GREATER Retirement Security

$12.8 billion in assets

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF ILLINOIS

Letter of Transmittal

State Universities Retirement System of Illinois
Serving Illinois Community Colleges and Universities
1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

November 10, 2004

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, IL 61820

I am pleased to present the 63rd Comprehensive Annual Financial Report for the State Universities Retirement System of Illinois (SURS or the System, a component unit of the State of Illinois). This retirement system was created in 1941 by the State of Illinois for the benefit of the staff members and employees of the state universities, community colleges, and certain affiliated organizations, certain other state educational and scientific agencies, and the survivors, dependents, and other beneficiaries of those employees.

SURS management is charged with the responsibility of making available to participants and benefit recipients its financial statements, including the report of the independent auditors regarding those statements. This annual report represents that responsibility.

The annual report is divided into five sections:

- The Introductory Section contains this transmittal letter, identification of the trustees, staff, consultants, and administrative organization;
- The Financial Section contains the management discussion and analysis, the report of the independent auditors, the financial statements, and notes;
- The Investment Section contains the custodian bank's certification of the assets held in safekeeping, a list of the ten largest holdings in each asset category, and reports and tables concerning asset allocation and investment performance;
- The Actuarial Section contains the report of the actuary and the results of the most recent actuarial valuation; and
- The Statistical Section contains significant data pertaining to participants and benefit recipients.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the report of the independent auditors.

Summary of Financial Information

The following table summarizes the change to the System's plan net assets available for benefits between fiscal years 2004 and 2003.

($ millions)

	2004	2003	Increase/(Decrease) Amount	%
Additions	$ 3,923.7	$ 841.3	$ 3,082.4	366.4
Deductions	967.4	885.7	81.7	9.2
Change	$ 2,956.3	$ (44.4)	$ 3,000.7	6,758.3

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The significant increase in the additions for 2004 is due to an increase of $1.9 billion in net investment income, and an increase of $1.5 billion in employer contributions, $1.4 billion of which were proceeds from the June 2003 issuance of General Obligation Bonds by the State of Illinois. Deductions increased by 9.2% due to the continuing growth in benefit payments made based upon growth in the number of recipients and a higher average payment per recipient. More detailed analysis can be found in the Financial Section of this report.

Funding

The State of Illinois, the largest employer covered by SURS, provides funding from three sources: the General Revenue Fund, the Educational Assistance Fund and the State Pensions Fund which is funded with proceeds from unclaimed property. Fiscal year 2004 marked SURS' ninth year of funding under Public Act 88-0593 which took effect on July 1, 1995. This law addresses pension funding in two fundamental ways. First, the law calls for a 15 year phase-in (graded in equal steps) to an ultimate level of funding which will adequately provide for the annual employer's normal cost while amortizing 90% of the accrued actuarial unfunded liability over a period of 35 years. Second, funding the appropriations to the System was removed from the annual budgeting process by providing for a continuing appropriation mechanism.

The actuarial accrued liability for the defined benefit plan at June 30, 2004 was $19.1 billion as calculated by the projected unit credit method. The net assets available at June 30,2004, equaled $ 12.6 billion. The amount by which the liability exceeds the assets is called the unfunded accrued actuarial liability, and it equaled $6.5 billion at the end of fiscal year 2004. While the state contributions have been increasing, projections indicate that SURS will continue to experience negative cash flow during fiscal year 2005 and beyond, due to the increasing number of benefit recipients in relation to active members of the system. This negative cash flow results in the Board of Trustees redirecting investment income to cover benefit payments as needed.

Investments

Investments are made under the authority of the prudent expert rule, which states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. This standard has enabled the System to invest in different types of asset classes seeking to increase return while lowering risk through diversification.

Investment policy provides for a goal of 66% of the fund to be invested in equities, 22% of which may be invested in non-U.S. common stock and global equities, and 2% in private equities; 29% in fixed income; 2% in real estate investment trust; and 3% in the opportunity fund. The System retains professional investment firms who serve as fiduciaries and are afforded full discretion to manage the assets entrusted to them in accordance with written policies and guidelines established by the Board of Trustees.

The majority of SURS investments are insured or collateralized with securities held by its agent except for mutual funds, which are not evidenced by securities that exist in physical or book entry form.

Yield information is detailed in the Investment Section of this report. Taken as a whole, the SURS portfolio of investments produced a return of 17.0%, net of fees, for the year ended June 30, 2004.

Major Initiatives

The mission statement of SURS provides the foundation for the System's initiatives and ongoing programs. The mission of SURS is "To provide for SURS annuitants, participants, and their employers, in accordance with state law, the best and most cost effective benefit administration services in the United States, to manage and invest the fund's assets prudently, and to endeavor to achieve and maintain a financially sound retirement system."

■ Internet-Based Applications

Work continues on the multiple-year effort to develop SURS' internet site to allow for interactive menu options and enhanced information exchange for members and employers. This project is organized into three major

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phases of development and implementation; an employer website to facilitate employment status event communication, an employer website to enhance payroll contribution data transfer, and a member website to be utilized by both active and retired members.

While the development of the project phases related to employer data submission is complete, work continues on the final project phase related to member applications and data submission via the website.

■ Operational Refinements

SURS staff continue to seek ways to improve operational efficiency and reduce costs. One accomplishment during the past year was the transfer of the printing of annual tax reports to benefit recipients and contribution account reports to active members from outside vendors to in-house capability. It is projected that this will save SURS approximately $30,000 per year. Work is also being done to streamline the receipt of pension contribution funds from employers using an automatic account debiting approach versus the present method of remittance of paper checks. This approach will be refined in the future for application to the individual insurance premium collection process in the case of COBRA and SMP annuitants. Finally, the increase in staff devoted to retirement counseling over the past few years has allowed for twice as many counselors to be sent out periodically to provide counseling at the employer sites. SURS has also been able to expand the availability of in-house counseling sessions to members planning for retirement within four years versus the former restriction of two years or less.

■ Self Managed Plan Provider Changes

During FY 2004 the number of providers was decreased from three to two. This required the termination of services with ING (formerly Aetna), leaving Fidelity and TIAA/CREF as the providers of investment options to members. This initiative required communications with over 8,000 members and the accurate and timely transfer of data and system connections to allow the continued and uninterrupted flow of contributions to member accounts. This initiative results in reduced administrative costs of the plan by an estimated $80,000 annually, and reduced costs to the members in the form of lower investment expenses offsetting the investment returns of their individual accounts. These savings are achieved while a full spectrum of investment choices for the members are still maintained.

Accounting System and Internal Control

SURS uses the accrual basis of accounting to record assets, liabilities, revenues, and expenses. Revenues for SURS are taken into account when earned, without regard to date of collection. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Fair value has been used to present the assets of the System in accordance with Governmental Accounting Standards Board Statements #25 and #27, implemented effective July 1, 1996.

In developing and evaluating the accounting system, consideration has been given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding safekeeping of assets and reliability of financial records. SURS maintains an internal audit program that employs the services of two internal auditors to determine that all controls implemented are as designed.

Independent Audit

The Illinois Pension Code requires an annual audit of the financial statements of the System by independent public accountants, selected by the State Auditor General. This requirement has been complied with, and the independent auditors' unqualified report on the System's 2004 financial statements has been included in this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SURS for its component unit financial report for the fiscal year ended June 30, 2003. This is the twentieth consecutive year the System has earned this award.

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To be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The 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.

We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Appointment of Trustees

As of June 30, 2004, the composition of the SURS nine-member Board of Trustees who serve upon appointment by the Governor is as follows:
Dr. Stanley Rives and Dr. Fred Giertz were concluding the fifth year of their six-year re-appointed terms. Mr. Mark Donovan was appointed to the Board in April, 2004 to serve through June 30, 2005, replacing Ms. Nancy DeSombre. Ms. Pat McKenzie, Mr. Talat Othman and Mr. John M. Schultz were concluding the third year of their six-year re-appointed terms. Mr. Michael Mackey, Mr. Michael Pizzuto, and Mr. Mitchell Vogel were concluding the first year of their six-year appointed terms. Dr. Rives, Ms. McKenzie, and Dr. Giertz served as President, Vice-President, and Treasurer, respectively.

Acknowledgements

The preparation of the annual report by the Finance Division reflects the combined efforts of the SURS staff under the leadership of the Board of Trustees. It is intended for use by the Trustees and staff in making management decisions, in judging compliance with legal provisions, and in determining responsible stewardship for the assets contributed by System members and the State of Illinois. The report is being mailed to all employers covered by the State Universities Retirement System and is available to members and other interested persons upon request.

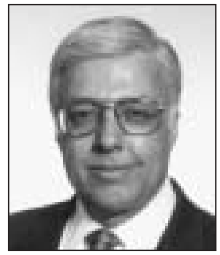
On behalf of the Board of Trustees, I would like to express my gratitude to the staff, the consultants, and the many other people who work so effectively to assure the successful operation of this System.

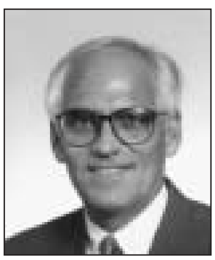
Respectfully submitted,

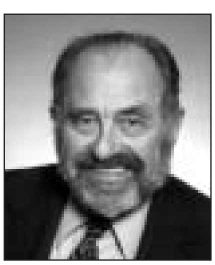
William B. Jackson

William B. Jackson
Chief Financial Officer

Board of Trustees







Administrative Staff

James M. Hacking
Executive Director

Judy Rathgeber
Deputy Director
Member Education

John R. Krimmel, CPA, CFA
Chief Investment Officer

Judith A. Parker
Deputy Director
Member Services

Dan M. Slack
General Counsel

Steven L. Hayward, CPA
Internal Auditor

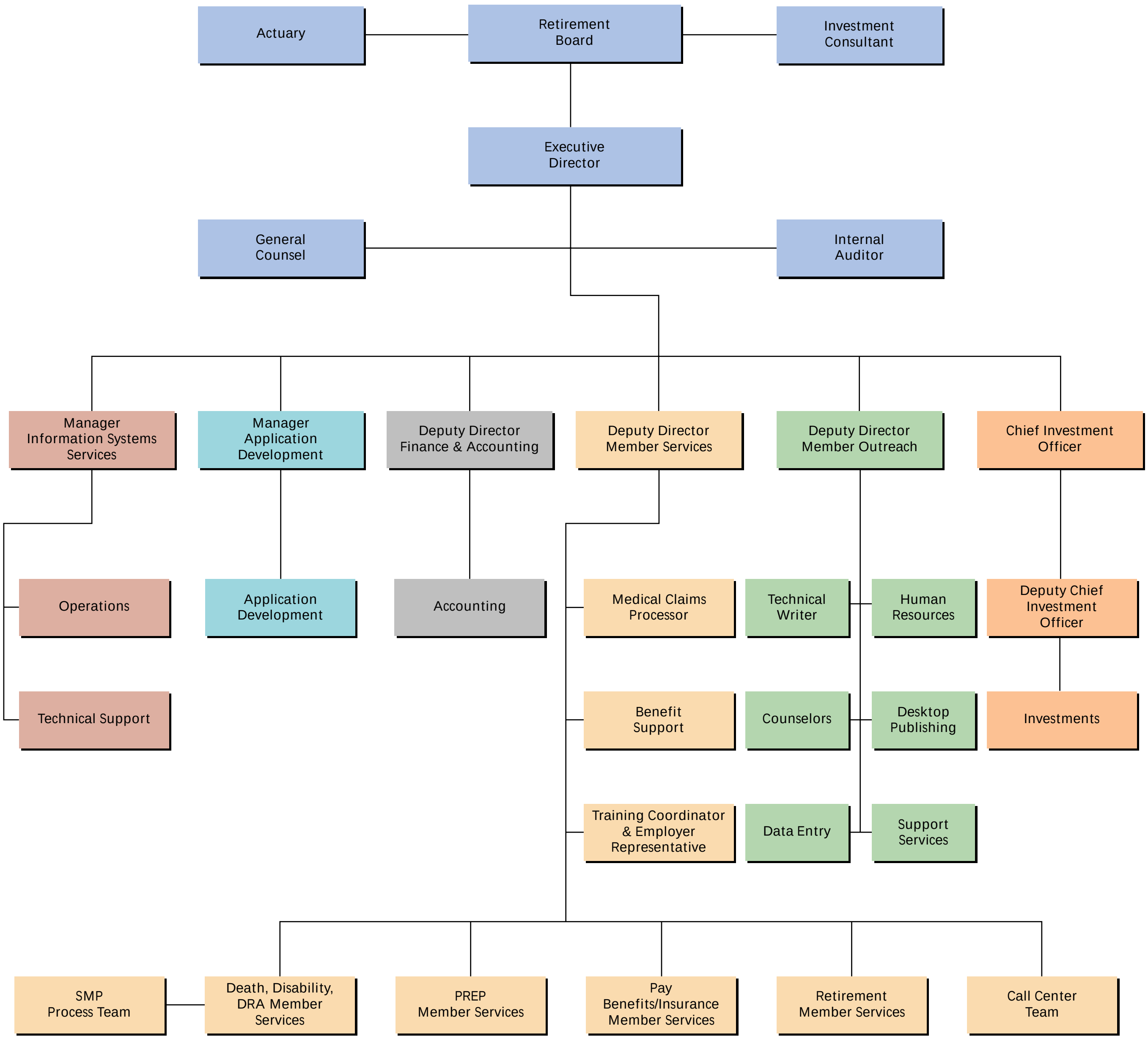
Daniel L. Allen
Associate Investment Officer

M. Christopher Hansen
Manager
Information Systems Services

William B. Jackson
Chief Financial Officer

Douglas J. Steele
Manager
Application Development

Organizational Chart



Consulting and Professional Services

Actuary
Gabriel, Roeder, Smith & Co. — Southfield, Michigan

Auditor
BKD, LLP — Decatur, Illinois
(Acting as Special Assistant Auditor for the Illinois Office of the Auditor General)

Legal Counsel
Mayer, Brown, Rowe & Maw — Chicago, Illinois
Thomas, Mamer & Haughey — Champaign, Illinois

Information Systems
Champaign Systems, Inc. — Champaign, Illinois
Levi, Ray & Shoup, Inc. — Champaign, Illinois

Master Custodian & Performance Measurement
The Northern Trust Company — Chicago, Illinois

Investment Consultant
Ennis, Knupp & Associates, Inc. — Chicago, Illinois

Investment Advisors
Adams Street Partners — Chicago, Illinois
American Express Asset Management International — London, England
Ariel Capital Management — Chicago, Illinois
Barclays Global Investors — San Francisco, California
BlackRock Financial Management — New York, New York
Capital Guardian Trust Company — San Francisco, California
Delaware International Advisors Ltd — London, England
Fidelity Management Trust Company — Boston, Massachusetts
Genesis Capital Management — San Francisco, California
Globe Flex Capital, L.P. — San Diego, California
ING Clarion Real Estate Securities — Radnor, Pennsylvania
Martin Currie, Inc. — Edinburgh, Scotland
Metropolitan West Asset Management — Los Angeles, California
New Amsterdam Partners — New York, New York
Northern Trust Global Advisors — Stamford, Connecticut
Northern Trust Investments — Chicago, Illinois
Oechsle International Advisors — Boston, Massachusetts
Pacific Investment Management Company — Newport Beach, California
Pantheon Ventures — San Francisco, California
Payden & Rygel — Los Angeles, California
Progress Investment Management Company — San Francisco, California
Rasara Strategies — Briarcliff Manor, New York
Rosenberg Real Estate Equity Funds — Chicago, Illinois
Van Wagoner — San Francisco, California
Wellington Management Company — Boston, Massachusetts
Western Asset Management — Pasadena, California

Self-Managed Plan Service Providers
Fidelity Investments — Boston, Massachusetts
ING — Hartford, Connecticut
Teachers Insurance Annuity Association College Retirement Equities Fund — New York, New York

LARGER Funding Base

67 employers
in Illinois

THE COMPREHENSIVE
ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF ILLINOIS

Independent Auditors' Report

BKD LLP

225 North Water Street, Suite 400
P.O. Box 1580
Decatur, IL 62525-1580
217 429-2411 Fax 217 429-6109

bkd.com

Independent Auditors' Report

The Honorable William G. Holland, Auditor General – State of Illinois

Board of Trustees, State Universities Retirement System

As Special Assistant Auditors for the Auditor General, we have audited the accompanying statement of plan net assets of the State of Illinois, State Universities Retirement System (System), a component unit of the State of Illinois, as of June 30, 2004, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the System's financial statements as of June 30, 2003 and for the year then ended, on which we expressed an unqualified opinion in our report dated November 14, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2004 on our consideration of the State of Illinois, State Universities Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and schedules of funding progress and employer contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The accompanying supporting schedules in the financial section and the accompanying introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2004 supporting schedules in the financial section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as of and for the year ended June 30, 2004, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the System's basic financial statements as of and for the year ended June 30, 2003, which are not presented with the accompanying financial statements. In our report dated November 14, 2003, we expressed an unqualified opinion on those basic financial statements. In our opinion, the 2003 supporting schedules in the financial section are fairly stated, in all material respects, in relation to the basic financial statements as of and for the year ended June 30, 2003, taken as a whole. The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Solutions for Success

BKD, LLP

November 10, 2004

A member of Moores Rowland International

Management's Discussion and Analysis

This section presents management's discussion and analysis of the State Universities Retirement System's (SURS or the System) financial statements and the major factors affecting the operations and investment performance of the System during the year ended June 30, 2004, with comparative reporting entity totals for the year ended June 30, 2003.

Overview of Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statement of Plan Net Assets as of June 30, 2004 and the Statement of Changes in Plan Net Assets for the year ended June 30, 2004. These statements present separate totals for the defined benefit plan and the self-managed plan, with reporting entity totals for the years ended June 30, 2004 and 2003. The Statement of Plan Net Assets presents the assets on hand as of June 30, 2004 and available to be used in the payment of benefits. The Statement of Changes in Plan Net Assets presents the additions to and deductions from the plan net assets during the year ended June 30, 2004.

- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Disclosures include the description of the plan, summary of significant accounting policies, detailed presentations of major assets and liabilities, and discussions of pending litigation and subsequent events impacting the plan.

- Required supplementary information presents schedules related to employer contributions and the funding of the plan.

- Other supplementary schedules consist of detailed information supporting administrative and investment expenses, fees paid to consultants, and a summary of cash receipts and disbursements.

Financial Analysis of the System

The State Universities Retirement System serves 173,592 members in its defined benefit plan and 12,872 members in its self-managed plan. The funds needed to finance the benefits provided by SURS are accumulated through the collection of member and employer contributions and through income on investments. The total net assets of the System increased from $9.9 billion as of June 30, 2003 to $12.9 billion as of June 30, 2004. This increase was chiefly due to an increase in investment income of $1.6 billion, and an increase in employer contributions of $1.5 billion representing proceeds from State of Illinois General Obligation Bonds issued in July, 2003. These revenues were partially offset by an increase in benefit payments of $78.7 million.

Plan Net Assets

The summary of plan net assets for the System is presented below:

Condensed Statement of Plan Net Assets
Reporting Entity Total (in millions)

	2004	2003	Change Amount	Change %
Cash and short-term investments	$ 257.3	$ 398.2	$ (140.9)	(36.0)
Receivables and prepaid expenses	48.7	105.7	(57.0)	(54.0)
Pending investment sales	261.1	420.6	(159.5)	(38.0)
Investments and securities lending collateral	14,784.8	11,089.9	3,694.9	33.3
Capital assets, net	10.5	12.2	(1.7)	(13.9)
Total assets	15,362.4	12,026.6	3,335.8	27.7
Bonds and interest payable	9.1	18.3	(9.2)	(50.3)
Other liabilities	2,491.9	2,103.3	388.6	18.5
Total liabilities	2,501.0	2,121.6	379.4	17.9
Total plan net assets	$12,861.4	$ 9,905.0	$2,956.4	29.8

Management's Discussion and Analysis

Overall, plan net assets increased by $2.96 billion, or 29.8%, chiefly due to growth in investment income and employer contributions of $3.1 billion, slightly offset by growth in benefit payments of $79 million. The allocation of investment assets for the plans making up the reporting entity as of June 30, 2004 and 2003 is as follows:

	2004	2003
Defined Benefit Plan		
Equities and Opportunity Fund	69%	69%
Fixed income	29%	29%
Real estate	2%	2%
Total	100%	100%
Self-Managed Plan		
Equities	72%	69%
Fixed income	28%	31%
Total	100%	100%

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with policy target levels. SURS rebalancing policy calls for an immediate rebalancing if an asset class exceeds or falls below its target allocation by 3%. The fund did not require a formal rebalancing during the year as the portfolio was kept within its strategic bounds through the use of System cash flows. The allocation of assets within the self-managed plan is totally determined by the individual participants, and also reflects gains over the past year.

The change to the receivables and prepaid expenses is chiefly due to the fully paid status of state contribution appropriation receivables as of the end of fiscal year 2004, compared to the $38.9 million receivable which existed at the end of the prior year. The growth in liabilities is due to an increase of $736 million in securities lending collateral at the end of fiscal year 2004, partially offset by a decrease in unsettled investment trades payable of $348 million.

Changes in Plan Net Assets

The summary of changes in plan net assets for the System is presented below:

Condensed Statement of Changes in Plan Net Assets
Reporting Entity (in millions)

	2004	2003	Change	
			Amount	%
Employer contributions	$1,783.3	$ 310.0	$ 1,473.3	475.3
Participant contributions	275.1	275.9	(.8)	(0.3)
Investment gain	1,865.3	255.4	1,609.9	630.4
Total additions	3,923.7	841.3	3,082.4	366.4
Benefits	916.0	837.3	78.7	9.4
Refunds	39.1	35.2	3.9	11.1
Administrative and bond interest expense	12.3	13.2	(.9)	(6.8)
Total deductions	$ 967.4	885.7	81.7	9.2
Net increase/(decrease) in plan net assets	$ 2,956.3	$ (44.4)	$ 3,000.7	6,758.3

Management's Discussion and Analysis

Additions

Additions to plan net assets are in the form of employer and participant contributions and investment income or losses. For fiscal year 2004, employer contributions increased by $1.5 billion due to higher required contributions from the State of Illinois which remitted $1.4 billion of proceeds from General Obligation bonds issued in July, 2003. Participant contributions decreased by $.8 million. This decrease is due to an increase in the amount of funds returned to members upon retirement in the form of excess contribution or service credit waivers.

