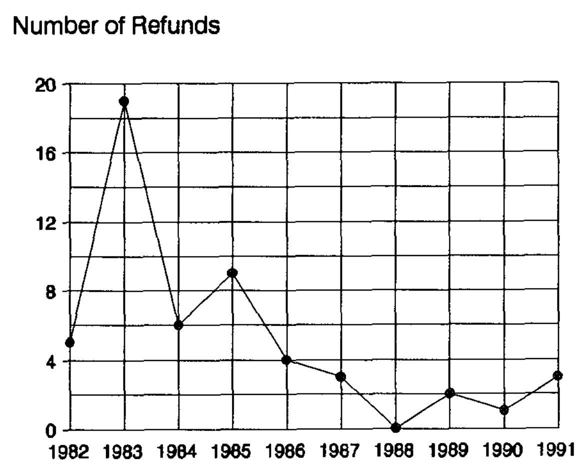


* includes reversionary annuities



Termination Refunds





NUMBER OF PARTICIPANTS

At June 30	Active	Inactive	Total
1982	239	70	309
1983	189	105	294
1984	189	98	287
1985	190	92	282
1986	192	81	273
1987	188	86	274
1988	185	83	268
1989	184	86	270
1990	188	81	269
1991	195	79	274

TERMINATION REFUNDS

Fiscal Year Ended June 30	Number	Amount
1982	5	$ 48,265
1983	19	177,273
1984	6	37,363
1985	9	118,711
1986	4	36,171
1987	3	36,994
1988	-	-
1989	2	15,475
1990	1	21,890
1991	3	13,980

NUMBER OF RECURRING BENEFIT PAYMENTS

at June 30	Retirement Annuities	Survivors' Annuities	Reversionary Annuities	Total
1982	169	102	2	273
1983	191	107	2	300
1984	187	115	2	304
1985	198	116	3	317
1986	199	120	3	322
1987	206	123	3	332
1988	198	123	3	324
1989	199	123	3	325
1990	196	121	3	320
1991	200	122	3	325

Annuitants by Benefit Range (Monthly) June 30, 1991

Benefit Range	Total	Cumulative Total	% of Total	Cumulative % of Total
$ 1-500	48	48	24.0	24.0
501-1000	32	80	16.0	40.0
1001-1500	30	110	15.0	55.0
1501-2000	31	141	15.5	70.5
2001-2500	29	170	14.5	85.0
2501-3000	19	189	9.5	94.5
3001-3500	5	194	2.5	97.0
3501-4000	2	196	1.0	98.0
4001-4500	2	198	1.0	99.0
4501-5000	1	199	0.5	99.5
5001-5500	0	199	0.0	99.5
5501-6000	0	199	0.0	99.5
6001-6500	0	199	0.0	99.5
6501-7000	1	200	0.5	100.0

Survivors * by Benefit Range (Monthly) June 30, 1991

Benefit Range	Total	Cumulative Total	% of Total	Cumulative % of Total
$ 1-500	77	77	61.6	61.6
501-1000	25	102	20.0	81.6
1001-1500	19	121	15.2	96.8
1501-2000	4	125	3.2	100.0

* includes reversionary annuities

NUMBER ON ACTIVE PAYROLLS

at June 30	Elected State Officers	House Members	Senate Members	Miscellaneous Active	Total
1982	5	173	58	3	239
1983	6	117	59	7	189
1984	6	117	59	7	189
1985	6	116	59	9	190
1986	6	116	59	11	192
1987	6	116	59	7	188
1988	6	116	59	4	185
1989	6	115	59	4	184
1990	6	118	59	5	188
1991	6	118	59	12	195

RETIREMENT ANNUITANTS STATISTICS AND AVERAGE MONTHLY BENEFITS

	At Retirement			
Fiscal Year Ended June 30	Average Age	Average Length of Service *	Average Current Age	Average Current Monthly Benefit
1982	61.8	14.8	69.3	$ 868
1983	61.6	14.8	68.5	1,002
1984	61.4	14.8	68.8	1,040
1985	61.2	14.8	69.0	1,119
1986	61.1	14.5	69.3	1,152
1987	61.0	14.3	69.3	1,216
1988	60.6	14.2	69.5	1,252
1989	60.3	13.9	69.9	1,298
1990	60.1	13.5	70.3	1,359
1991	60.1	13.0	70.5	1,449

* in years

ACTIVE RETIREES BY STATE

Plan Summary and Legislative Section

Plan Summary

Legislative Section

SUMMARY OF RETIREMENT SYSTEM PLAN

(As of June 30, 1991)

1. PURPOSE

The purpose of the System is to provide retirement annuities, survivors' annuities and other benefits for members of the General Assembly, certain elected state officials and their beneficiaries.