The investment income for fiscal year 2004 was $1.86 billion for the System, of which $1.83 billion is attributable to the defined benefit plan and $32.9 million to the self-managed plan. For the defined benefit plan, the overall return was 17% (net of all investment management fees).

Given the long-term orientation of the SURS defined benefit investment program, it is important to track investment returns over several time periods to correctly assess performance, especially given the recent market volatility. The defined benefit plan returns are as follows:

Time Period	Annualized Return
1-year	17.0%
3-year	4.2%
5-year	3.3%
10-year	10.0%

Deductions

The expenses of the retirement system relate to the provision of retirement annuities and other benefits, refunds to terminated employees, and the cost of administering the System. These expenses for fiscal year 2004 were $967.4 million, an increase of 9.2% over expenses for 2003. This increase is primarily due to the 9.4% growth in benefits paid based upon an increase of 5.8% in the number of benefit recipients and an increase in the average retirement annuity benefit payment of 3.6%. Contribution refunds increased by $3.9 million, or 11.1% based upon a decrease in the number of refunds of 2.6%, and an increase in the average payment of 14.2%, a reflection of the increasing number of portable plan refunds which include a matching employer portion. Administrative and bond interest expense decreased due to bond principal reductions, and lower expenditures for contractual services in the areas of information systems programming.

Future Outlook

Participant contributions are expected to grow in the future, at least at the pace of wage inflation experienced by the employers. The employer contribution, mainly provided by the State of Illinois, should also continue to grow as the appropriation process adheres to the funding plan, which calls for increasing contributions each year, reaching a 90% funding level by 2045. Although it is impossible to predict future investment returns, SURS will continue to structure its portfolio with the objective of maximizing returns over the long term. Benefit payments will increase as the number of benefit recipients increase by an expected rate of 8 to 10%, and the average payments reflect annual increases and incorporate the higher ending salary levels of new retirees. No new legislation impacting the benefit structure was enacted during fiscal year 2004.

Financial Statements

Statement of Plan Net Assets as of June 30, 2004
With Comparative Reporting Entity Totals as of June 30, 2003

	2004			2003
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Assets				
Cash and short-term investments	$ 257,301,092	$ –	$ 257,301,092	$ 398,174,643
Receivables				
Participants	18,546,430	921,749	19,468,179	26,144,385
Federal, trust funds, and other	433,001	687,081	1,120,082	44,419,030
Notes receivable, long-term	605,860	–	605,860	3,093,356
Pending investment sales	261,070,448	–	261,070,448	420,616,551
Interest and dividends	27,485,586	–	27,485,586	32,031,269
Total receivables	308,141,325	1,608,830	309,750,155	526,304,591
Prepaid expenses	14,455	–	14,455	–
Investments, at fair value				
Equity investments	8,409,673,553	16,214,947	8,425,888,500	6,176,436,373
Fixed income investments	4,155,715,624	7,899,516	4,163,615,140	3,531,907,779
Real estate investments	313,773	4,059	317,832	748,250
Mutual fund and variable annuities	–	249,347,518	249,347,518	170,428,929
Total investments	12,565,702,950	273,466,040	12,839,168,990	9,879,521,331
Securities lending collateral	1,945,631,693	–	1,945,631,693	1,210,412,320
Capital assets, at cost, net of accumulated depreciation of $13,587,181 and $15,063,698, respectively	10,486,300	–	10,486,300	12,191,136
Total assets	**15,087,277,815**	**275,074,870**	**15,362,352,685**	**12,026,604,021**
Liabilities				
Benefits payable	3,566,926	–	3,566,926	2,693,062
Refunds payable	3,498,570	–	3,498,570	3,284,958
Securities lending collateral	1,945,631,693	–	1,945,631,693	1,210,412,320
Payable to brokers for unsettled trades	530,592,835	–	530,592,835	878,398,038
Bonds and interest payable	9,127,610	–	9,127,610	18,306,500
Administrative expenses payable	8,555,518	–	8,555,518	8,474,484
Total liabilities	**2,500,973,152**	**–**	**2,500,973,152**	**2,121,569,362**
Net assets held in trust for pension benefits	**$12,586,304,663**	**$275,074,870**	**$ 12,861,379,533**	**$ 9,905,034,659**

A Schedule of Funding Progress is presented on page 33.
The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Changes in Plan Net Assets For the Year Ended June 30, 2004
With Comparative Reporting Entity Totals For the Year Ended June 30, 2003

	2004			2003
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Additions				
Contributions				
Employer	$ 1,757,546,924	$ 25,769,066	$ 1,783,315,990	$ 310,016,721
Participant	243,823,966	31,320,208	275,144,174	275,901,085
Total contributions	2,001,370,890	57,089,274	2,058,460,164	585,917,806
Investment Income				
Net appreciation in fair value of investments	1,636,731,167	32,904,638	1,669,635,805	37,985,978
Interest	132,573,212	–	132,573,212	159,186,178
Dividends	83,433,974	–	83,433,974	72,861,166
Securities lending	3,532,875	–	3,532,875	2,954,892
	1,856,271,228	32,904,638	1,889,175,866	272,988,214
Less investment expense				
Asset management expense	23,067,221	–	23,067,221	16,815,880
Securities lending expense	804,062	–	804,062	780,847
Net investment income	1,832,399,945	32,904,638	1,865,304,583	255,391,487
Total additions	**3,833,770,835**	**89,993,912**	**3,923,764,747**	**841,309,293**
Deductions				
Benefits	915,222,494	724,782	915,947,276	837,332,238
Refunds of contributions	34,453,381	4,681,612	39,134,993	35,177,197
Bond interest expense	821,110	–	821,110	1,282,490
Administrative expense	11,516,494	–	11,516,494	11,913,005
Total deductions	**962,013,479**	**5,406,394**	**967,419,873**	**885,704,930**
Net increase(decrease)	**2,871,757,356**	**84,587,518**	**2,956,344,874**	**(44,395,637)**
Net assets held in trust for pension benefits				
Beginning of year	9,714,547,307	190,487,352	9,905,034,659	9,949,430,296
End of Year	**$12,586,304,663**	**$ 275,074,870**	**$12,861,379,533**	**$ 9,905,034,659**

The accompanying notes are an integral part of the financial statements.

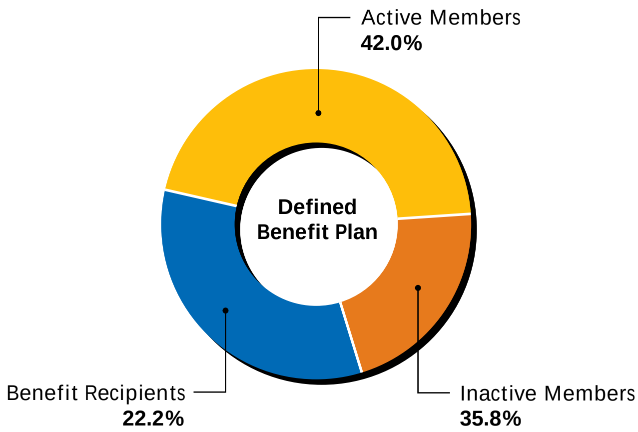
Notes to the Financial Statements

I. Description of Plans

Legislation effective January 1, 1998 required State Universities Retirement System (SURS or the System) to introduce a portable benefit package to the existing defined benefit plan and to offer a defined contribution plan. The portable benefit package and the defined contribution plan are available to all participants whose employers elect to make the options available. As of June 30, 2004, the defined benefit plan has two options available. These options are known as the traditional benefit package and the portable benefit package. The defined contribution plan is known as the self-managed plan. The membership, contributions, and benefit provisions related to these plans are presented in the following summary of the provisions of SURS in effect as of June 30, 2004, as defined in the *Illinois Compiled Statutes*. Interested parties should refer to the SURS Member Guide or the Statutes for more complete information.

A. Defined Benefit Plan

SURS is the administrator of a cost-sharing, multiple-employer public employee retirement system established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is included in the State of Illinois' financial reports as a component unit. SURS is governed by Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*. These statutes assign the authority to establish and amend the benefit provisions of the plan to the State Legislature. Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System. It is also these statutes that define the scope of SURS' reporting entity. There are no statutory provisions for termination of the System. The Illinois Constitution provides that the pension obligation of the state *shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.*



At June 30, 2004 and 2003, the number of participating employers was:

	2004	2003
Universities	**12**	12
Community Colleges	**39**	39
Allied Agencies	**14**	14
State of Illinois	**2**	1
	67	66

At June 30, 2004 and 2003, defined benefit plan membership consisted of:

	2004	2003
Benefit Recipients	**38,487**	36,390
Active Members	**72,992**	71,456
Inactive Members	**62,113**	60,546
	173,592	168,392

1. Membership

Participation is required as a condition of employment. Employees are ineligible to participate if (a) employed less than full-time and attending classes with an employer; (b) receiving a retirement annuity from SURS; or (c) excluded by subdivision (a)(7)(f) or (a)(19) of Section 210 of the Federal Social Security Act from the definition of employment given in that Section.

Notes to the Financial Statements

2. Benefit Provisions

Public Act 90-448 was enacted effective January 1, 1998 which established an alternative defined benefit program known as the portable benefit package. This option is offered in addition to the existing traditional benefit option. New employees are allowed 6 months from their date of hire to make an irrevocable election. The benefit provisions for these two defined benefit plan packages are as follows:

SURS provides retirement, disability, death and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes.*

Retirement benefits are payable to participants meeting minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. Under both defined benefit options, the annuity is the larger of (a) a percentage of the average of the highest 4 consecutive years earnings, with the percentage based upon total service credit, or (b) an actuarially determined benefit based upon the total employee and employer contributions and the individual's age at time of retirement. Retirement benefits are payable for life and are subject to a 3 percent compounded increase each January 1.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to a physical or mental impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments received under the Workers' Compensation or the Occupational Diseases Act. If a participant remains disabled after receiving the maximum benefits due, they may be eligible for a disability retirement annuity equal to 35% of the monthly rate of compensation on the date the disability began.

Upon termination of service, a lump sum refund is available to all members. Under the traditional benefit option, this refund consists of all member contributions and interest at 4-1/2%. Under the portable benefit option, this refund consists of all member contributions and total interest credited, plus for those members with greater than or equal to 5 years of service credit, an equal amount of employer contributions. Under both defined benefit plan options, a member with 5 or more years of service credit who does not apply for a refund may apply for a normal retirement benefit payable at age 62.

Death benefits are payable to named beneficiaries upon the death of any participant of this System. Under the traditional benefit package, monthly survivor benefits may be paid to eligible survivors if the participant established a minimum of 1.5 years of service credit prior to the date of death. If no qualified survivor exists at the date of retirement, the member is paid a refund of all survivor contributions plus interest. Under the portable benefit package, survivor benefits are available through a reduction of the retirement annuity calculated as described above. No refund of survivor contributions is available if there is no qualified survivor at the time of retirement. These provisions are designed to allow the impact of the portable benefit package's enhanced refund opportunity to be cost neutral.

Upon the death of an annuitant, SURS will pay either a death benefit to a non-survivor beneficiary or a monthly survivor benefit to an eligible survivor. The amount of the monthly survivor benefit will differ depending upon whether the annuitant had selected the traditional benefit package or the portable benefit package.

B. Self-Managed Plan

SURS is the plan sponsor and administrator of a defined contribution plan established as of January 1, 1998 by the Illinois General Assembly as an amendment to the Illinois Pension Code through Illinois Public Act 90-448. This plan is referred to as the self-managed plan (SMP) and is offered to employees of all SURS employers who elect to participate. This plan is a qualified money purchase pension plan under Section 401(a) of the Internal Revenue Code. The assets of the SMP are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code.

Notes to the Financial Statements

At June 30, 2004 and 2003, the number of SMP participating employers was:

	2004	2003
Universities	**12**	12
Community Colleges	**39**	39
Allied Agencies	**13**	12
State of Illinois	**1**	1
	65	64

At June 30, 2004 and 2003, the SMP membership consisted of:

	2004	2003
Annuity Benefit Recipients	**8**	3
Active Members	**8,250**	7,480
Inactive Members	**4,614**	901
	12,872	8,384

1. Membership

A member may elect participation in the SMP if (a) all participation criteria for the defined benefit plan are met; (b) the employer has elected through board action to offer the self-managed plan; (c) the employee is on active status at the plan offering date; and (d) the employee is not eligible to retire as of the employer plan offering date. The member election is irrevocable. New employees are allowed 6 months from the date of hire in which to make their election. If no election is received, members are considered to be part of the defined benefit plan, under the traditional benefit option.

2. Benefit Provisions

The SMP provides retirement, disability, death, and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, and amended by Public Act 90-448.

Retirement benefits are payable to participants meeting minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. The distribution options available upon reaching retirement eligibility are the following: a lump sum distribution consisting of all employee and employer contributions and related investment earnings; a single life annuity; a 50% or 100% joint and survivor annuity; a single life annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant; and a 50% or 100% joint and survivor annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to physical impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments under the Workers' Compensation or the Occupational Diseases Act.

Upon termination of service with less than 5 years of service credit, a lump sum distribution is available which consists of employee contributions and related investment earnings. The employer contributions and related investment earnings are forfeited. Upon termination of service with greater than 5 years of service credit but where the participant is not yet eligible for retirement, a lump sum distribution is available which consists of employee and employer contributions and related investment earnings.

Death benefits are payable to named beneficiaries upon the death of any participant of this plan. If the participant has less than 1.5 years of service credit, the death benefit payable is the employee contributions and related investment earnings. If the participant has 1.5 or more years of service credit, the death benefit payable is the employee and employer contributions and related investment earnings.

Notes to the Financial Statements

II. Summary of Significant Accounting Policies

A. Reporting Entity

The System is a component unit of the State of Illinois. As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or for which the nature and significance to the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or otherwise incomplete. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2. Fiscal dependency on the primary government.

Based upon the required criteria, the System has no component units.

B. Measurement Focus and Basis of Accounting

For both the defined benefit plan and the SMP, the financial transactions are recorded using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to statutory or contractual requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the plans.

C. Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

D. Investments

Investments are governed by Chapter 40, Act 5, Articles 1 and 15, of the *Illinois Compiled Statutes*. The most important aspect of the statutes is the prudent expert rule, which establishes a standard of care for all fiduciaries. (A fiduciary is any person who has authority or control with respect to the management or administration of plan assets.) The prudent expert rule states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

For the defined benefit plan, investments are reported at fair value. Marketable securities (stocks, bonds, warrants, and options) are traded on public exchanges. The Northern Trust Company, SURS' custodial bank, establishes these prices using third-party pricing services. Generally, these prices are reported at the last reported sales price. Certain investments that do not have an established market value are reported at estimated fair value obtained from a custodial bank or investment management firm. These investments include commingled investment pools, where the underlying assets are individually marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. The investment manager, using methods approved by the Association for Investment Management Research (AIMR) or other industry standards, values non-marketable securities (real estate and venture capital). These methods generally include detailed property level appraisals and discounted cash flow analysis. Short-term investments are generally reported at cost, which approximates fair value.

Notes to the Financial Statements

For the SMP, investments are reported at fair value by the Service Providers. These investments include both mutual and variable annuity funds where the underlying assets are marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. Generally, the prices on the underlying investments are reported at the last reported sales price.

E. Capital Assets

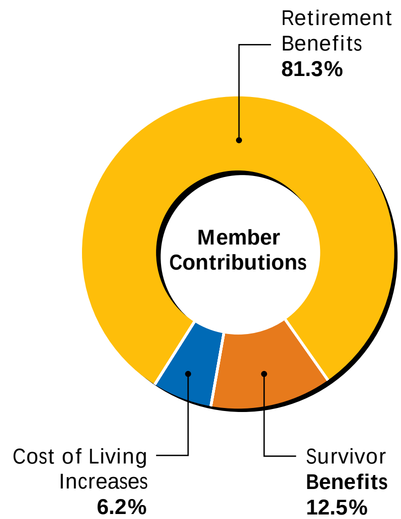
Capital assets are depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

F. Administrative Expenses

System administrative expenses (which include amounts for both the defined benefit and self-managed plans) are budgeted and approved by the System's Board of Trustees. Funding for these expenses is included in the employer contribution as determined by the annual actuarial valuation and appropriated by the State of Illinois. This funding is included in the allocation of the state employer contribution recognized in the defined benefit plan. Therefore, expenses to administer the self-managed plan are recognized as administrative expenses in the defined benefit plan in these financial statements.

G. Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements as of and for the year ended June 30, 2003, from which the summarized comparative information was derived.



III. Contributions and Reserves

A. Defined Benefit Plan

1. Membership Contributions

In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, members of the traditional benefit package contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for survivor benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. Members of the portable benefit option contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for enhanced refund benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature. The member contributions are picked up by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

Notes to the Financial Statements

All contributions on pre-1981 earnings and service credit payments, plus future other public employment, prior service, refund repayments, leave payments, military service payments, and the employee portion of Early Retirement Option payments are considered as previously taxed, unless qualifying funds are rolled over to SURS to make these purchases, or unless the payments are made in installments through employer deductions from payroll. Previously taxed contributions will be recovered tax-free when distributed to the employee in the form of benefits or payments or to his or her beneficiary as a death and/or survivor benefit.

2. Interest Credited on Member Contributions

For the traditional and portable benefit packages, the interest rate credited is fixed by the Board of Trustees and is currently 8%. As of September 1, 2004, the rate will remain at 8%. For purposes of lump sum refunds to former members, the traditional benefit package offers an interest rate of 4-1/2%, compounded annually, and the portable benefit package offers an interest rate equal to the credited rate, compounded annually.

3. Employer Contributions

On an annual basis, an actuarial valuation is performed in order to determine the amount of statutorily required contributions from the State of Illinois. An actuarial experience study is performed every 5 years to determine the assumptions to be used in the annual valuation. The last actuarial experience study was performed during fiscal year 2002. To determine the funding method, Public Act 88-0593 was passed by the Illinois General Assembly in 1994. This act, which took effect on July 1, 1995, provides a 15-year phase-in to a 35-year plan that requires the state to make continuing appropriations to meet the normal actuarially-determined cost of the System, plus amortize the unfunded accrued liability. Under this plan, the System is expected to be 90% funded by the year 2045.

On April 7, 2003, Governor Rod Blagojevich signed House Bill 2660 into law as Public Act 93-0002. This new law authorized the State of Illinois to issue $10,000,000,000 of General Obligation Bonds for the purpose of making contributions to designated retirement systems. On June 12, 2003, the State of Illinois issued $10,000,000,000 of General Obligation Bonds, Pension Funding Series of June 2003, and deposited the net bond proceeds of $7,317,292,916 into the Pension Contribution Fund, to be allocated among the five state-funded retirement systems to reduce their actuarial reserve deficiencies as provided in P.A. 93-0002. The allocation of the proceeds was based on the percentage distribution of the State's total actuarial reserve deficiency as of June 30, 2002. SURS received an allocation of bond proceeds equal to $1,431,994,224 on July 1, 2003.

4. Net Asset Accounts

The System maintains two designated accounts that reflect the assignment of net assets to employee and benefit accounts:

a. The Employee Contribution Account records the pension assets contributed by each employee and the interest income earned by those contributions.

b. The Benefits from Employee and Employer Contributions Account records the net assets available for annuities in force and available for future retirement, death and disability benefits, the undistributed investment income, the unexpended administrative expense allocation, and the variations in actuarial assumptions.

Balances in these designated accounts as of June 30, 2004 are as follows:

Employee contributions	$ 4,529,601,978
Benefits from employee and employer contributions	8,056,702,685
Total Net Assets	**$12,586,304,663**

5. Ownership of Greater than 5 Percent of Net Assets Available for Benefits

Other than U.S. Government and agency bond issues and treasury notes, there are no significant investments in any one organization that represent 5% or more of net assets available for benefits.

Notes to the Financial Statements

B. Self-Managed Plan

1. Membership Contributions

In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, members contribute 8% of their gross earnings. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature.

The member contributions are picked up by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

Service credit purchase payments are considered as previously taxed, unless qualifying funds are rolled over to SURS to make these purchases. Previously taxed contributions will be recovered tax-free when distributed to the employee in the form of benefits or refunds or to his or her beneficiary as a death and/or survivor benefit.

2. Employer Contributions

In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, employer contributions credited to the SMP participant are at a rate of 7.6% of the participant's gross earnings, less the amount retained by SURS (currently 1%) to provide disability benefits to the participant. The amounts credited are paid into the participant's account. The State of Illinois shall make the employer contribution to SURS on behalf of the SMP participants.

3. Net Asset Accounts

The SMP maintains three designated accounts that reflect the assignment of net assets to employee contributions, disability benefits, and employer forfeiture accounts:

a. The Employee Contribution Account records the pension assets contributed by each employee and the corresponding employer contribution, and the investment income earned by those contributions.

b. The Disability Benefits Account reflects the pension assets contributed by the employer and held to fund member disability benefits.

c. The Employer Forfeiture Account reflects the pension assets contributed by the employer but forfeited from member accounts due to termination prior to reaching 5 years of service. Future employer contributions are reduced by the total forfeitures held by the defined contribution plans.

The assets related to disability benefits and employer forfeitures are commingled with the investment assets of the defined benefit plan. Investment income or loss is credited to these balances based upon the annual investment return or loss of the commingled assets. For fiscal year 2004, the investment income credited to these balances was $3,348,170.

Balances in these accounts as of June 30, 2004 are as follows:

Employee contribution reserve	$ 250,956,348
Disability benefits reserve	17,050,768
Employer forfeitures reserve	7,067,754
Total Net Assets	**$ 275,074,870**

4. Ownership of Greater than 5 Percent of Net Assets Available for Benefits

There are no significant investments in any one organization that represent 5% or more of net assets available for benefits.

Notes to the Financial Statements

IV. Investments

Investments at June 30, 2004 are summarized below:

	Carrying Value 2004
Category 1	
Equity securities	
Common stock	$ 3,043,847,080
Preferred stock	30,867,803
Commingled funds	125,517,822
Fixed income securities	
Government securities	239,055,824
Corporate securities	284,067,362
Asset-backed securities	132,606,786
Mortgage-backed securities	489,611,551
Municipal bonds	76,386,418
Non-government-backed CMOs	67,478,293
Options	(226,227)
Short-term investments	
Commercial paper	198,042,641
Short-term bills and notes	558,911,809
	$ 5,246,167,162
Category 3	
Fixed income securities	
Government securities	1,271,180
Corporate securities	2,815,428
Asset-backed securities	8,341,871
Mortgage-backed securities	142,117
Non-government-backed CMOs	3,781,359
Short-term investments	
U.S. Treasury bills & notes	12,311,316
Collective investment funds	2,546,795
	$ 31,210,066
Not Categorized	
Equity securities	
Common stock	$ 4,443,989
Preferred stock	(1,689,868)
Fixed income securities	
Asset-backed securites	(1,506,013)
Government securities	(20,255,889)
Corporate securities	4,920,012
Mortgage-backed securities	373,343,056
Municipal bonds	542,240
Non-government-backed CMOs	5,773,420
Financial futures and options	177,449
Short-term investments	
Collective investment funds	185,357,717
U.S. Treasury bills and notes	1,095,232
Other	68,605,254
Commingled funds	4,048,774,412
Self-managed plan mutual funds and variable annuity funds	273,466,040
Alternative investments	
Limited partnerships	973,088,206
Securities lending	
Investments held by Master Trustee under securities loans	1,902,957,597
Securities lending short-term collateral investment pool	1,945,631,693
	$ 15,042,101,775
Reconciliation to Statement of Plan Net Assets	
Cash and short-term investments	$ 257,301,092
Total investments	12,839,168,990
Securities lending collateral	1,945,631,693
	$ 15,042,101,775

Notes to the Financial Statements

The investments have been categorized to give an indication of the level of custodial credit risk assumed by the System at June 30, 2004. Custodial credit risk is the risk that the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investments held by the Master Trustee, as an agent, in the System's name are Category 1. Investments may also be categorized as Category 2, which includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the System's name; and Category 3, which is defined as uninsured and unregistered investments for which the securities are held by the counterparty in the System's name or held by the counterparty's trust department or agent but not in the System's name. As of June 30, 2004, the System had $5,246,167,162 in Category 1, no assets classified as Category 2, and $31,210,066 in securities that are classified as Category 3. The remaining assets are not subject to custodial credit risk categorization. In general, investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition, equity and fixed income transactions pending at year end are included in the Not Categorized amount since the shares have not been delivered to the custodian bank.

Derivative Securities

The System invests in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. The System's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. During the year, SURS' derivative investments included foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), options, futures and swaps.

Foreign currency forward contracts are used to hedge against the currency risk in SURS' foreign stock and fixed income security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed-upon price. Fluctuations in the market value of foreign currency forward contracts are marked to market on a daily basis.

SURS fixed income managers invest in CMOs to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2004, the carrying value of the System's CMO holdings totaled $77,033,072.

Treasury inflation protected securities (TIPS) are used by SURS fixed income managers to provide a real return against inflation (as measured by the Consumer Price Index). In addition, SURS employs TIPS at the total fund level in order to utilize their diversification benefits. As of June 30, 2004, the carrying value of the System's TIPS holdings totaled $402,293,057.

SURS investment managers use financial futures to replicate an underlying security they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, SURS investment managers use futures contracts to improve the yield or adjust the duration of the fixed income portfolio. A financial futures contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

Notes to the Financial Statements

SURS investment managers use options in an attempt to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, the System receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. All written financial options are recognized as a liability on the System's financial statements. As a purchaser of financial options, the System pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

The following table presents the derivative positions held by SURS as of June 30, 2004:

Derivative Contracts Outstanding

	2004		
	Number of Contracts	Contractual Principal(a)	Carrying Value(b)
Domestic Index Products			
Equity futures purchased	1,702	$ 492,746,075	$ 492,746,075
Derivative offset	–	–	(492,746,075)
Domestic Interest Rate Products			
Fixed income futures purchased	3,572	357,200,000	390,263,438
Derivative offset	–	–	(390,263,438)
Fixed income futures sold	285	(28,500,000)	(123,241,484)
Derivative offset	–	–	123,241,484
Fixed income written put options	969	63,150,000	(302,614)
Fixed income written call options	704	93,300,000	(304,630)
Fixed income purchased call options	500	50,000	16,326
Fixed income interest rate swap	–	29,300,000	245,534
International Interest Rate Products			
International fixed income futures purchased	2,018	2,018,000,000	486,719,700
Derivative offset	–	–	(486,719,700)
International fixed income futures sold	61	200,500,000	8,329,200
Derivative offset	–	–	(8,329,200)
International fixed income interest rate swap	–	(5,300,00)	(68,181)
Foreign Currency Products			
Foreign forward currency purchases	–	–	99,484,145
Foreign forward currency sales	–	–	(100,252,091)

a) The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal amounts are often used to express the volume of the transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contractual principal values do not represent actual recorded values.

b) Carrying value for futures in the table above, while shown as zero, is recorded in the financial statements as an asset in an amount equal to the contractual principal and is offset by a corresponding liability.

Notes to the Financial Statements

Securities Lending

The SURS Board of Trustees policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Northern Trust Company, the System's custodian, lends securities of the type on loan at year end for collateral in the form of cash, irrevocable letters of credit or other securities of 102%, and international securities for collateral of 105%. Securities lent at year end for cash collateral are presented as not categorized in the schedule of custodial credit risk found on page 27; securities lent for securities collateral are also presented as not categorized in this schedule. At year end, the System has no credit risk exposure to borrowers because the amount the System owes to the borrowers exceeds the amounts the borrowers owe to the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are out on loan.

All securities loans can be terminated on demand by either the System or the borrower, although the average term of the loans is 80 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year end has a weighted average maturity of 24 days. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. The System cannot pledge or sell collateral securities received unless the borrower defaults.

Loans outstanding as of June 30, 2004 *($ millions)*

Market value of securities loaned	$ 1,903.0
Market value of collateral received from borrowers	$ 1,945.6

Self-Managed Plan

The SMP participants have the ability to invest their account balances in 36 mutual and variable annuity funds. These funds are offered by two providers: Fidelity Investments, and Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). As of June 30, 2004, the SMP had investments of $273,466,040. A detailed schedule (unaudited) of the funds and balances at June 30, 2004 is located in the Investment Section of The Comprehensive Annual Financial Report.

V. Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 531,834	$ –	$ –	$ 531,834
Office building	6,308,951	–	–	6,308,951
Information system equipment & software	18,360,893	24,463	3,093,655	15,291,701
Furniture and fixtures	2,053,156	41,520	153,681	1,940,995
	27,254,834	65,983	3,247,336	24,073,481
Less accumulated depreciation	15,063,698	1,770,819	3,247,336	13,587,181
	$ 12,191,136	$ (1,704,836)	$ –	$ 10,486,300

Notes to the Financial Statements

VI. Bonds and Interest Payable

Special Revenue Bonds, Series 1990, Capital Appreciation Bonds (the Bonds), in the principal amount of $10 million, which will mature October 1, 2005, with an interest rate of 7.45%, were issued November 15, 1990.

The Bonds are special revenue obligations of the Board of Trustees of the State Universities Retirement System of Illinois issued pursuant to Section 15-167.2 of Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, as amended, and a Resolution of the Board. The Bonds are payable solely from and secured by a pledge of and first lien on the net revenues derived from investments of the System. The Bonds are not payable from any employee or employer contributions to the System derived from appropriations from the State of Illinois nor do they constitute obligations or indebtedness of the State of Illinois or of any municipal corporation or other body politic and corporate of the State (other than the Board), and the owners thereof shall never have the right to demand payment of the Bonds or interest thereon out of any funds other than the revenues and income of the System pledged for payment thereof. The Bonds are not subject to redemption prior to maturity. Regularly scheduled payments on the Bonds are insured under a financial guaranty insurance policy issued by Municipal Bond Investors Assurance Corporation.

Bonds payable and related accrued interest at June 30, 2004 are summarized below:

Bonds Payable	$ 3,368,000
Accrued Interest	5,759,610
	$ 9,127,610

The debt service requirements as of June 30, 2004, including interest payments of $6,632,000, are as follows:

Maturity October 1	Yield to Maturity	Principal	Interest	Total
2005	7.45%	$ 3,368,000	$ 6,632,000	$10,000,000

Bonds payable and related accrued interest activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable	$ 18,306,500	$ 821,110	$10,000,000	$ 9,127,610	$ –

VII. Compensated Absences and Postemployment Benefits

The System is obligated to pay employees at termination for unused vacation and sick time. The maximum time for which any individual may be paid is 448 hours of vacation and one-half of unused sick time earned between January 1, 1984 and December 31, 1997. No sick time earned after December 31, 1997 will be compensable at termination. At June 30, 2004, the System had a liability of $872,896 for compensated absences, based upon the vesting method used for calculation of sick leave payable. The annual increase or decrease in liability is reflected in the financial statements as an increase or decrease in salary expense.

Compensated absences payable for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated Absences Payable	$ 904,657	$ 30,718	$ 62,479	$ 872,896

Notes to the Financial Statements

SURS employees are members of the State Universities Retirement System. In addition to providing pension benefits, the State of Illinois provides certain health, dental, and life insurance benefits to annuitants who are former State employees. This includes annuitants of the State Universities Retirement System. Most State employees, including the System's employees, may become eligible for postemployment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan currently in force. Life insurance benefits for annuitants under age 60 are equal to their annual salary at the time of retirement; for annuitants age 60 or older, life insurance benefits are limited to $5,000 per annuitant.

Currently, the State does not segregate payments made to annuitants from those made to current employees for health, dental, and life insurance benefits. The cost of health, dental, and life insurance benefits is recognized on a pay-as-you-go basis.

VIII. Insurance Coverage

The System is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from $250 to $500 per occurrence. The System has not experienced a material fluctuation between insurance claims filed and paid in the past three fiscal years.

IX. Pending Litigation

Since 1994, the System has been a defendant in a possible class-action suit involving the application of employee and employer contributions relating to the calculation of early retirement benefits. On May 20, 2004, the Illinois Supreme Court ruled in favor of the System, determining that the System had correctly applied the statuatory provisions in question. The plaintiff filed a petition for rehearing. The petition for rehearing was denied by the Illinois Supreme Court on October 4, 2004. The plaintiff may seek discretionary review in the U.S. Supreme Court. At this time, the System and its counsel are unable to predict the outcome, however the System believes that the final outcome of this action will not have a material adverse effect on the net assets of the System. As such, no provisions for liabilities, if any, that may result from this case have been made in the accompanying financial statements. The System is also involved in other legal and administrative proceedings with respect to benefit claims in the normal course of business operations. Although unable to predict the outcome of these matters, the System believes that the final outcome of these actions will not have a material adverse effect on the net assets of the System.

Required Supplementary Information

Defined Benefit Plan

Schedule of Funding Progress ($ millions)

Fiscal Year	Assets	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities	Funding Ratio	Payroll	UAAL as % of Payroll
1998	$ 9,792.0	$ 11,416.1	$ 1,624.1	85.8%	$ 2,377.6	68.3%
1999	10,761.7	12,617.5	1,855.8	85.3%	2,411.1	77.0%
2000	12,063.9	13,679.0	1,615.1	88.2%	2,424.2	66.6%
2001	10,753.3	14,915.3	4,162.0	72.1%	2,474.6	168.2%
2002	9,814.7	16,654.0	6,839.3	58.9%	2,607.2	262.3%
2003	9,714.5	18,025.0	8,310.5	53.9%	2,763.4	300.7%
2004	12,586.3	19,078.6	6,492.3	66.0%	2,814.1	230.7%

Schedule of Employer Contributions ($ millions)

Fiscal Year	Total ARC*	Member Contributions	Net ER/State ARC	Actual ER/State Contribution	State Contributions as % of Net ARC	Total Contributions as % of Total ARC
1998	$ 512.1	$ 221.7	$ 290.4	$ 227.7	78.4%	87.8%
1999	509.2	213.0	296.2	237.9	80.3%	88.6%
2000	547.8	222.5	325.3	241.1	74.1%	84.6%
2001	548.1	221.6	326.5	247.1	75.7%	85.5%
2002	686.9	250.0	436.9	256.1	58.6%	73.7%
2003	843.8	246.3	597.5	285.3	47.7%	63.0%
2004	934.8	243.8	691.0	1,757.5	254.4%	214.1%

* Annual Required Contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

Notes to Trend Data

Valuation date	June 30, 2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	40 years, open
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases*	5.5% - 9.5%
Postretirement benefits	3.0%

* Includes inflation at cost-of-living adjustments of 1.5%.

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Administrative Expenses
For the Years Ended June 30, 2004 and 2003

	2004	2003
Personnel services		
Salary and wages	$ 5,354,684	$ 5,326,209
Retirement contributions	578,627	570,065
Insurance and payroll taxes	1,090,331	951,282
	7,023,642	6,847,556
Professional services		
Computer services	409,999	683,689
Medical consultation	54,068	36,138
Technical and actuarial	457,504	427,755
Legal services	276,214	352,890
	1,197,785	1,500,472
Communications		
Postage	261,614	423,459
Printing and copying	134,476	176,289
Telephone	94,820	85,607
	490,910	685,355
Other services		
Equipment repairs, rental and maintenance	115,495	131,958
Building operations and maintenance	221,273	229,200
Surety bonds and insurance	42,449	35,969
Memberships and subscriptions	23,654	35,948
Transportation, travel and conferences	105,208	143,158
Education	1,576	2,536
Supplies	69,996	82,963
	579,651	661,732
Self-managed plan administration		
Salary and wages	217,574	181,382
Retirement contributions	23,785	19,947
Insurance and payroll taxes	43,441	33,415
Transportation, travel and conferences	–	1,789
Education	–	711
Technical and actuarial	108,825	163,610
Legal services	9,456	3,818
Postage	33,330	35,846
Printing	17,276	17,089
	453,687	457,607
Depreciation and amortization	1,770,819	1,760,283
Total administrative expenses	**$ 11,516,494**	**$ 11,913,005**

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Consultant Payments
For the Years Ended June 30, 2004 and 2003

	2004	2003
Defined benefit plan		
Technical and actuarial services		
Bank One, Illinois, NA	$ 30,525	$ 28,756
James Beedie	40,646	13,881
Berwyn Group	1,590	–
James Dulebohn	–	11,589
Economic Research	2,908	2,864
Gabriel, Roeder, Smith & Co.	170,378	131,028
Gorski Reifsteck Architects	–	3,168
International Foundation for Retirement Education	3,300	3,150
Mayer, Brown, Rowe & Maw	101,010	102,083
McLagan Partners	–	2,000
Parkland Community College	–	9,250
Smith Investigations	350	2,700
Sorling, Northrup, Hanna, Cullen & Cochran, Ltd.	36,709	39,133
The Northern Trust	55,781	58,314
David Whitford	1,653	1,537
Bonnie Woolard	12,613	13,573
Miscellaneous	40	4,729
	457,503	427,755
Legal services		
Investors Research	1,744	41,666
Mayer, Brown, Rowe & Maw	211,083	221,971
Thomas, Mamer & Haughey	57,185	76,673
Winters, Featherstun, et al	6,202	12,580
	276,214	352,890
Self-managed plan		
Technical and actuarial services		
Ennis, Knupp, & Associates, Inc.	2,131	65,000
Fidelity	59,988	26,720
ING	36,816	70,200
Morningstar	1,690	1,690
SURS Staff programming services	8,200	–
	108,825	163,610
Legal services		
Mayer, Brown, Rowe & Maw	9,457	3,818
Total consultant payments	**$ 851,999**	**$ 948,073**

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Investment Fees, Commissions, and Administrative Expenses
For the Years Ended June 30, 2004 and 2003

	2004	2003
Master trustee & custodian		
The Northern Trust Company	$ 125,000	$ 125,000
Investment manager firm		
Adams Street Partners	1,904,651	1,905,282
Allianz Dresdner Asset Management	–	138,215
American Express Asset Management	297,056	1,219,827
Ariel Capital Management	99,900	169,359
Barclays Global Investors	2,066,444	868,886
BlackRock Financial Management	1,494,119	1,268,633
Capital Guardian Trust Company	766,287	414,073
Chicago Capital Management	–	145,532
Delaware International Advisers	122,106	–
Fidelity Management Trust Company	259,000	–
Genesis Asset Management	377,397	318,695
GlobeFlex Capital	30,983	–
ING Clarion Real Estate Securities	571,996	447,683
Martin Currie, Inc.	1,681,695	1,542,529
Metropolitan West Asset Management	348,125	76,970
New Amsterdam Partners	284,056	184,308
Northern Trust Global Advisors	836,693	695,608
Northern Trust Investments	256,891	228,591
Oechsle International Advisors	60,742	69,817
Pacific Investment Management Company	3,415,177	2,659,727
Pantheon Ventures	730,769	750,000
Payden & Rygel	290,846	24,219
Progress Investment Management Company	1,004,042	837,407
Rasara Strategies	319,630	264,336
Rosenberg Real Estate Equity Funds	1,243,279	916,225
Van Wagoner	2,337,641	144,391
Wellington Management Company	891,363	490,740
Western Asset Management	373,382	157,174
	22,064,270	15,938,227
Investment consultant, measurement & counsel		
Ennis, Knupp & Associates, Inc.	297,352	237,075
Mayer, Brown, Rowe & Maw	56,389	1,202
	353,741	238,277
Investment administrative expenses		
Personnel	457,813	440,570
Resources, board and travel	49,146	56,106
Performance measurement and database	17,251	17,700
	524,210	514,376
Total investment expenses	**$ 23,067,221**	**$ 16,815,880**

Supporting Schedules

Defined Benefit Plan
Summary Schedule of Cash Receipts and Disbursements
For the Year Ended June 30, 2004 ($ millions)

Beginning Cash and Short-Term Investments Balance	$ 398.2
Receipts	
Member contributions	$ 291.7
Employer contributions	1,757.6
Investment income	1,860.0
Investments redeemed	23,597.6
Total Receipts	$ 27,506.9
Disbursements	
Benefit payments	$ 914.1
Administrative expenses	9.7
Bond principal payment	10.0
Investment expenses	23.0
Refunds	34.5
SMP balance transfers	1.0
Investments purchased	26,655.5
Total Disbursements	$ 27,647.8
Ending Cash and Investments Balance	**$ 257.3**

HIGHER Investment Yields

17% return

during FY2004

THE COMPREHENSIVE
ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF ILLINOIS

Letter of Certification

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
(312) 630-6000

Northern Trust

To the Board of Trustees and the Executive Director:

The Northern Trust Company as Master Trustee has provided annual Statements of Account for the State Universities Retirement System of Illinois Trust ("Trust") which, to the best of its knowledge, provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Trust for the period July 1, 2003 through June 30, 2004.

In addition to the custody of assets, pursuant to and in accordance with the terms of the agreement establishing the Trust, The Northern Trust Company provided and continues to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Lend Securities pursuant to a Securities Lending Agreement entered into by and between the Board of Trustees and The Northern Trust Company.
6. Begin, maintain or defend any litigation necessary in connection with the investment, reinvestment of the Trust Fund and the administration of the Trust.
7. Invest cash balances held from time to time in the individual investment management accounts in short term-cash equivalent securities.
8. Exercise rights of ownership with respect to securities held in the trust fund, including but not limited to, proxy voting in accordance with the instructions of appointed Investment Managers; respond to stock subscriptions, conversion rights, and other capital changes pursuant to procedures set forth in the operating guidelines of The Northern Trust Company in effect from time to time.
9. Hold securities in the name of the Trust or nominee form or other means as provided in the agreement establishing the Trust.
10. Use the Federal Book Entry Account System for deposit of Treasury securities, and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of other securities.
11. Employ agents with the consent of the Board of Trustees to the extent provided in the agreement establishing the Trust.
12. Provide disbursement services.
13. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY

By: Kathryn M. Stevenson
Kathryn M. Stevenson, Vice President

Letter of Transmittal

State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

Investment Department

September 14, 2004

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, Illinois 61820

It is a privilege for me to present this year's investment section of the State Universities Retirement System of Illinois (SURS) Comprehensive Annual Financial Report. SURS investment portfolio posted an impressive absolute return of 17.0% for the recently completed fiscal year. The portfolio met or exceeded its benchmark in five of the seven individual asset class portfolios and fell only marginally short in the U.S. equity portfolio.

Aside from the strong investment return of the portfolio, there have been a number of other significant accomplishments during the year with only a few minor setbacks. Below, I have highlighted several of the accomplishments. The investment section, in its entirety, provides a more detailed review of these items and more.

- Total fund assets in both the defined benefit and defined contribution plan exceeded $12.8 billion as of June 30, 2004, ranking SURS as one of the top 100 pension plans in the U.S.

- Proceeds totaling more than $1.4 billion from the General Obligation debt issued by the State of Illinois were invested on July 3, 2003 and were in place to capture the strong market performance throughout the fiscal year.

- The additional $1.4 billion contribution, coupled with the strong investment returns, raised the System's funding ratio to 66.0% at June 30, 2004 from 53.9% on June 30, 2003.

- Five of the seven individual asset class portfolios posted investment returns that equaled or exceeded their benchmarks.

- The international equity portfolio underwent a major restructuring during the fiscal year and posted an above benchmark return.

- The Self-Managed Plan (SMP) finished its sixth complete year and grew by more than $84 million to $275 million, due in part to the strong investment returns in the financial markets and positive cash flow.

Letter of Transmittal

During the fiscal year the System also completed a comprehensive asset/liability study. The results indicated that there was no additional benefit of increasing the overall risk level of the portfolio. Rather, the results suggested several minor changes that would yield the same expected return with a small decline in risk. These changes included a shift from one income producing asset class, fixed income securities, to another income producing asset class, real estate. A second minor change resulted in the recognition of a Global Equity asset class with an initial total fund allocation of 4% that was funded from a corresponding reduction of 2% from U.S. equities and 2% from international equities.

Undoubtedly, new challenges and opportunities will present themselves in the coming fiscal year. We will meet them head on, being always mindful of the interests of plan members and beneficiaries.