2. ADMINISTRATION

Responsibility for the operation of the System and the direction of its policies is vested in a Board of Trustees consisting of seven members. The administration of the detailed affairs of the System is the responsibility of the Executive Secretary who is appointed by the Board of Trustees. Administrative policies and procedures are designed to ensure an accurate accounting of funds of the System and prompt payment of claims for benefits within the applicable statute.

3. EMPLOYEE MEMBERSHIP

All members of the Illinois General Assembly and any person elected to the office of Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller or Attorney General become members of the System unless they file an election not to participate within 24 months of taking office.

Any person who has served 10 or more years as Clerk or Assistant Clerk of the House of Representatives, Secretary or Assistant Secretary of the Senate or any combination thereof, may elect to become a participant.

A participant with at least 6 years of service may, following termination of service in the General Assembly, elect to continue participation while employed in certain other positions of public service.

4. PARTICIPANT CONTRIBUTIONS

Participants are required to contribute a percentage of salary as their share of meeting the cost of the various benefits at the rates shown below:

Retirement Annuity	8.5%
Automatic Annual Increase	1.0%
Survivors' Annuity	2.0%
Total	11.5%

5. RETIREMENT ANNUITY

A. Qualification of Participant
Upon termination of service, a participant is eligible for a retirement annuity at age 55 with at least 8 years of credit or at age 62 with at least 4 years of credit.

B. Amount of Annuity
Effective January 1, 1982, the retirement annuity is determined according to the following formula based on the applicable salary:

3.0% for each of the first 4 years of credit;
3.5% for each of the next 2 years of credit;
4.0% for each of the next 2 years of credit;
4.5% for each of the next 4 years of credit;
5.0% for each year of service in excess of 12 years.

The maximum annuity is 85% of final rate of salary after 20 years of credit.

C. Optional Forms of Payment
Reversionary Annuity - A participant may elect to receive a reduced annuity during his or her lifetime in order to provide a spouse, parent, child, brother or sister with a lifetime income. Such payment to a spouse would be in addition to the survivors' annuity benefit. The election should be filed with the System at least 2 years prior to retirement.

D. Annual Increases in Retirement Annuity
Post retirement increases of 3% of the current amount of annuity are granted to participants effective in January of the year next following the first anniversary of retirement and in January of each year thereafter. For participants who remain in service after attaining 20 years of creditable service, the 3% annual increases shall begin to accrue on the January 1 next following the date upon which the participant (1) attains age 55, or (2) attains 20 years of creditable service, whichever occurs later. In addition, the annual increases shall continue to accrue while the participant remains in service; however, such increases shall not become payable until January 1 next following the first anniversary of retirement.

E. Suspension of Retirement Annuity
An annuitant who reenters service becomes a participant and resumes contributions to the System as of the date of reentry and retirement annuity payments cease.

If the provisions of the Retirement Systems' Reciprocal Act are elected at retirement, any employment which would result in the suspension of benefits under any of the retirement systems being considered would also cause the annuity payable by the General Assembly Retirement System to be suspended.

6. SURVIVORS' ANNUITY

A. Qualification of Survivor
If death occurs while in service, the participant must have established at least two years of credit. If death occurs after termination of service and prior to receipt of retirement annuity, the participant must have established at least 8 years of credit. To be eligible for the survivors' annuity, the spouse and participant or annuitant must have been married for at least 1 year immediately preceding the date of death.

An eligible spouse qualifies at age 50 or at any age if there is in the care of the spouse unmarried children of the participant under age 18 or over age 18 if disabled. Eligible surviving children would be entitled to benefits if no spouse survives.

B. Amount of Payment
If the participant's death occurs while in service, the surviving spouse without eligible children of the member would be eligible to 66-2/3% of earned retirement annuity, subject to a minimum of 10% of salary. A surviving spouse with eligible children of the participant would receive 30% of salary increased 10% of salary for each minor child, subject to a maximum of 50% of salary to a family.