Until next year,

John R. Krimmel, CPA, CFA
Chief Investment Officer

Investment Summary

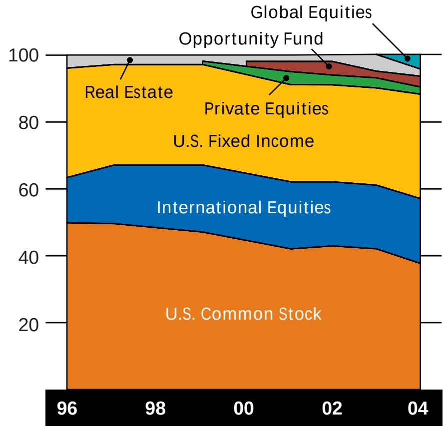
The SURS Board of Trustees is charged with the responsibility of investing the assets entrusted to them solely for the benefit of the System's participants and beneficiaries. The Trustees, in carrying out their responsibilities, adhere to applicable Illinois statutes, and the prudent expert rule, which states that the Trustees must "act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." In carrying out their fiduciary duties, the Trustees have set forth clearly defined investment policy, objectives, and strategies.

Investment Policy

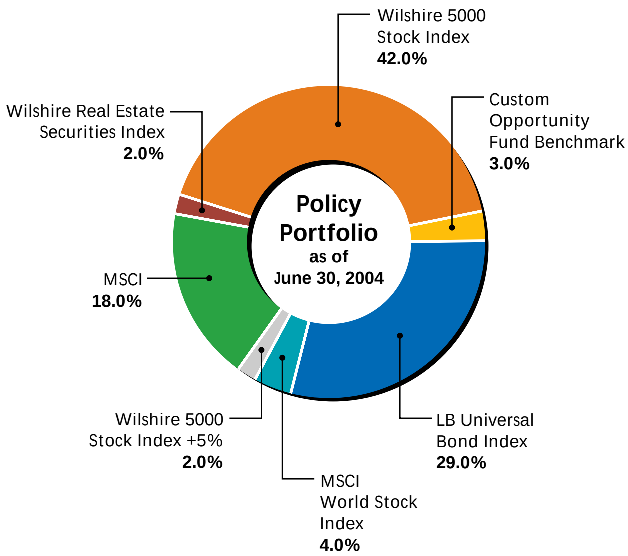
During fiscal year 2004, SURS completed an asset/liability study, the results of which indicated that minor changes in its investment policy was warranted. The net effect of these changes will be to increase the System's real estate exposure by 5% and decrease its fixed income exposure by a corresponding amount. The implementation of the real estate allocation will occur during fiscal year 2005. Additionally, a new asset class was formed, Global Equities, which represents a holistic approach to equity investing. Global equities received a 4% policy allocation, which was funded through a corresponding reduction of 2% in U.S. equities and international equities.

Asset Allocation History

% of Total Fund



As of June 30, 2004, SURS' investment policy is to invest 42% of the total fund in U.S. equities, 18% in non-U.S. equities, 4% in global equities, 2% in private equities, 29% in fixed income, 2% in real estate investment trusts (REITs), and 3% in the Opportunity Fund. The graph titled Asset Allocation History details the various investment policy changes during the past 10 years.



Investment Objectives

The investment objective of the total portfolio is to produce annualized investment returns, net of all management fees, which exceed the return of a composite market benchmark or policy portfolio. The policy portfolio is comprised of market indices, which are consistent with the overall investment policy. The policy portfolio has been continually updated to reflect a passive implementation of the investment policy. The current policy portfolio is comprised of 42% of the Wilshire 5000 Stock Index, 18% of the Morgan Stanley All Country World Ex-US Index, 4% of the Morgan Stanley World Index, 2% of the Wilshire 5000 Stock Index +5%, 29% of the Lehman Brothers Universal Bond Index, 2% of the Wilshire Real Estate Securities Index, and 3% of the combined benchmarks of the investments in the Opportunity Fund.

Comparisons of total fund performance are also made with a universe of public pension funds implementing generally comparable investment policies. The public pension fund index used for comparative purposes is the Russell/Mellon Public Funds Index.

Investment Summary

Investment Strategies

■ Asset Allocation

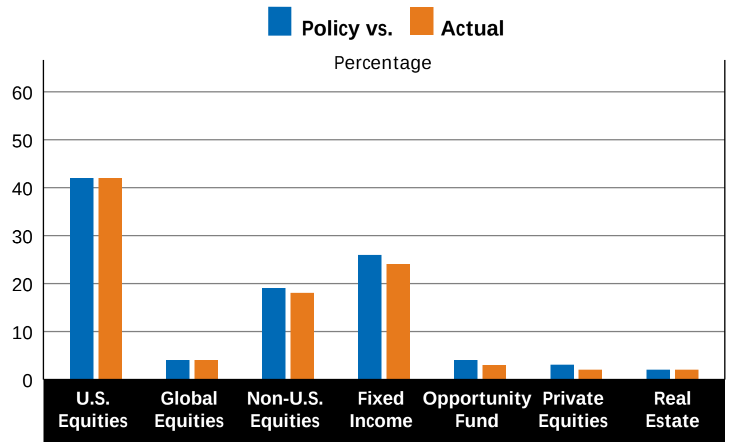
The investment policy of SURS provides an efficient allocation of assets to achieve overall risk and return objectives. Periodically, asset allocation studies are conducted and the results of these studies guide the setting of investment policy. A more comprehensive asset/liability study was conducted in fiscal year 2004. The results of that study concluded that no major changes were required, rather minor modifications were recommended in order to better diversify the portfolio and reduce risk.

■ Diversification

SURS invests in different types of assets and uses multiple investment managers as a method to ensure overall fund diversification. As of June 30, 2004, the System had retained the services of 24 investment management firms, several of which manage multiple portfolios. Each investment management firm is afforded full discretion to diversify its portfolio(s) in a manner it deems appropriate. The Trustees have created guidelines to direct the investment managers in their execution of the overall investment policy. The guidelines are specific to the type of portfolio managed.

■ Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with policy target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among asset classes and investment managers. SURS' rebalancing policy calls for an immediate rebalancing if an asset class exceeds or falls below its target allocation by 3%. The fund did not require a formal rebalancing during the year as the portfolio was kept within its strategic bounds through the use of system cash flows. At year-end the fund was invested 71% in equities and 29% in bonds, in line with their target allocations of 71% and 29%, respectively.



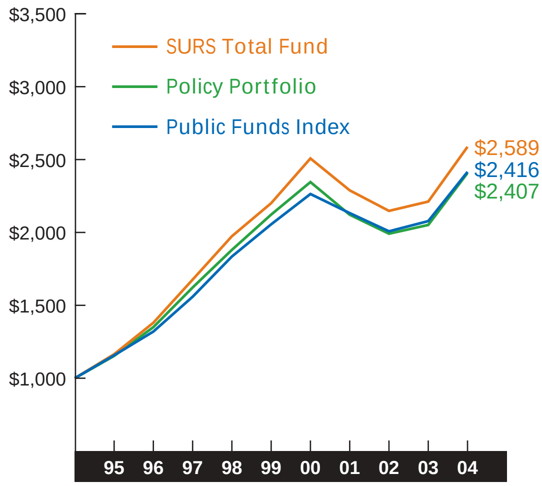
Investment Results

Long-Term Investment Results

The 10 years ended June 30, 2004 provided returns that, by historical measures, were good. SURS' total portfolio earned an annualized total return, net of all investment management expenses, of 10.0%. As shown in the investment results table, SURS' total fund return remains ahead of its market goal (policy portfolio) for all of the longer time periods presented (5- and 10- years). SURS' total fund continues to compare favorably relative to the median public pension fund and has outperformed this benchmark for longer time periods presented (3-, 5-, and 10- years).

This consistent long-term above-benchmark performance is best illustrated by the growth of $1,000 invested in SURS' total fund, the policy portfolio and median public funds index during the past 10 years. The ending points indicate that $1,000 invested in SURS' total fund would have grown to $2,589, while the same $1,000 invested in the policy portfolio and median public funds index would have grown to $2,407 and $2,416, respectively.

Total Fund Growth of $1,000



Fiscal Year 2004 Results

For the fiscal year ended June 30, 2004, SURS' total fund returned 17% (net of all investment management fees), slightly underperforming the market goal, or policy portfolio by 0.4%. SURS' one-year return fell short of the median public pension fund return, as measured by the Russell/Mellon Public Pension Funds Index, by 0.7%. The below policy portfolio return was primarily due to the underperformance of the private equity portfolio. Five of the seven portfolios, including non-U.S. equities, global equities, fixed income, real estate and the Opportunity Fund, met or exceeded the returns from their benchmark.

Investment Results

Investment Returns

	Fiscal Year Ended June 30					Annualized		
	2000	2001	2002	2003	2004	3 yrs	5 yrs	10 yrs
Total Fund								
SURS	14.0%	(8.8)%	(6.1)%	2.9%	17.0%	4.2%	3.3%	10.0%
Policy Portfolio	10.5	(9.4)	(6.2)	3.0	17.0	4.3	2.5	9.4
Public Retirement Funds Index	10.0	(5.8)	(5.9)	3.4	16.3	4.0	3.2	9.2
CPI	3.7	3.2	1.1	2.1	3.3	2.1	2.7	2.5
US Common Stock Returns								
SURS	10.7	(14.3)	(15.9)	1.3	20.7	0.9	(.05)	11.6
Wilshire 5000	9.5	(15.3)	(16.6)	1.3	21.2	0.8	(1.0)	11.5
Foreign Stock Returns								
SURS	16.5	(25.8)	(9.0)	(5.8)	32.6	4.4	(0.3)	4.4
Performance Benchmark	17.8	(24.1)	(8.8)	(4.6)	32.0	4.7	0.6	4.7
Global Stock Returns								
SURS				1.8	25.0			
Performance Benchmark				(2.4)	24.0			
Private Equity (1)								
SURS	193.9	(13.8)	(19.7)	(18.1)	12.6	(8.8)	26.1	30.1
Wilshire 5000 + 5%	29.9	(19.8)	7.5	(19.0)	44.4	7.8	5.2	16.3
Bond Returns								
SURS	4.9	11.4	9.1	11.6	1.8	7.4	7.7	8.0
Performance Benchmark	4.6	11.2	7.9	11.5	1.0	6.7	7.2	7.5
Real Estate Returns								
SURS		24.7	16.3	5.2	29.1	16.4		
Wilshire Real Estate Securities Index		24.6	13.8	2.8	29.1	14.7		
Opportunity Fund								
SURS	9.3	16.6	5.4	7.6	14.5	9.1	10.0	
Performance Benchmark	7.8	14.9	6.4	7.4	13.5	8.9	10.0	

Return calculations (except for private equities) were prepared using a time-weighted rate of return methodology in accordance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR).

(1) Private equity returns were prepared using an Internal Rate of Return (IRR) methodology which is consistent with industry standards. Additionally, the returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.

Investment Results

U.S. Equities

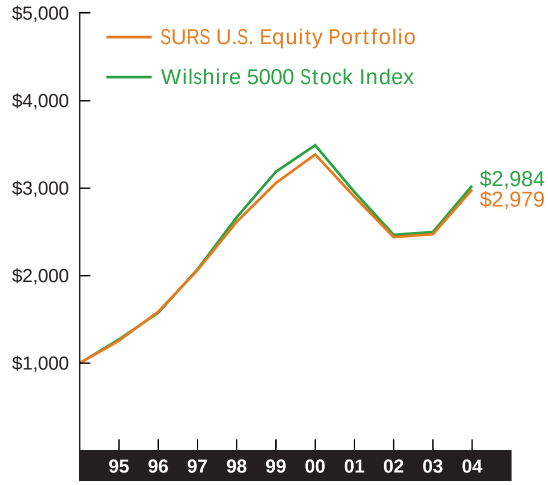
For the fiscal year 2004, SURS U.S. equity portfolio increased 20.7%. SURS' portfolio marginally underperformed its market benchmark, the Wilshire 5000 Index, by 0.4%. Returns in the U.S. equity market were dominated by low quality and low priced stocks, that is, stocks that had little or no earnings increased the most. Conversely, stocks that had solid earnings increased the least. SURS actively managed portfolio, which tends to have a higher quality focus, fell short of its benchmark return during the year.

As the table indicates, the Wilshire 5000 Index rose 21.2%. For the first time in three years, all segments of the U.S. equity market posted positive returns. On balance, value stocks performed better than their growth counterparts, while small stocks outpaced large stocks. The SURS U.S. equity portfolio is by design both size and style neutral relative to the Wilshire 5000 Index. Consequently, the returns from this portfolio should track fairly close to the broad market.

The accompanying chart indicates the growth of $1,000 invested in the U.S. equity market during the past 10 years. The ending points indicate that $1,000 invested in SURS U.S. equity portfolio would have grown to $2,984 (net of investment management expenses), while the same $1,000 invested in the Wilshire 5000 Index would have grown to $2,979.

	FY 2004	3 YR	5 YR	10 YR
SURS	**20.7%**	**0.9%**	**(0.5)%**	**11.6%**
Wilshire 5000	21.2	0.8	(1.0)	11.5
Wilshire Large 750	19.1	(0.4)	(2.1)	11.8
Wilshire Large Growth	16.9	(1.4)	(3.3)	13.1
Wilshire Large Value	24.0	2.8	1.3	11.2
Wilshire Small 1750	34.9	6.5	7.1	11.9
Wilshire Small Growth	32.8	8.7	7.1	11.2
Wilshire Small Value	42.1	16.7	11.6	12.7

U.S. Equity Portfolio Growth of $1,000



TEN LARGEST U.S. EQUITY HOLDINGS (excludes commingled funds)	Shares	Carrying Value
General Electric Corp	2,076,717	$ 67,285,631
Microsoft Corp	2,274,796	64,968,174
Exxon Mobil Corp	1,280,866	56,883,259
Pfizer Inc	1,598,802	54,806,933
Citigroup Inc	1,132,725	52,671,713
Wal-Mart Stores Inc	868,400	45,816,784
American International Group	525,586	37,463,770
Intel Corp	1,333,230	36,797,148
Cisco Systems Inc.	1,518,821	35,996,058
Bank of America Corp	421,706	35,684,762

Note: A complete list of the portfolio holdings is available upon request.

Investment Results

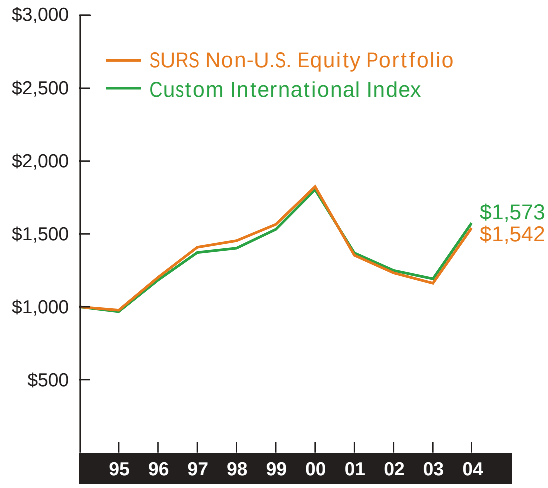
Non-U.S. Equities

For fiscal year 2004, SURS' non-U.S. equity portfolio returned 32.6%, slightly exceeding its benchmark return by 0.6%. The non-U.S. equity portfolio performance benchmark, the Morgan Stanley All Country World Ex-US Index, also rose an impressive 32.0% in value during the fiscal year. The benchmark represents a mixture of both developed and emerging markets, which varies over time depending on market performance. This mix accurately portrays the manner in which SURS non-U.S. equity investments are allocated.

SURS non-U.S. equity portfolio saw a major restructuring during fiscal year 2004. Three of the four actively managed accounts were terminated, a layer of structured active management was added, an additional active manager was retained and finally, the passive portion of the portfolio was increased. These changes, which are similar to those implemented in the U.S. equity portfolio 4 years ago, should provide a better footing from which the portfolio will operate, resulting in above benchmark performance.

The accompanying chart indicates the growth of $1,000 invested in the non-U.S. equity markets during the past 10 years. The ending points indicate that $1,000 invested in SURS' non-U.S. equity portfolio would have grown to $1,542 (net of investment management expenses), while the same $1,000 invested in the performance benchmark would have grown to $1,573.

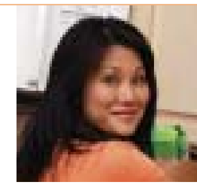
Non-U.S. Equity Portfolio Growth of $1,000



	FY 2004	3 YR	5 YR	10 YR
SURS	**32.6%**	**4.4%**	**(0.3)%**	**4.4%**
Performance Benchmark	32.0	4.7	0.6	4.7
Developed Markets	32.4	3.9	0.1	4.0
Emerging Markets	33.2	12.8	3.1	1.1

TEN LARGEST NON-U.S. EQUITY HOLDINGS (excludes commingled funds)	Shares	Carrying Value
Vodafone Group PLC (United Kingdom)	8,312,037	$ 18,201,709
BP PLC (United Kingdom)	1,830,940	16,170,395
Royal Bank of Scotland (United Kingdom)	544,532	15,681,640
UBS AG (Switzerland)	188,071	13,252,368
Telefonica SA (Spain)	754,756	11,157,027
ENI SPA (Italy)	531,408	10,551,492
BNP Paribas (France)	169,486	10,423,670
Canon Inc (Japan)	195,000	10,275,856
Siemens AG (Germany)	131,634	9,466,614
Takeda Pharmacuetical (Japan)	213,100	9,354,800

Note: A complete list of the portfolio holdings is available upon request.



Investment Results

Global Equities

	FY2004
SURS	**25.0%**
MSCI World	24.0%
Wilshire Large 750	21.2%
MSCI EAFE	32.4%

During the year, SURS conducted an asset/liability study. The results of the study indicated that a better overall risk profile could be generated by investing a portion of the total fund in global equities. This resulted in an additional asset class portfolio being created. SURS has been investing in global equities through its Opportunity Fund for the past two years. In order to meet the initial 4% allocation, the two managers and strategies that were employed in the Opportunity Fund received additional allocations. As the table to the right indicates, SURS global equity portfolio outperformed its benchmark by 1.0% during the year, returning 25.0%. The benchmark for this portfolio is the MSCI World Index, which represents a blend of U.S. and non-U.S. equities large capitalization stocks.

Private Equities

	FY 2004	3 YR	5 YR	10 YR
SURS	**12.6%**	**(8.8)%**	**26.1%**	**30.1%**
Performance Benchmark	44.4	7.8	5.2	16.3

SURS private equity portfolio posted a positive return of 12.6% during fiscal year 2004. The portfolio's benchmark, the Wilshire 5000 Index + 5%, posted a stunningly impressive return of 44.4%. The returns from this asset class are lagged one quarter due to the time frame associated with data collection for both accounting and performance reporting. As of June 30, 2004, the valuation of SURS' private equity portfolio was $332 million, or 2.6% of total plan assets.

SURS' private equity portfolio is a highly diversified portfolio. Since its inception in 1990, the SURS private equity portfolio has made commitments to more than 275 different partnership funds. The private equity portfolio has been diversified by a number of different measures such as time, general partner groups and sub-asset class types. This diversification effort has benefited the portfolio greatly as different sub-classes perform well under different economic and market conditions.

Since its inception, a total of $1,150 million has been committed to these funds, and of this amount $565 million has been invested. During this same period, SURS has received $640 million in distributions, which, when combined with the current value of the portfolio, indicates that the portfolio has generated a significant return over the nearly 13-year period. The table above indicates that for the longer term time periods, 5- and 10-year periods, SURS' private equity portfolio has significantly outperformed its benchmark return.

Bonds

	FY 2004	3 YR	5 YR	10 YR
SURS	**1.8%**	**7.4%**	**7.7%**	**8.0%**
Performance Benchmark	1.0	6.7	7.2	7.5
Lehman Brothers Universal	1.0	6.7	7.1	7.5
Lehman Brothers Aggregate	.3	6.4	6.9	7.4
Long Term Govt.	(3.9)	7.9	8.0	8.9
Intermediate Govt.	(0.5)	5.5	6.3	6.6
Long Term Corp.	(0.9)	8.7	8.1	8.7
Intermediate Corp.	0.6	7.2	7.4	7.6
Mortgage-Backed	2.2	5.6	6.6	7.3

The SURS bond portfolio returned 1.8% for the year, exceeding the 1.0% return of the portfolio's benchmark, the Lehman Brothers Universal Index, which reflects the manner in which the assets are invested. SURS' investment managers typically employ a CorePlus approach that utilizes securities that include government, corporate, mortgage, high-yield and international bonds. This portfolio has been the most consistent of all the portfolios, generating above benchmark returns for the past 16 fiscal years.

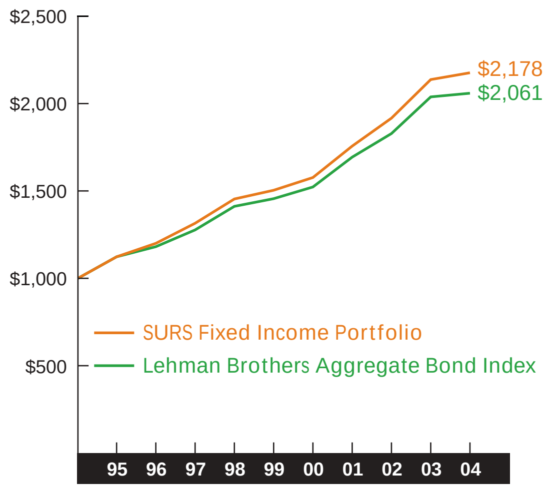
Fixed income securities provided investors with returns that were below their longer-term averages. Investors worried throughout the year that interest rates would begin to rise and push down the price of bonds. While short-term interest rates did rise during the year, long-term interest rates remained virtually unchanged. As the table above indicates, the one-year returns from fixed income securities fell short of the average returns generated over the past 3-, 5-, and 10- year periods on these interest rate fears.

Investment Results

SURS' fixed income portfolio is structured to capture the return of the broad market over the long term. Consequently, the returns from this portfolio will tend to track that of the broad fixed income market (Lehman Brothers Universal Index) over longer periods of time. As the table to the right indicates, the SURS portfolio has added value within a fairly tight band over each of the time periods presented.

The accompanying chart indicates the growth of $1,000 invested in the U.S. fixed income market during the past 10 years. The ending points show that $1,000 invested in SURS' U.S. fixed income portfolio would have grown to $2,178 (net of investment management expenses), while the same $1,000 invested in the portfolio's benchmark would have grown to $2,061.

Fixed Income Portfolio Growth Of $1,000



TEN LARGEST FIXED INCOME HOLDINGS
(excludes commingled funds)

Asset Description	S & P Rating	Interest Rate	Maturity Date	Par Value	Carrying Value
Federal National Mortgage Association	AAA	5.000	01-Jul-34	141,220,725	146,248,000
US Treasury Inflation Index Notes	AAA	3.625	15-Jan-08	72,925,000	92,834,860
US Treasury Notes	AAA	2.500	31-May-06	82,465,000	82,188,000
US Treasury Notes	AAA	4.250	15-Jan-10	53,730,000	68,701,557
Federal National Mortgage Association	AAA	5.500	01-Jul-34	65,900,000	65,570,500
US Treasury Inflation Index Notes	AAA	3.000	15-Jul-12	50,159,000	56,791,072
US Treasury Inflation Index Notes	AAA	3.500	15-Jan-11	38,600,000	46,367,448
US Treasury Inflation Index Notes	AAA	3.875	15-Jan-09	26,765,000	34,236,991
US Treasury Notes	AAA	2.250	30-Apr-06	31,135,000	30,922,161
Federal National Mortgage Association	AAA	5.000	01-Jul-19	30,590,000	30,618,693

Real Estate

The SURS Board of Trustees adopted an asset allocation during fiscal year 2001 that created a 2% allocation to publicly traded real estate securities. The recently completed asset/liability study results suggested that additional exposure to the real estate asset class would improve the risk and return profile of the total fund. SURS is in the process of conducting a search that will increase the real estate exposure from 2% to 7% of total assets. The implementation of the additional allocation will take place during fiscal year 2005.

SURS real estate portfolio returned 29.1% during the fiscal year, matching its benchmark, the Wilshire Real Estate Securities Index. The portfolio's 52-month return since its inception also exceeds the benchmark return by a significant margin of 1.6% (annualized).

	FY 2004	3YR	Since Inception
SURS	**29.1%**	**16.4%**	**21.6%**
Performance Benchmark	29.1	14.7	20.0

Investment Results

Opportunity Fund

The SURS Board of Trustees created the Opportunity Fund during fiscal year 2000 to provide an arena for investments in new opportunities, which might otherwise not be included in the total investment portfolio. Each of the investment portfolios will be evaluated on an annual basis to determine whether or not they continue to merit inclusion in the Fund. This unique portfolio has been designed in such a manner that no more than 5% of the total fund assets can be invested in the Fund. As of June 30, 2004, this fund accounted for 4.2% of the total fund assets.

Currently, there are three types of investments in the portfolio. The first type of investment is U.S. Treasury Inflation Protected Securities (TIPS). The second type of investment is a U.S. equity portfolio. The third type of investment is a specialty private equity fund. During fiscal year 2004 the global equity strategy was moved out of the Opportunity Fund as a result of the asset/liability study.

The Opportunity Fund returned 14.5% during the year, beating its custom benchmark return by 1.0%. In order to accurately gauge the success of these investments, a custom benchmark has been established. The benchmark reflects a passive implementation of the various portfolios included in the Fund.

	FY 2004	3YR	Since Inception
SURS	**14.5%**	**9.1%**	**10.6%**
Performance Benchmark	13.5	8.9	10.0

Self-Managed Plan

Fiscal year 2004 marks the sixth complete year of the Self-Managed Plan (SMP). As of June 30, 2004, the SMP had accumulated plan assets of over $275 million. This represents an increase of nearly $85 million since the end of fiscal year 2003. Employee and Employer contributions to the plan exceeded $50 million for the third consecutive year. Also contributing to the growth in plan assets was a market-related increase, net of asset withdrawals, of approximately $27 million.

During fiscal year 2004, one of the service providers, ING, was terminated, reducing the number of service providers to two. The reduction in service providers was done to reduce the administrative expenses of the SMP and reflect the fact that two remaining service providers, TIAA-CREF and Fidelity, had accumulated more than 80% of the plan assets.

During the past several years, SMP participants have maintained their exposure to equities. In aggregate, the total funds invested by SMP participants have a 72% equity and 28% fixed income allocation, which is slightly elevated from last year's position. A detailed schedule of the funds available in this plan, along with the investment totals for each fund, can be found in the accompanying table of Self-Managed Plan Asset Allocation as of June 30, 2004.

Asset Allocation

Defined Benefit Plan Asset Allocation
June 30, 2004 ($ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
U.S. Stock Managers - Passive					
Barclays Global Investors U.S. Equity Market	$1,159,948	$ –	$ –	$ 1,159,948	9%
Northern Trust Investments	2,593,393	–	–	2,593,393	21%
Subtotal	3,753,341	–	–	3,753,341	30%
Non-U.S. Stock Managers - Passive					
Barclays Global Investors					
EAFE Value Fund	289,272	–	–	289,272	2%
Custom International Fund	1,271,809	–	–	1,271,809	10%
Subtotal	1,561,081	–	–	1,561,081	12%
U.S. Stock Managers - Active					
Ariel Capital Management	35,288	–	–	35,288	–
BlackRock Equity Plus	359,077	–	–	359,077	3%
Genesis Capital Management	46,672	–	–	46,672	–
New Amsterdam	73,986	–	–	73,986	1%
New Amsterdam - Concentrated	23,566	–	–	23,566	–
Northern Trust Global Advisors	121,986	17,417	–	139,403	1%
Pacific Investment - StocksPlus	614,615	–	–	614,615	5%
Progress Emerging Managers	133,028	–	–	133,028	1%
Rasara Strategies	81,954	–	–	81,954	1%
Subtotal	1,490,172	17,417	–	1,507,589	12%
Non-U.S. Stock Managers - Active					
BGI Alpha Tilt	174,255	–	–	174,255	1%
Delaware International	76,591	–	–	76,591	1%
Fidelity Select International	102,188	–	–	102,188	1%
Martin Currie	446,228	–	–	446,228	4%
Subtotal	799,262	–	–	799,262	7%
Global Stock Managers - Active					
Capital Guardian	237,128	–	–	237,128	2%
Wellington Management	248,471	–	–	248,471	2%
Subtotal	485,599	–	–	485,599	4%
Private Equity Managers					
Adams Street Acquisition Fund	265	–	–	265	–
Adams Street Global Secondary Fund	1,313	–	–	1,313	–
Adams Street Partnerships	260,736	–	–	260,736	2%
Adams Street Non-U.S. Partnerships	21,582	–	–	21,582	–
Pantheon Europe Fund III	7,782	–	–	7,782	–
Pantheon Global Secondary Fund II	1,000	–	–	1,000	–
Pantheon Ventures, Inc.	28,025	–	–	28,025	–
Progress Investment	10,752	–	–	10,752	–
Subtotal	331,455	–	–	331,455	2%
Bond Managers - Passive					
Barclays Global Investors U.S. Debt Index Fund	–	744,435	–	744,435	6%
Subtotal	–	744,435	–	744,435	6%
Bond Managers - Active					
BlackRock	–	190,082	–	190,082	2%
BlackRock Enhanced	–	590,630	–	590,630	5%
Cash	–	118,748	–	118,748	1%
Metropolitan West Asset Mgmt.	–	137,587	–	137,587	1%
Pacific Investment	–	1,322,964	–	1,322,964	11%
Western Asset Mgmt.	–	191,547	–	191,547	2%
Subtotal	–	2,551,558	–	2,551,558	22%
Real Estate Manager					
Barclays Global Investors REIT	52,002	–	–	52,002	–
ING Clarion Real Estate Securities	134,292	–	–	134,292	1%
RREEF	–	–	318	318	–
RREEF America	150,964	–	–	150,964	1%
Subtotal	337,258	–	318	337,576	2%
Opportunity Fund					
GlobeFlex Capital	30,887	–	–	–	–
Pacific Investment - U.S. TIPS	–	167,405	–	167,405	1%
Payden & Rygel	119,794	–	–	119,794	1%
US TIPS	–	186,222	–	186,222	1%
Van Wagoner Opportunities Fund	28,876	–	–	28,876	–
Subtotal	179,557	353,627	–	533,184	3%
SMP Forfeiture/Disability Reserves (B)				(24,119)	
TOTAL FUND	**$8,937,725**	**$3,667,037**	**$318**	**$ 12,580,961(A)**	**100%**
% OF TOTAL FUND	**71%**	**29%**	**0%**	**100%**	

(A) Amount includes accrued investment income receivable of $27,485 at June 30, 2004 and includes net pending transactions of ($269,522).
(B) These assets are commingled with the SURS defined benefit plan investments.

Asset Allocation

Self-Managed Plan Asset Allocation
June 30, 2004

	U.S. Stocks	Non-U.S. Stocks	Fixed Income	Balanced	Total
Fidelity Funds					
Fidelity Managed Income Portfolio	–	–	3,228,472	–	3,228,472
Fidelity U.S. Bond Index	–	–	4,541,000	–	4,541,000
PIMCO Total Return	–	–	2,138,900	–	2,138,900
Fidelity Four In One Index	–	–	–	567,148	567,148
Fidelity Puritan	–	–	–	48,249,732	48,249,732
Ariel Fund	4,854,595	–	–	–	4,854,595
Fidelity Growth Company	12,182,826	–	–	–	12,182,826
Spartan Extended Market Index	2,416,938	–	–	–	2,416,938
Fidelity Contrafund	7,724,720	–	–	–	7,724,720
Fidelity Growth and Income Portfolio	9,031,440	–	–	–	9,031,440
Fidelity Low Priced Stock Fund	9,158,839	–	–	–	9,158,839
Fidelity Magellan	520,229	–	–	–	520,229
Spartan Total Market Index	707,077	–	–	–	707,077
Spartan U.S. Equity Index	19,426,976	–	–	–	19,426,976
Fidelity Diversified International	–	3,702,188	–	–	3,702,188
Spartan International Index	–	209,186	–	–	209,186
Fidelity Worldwide	–	7,779,646	–	–	7,779,646
Fidelity Total	66,023,640	11,691,020	9,908,372	48,816,880	136,439,912
% of Total Fund					54.7%
TIAA-CREF Funds					
CREF Money Market Account	–	–	6,787,241	–	6,787,241
TIAA Traditional Annuity	–	–	16,824,071	–	16,824,071
CREF Bond Market Account	–	–	8,471,958	–	8,471,958
CREF Inflation Linked Bonds Account	–	–	3,682,179	–	3,682,179
CREF Social Choice Account	–	–	–	9,379,751	9,379,751
CREF Equity Index Account	13,507,124	–	–	–	13,507,124
CREF Growth Account	20,410,860	–	–	–	20,410,860
CREF Stock Account	24,854,593	–	–	–	24,854,593
CREF Global Equities Account	–	8,989,829	–	–	8,989,829
TIAA-CREF Total	58,772,577	8,989,829	35,765,449	9,379,751	112,907,606
% of Total Fund					45.3%
Grand Totals	**$124,796,217**	**$ 20,680,849**	**$ 45,673,821**	**$ 58,196,631**	**$249,347,518**
% of Total Fund	**50.0%**	**8.3%**	**18.3%**	**23.3%**	**100.0%**
SMP Forfeiture/Disability Reserves (2)					**24,118,522**
Total SMP Investments					**$273,466,040**

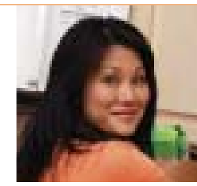
(1) Fidelity Puritan is the default fund for members who have selected the Self-Managed Plan, but have not yet selected individual mutual/variable annuity funds.

(2) These assets are commingled with the SURS defined benefit plan investments and accrue interest equal to the overall annual rate of return of the fund, net of fees.

Supporting Schedules

Summary Schedule of Domestic Investment Commissions
For the Years Ended June 30, 2004 and 2003

	2004			2003		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
A.G. Edwards	$ 5,355	110,700	$ 0.05	$ 17,062	348,600	$ 0.05
Abel Noser Corporation	7,449	372,431	0.02	6,206	310,300	0.02
ABN Amro Securities Inc	220	4,400	0.05	330	6,600	0.05
Adams Harkeness & Hill	10	200	0.05	–	–	–
Advest, Inc.	36	900	0.04	–	–	–
Alex Brown & Sons Inc	27,549	2,466,780	0.01	4,352	93,899	0.05
Archipelago	3,090	159,700	0.02	–	–	–
Autranet Inc.	128	3,200	0.04	150	3,000	0.05
Avian Securities, Inc.	51	1,010	0.05	259	5,180	0.05
B Trade Services	34,003	1,154,330	0.03	21,355	753,040	0.03
Banc of America Securities	37,895	873,185	0.04	42,438	909,526	0.05
Bank of New York	502	12,300	0.04	110	2,200	0.05
Bankers Trust	–	–	–	55	1,100	0.05
Baypoint Trading LLC	332	8,300	0.04	–	–	–
BB&T Investment Services	8	200	0.04	–	–	–
Bear Stearns Securities Corp	79,566	2,471,943	0.03	16,621	375,923	0.04
Benchmark Financial Services	5,725	114,500	0.05	–	–	–
Berean Capital Inc	3,057	66,900	0.05	4,102	88,850	0.05
Blackwatch Brokerage Inc.	–	–	–	180	3,600	0.05
Blair, William & Co.	721	14,580	0.05	1,700	34,000	0.05
Blaylock & Partners	1,868	46,700	0.04	190	3,800	0.05
BNP Paribas	3	30	0.10	–	–	–
Boenning & Scattergood	771	25,700	0.03	–	–	–
BNY Clearing Services, Inc.	–	–	–	6,073	220,236	0.03
Bridge Trading Company	3,973	101,391	0.04	5,941	128,110	0.05
Broadcort Capital Corp	370	7,400	0.05	620	12,400	0.05
Bunting Warburg	–	–	–	2,066	71,000	0.03
Burns Fry Inc.	–	–	–	70	1,400	0.05
Cantor Fitzgerald & Co	19,063	386,106	0.05	15,794	320,759	0.05
Cabrera Capital Markets	1,590	31,800	0.05	–	–	–
Capital Institutional Svc	5	100	0.05	–	–	0.00
Chapman Co	27,404	557,970	0.00	–	–	0.00
Charles Schwab	4,732	100,510	0.05	219	5,100	0.04
Cheevers & Co	7,030	140,600	0.05	–	–	–
CIBC World Markets Corp.	9,978	209,080	0.05	8,516	174,150	0.05
Citation Group	11,395	227,900	0.05	4,240	84,800	0.05
Citigroup Global Markets Inc.	21,630	508,709	0.04	16,622	360,978	0.05
C.J. Lawrance Morgan Grenvill	96	6,400	0.02	670	44,600	0.02
C.L. King & Associates	185	3,700	0.05	–	–	–
Commerzbank Capital Markets	–	–	–	50	1,000	0.05
Correspondent Services Corp	599	13,700	0.04	2,313	48,200	0.05
Cowen and Co	659	13,200	0.05	1,452	31,385	0.05
Credit Lyonnais Securities	–	–	–	4,630	92,600	0.05
Credit Suisse First Boston	63,583	1,238,957	0.05	38,378	779,524	0.05
Credit USA	–	–	–	245	4,900	0.05
Cuttone & Co	257	10,100	0.03	–	–	–
D.A. Davidson & Co	35	700	0.05	–	–	–
Dain Rauscher	–	–	–	1,031	20,620	0.05
DesJardins Securities	–	–	–	350	7,000	0.05
Deutsche Banc Alex Brown	670	13,400	0.05	235	4,700	0.05
Deutsche Bank Securities, Inc.	24,747	678,085	0.04	10,891	240,841	0.05
Direct	6,259	178,204	0.04	3,187	92,677	0.03
Donald & Co. Securities Inc.	–	–	–	50	1,000	0.05
Donaldson and Company Inc	–	–	–	995	19,900	0.05
Donaldson Lufkin & Jenrette Securities Corp	1,016	26,400	0.04	1,483	32,000	0.05
Dowling Partners	15	300	0.05	–	–	–
Dresdner Securities	275	5,500	0.05	110	2,200	0.05
Enskilda Securities Inc	43	300	0.14	–	–	–
Ernst and Company	–	–	–	1,165	29,100	0.04
Euro Brokers	774	25,800	0.03	–	–	–
Execution Ltd	87	8,700	0.01	–	–	–
Factset Data Systems	935	18,700	0.05	7,353	147,340	0.05
Fahnestock and Co.	–	–	–	180	3,600	0.05
Fidelity Capital Markets	1,119	28,540	0.04	–	–	–
First Albany Corp.	2,577	51,790	0.05	642	12,840	0.05
First Clearing Corp.	880	17,600	0.05	510	10,200	0.05
First Marathon Securities	–	–	–	276	6,900	0.04
First Southwest Co	1,680	42,000	0.00	–	–	–
First Union Capital Markets Clearance	–	–	–	54,291	1,086,429	0.05
Fiserv Securities Inc.	–	–	–	685	13,700	0.05
Fox Pitt & Kelton	364	22,582	0.02	155	3,100	0.05
Fulcrum Global Partners	1,177	23,530	0.05	–	–	–
Frank Russell Inc.	2,085	41,700	0.05	2,195	43,900	0.05



Supporting Schedules (continued)

Summary Schedule of Domestic Investment Commissions
For the Years Ended June 30, 2004 and 2003

	2004			2003		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Friedman Billings & Ramsey	$ 3,644	72,870	$ –	$ 15	600	$ 0.03
G.G.E.T. LLC	21,584	640,131	0.03	5,807	145,800	0.04
Gardner Rich & Co	3,638	88,300	0.04	4,953	103,100	0.05
Gerard Klaider Mattison & Co.	911	18,210	0.05	1,801	36,290	0.05
Goldman Sachs & Company	80,006	2,972,475	0.03	30,662	672,810	0.05
Green Street Advisors Inc	9,146	207,100	0.04	25,659	611,416	0.04
Greentree Brokerage	196	4,900	0.04	935	20,600	0.05
Gruss, Oscar & Son Inc.	348	8,700	0.04	229	5,730	0.04
Guzman & Company	92,978	4,506,049	0.02	1,020	36,899	0.03
Harris Nesbitt Co	1,123	22,460	0.05	–	–	–
Heflin & Co.	732	26,600	0.03	100	2,000	0.05
Henderson Brothers, Inc.	–	–	–	593	13,900	0.04
Hoenig & Co	3,590	86,000	0.04	7,370	149,900	0.05
Howard, Weil, Legg Mason	1,014	20,280	0.05	1,525	33,800	0.05
HSBC Securities	–	–	–	110	2,200	0.05
Imperial Capital	1,663	42,200	0.04	–	–	–
ING Barings	10	200	0.05	–	–	–
Instinet	15,833	548,620	0.03	17,259	590,990	0.03
Institutional Direct	3,374	112,450	0.03	–	–	–
Institutional Services Unlimited	595	11,900	0.05	120	2,400	0.05
Investment Technology Group Inc	20,942	1,152,156	0.02	18,627	1,623,111	0.01
ISI Group	5,025	100,500	0.05	7,561	153,260	0.05
Ivy Securities	3,435	68,700	0.05	–	–	–
J P Morgan Securities Inc	25,935	592,374	0.04	21,358	440,783	0.05
Jackson Partners & Assoc.	60	1,500	0.04	465	9,300	0.05
Jackson Securities Inc	4,255	85,100	0.05	2,010	41,500	0.05
Jefferies & Company	39,891	911,326	0.04	26,815	661,565	0.04
Jerome P. Dunlevy	4	100	0.04	–	–	–
JMP Securities	1,353	28,830	0.05	1,279	30,040	0.04
JNK Securities Corp	51	1,700	0.03	–	–	–
Jones & Associates	6,149	209,825	0.03	5,051	102,600	0.05
JP Morgan Chase	280	5,600	0.05	–	–	–
Kalb Voorhis & Co.	1,700	71,643	0.02	501	18,100	0.03
Keefe Bruyette Woods Inc.	1,005	20,100	0.05	200	4,000	0.05
Kenny & Co LLC	208	8,300	0.03	–	–	–
Knight Securities	891	20,946	0.04	284	8,200	0.03
La Branche Financial	21	700	0.03	215	5,000	0.04
Lazard Asset Management	1,656	41,400	0.04	60	1,400	0.04
Leerink Swann & Co	666	13,320	0.05	–	–	–
Legg Mason Inc.	5	100	0.05	15	760	0.02
Legg Mason Wood Walker Inc	31,860	691,500	0.05	45,565	911,306	0.05
Lehman Brothers Inc	99,310	2,276,470	0.04	107,241	2,581,044	0.04
Liquidnet Inc.	19,479	535,500	0.04	8,990	250,300	0.04
Loop Capital Markets/Broadcort Capital	85,502	2,685,829	0.03	7,059	175,200	0.04
Lynch Jones & Ryan	822	24,000	0.03	605	12,100	0.05
Magna Investment Group	400	8,000	0.05	–	–	–
Magna Securities Corp	3,393	70,800	0.05	–	–	–
Maxcor Financial Inc	1,747	38,900	0.04	–	–	–
Maxus Corp.	–	–	–	295	5,900	0.05
McDonald and Company	17,198	344,200	0.05	30,230	604,600	0.05
Melvin Securities Corp	1,340	33,500	0.04	–	–	–
Merrill Lynch International	26,023	515,726	0.05	17,403	354,464	0.05
Merrill Lynch Pierce Fenner & Smith	50,589	1,649,587	0.03	34,631	947,926	0.04
Midwest Research Securities	4,563	104,100	0.04	549	10,970	0.05
Miller Tabock	–	–	–	65	1,300	0.05
MKM Partners	2,707	62,300	0.04	–	–	–
Montgomery Securities	4,160	113,600	0.04	3,755	78,500	0.05
Montrose Securities	56,911	1,205,380	0.00	–	–	–
Moors & Cabot	2,098	41,962	0.05	–	–	–
Morgan Keegan & Co.	201	4,010	0.05	100	2,000	0.05
Morgan Stanley & Co Inc	95,217	7,156,947	0.01	64,638	1,394,944	0.05
MultiTrade	3,625	72,500	0.05	–	–	–
National Financial Services	1,009	22,600	0.04	50	1,000	0.05
National Investor Services Corp	6,208	155,200	0.04	–	–	–
NBC Securities	–	–	–	1,758	82,200	0.02
Neuberger and Berman	–	–	–	125	2,500	0.05
NYFIX Clearing Corp	310	15,500	0.00	–	–	0.00
Oppenheimer & Co Inc	2,825	60,000	0.05	795	17,500	0.05
Ormes Capital Markets, Inc.	1,565	31,300	0.05	2,455	49,100	0.05
OTA Limited Partnership	8	200	0.04	–	–	–
Pacific American Securities	740	14,800	0.05	–	–	–
Pacific Crest Securities	1,643	32,860	0.05	1,860	37,200	0.05
Pacific Growth Equities	1,040	20,790	0.05	1,242	24,840	0.05