If the participant's death occurs after termination of service or retirement, the surviving spouse without eligible children of the participant would be eligible to 66-2/3% of earned retirement annuity. A surviving spouse with eligible children would receive 75% of earned retirement annuity unless the participant is survived by a dependent disabled child in which case the annuity to a surviving spouse would not be less than 100% of the earned retirement annuity.

The minimum survivors' annuity for any qualified survivor shall be $300 per month.

C. Duration of Payment
When all children, not including disabled, are ineligible because of death, marriage or attainment of age 18, the spouse's benefit is suspended if the spouse is under age 50 until attainment of such age. A surviving spouse who remarries prior to attainment of age 55 would be disqualified for any future benefit payments.

D. Annual Increases in Survivors' Annuity
Increases of 3% of the current amount of annuity are granted to survivors in each January occurring on or after the commencement of the annuity if the deceased participant died while receiving a retirement

annuity. In the event of an active participant's death, increases of 3% of the current amount of annuity are granted to survivors effective in January of the year next following the first anniversary of the commencement of the annuity and in January of each year thereafter.

7. DEATH BENEFITS

The following lump sum death benefits are payable to the named beneficiaries or estate of the participant only if there are no eligible survivors' annuity beneficiaries surviving the deceased participant.

A. Before Retirement
If the participant's death occurs while in service, a refund of total contributions to the System, without interest, in the participant's account.

B. After Retirement
If the participant's death occurs after retirement, a refund of the excess of contributions to the System over annuity payments, if any.

C. Death of Survivor Annuitant
Upon death of the survivor annuitant with no further survivors' annuity payable, a refund of excess contributions to the System over total retirement and survivors' annuity payments, if any.

8. DISABILITY BENEFIT

A participant with at least 8 years of service who becomes disabled while in service as a contributing participant is eligible for a retirement annuity regardless of age.

If disability is service-connected, the annuity is subject to reduction by amounts received by a participant under the Workers' Compensation Act and the Workers' Occupational Diseases Act.

9. REFUND OF CONTRIBUTIONS

Upon termination of service, a participant is entitled to a refund of total contributions to the System without interest. By accepting a refund, a participant forfeits all accrued rights and benefits in the System for his or herself and beneficiaries.

If unmarried at retirement, a participant is entitled to a full refund of contributions for survivors' annuity. The refund may be repaid, with required interest, to qualify a spouse for survivors' benefits if the participant marries after retirement.

LEGISLATIVE AMENDMENTS

Amendments with an effective date during fiscal year 1991 having an impact on the System were:

SENATE BILL 1951

1. Changes the salary requirement for those persons electing to continue participation in the System under section 2-117.1 of the Pension Code from $32,500 or more per year to an amount at least equal to the minimum salary provided by law for members of the General Assembly.

2. Provides that the Board may adopt rules prescribing the manner of repaying refunds and purchasing optional credits.

3. Provides that rollover contributions from other retirement plans qualified under the U.S. Internal Revenue Code may be used to purchase any optional credit or repay any refund.

4. Provides that every survivor's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) on each January 1 occurring on or after the first anniversary of the commencement of the annuity in the event of an active participant's death.

5. Provides that the annuitant Board member elected in 1989 shall serve for a term of four years beginning February 1, 1989 with subsequent elections held in January 1993 and every fourth year thereafter. In addition, nominations and elections shall be conducted in accordance with such procedures as the Board may prescribe, and in the event that only one eligible person is nominated, the Board may declare the nominee elected at the close of the nomination period and need not conduct an election.

6. Allows any elected city officer who is a participant in the pension fund established under Article 8 of the Illinois Pension Code to transfer his or her accumulated credits and creditable service from the System to such pension fund. In addition, any such elected city officer may (1) establish additional credits and creditable service for periods during which he or she could have elected to participate in the System but did not so elect by paying to the System an amount equal to the contributions he or she would have made if they had elected to participate, plus interest to the date of payment or, (2) reinstate credits and creditable service terminated upon receipt of a refund by repaying to the System the amount of the refund together with interest thereon to the date of payment.

NEW LEGISLATION

There was no new legislation with effective dates subsequent to June 30, 1991, affecting the operation of the System.