Supporting Schedules (continued)

Summary Schedule of Domestic Investment Commissions
For the Years Ended June 30, 2004 and 2003

Investment Brokerage Firm	2004 Commission	2004 Shares Traded	2004 Commission per Share	2003 Commission	2003 Shares Traded	2003 Commission per Share
Paine Webber Inc	$ 6	200	$ 0.03	$ 5	100	$ 0.05
PCS Securities Inc.	6,632	148,701	0.04	65	1,290	0.05
Penson Financial Services Inc.	–	–	–	1,575	31,500	0.05
Pershing LLC	5,944	288,500	0.02	870	17,400	0.05
Piper Jaffray Inc	499	11,800	0.04	676	32,000	0.02
Prudential Bache	347	8,000	0.04	1,041	24,800	0.04
Prudential Equity Group	22,201	445,265	0.00	–	–	–
Prudential Securities	3,373	73,000	0.00	–	–	–
Pulse Trading	–	–	–	853	28,435	0.03
Putnam Lovell de Guardiola	–	–	–	140	2,800	0.05
PXP Securities Corp.	588	12,200	0.05	10,696	214,995	0.05
Ragen MacKenzie Inc.	–	–	–	300	6,000	0.05
Ramsey King Securities	–	–	–	941	20,800	0.05
Raymond James	15,491	310,100	0.05	9,571	191,410	0.05
RBC Capital Markets Inc	2,563	54,430	0.05	–	–	–
RBC Dain Rauscher	12,257	245,140	0.05	–	–	–
RBC Dominion Securities	1,628	33,000	0.05	–	–	–
Renaissance Capital Corp	1,050	21,000	0.05	–	–	–
Reynders Gray	45	900	0.05	–	–	–
Robert Brandt & Co	24	600	0.04	–	–	–
Robb Peck McCooey & Co.	–	–	–	495	16,500	0.03
Robert Van Securities Inc.	–	–	–	605	12,100	0.05
Robert W Baird & Co	4,040	80,800	0.05	125	2,500	0.05
Ryan Beck & Co.	–	–	–	675	13,500	0.05
Salomon Brothers Inc.	615	15,100	0.04	810	16,200	0.05
Samuel A. Ramirez & Co	165	3,300	0.05	–	–	–
Sandler O'neill & Partner	400	8,000	0.05	5,405	108,100	0.05
Sanford C Bernstein & Co	4,733	94,650	0.05	1,719	36,400	0.05
SBC Warburg Dillon Reed & Co.	1,665	35,900	0.05	13,695	293,967	0.05
Schwab Soundview Capital Markets	4,523	92,700	0.05	–	–	–
Scotia McLeod	881	40,600	0.02	1,940	97,000	0.02
Scott & Stringfellow Investment	7,763	155,261	0.05	500	10,000	0.05
Seaport Securities Corporation	12,114	403,800	0.03	4,716	157,200	0.03
Second Street Securities	5,685	113,700	0.05	7,020	140,400	0.05
SG Cowen & Co	3,609	79,470	0.05	2,429	48,690	0.05
SG Cowen Securities	568	11,430	0.05	–	–	–
Sidoti & Co, LLC	464	9,280	0.05	–	–	–
SK International Securities	403	9,600	0.04	1,448	29,600	0.05
Smith Barney Inc	71,024	1,483,414	0.05	52,069	1,051,185	0.05
Soundview Financial	2,655	53,100	0.05	2,543	51,100	0.05
Southwest Securities	130	2,590	0.05	–	–	–
Spear Leeds and Kellogg	486	48,565	0.01	159	15,900	0.01
Standard and Poors Securities	7,170	143,400	0.05	891	19,500	0.05
State Street Bank & Trust	173	5,600	0.03	169	4,800	0.04
Stephens Inc	50	1,000	0.05	–	–	–
Sterne Agee & Leach Inc	1,750	34,000	0.05	–	–	–
STSTUA Securities	8,292	276,400	0.03	2,669	88,971	0.03
Sun Trust	504	10,070	0.05	–	–	–
Susquehanna Brokerage Services	543	21,700	0.03	–	–	–
Thomas Weisel Partners LLC	3,208	71,891	0.04	153	4,605	0.03
Thomson Institutional Service	–	–	–	4,050	81,000	0.05
Transatlantic Securities Corp	80	2,000	0.04	–	–	–
Troster Singer Corp.	–	–	–	95	9,500	0.01
UBS Financial Services Inc.	570	11,400	0.05	2,676	56,300	0.05
UBS Securities LLC	78,405	3,068,526	0.03	18,553	740,853	0.03
UBS Warburg	4,400	96,884	0.05	12,111	257,810	0.05
UBS Warburg Dillon Read	3,080	77,000	0.00	–	–	–
US Bancorp Piper Jaffray Inc.	19,919	406,020	0.05	4,114	84,313	0.05
US Clearing Corporation	–	–	–	388	11,100	0.03
Utendahl Capital Partners	1,685	33,700	0.05	3,702	76,600	0.05
W.J. Bonfanti Inc	1,068	53,400	0.02	–	–	–
W.R. Hambrecht & Co	1,876	46,900	0.04	–	–	–
Wachovia Capital Markets	36,590	733,338	0.05	–	–	–
Wachovia Securities	4,025	102,170	0.04	27,728	665,860	0.04
Walton Johnson & Co	92	2,300	0.04	–	–	–
Waterhouse Securities Inc	4,210	84,200	0.05	6,006	139,300	0.04
Wedbush Morgan Securities	340	6,800	0.05	–	–	–
Weeden & Co.	5,591	132,430	0.04	2,732	55,780	0.05
Wexford Clearing Services Co.	9	300	0.03	411	13,700	0.03
Williams Capital Group	14,683	321,930	0.05	4,835	97,900	0.05
Total	**$ 1,695,087**	**53,498,624**	**$ 0.03**	**$ 1,035,172**	**25,251,519**	**$ 0.04**

Supporting Schedules (continued)

Summary Schedule of International Investment Commissions
For the Years Ended June 30, 2004 and 2003

	2004			2003		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
ABG Securities	$ 812	23,150	$ 0.04	$ 1,540	121,225	$ 0.01
ABN Amro	49,018	2,077,121	0.02	36,878	1,411,722	0.03
Alex Brown & Sons	1,186	23,805	0.05	9,589	183,447	0.05
Arnhold & S. Bleichroeder	-	–	–	755	47,992	0.02
Banco Bilbao Vizcaya	2,734	95,014	0.03	29,653	1,335,117	0.02
Banco Santander	1,368	37,044	0.04	63	2,700	0.02
Bank Am Bellevue	191	1,200	0.16	–	–	–
Bank Insinger de Beaufort	–	–	–	625	10,635	0.06
Bank J. Vontobel und Co	390	3,570	0.11	–	–	0.00
Bank Julius Baer	2,514	38,129	0.07	1,000	9,672	0.10
Bank of America	385	13,300	0.03	761	16,599	0.05
Bank of Austria	413	6,330	0.07	–	–	–
Bank of New York	768	17,133	0.04	3,833	34,071	0.11
Banque Paribas	4,883	106,040	0.05	327	26,200	0.01
Barnard Jacobs Mellett	–	–	–	7,224	446,079	0.02
BBV Latinvest Inc	–	–	–	508	11,675	0.04
BBVA Bolsa S.V.S.A. Bilbao	3,034	110,821	0.03	1,317	41,229	0.03
Bear Stearns	40,195	6,547,321	0.01	21,028	1,356,138	0.02
Beta Capital	304	12,888	0.02	4	119	0.04
BNP Paribas Peregrine Securities	1,209	60,496	0.02	3,263	536,000	0.01
Brockhouse & Cooper	6,019	401,884	0.01	960	321,866	0.00
Bunting Warburg	8,986	184,107	0.05	8,399	116,118	0.07
Caisse des Depots	–	–	–	2,877	29,450	0.10
Canadian Imperial Bank of Commerce	204	4,700	0.04	546	16,300	0.03
Cantor Fitzgerald & Co	10,049	565,566	0.02	3,683	1,068,887	0.00
Capital Institutional Svcs	5	100	0.05	–	–	–
Carnegie International	3,604	148,736	0.02	187	8,000	0.02
Carnegie, Inc.	–	–	–	1,252	332,032	0.00
Cazenove & Co	2,829	273,704	0.01	32,290	2,708,093	0.01
Cazenove Securities	–	–	–	975	141,217	0.01
CDC Bourse International	–	–	–	4,407	96,598	0.05
CDC Labouchere	3,053	36,805	0.08	23,104	529,874	0.04
Charles Schwab	2,946	77,000	0.04	–	–	–
Chase Manhatten Bank	2,168	62,236	0.03	1,115	21,932	0.05
Cheuvreux De Viriue	20,349	467,793	0.04	39,157	631,728	0.06
CIBC World Markets	655	19,500	0.03	363	9,400	0.04
C.I. Nordic Securities	1,980	49,175	0.04	–	–	–
Citibank	2,173	110,044	0.02	408	18,050	0.02
Citigroup Global	200,186	16,397,748	0.01	226,134	8,835,780	0.03
C.J. Lawrance Mogan Grenvill	96	6,400	0.02	–	–	–
C.L. King & Associates	185	3,700	0.05	–	–	–
Collins Stewart	857	248,630	0.00	2,694	80,876	0.03
Commerzbank	3,606	30,766	0.12	6,530	225,356	0.03
Correspondent Services Corp	15	300	0.05	–	–	–
Cowen & Co	461	9,240	0.05	–	–	–
Credit AG	1,064	38,700	0.03	–	–	–
Credit Lyonnais	14,402	1,524,746	0.01	31,675	1,698,185	0.02
Credit Suisse First Boston	156,957	16,224,051	0.01	265,870	22,818,561	0.01
Credit USA	98	1,960	0.05	–	–	–
D. Kleinwort Wasserstein	34,443	1,509,071	0.02	–	–	–
Daiwa Ltd	35,663	2,164,678	0.02	19,277	443,736	0.04
Davy Stockbrokers	764	68,200	0.01	1,810	79,077	0.02
DBS Vickers Securities	–	–	–	3,848	208,000	0.02
Den Danske Bank	968	4,339	0.22	–	–	–
Deutsche Alex Brown	57	1,130	0.05	–	–	–
Deutsche Bank Securities Inc.	150,038	9,311,943	0.02	166,804	15,351,453	0.01
Deutsche Morgan Grenfell	24,602	1,779,900	0.01	12,873	1,076,800	0.01
Donald & Co	4	100	0.04	–	–	–
Deutsche Securities	–	–	–	31,266	2,341,420	0.01
DMG Securities	–	–	–	4,911	83,237	0.06
Donaldson Lufkin & Jenrette	248	7,200	0.03	–	–	–
Dowling Partners	15	300	0.05	–	–	–
Dresdner Kleinwort Benson Secs	–	–	–	30,317	1,678,408	0.02
E Trade	4,787	261,212	0.02	–	–	–
Enskilda Securities	4,268	112,800	0.04	5,616	213,500	0.03
Euromobiliare Spa	–	–	–	79	9,600	0.01

Supporting Schedules (continued)

Summary Schedule of International Investment Commissions
For the Years Ended June 30, 2004 and 2003

	2004			2003		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Exane	$ 4,311	34,589	$ 0.12	$ 23,452	358,844	$ 0.07
Execution Ltd	20,053	974,083	0.02	–	–	–
Fearnley Fond	–	–	–	510	11,949	0.04
Fiba Nordic Securities	–	–	–	262	6,961	0.04
First Albany Corp	44	1,100	0.04	–	–	–
Fox Pitt Kelston	4,448	117,985	0.04	7,148	228,417	0.03
Friemark Blais	144	2,877	0.05	221	4,410	0.05
Fuji Securities	835	47,608	0.02	1,126	45,900	0.02
GK Goh Secs	39	3,000	0.01	–	–	0.00
Goldman Sachs & Co	58,636	6,369,258	0.01	41,015	4,381,563	0.01
Goldman Sachs International	87,581	3,992,329	0.02	151,882	9,608,533	0.02
Goodbody	1,073	41,100	0.03	9,932	453,758	0.02
G–Trade Services Ltd	222	11,600	0.02	–	–	–
Harvestons Securities	1,410	75,169	0.02	–	–	–
Helfant Inc	320	12,800	0.03	–	–	–
Howard Weil Securities	125	2,500	0.05	–	–	–
HSBC Investment Bank Plc	30,456	362,955	0.08	96,529	5,928,996	0.02
HSBC Securities	16,577	2,722,120	0.01	17,460	348,233	0.05
Hyundai Securities	151	4,620	0.03	–	–	–
ING Bank	186	18,759	0.01	1,312	7,536	0.17
ING Baring Furman Selz Llc	–	–	–	842	11,051	0.08
ING Barings	13,310	425,495	0.03	16,818	6,897,558	0.00
Instinet Services	585	53,072	0.01	626	169,986	0.00
Intermobiliare	283	47,191	0.01	79	5,815	0.01
Investec Henderson Crosthwaite Securities	–	–	–	3,142	73,000	0.04
Investment Technology Group	3,318	280,756	0.01	337	63,755	0.01
JB Were & Son	6,416	289,860	0.02	4,177	579,715	0.01
Jeffries & Co	17,074	1,513,640	0.01			
JP Morgan	112,429	5,511,906	0.02	146,264	9,703,280	0.02
J.P. Morgan Sterling Securities	–	–	–	2,360	62,000	0.04
Jones & Associates	196	4,300	0.05	–	–	–
Julius Baer	6,393	284,886	0.02	27,342	907,784	0.03
KBC Financial Products	12,941	401,836	0.03	12,446	570,505	0.02
KBC Peel Hunt Ltd	441	19,500	0.02	–	–	–
Kalb Voorhis	431	15,300	0.03	–	–	–
Keefe Bruyette Woods Inc	175	3,500	0.05	–	–	–
Knight Securities	1,269	35,572	0.04	–	–	–
Kempen & Co.	–	–	–	30	257	0.12
Lazard Asset Management	30,320	1,585,395	0.02	–	–	–
Legg Mason Inc	5	100	0.05	–	–	–
Lehman Brothers Inc.	30,281	1,114,584	0.03	6,866	376,195	0.02
Lehman Brothers International	57,870	6,117,853	0.01	33,068	1,018,603	0.03
Liaison Securities	33	1,100	0.03	–	–	–
Lombard Odier	2,059	22,830	0.09	–	–	–
Loop Capital Markets	1,345	53,087	0.03	–	–	–
M Ramsey King	4,842	615,800	0.01	–	–	–
Macquarie Equities	1,744	140,800	–	5,696	490,816	0.01
Mainfirst Bank	490	4,602	0.11	–	–	–
Merrill Lynch & Co.	4,223	190,701	0.02	12,246	620,443	0.02
Merrill Lynch Capital Markets	37,646	2,720,760	0.01	53,498	2,573,245	0.02
Merrill Lynch Fenner & Smith Inc.	40,471	5,962,578	0.01	21,272	26,136,013	0.00
Merrill Lynch International	108,691	4,356,655	0.02	230,755	13,271,046	0.02
Merrill Lynch Pierce Fenner & Smith	–	–	–	7,756	3,682,000	0.00
Mitsubishi Securities Inc	36	200	0.18	–	–	–
Mizuho Securities	27,097	1,763,278	0.02	10,333	198,856	0.05
MM Warburg & Co.	–	–	–	103	5,900	0.02
Montgomery Securities	4,634	97,000	0.05	–	–	0.00
Montrose Securities	4,571	238,838	0.02	–	–	0.00
Morgan Grenfell & Co Ltd	–	–	–	72,366	3,705,677	0.02
Morgan Stanley and Co.	60,331	4,012,478	0.02	59,928	4,231,212	0.01
Morgan Stanley International	63,769	6,146,620	0.01	199,584	7,498,774	0.03
MultiTrade	3,130	58,023	0.05	–	–	–
National Australia Bank	59	1,528	0.04	–	–	–
National Financial Services	586	13,045	0.04	32	707	0.05
NCB Stockbrokers	384	115,500	0.00	197	9,645	0.02
Nesbitt Burns	9,030	210,185	0.04	5,843	112,905	0.05

Supporting Schedules (continued)

Summary Schedule of International Investment Commissions
For the Years Ended June 30, 2004 and 2003

	2004			2003		
Investment Brokerage Firm	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Nikko Citigroup	$ 964	26,206	$ 0.04	$ –	–	$ –
Nikko Salomon Smith Barney	587	50,215	0.01	–	–	–
Nomura International	24,591	2,706,047	0.01	30,958	1,615,062	0.02
Nomura Securities	28,118	1,227,811	0.02	1,257	92,000	0.01
Nordea Bank	134	8,000	0.02	–	–	–
Numis Securities	4,249	235,852	0.02	–	–	–
NZB Neue Zurcher Bank	441	3,520	0.13	–	–	–
Oddo	7,912	62,669	0.13	17,377	167,122	0.10
Oppenheimer & Co	1,206	23,050	0.05	–	–	–
Paine Webber Corp	6	200	0.03	–	–	–
PCS Securities	3,483	10,979	0.32	–	–	–
Pension Financial Services	420	8,400	0.05	–	–	–
Paribas Corp.	–	–	–	777	28,481	0.03
Pershing & Co.	607	23,581	0.03	940	18,920	0.05
Peter Cam	324	4,725	0.07	–	–	–
Phillips & Drew	–	–	–	1,465	25,270	0.06
Pictet & Co	2,946	6,050	0.49	14,416	171,000	0.08
Pictet International Management	3,740	19,170	0.20	25,032	304,850	0.08
Piper Jeffrey	499	11,800	0.04	–	–	–
Prudential Bache	347	8,000	0.04	–	–	–
Prudential Securities	65	1,300	0.05	–	–	–
Rabo Securities	167	9,700	0.02	197	13,760	0.01
RBC Dominion Securities	5,806	134,393	0.04	8,916	196,642	0.05
Raymond James	137	3,100	0.04	–	–	–
Reynders Gray	45	900	0.05	–	–	–
Riada Stockbrokers	–	–	–	6,365	244,171	0.03
Robert W. Baird & Co	310	6,200	0.05	–	–	–
Royal Bank of Canada	3,150	70,400	0.04	100	8,500	0.01
Salomon Brothers Inc.	703	26,100	0.03	–	–	–
Salomon Brothers International	42,051	6,465,280	0.00	–	–	–
Salomon Smith Barney	259	23,500	0.01	752	45,000	0.02
Sander O'Neill	125	2,500	0.05	–	–	–
Sanford Bernstein	11,037	92,431	0.12	12,459	431,086	0.03
Santander Investment	188	2,660	0.07	12	500	0.02
SBC Warburg Dillon Reed & Co	4,755	101,506	0.05	9,297	194,517	0.05
Scotia Mcleod	1,756	66,400	0.03	716	32,100	0.02
Scott & Stringfellow	5,055	126,200	0.04	–	–	–
SG Cowen Securities	153	3,603	0.04	1,330	24,800	0.05
SG Securities	1,589	39,088	0.04	2,581	632,900	0.00
Societe Generale	5,611	53,132	0.11	7,850	198,951	0.04
Soundview Financial	990	19,800	0.05	–	–	–
Spear Leeds	316	28,200	0.01	–	–	–
Standard Chartered Bank	26	18,000	0.00	–	–	–
State Street Bank & Trust	367	19,971	0.02	–	–	–
Sumitomo Mitsui Banking	270	5,100	0.05	–	–	–
Svenska Hanelsbanke Equities	2,691	115,350	0.02	123	2,000	0.06
TD Securities	146	3,100	0.05	–	–	–
Theodoor Gilissen Bankers	2,482	47,681	0.05	10,110	128,920	0.08
Toronto Dominion Securities Inc.	283	6,700	0.04	80	2,100	0.04
Transnational Research Corp.	–	–	–	968	33,220	0.03
UBS Ag	62,322	2,587,649	0.02	141,000	8,700,556	0.02
UBS Bunting Warburg	361	9,900	0.04	–	–	–
UBS Securities	37,294	5,596,726	0.01	80,944	5,727,291	0.01
UBS Warburg	1,823	41,503	0.04	21,295	1,776,000	0.01
Unicredit Banca Mobiare	9,788	887,920	0.01	–	–	–
Union Bank of Switzerland	6	90	0.07	25,254	523,761	0.05
Wachovia Securities	1,354	28,600	0.05	–	–	–
Warburg Dillon Read Securities	524	15,455	0.03	7,380	166,712	0.04
Wedbush Morgan Securities	340	6,800	0.05	–	–	–
Weeden & co	235	4,700	0.05	–	–	–
West LB Securities	581	25,918	0.02	2,333	44,000	0.05
Westpac Banking Corp	383	39,363	0.01	–	–	–
Wexford Clearing Services	217	8,600	0.03	–	–	–
YSC Global Securities	1,112	51,800	0.02	–	–	–
Total	**$ 1,991,171**	**141,740,226**	**$ 0.01**	**$ 2,764,934**	**192,696,189**	**$ 0.01**

SUPERIOR Customer Service

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serving SURS members

THE COMPREHENSIVE
ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF ILLINOIS

Letter of Certification

GABRIEL, ROEDER, SMITH & COMPANY
CONSULTANTS & ACTUARIES

3017 Douglas Boulevard • Suite 300 • Roseville, CA 95661 • 916-987-7600 • fax 916-987-7607

November 10, 2004

Board of Trustees
State Universities Retirement System of Illinois
1901 Fox Drive
Champaign, IL 61820

Re: Certification of Actuarial Results

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 2004. An actuarial valuation of the defined benefit plans of SURS is performed annually.

The actuarial valuation is based upon:

a. *Data relative to the Members of SURS* – Data for all Members, including those participating in the Self Managed Plan, was provided by SURS staff. Such data is tested for reasonableness, but is used unaudited.

b. *Assets of the Fund* – The values of SURS assets are provided by SURS staff. The market value of assets of the defined benefit plans is used to develop actuarial results.

c. *Actuarial Method* – The actuarial method utilized by SURS is the Projected Unit Credit Cost Method. The objective of this method is to finance the benefits of SURS as such benefits accrue to each Member. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

d. *Actuarial Assumptions* – The actuarial assumptions used in this valuation are summarized in the next few pages. This set of assumptions was adopted by the Board effective July 1, 2001.

The actuarial assumptions and methods used are in accordance with paragraph 36 of GASB Statement Number 25.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by SURS staff with our guidance.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of SURS when due and to achieve an asset value equal to 90% of the Actuarial Accrued Liability by the end of fiscal year 2045. The financing objective of SURS and the funding process to reach that objective are set out in Section 5/15-155, Chapter 40, *Illinois Compiled Statutes*, as amended by HB 2660, enacted in the 2003 session of the Illinois General Assembly.

The results of this valuation are based on the data and actuarial techniques described above and on the provisions of SURS at the valuation date. Based on these items, we certify these results to be true and correct.

Respectfully submitted,

Norman S. Losk, F.S.A.
Senior Consultant

Cathy Nagy, F.S.A.
Actuary

NSL:cml

Actuarial Report

Pension Financing

The State Universities Retirement System of Illinois (SURS) is financed by employee contributions, employer contributions (state appropriations and contributions from trust and federal funds), and investment earnings. Employee contributions are established by the *Illinois Compiled Statutes* at 8% of pay. Investment earnings and state funding are primary determinants of the System's financial status.

Employer (state) contributions are determined through annual actuarial valuations. Actuaries use demographic data (such as employee age, salary, and service credits), economic assumptions (such as estimated salary increases and interest rates), and decrement assumptions (such as employee turnover, mortality, and disability rates) in performing these valuations. The actuarial valuation process flows generally as follows:

1) Based on the demographic data and actuarial assumptions described above, the amount and timing of benefits payable in the future is estimated by the actuary for all participants at the valuation date. Important assumptions in this computation are the turnover, retirement age, and earnings progression for active members, and mortality for all participants.

2) The actuary then calculates the Actuarial Present Value of these benefits. This is the amount necessary to be invested at the valuation interest rate, at the valuation date, to provide benefit payments as they come due. Each year's estimated benefit payments are discounted by an assumed interest rate to determine the present dollar value of benefits.

3) The final step is to apply a cost method assigning portions of the total value of benefits to past, present, and future periods of employee service. This allocation is accomplished by development of normal cost and accrued benefit cost.

There are several accepted actuarial cost methods. The one used by SURS is the projected unit credit cost method. Under this method, the Actuarial Present Value of the projected pension at retirement age is determined at the individual member's current or attained age. The normal cost for the member for the current year is equal to the portion of the value so determined assigned to this year. The normal cost for the plan for the year is the sum of the normal costs of all active members.

Accrued benefit cost is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation dates at the time the estimate is prepared. Although accrued during each member's employment, benefits are not paid until the member retires; thus the value changes as the member's salary and years of service change. Furthermore, membership continually changes as some members leave and are replaced by new members.

The normal cost during FY 2004 was 18.95% of payroll, 8.0% of which is paid by the members' contributions. The remaining 10.95% is the employer's portion of the normal cost.

Actuarial funding of System benefits would require annual State appropriations which at least cover the employer's normal cost (10.95% of payroll) plus an amortization of the System's unfunded accrued benefit cost. The employer's normal cost plus amortization is called employer cost (see Schedule of Payroll Percentages). The State has not funded the System on this basis. Historically, the State funded the System by reimbursement (in full or in part) of benefit payments. In August 1989, then Governor James Thompson signed legislation that phased in, over seven years, a financing objective that would ultimately provide adequate funding of SURS.

On August 22, 1994, Governor Jim Edgar signed legislation which requires a 15-year phase-in to a 35-year funding plan which provides adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. This law went into effect on July 1, 1995. A significant difference between the 1989 and 1994 funding legislation is that the latter takes the form of a continuing appropriation. This removes the pension funding from the General Assembly's annual budget negotiations and requires that the actuarially determined annual funding become an automatic contribution (see Financing Objective). Ultimately, this funding plan will increase the State's pension funding from its current level of 66% to approximately 90%.

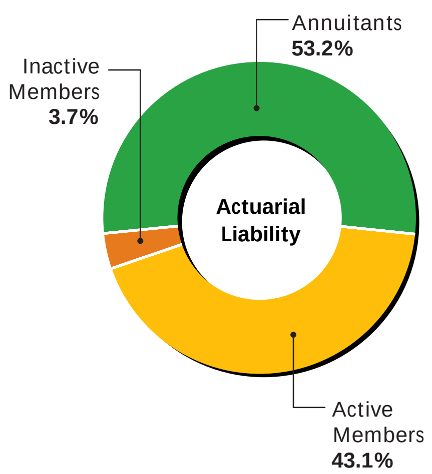
Actuarial Report

Valuation Results ($ millions)

Actuarial liability (reserves)	
For members receiving annuities	$ 10,145.8
For inactive members	707.3
For active members	8,225.5
Total	19,078.6
Assets available for benefits	12,586.3
Unfunded accrued actuarial liability	**$ 6,492.3**

Changes in the Unfunded Accrued Actuarial Liability ($ millions)

Unfunded accrued actuarial liability at June 30, 2003	$ 8,310.5
Expected decrease in unfunded accrued actuarial liabilty	(846.0)
Actuarial differences	
Investments other than 8.5%	(950.5)
Salary increases other than 5.5%	(62.9)
Age and service retirement differences	105.4
Termination differences	(9.7)
Mortality and disability incidence differences	25.1
Benefit recipient differences	(89.5)
New entrants	202.3
Other actuarial differences	(192.4)
Net actuarial gain	(972.2)
Unfunded accrued actuarial liability at June 30, 2004	**$ 6,492.3**



Actuarial Report

Actuarial Cost Method

The projected unit credit cost method is used for retirement benefits. Under this method, the projected pension at retirement age is first calculated and the value thereof at the individual member's current attained age is determined. The normal cost for the member for the current year is equal to the value so determined divided by the member's projected service at retirement. The normal cost for the plan for the year is the sum of the individual normal costs.

The actuarial liability at any point in time is the value of the projected pensions at that time less the value of future normal costs. For ancillary benefits for active members, in particular disability benefits, death and survivor benefits, termination benefits, and the postretirement increases, the same procedure as outlined above is followed. Estimated annual administrative expenses are added to the normal cost. For valuation purposes, assets are valued at market.

Employee Data

Employee data are provided by the administrative staff of the State Universities Retirement System. Various tests are applied to check internal consistency as well as consistency from year to year. No calculations are made for employees not yet hired as of the valuation date.

Financing Objective

Beginning in fiscal year 1996 the required contribution rates were based upon Public Act 88-0593, which calls for a 15-year phase-in to a 35-year funding plan which provides for adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. Annual funding under this plan will occur as a continuing appropriation.

Defined Benefit Plan	
Employer Contributions Received in Fiscal Year 2004	
State appropriations (a)	$ 274,708,831
Proceeds from pension obligation bonds	1,431,994,224
State pension fund	15,660,000
Federal and trust funds	35,140,107
Reciprocity and other income	43,762
Total	**$ 1,757,546,924**

(a)Reconciliation to Total State Appropriations	
Defined Benefit Plan–State	
Appropriations received	$ 274,708,831
Defined Contribution Plan–State	
Appropriations received	21,371,169
Total State Appropriations Received	**$ 296,080,000**

Actuarial Report

If the impact of the pension obligation bonds discussed in the Notes to the Financial Statements on page 25 of this report is included, the projected required contribution rates and amounts are as follows:

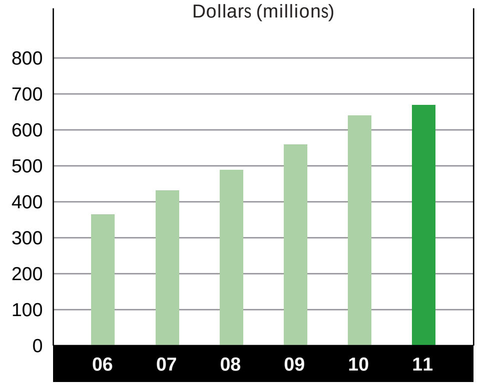
Fiscal Year	Normal Cost	Assumed Payroll ($ billions)	Required Contribution
2006	11.1%	$ 3.28	$ 364,853,000
2007	12.7%	$ 3.41	$ 431,905,000
2008	13.8%	$ 3.54	$ 488,626,000
2009	15.2%	$ 3.68	$ 559,729,000
2010	16.6%	$ 3.82	$ 635,542,000
2011	16.8%	$ 3.97	$ 668,479,000

The net State appropriation requirements can be determined by adjusting for such items as State Pension Fund appropriations and contributions from federal and trust funds. The results are based on the projected unit credit actuarial cost method, and on the data provided, and assumptions used, for the June 30, 2004 actuarial valuation. In order to determine projected contribution rates and amounts, the following additional assumptions and estimates were used:

1) Covered payroll of $3.21 billion for fiscal year 2005.
2) 5.5% per annum rate of increase in covered payroll.
3) Total employer contributions of $309,982,000 for fiscal year 2005.

Required Contribution

Dollars (millions)



As of June 30, 2004, the Unfunded Accrued Actuarial Liability (UAAL) to be amortized was $6,492,278,337.

Summary of Major Actuarial Assumptions

■ Mortality

Mortality rates are based upon the 1994 Group Annuitant Mortality Table, with male ages set back one year and female ages unadjusted. The assumed mortality rates for active members are 75% of those for retirees.

■ Interest

8.5% per annum, compounded annually.

■ Termination

Rates of withdrawal are based upon ages and years of service as developed from plan experience. Shown at right is a table of termination rates based upon experience in the 1996-2001 period. The assumption consists of a table of ultimate turnover rates by years of credit service.

Years of Service	All Members
0	.275
1	.250
2	.200
3	.175
4	.150
5	.125
6	.100
7	.090
8	.075
9	.060
10	.050
15	.030
20 & over	.020

Actuarial Report

■ Salary Increases
Each member's compensation is assumed to increase by 5.5% each year, except that rate is increased for members with less than 6 years of service as shown at right.

Service Year	Additional Increase
0	.0400
1	.0300
2-4	.0175
5	.0100

The payroll of the entire system is assumed to increase at 5.0% per year for purposes of calculating employer required contribution.

■ Retirement Age
Upon eligibility, active members are assumed to retire as shown at right.

Age	All Members
50-53	.200
54	.250
55	.100
56	.090
57-58	.080
59	.100
60-61	.150
62-64	.175
65	.250
66-68	.200
69	.250
70 and up	1.00

■ Assets
Assets available for benefits are used at market value.

■ Expenses
As estimated and advised by the SURS staff, based on current expenses with an allowance for expected increases.

■ Spouse's Age
The female spouse is assumed to be three years younger than the male spouse.

In addition to the above, other assumptions used include disability incidence, recovery from disability, mortality of disabled lives, marriage, remarriage rates with ages, and number of children.

These assumptions were adopted as of July 1, 2001. They were developed based upon an experience study completed in December 2001.

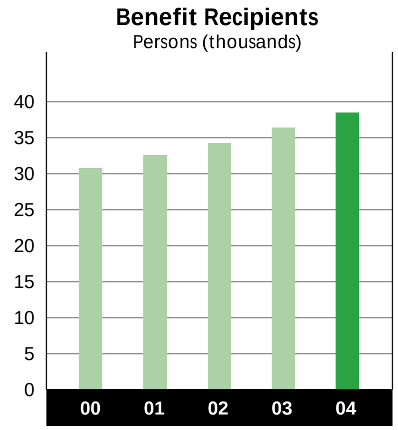
Analysis of Financial Experience
Gains & Losses in Accrued Actuarial Liability
For Fiscal Year Ended June 30, 2004 ($ millions)

Actuarial (gains) and losses	
Investments other than 8.5%	$ (950.5)
Salary increases other than 5.5%	(62.9)
Age and service retirement differences	105.4
Termination differences	(9.7)
Mortality and disability incidence differences	25.1
Benefit recipient differences	(89.5)
New entrants	202.3
Other actuarial differences	(192.4)
Total actuarial gain	(972.2)
Expected decrease in UAAL	(846.0)
Total financial gain	**$ (1,818.2)**

Analysis of Funding

Schedule of Increases and Decreases of Benefit Recipients
10-Year Summary

Fiscal Year	Beginning Balance	Additions	Subtractions	Ending Balance
1995	22,572	2,312	1,004	23,880
1996	23,880	2,299	1,175	25,004
1997	25,004	2,292	1,138	26,158
1998	26,158	2,673	799	28,032
1999	28,032	2,229	919	29,342
2000	29,342	2,725	1,277	30,790
2001	30,790	2,430	595	32,625
2002	32,625	2,941	1,307	34,259
2003	34,259	3,278	1,147	36,390
2004	36,390	3,498	1,401	38,487



Active Participant Statistics
10-Year Summary

Fiscal Year	Males	Females	Total Actives	Percent Change	Average Salary	Percent Change	Average Age	Average Service Credit
1995	34,188	39,339	73,527	(3.7%)	$ 30,425	14.2%	44.7	8.0
1996	35,582	40,506	76,088	3.5%	30,623	0.7%	44.9	9.3
1997	34,803	40,978	75,781	(0.4%)	30,325	(1.0%)	45.2	8.7
1998	35,872	41,284	77,156	1.8%	31,107	2.6%	45.1	8.7
1999	34,588	40,080	74,668	(3.2%)	32,291	3.8%	44.2	9.1
2000	32,573	39,792	72,365	(3.1%)	33,400	3.4%	46.7	10.1
2001	31,897	38,985	70,882	(2.0%)	34,909	4.5%	47.3	10.8
2002	32,033	40,745	72,778	2.7%	35,795	2.5%	46.6	10.1
2003	31,356	40,100	71,456	(1.8%)	37,012	3.4%	46.9	10.1
2004	31,803	41,189	72,992	2.1%	$ 36,880	(0.4%)	46.3	9.3

Analysis of Change in Membership
10-Year Summary

Fiscal Year	Beginning Members	Additions	Retired	Died	Other Terminations	Ending Members
1995	76,315	11,744	954	122	13,456	73,527
1996	73,527	9,884	1,369	96	5,858	76,088
1997	76,088	14,656	1,001	111	13,851	75,781
1998	75,781	10,249	1,824	123	6,927	77,156
1999	77,156	10,293	1,612	128	11,041	74,668
2000	74,668	10,776	1,752	82	11,245	72,365
2001	72,365	7,785	1,966	152	7,150	70,882
2002	70,882	9,704	1,675	79	6,054	72,778
2003	72,778	8,830	1,946	174	8,032	71,456
2004	71,456	13,073	2,001	172	9,364	72,992

Analysis of Funding

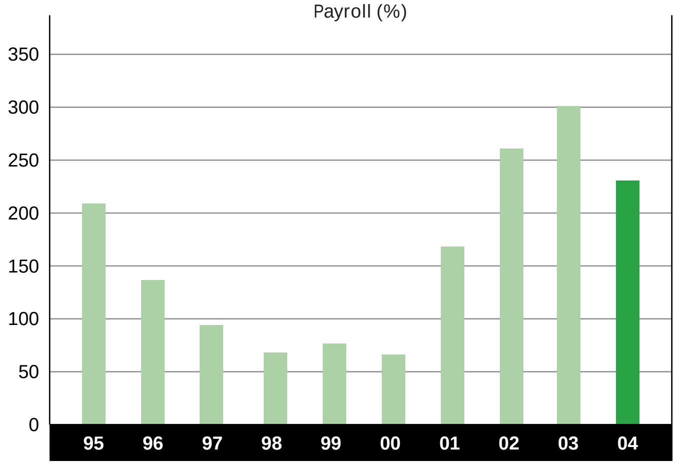
In an inflationary economy, the value of dollars is decreasing. This environment results in employee pay increasing in dollar amounts, retirement benefits increasing in dollar amounts, and then, unfunded accrued liabilities increasing in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. Unfunded accrued liabilities dollars divided by active employee payroll dollars provides a helpful index which shows that the smaller the ratio of unfunded liabilities to active member 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.

Summary of Accrued and Unfunded Accrued Liabilities ($ millions)

Fiscal Year	Accrued Liabilities	Net Assets	Assets as a % of Accrued Liabilities	Unfunded Accrued Liabilities (UAL)	Active Member Payroll	UAL as a % of Active Member Payroll
1995	$ 9,379.4	$ 4,674.2	49.8%	$ 4,705.2	$ 2,237.0	210.3%
1996	10,155.0	6,959.8	68.5%	3,195.2	2,330.0	137.1%
1997(A)	10,552.2	8,376.3	79.4%	2,175.9	2,298.0	94.7%
1998	11,416.1	9,792.0	85.8%	1,624.1	2,377.6	68.3%
1999	12,617.5	10,761.7	85.3%	1,855.8	2,411.1	77.0%
2000	13,679.0	12,063.9	88.2%	1,615.1	2,424.2	66.6%
2001	14,915.3	10,753.3	72.1%	4,162.0	2,474.6	168.2%
2002	16,654.0	9,814.7	58.9%	6,839.3	2,607.2	262.3%
2003	18,025.0	9,714.5	53.9%	8,310.5	2,763.4	300.7%
2004	19,078.6	12,586.3	66.0%	6,492.3	2,814.1	230.7%

(A) As of June 30, 1997, assets are presented at market value according to GASB Statement No. 25. For comparative purposes, results as of June 30, 1996 have been restated accordingly.

Unfunded Accrued Liabilities as a % of Payroll



A decreasing trend indicates a system is becoming financially stronger.

Tests of Financial Soundness

The following four exhibits illustrate different measures of the financial soundness of the System. The Schedule of Funding compares State appropriations to the actuarial funding requirements, statutory funding requirement, and System expense. The Funding Ratios exhibit shows the percentage of the System's accrued benefit cost covered by net assets. This funding ratio is used to assess the System's ability to make future benefit payments. The exhibit illustrates the ratio of net assets to the System's accrued benefit cost over 10 years, with net assets valued both at cost and at market. The Percentage of Benefits Covered by Net Assets exhibit compares the plan's net assets with the members' accumulated contributions, the amount necessary to cover the present value of benefits currently being paid, and the employer's portion of future benefits for active members. The final test, Payroll Percentages, compares member payroll to unfunded accrued benefit cost, normal cost, and total required contributions. These percentages should decrease over the years if SURS is growing stronger.

Schedule of Funding: Fiscal Year 1995-1996 ($ millions)

	Funding Requirements				Covered Percentages		
Fiscal Year	Normal Cost & Interest {1}	With 40-Year Amortization {2}(A)	System Expense {3}(B)	Employer Contribution {4}(C)	Normal Cost & Interest {5}(D)	With 40-Year Amortization {6}(E)	System Expense {7}(F)
1995	$ 537.2	$ 553.6	$ 350.5	$ 128.1	23.8%	23.1%	42.9%
1996	571.7	590.1	386.5	147.4	25.8%	25.0%	38.1%

(A) Appropriation amount required by Sections 15-155 and 15-156 of the *Illinois Compiled Statutes.*
(B) Benefit and administrative expense.
(C) Contributions from The State of Illinois General Revenue Fund and Pension Fund, and employer contributions from trust and federal funds.
(D) Employer contributions divided by Statutory Requirement (Column 4 divided by Column 1).
(E) Employer contributions divided by the 40-year amortization requirement (Column 4 divided by Column 2).
(F) Employer contributions divided by System expense (Column 4 divided by Column 3).
(G) Funding method changed from entry age normal to projected unit credit.

Schedule of Funding: Fiscal Year 1997-2004 ($ millions)

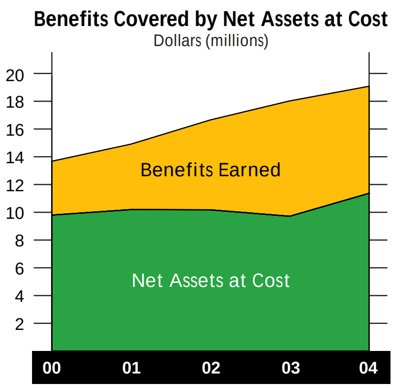
	Funding Requirements				Covered Percentages		
Fiscal Year	Gross ARC {1} (A)	Net ARC {2}(B)	System Expense {3}(C)	Employer Contribution {4}(D)	Gross ARC {5}(E)	Net ARC {6}(F)	System Expense {7}(G)
1997	$ 634.8	$ 432.6	$ 426.7	$ 182.0	28.7%	42.1%	42.7%
1998	512.1	290.4	475.9	227.7	44.5%	78.4%	47.8%
1999	509.2	296.2	536.0	237.9	46.7%	80.3%	44.4%
2000	547.8	325.3	601.1	241.1	44.0%	74.1%	40.1%
2001	548.1	326.5	676.0	247.1	45.1%	75.7%	36.6%
2002	686.9	436.9	755.1	256.1	37.3%	58.6%	33.9%
2003	843.8	597.5	848.6	285.3	41.5%	65.3%	33.6%
2004	934.8	691.0	926.7	1,757.5	188.0%	254.4%	189.6%

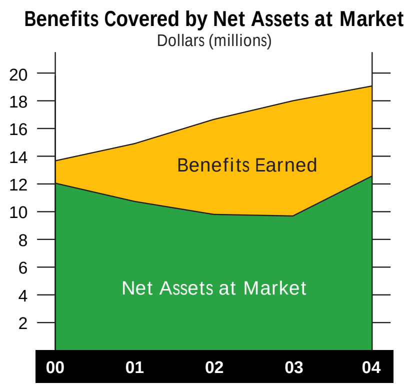
(A) The annual required contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."
(B) The annual required contribution per Note A, less member contributions.
(C) Benefit and administrative expense.
(D) Contributions from The State of Illinois employer units and Pension Fund, and employer contributions from trust and federal funds.
(E) Employer contributions divided by the total required contribution (Column 4 divided by Column 1).
(F) Employer contributions divided by the employer required contribution (Column 4 divided by Column 2).
(G) Employer contributions divided by System expense (Column 4 divided by Column 3).

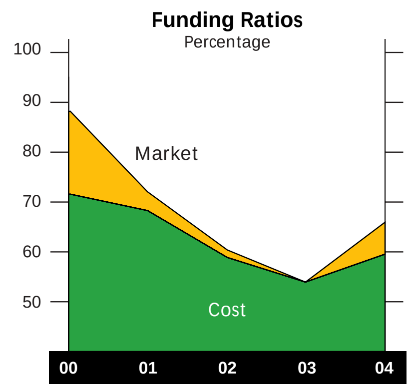
Tests of Financial Soundness

Funding Ratios
10-Year Summary ($ millions)

Fiscal Year	Net Assets at Cost	Net Assets at Market	Actuarial Funding Requirement	Funding Ratio Cost	Funding Ratio Market
1995	$ 4,674.2	$ 5,951.0	$ 9,379.4	49.8%	63.4%
1996	5,082.9	6,959.8	10,155.0	50.1%	68.5%
1997	5,749.6	8,376.3	10,552.2	54.5%	79.4%
1998	6,378.7	9,792.0	11,416.1	55.9%	85.8%
1999	8,863.7	10,761.7	12,617.5	70.2%	85.3%
2000	9,807.7	12,063.9	13,679.0	71.7%	88.2%
2001	10,195.2	10,753.3	14,915.3	68.4%	72.1%
2002	10,169.7	9,814.7	16,654.0	61.1%	58.9%
2003	9,715.2	9,714.5	18,025.0	53.9%	53.9%
2004	11,371.7	12,586.3	19,078.6	59.6%	66.0%







Tests of Financial Soundness

Percentage of Benefits Covered by Net Assets
10-Year Summary ($ millions)

Fiscal Year	Member Accumulated Contributions {1}(A)	Members Currently Receiving Benefits {2}(A)	Active/Inactive Members/ Employers' Portion {3}(A)	Net Assets (B)	% of Benefits Covered by Net Assets for {1}	{2}	{3}
1995	$ 2,533.4	$ 3,421.9	$ 3,424.1	$ 4,674.2	100.0	62.6	–
1996	2,761.9	4,138.4	3,254.7	6,959.8	100.0	100.0	1.8
1997	2,978.6	4,259.1	3,314.5	8,376.3	100.0	100.0	34.4
1998	3,249.9	4,792.2	3,374.0	9,792.0	100.0	100.0	51.9
1999	3,459.7	5,462.7	3,695.1	10,761.7	100.0	100.0	49.8
2000	3,680.7	6,226.2	3,772.1	12,063.9	100.0	100.0	57.2
2001	3,863.0	7,084.4	3,967.0	10,753.3	100.0	97.3	–
2002	4,145.0	8,115.4	4,393.6	9,814.7	100.0	69.9	–
2003	4,299.5	9,215.5	4,510.0	9,714.5	100.0	58.8	–
2004	4,529.6	10,145.8	4,402.9	12,586.3	100.0	79.4	–

(A) A test of financial soundness of a system is its ability to pay all promised benefits when due. Column 1 represents the value of members' accumulated contributions. Column 2 represents the amount necessary to pay participants currently receiving benefits. Column 3 represents the employer's portion of future benefits for active members. Section 5/15-156 of the *Illinois Compiled Statutes* provides an order of priority: that is, members' contributions would be covered first, then current benefit recipients and the employer portion of active and inactive employees. For a system receiving actuarially determined contribution amounts, the total of actuarial values in Columns 1 and 2 should generally be fully covered by assets, and the portion of the actuarial value of Column 3 covered by assets should increase over time.

(B) As of June 30, 1997, assets are presented at market value according to GASB Statement No. 25. For comparative purposes, results as of June 30, 1996 have been restated accordingly.

Tests of Financial Soundness

Payroll Percentages: Fiscal Year 1995-1996 ($ millions)

		Unfunded Accrued Benefit Cost		Employer Cost					Employer Contributions	
Fiscal Year	Member Payroll	Amount	% of Payroll	Employer Normal Cost	% of Payroll	Amortization of Unfunded Liability	Total (A)	% of Payroll	Emp Cont.	% of Payroll
1995	$ 2,237.0	$ 4,705.2	210.3%	$ 224.9	10.1%	$ 328.7	$ 553.6	24.8%	128.1	5.7%
1996	2,330.0	3,195.2	217.7%	219.0	9.4%	371.1	590.1	25.3%	147.4	6.3%

(A) Normal cost plus amortization.

Payroll Percentages: Fiscal Year 1997-2004 ($ millions)

		Unfunded Accrued Benefit Cost		Employer Cost					Employer Contributions	
Fiscal Year	Member Payroll	Amount	% of Payroll	Employer Normal Cost (A)	% of Payroll	Amortization of Unfunded Liability	Total (B)	% of Payroll	Emp Cont.	% of Payroll
1997	$ 2,298.0	$ 2,175.9	94.7%	$ 199.8	9.4%	$ 418.9	$ 634.8	27.6%	$ 182.0	7.9%
1998	2,377.6	1,624.1	68.3%	177.5	7.5%	334.6	512.1	21.5%	227.7	9.6%
1999	2,411.1	1,855.8	77.0%	221.3	10.2%	287.9	509.2	21.1%	237.9	9.9%
2000	2,424.2	1,615.1	66.6%	236.3	10.2%	311.5	547.8	22.6%	241.1	9.9%
2001	2,474.6	4,162.0	168.2%	247.9	10.0%	300.2	548.1	21.1%	247.1	10.0%
2002	2,607.2	6,839.3	262.3%	231.4	8.9%	455.5	686.9	26.3%	256.1	9.8%
2003	2,763.4	8,310.5	300.7%	254.5	9.6%	589.3	843.8	30.5%	285.3	10.3%
2004	2,814.1	6,492.3	230.7%	267.3	9.5%	667.5	934.8	33.2%	1,757.5	62.5%

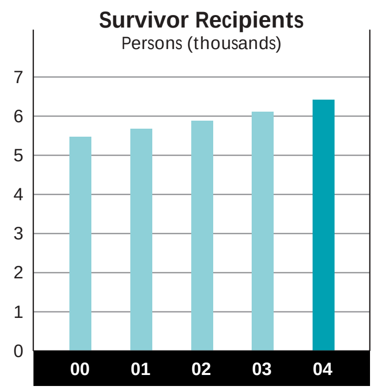
(A) Actuarially determined normal cost less member contributions.
(B) Total annual required contribution as defined by GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

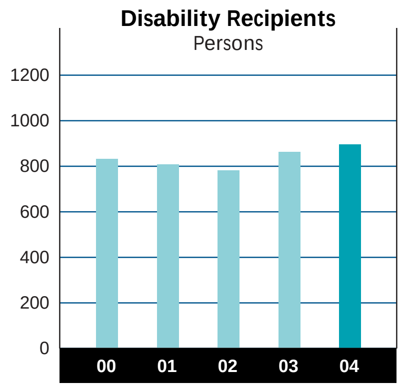

STRONGER Lobbying Power
174 thousand
members strong
THE COMPREHENSIVE
ANNUAL FINANCIAL REPORT
A COMPONENT UNIT OF THE STATE OF ILLINOIS

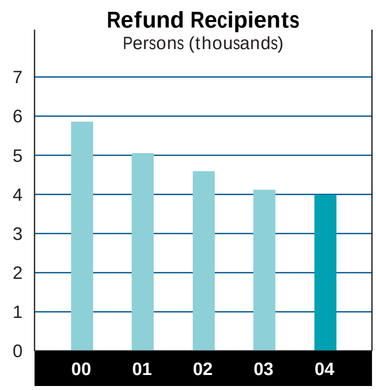
Statistical Analysis

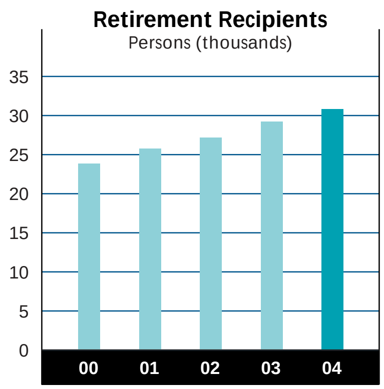
Schedule of Benefit Recipients
10-Year Summary

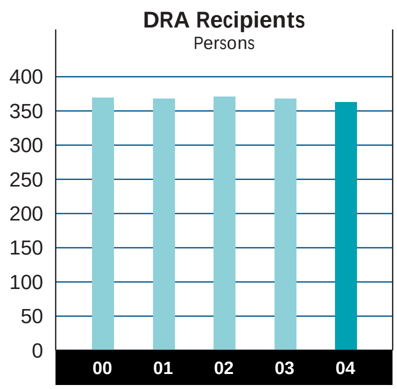
Fiscal Year	Survivors	Disability	Contribution Refunds	Retirement	Disability Retirement Allowance
1995	4,363	932	5,960	18,341	244
1996	4,641	1,013	5,402	19,255	283
1997	4,779	941	6,387	20,119	319
1998	5,152	924	6,331	21,623	333
1999	5,374	903	6,075	22,652	352
2000	5,500	833	5,851	23,829	370
2001	5,700	808	5,069	25,749	368
2002	5,905	781	4,589	27,202	371
2003	6,138	864	4,095	29,020	368
2004	6,427	902	3,988	30,795	363









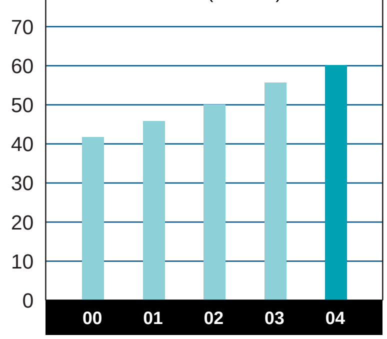


Statistical Analysis

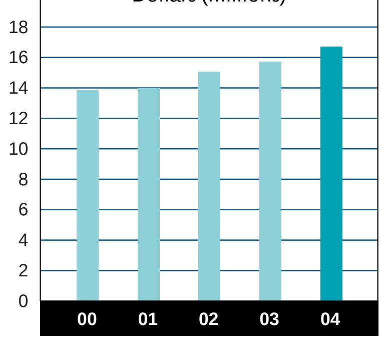
Schedule of Benefit Expenses
10-Year Summary ($ millions)

Fiscal Year	Survivor Annuities	Disability Benefits	Disability Retirement Allowance	Retirement Annuities	Lump Sum Death Benefits	Total
1995	25.4	12.6	1.5	292.8	11.4	343.7
1996	27.9	13.2	1.7	326.9	9.8	379.5
1997	31.2	13.4	2.0	362.6	10.0	419.2
1998	34.8	13.6	2.3	404.5	11.3	466.5
1999	38.8	13.7	2.5	461.3	9.7	526.0
2000	42.4	13.9	2.2	520.0	11.7	590.2
2001	46.5	14.0	2.2	593.7	8.4	664.8
2002	50.8	15.1	2.4	662.9	12.0	743.3
2003	56.6	15.7	2.4	749.9	12.1	836.7
2004	60.5	16.7	2.4	824.0	11.6	915.2

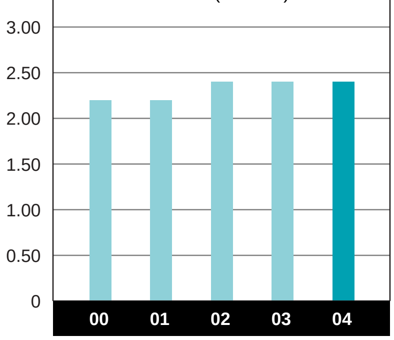
Survivor Annuities
Dollars (millions)



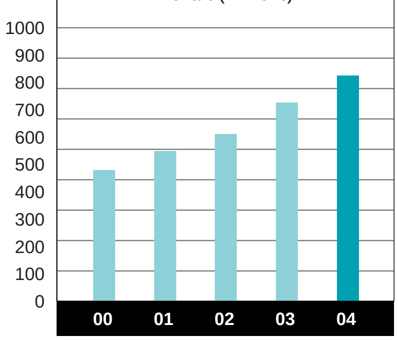
Disability Benefits
Dollars (millions)



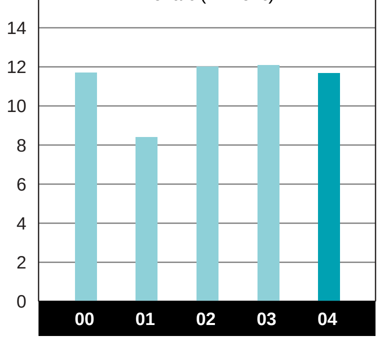
DRAs
Dollars (Millions)



Retirement Annuities
Dollars (millions)



Death Benefits
Dollars (millions)



Benefit Summary

Schedule of New Benefit Payments
July 1, 2003 through June 30, 2004

	Retirement		Disability		Survivors	
Age	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
Under 10	–	$ –	–	$ –	16	$ 218
10-14	–	–	–	–	22	279
15-19	–	–	–	–	45	342
20-24	–	–	–	–	34	355
25-29	–	–	6	1,369	3	360
30-34	–	–	9	1,445	4	554
35-39	–	–	11	1,279	8	483
40-44	–	–	20	1,283	12	346
45-49	11	2,363	48	1,602	25	394
50-54	103	2,802	60	1,429	28	760
55-59	941	2,054	53	1,528	39	1,033
60-64	885	2,458	30	1,669	45	1,189
65-69	443	2,354	10	1,631	74	1,228
70-74	165	2,408	6	1,194	73	1,094
Over 74	73	1,298	2	950	194	846
Totals	**2,621**	**$ 2,273**	**255**	**$ 1,490**	**622**	**$ 817**

Average Age - Retirement 62.2 Years

Benefit Summary

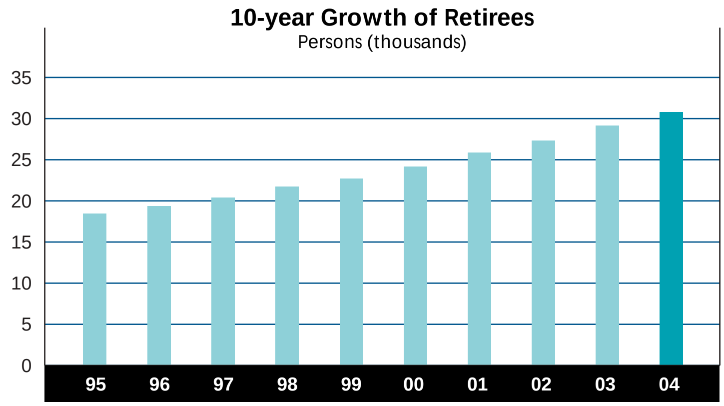
Schedule of Average Benefit Payments
For Retirees as of June 30

	Years of Credited Service						
	0–10	11–15	16–20	21–25	26–30	30+	Total
Fiscal Year 1995							
Number of Retirees	2,481	2,584	2,784	2,767	2,584	5,141	18,341
Avg Monthly Annuity	$ 465	531	799	1,231	1,734	2,473	1,382
Final Average Salary	$ 16,526	20,752	23,946	28,917	32,550	37,905	28,367
Avg Credited Service							22.9
Fiscal Year 1996							
Number of Retirees	3,041	2,601	2,768	2,798	2,721	5,326	19,255
Avg Monthly Annuity	$ 622	566	845	1,303	1,834	2,607	1,465
Final Average Salary	$ 13,867	21,050	23,860	30,627	34,328	41,193	29,190
Avg Credited Service							22.7
Fiscal Year 1997							
Number of Retirees	2,890	2,755	2,943	2,963	2,919	5,649	20,119
Avg Monthly Annuity	$ 583	614	896	1,370	1,950	2,760	1,559
Final Average Salary	$ 23,273	22,498	25,559	30,628	35,038	41,070	31,329
Avg Credited Service							23.1
Fiscal Year 1998							
Number of Retirees	3,637	2,922	3,054	3,040	2,416	6,554	21,623
Avg Monthly Annuity	$ 699	646	938	1,445	2,005	2,854	1,630
Final Average Salary	$ 14,201	21,581	24,344	31,245	35,546	42,167	29,889
Avg Credited Service							22.4
Fiscal Year 1999							
Number of Retirees	2,900	3,095	3,107	3,244	3,226	7,080	22,652
Avg Monthly Annuity	$ 747	627	920	1,405	2,084	3,044	1,757
Final Average Salary	$ 27,210	23,614	26,318	31,090	37,088	43,969	33,798
Avg Credited Service							22.82
Fiscal Year 2000							
Number of Retirees	4,520	3,509	3,506	3,795	3,704	5,053	24,087
Avg Monthly Annuity	$ 582	754	1,162	1,888	2,789	3,703	1,891
Final Average Salary	$ 19,641	25,590	29,283	37,097	44,378	48,175	34,451
Avg Credited Service							20.2
Fiscal Year 2001							
Number of Retirees	5,372	3,587	3,745	3,900	4,032	5,113	25,749
Avg Monthly Annuity	$ 693	828	1,279	2,073	3,027	3,928	2,014
Final Average Salary	$ 22,753	27,025	31,036	38,977	45,934	50,125	36,395
Avg Credited Service							20.02
Fiscal Year 2002							
Number of Retirees	5,889	3,757	3,831	4,074	4,321	5,330	27,202
Avg Monthly Annuity	$ 818	879	1,361	2,187	3,200	4,117	2,133
Final Average Salary	$ 25,188	27,812	32,024	39,902	47,075	51,293	37,309
Avg Credited Service							19.83

Benefit Summary

Schedule of Average Benefit Payments For Retirees as of June 30

	Years of Credited Service						
	0–10	11–15	16–20	21–25	26–30	30+	Total
Fiscal Year 2003							
Number of Retirees	6,787	3,944	4,113	4,357	4,104	5,716	29,021
Avg Monthly Annuity	$ 709	1,001	1,573	2,495	3,447	4,349	2,243
Final Average Salary	$ 28,064	31,634	36,199	45,474	54,080	59,001	42,088
Avg Credited Service							19.95
Fiscal Year 2004							
Number of Retirees	6,795	4,109	4,075	4,708	4,840	6,268	30,795
Avg Monthly Annuity	$ 791	973	973	2,414	3,475	4,509	2,336
Final Average Salary	$ 19,773	25,747	30,614	38,294	43,962	48,774	34,541
Avg Credited Service							19.69



Benefit Summary

Schedule of Benefit Recipients by Type of Benefit
For the Year Ended June 30, 2004

Monthly Amount of Benefit	Total Recipients	General Formula	Money Purchase	Police or Fire	Other (A)	Long-Term Disability	Temporary Disability	Survivors
$0-200	2,358	833	679	–	184	4	10	648
201-400	4,124	965	1,536	–	413	23	14	1,173
401-600	4,002	871	1,215	–	180	120	19	1,597
601-800	2,878	753	1,165	–	38	127	30	765
801-1000	2,156	664	942	–	2	32	75	441
1001-1200	1,988	631	795	1	1	17	190	353
1201-1400	1,992	595	854	–	–	17	200	326
1401-1600	1,595	553	722	2	–	10	78	230
1601-1800	1,491	527	687	6	–	7	54	210
1801-2000	1,239	427	591	2	–	4	43	172
2001-2200	1,178	456	541	10	–	–	32	139
2201-2400	1,084	440	507	6	1	–	37	93
2401-2600	936	402	456	8	1	–	20	49
2601-2800	915	415	393	20	2	1	22	62
2801-3000	866	413	370	16	–	–	20	47
3001-3200	793	388	342	16	–	–	15	32
3201-3400	767	382	339	15	–	–	9	22
3401-3600	680	346	296	15	–	–	5	18
3601-3800	632	333	263	15	–	–	7	14
3801-4000	602	323	259	10	–	–	4	6
4001-4200	582	320	246	6	–	–	2	8
4201-4400	546	290	239	9	–	–	4	4
4401-4600	547	272	260	9	–	–	3	3
4601-4800	522	280	230	8	–	–	2	2
4801-5000	431	215	211	2	–	–	–	3
5001-5200	422	230	187	5	–	–	–	–
5201-5400	378	210	164	1	–	–	2	1
5401-5600	315	162	145	2	–	–	3	3
5601-5800	296	168	127	1	–	–	–	–
5801-6000	266	163	99	2	–	–	–	2
Over 6000	1,905	1,259	637	2	–	1	2	4
Totals	**38,487**	**14,286**	**15,497**	**189**	**823**	**363**	**902**	**6,427**

(A) Minimum annuity and retirements of participants who terminated prior to 1969.

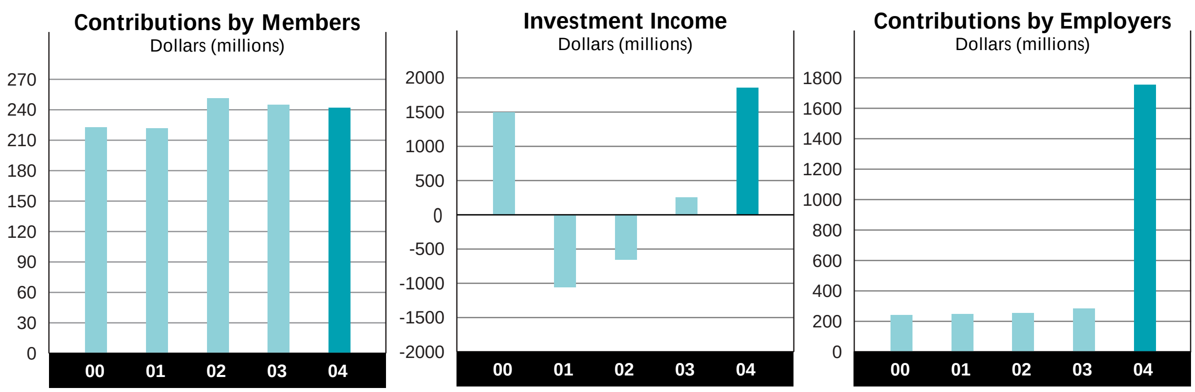
Financial Schedules

Schedule of Revenue by Source - Defined Benefit Plan
10-Year Summary ($ millions)

The historical trend information presented below is designed to provide information on the System's progress in accumulating assets to pay benefits when due.

Fiscal Year (A)	Contributions by Members	Investment Income	Contributions by Employers Amount	Contributions by Employers % of Payroll	Total
1995	$ 185.9	$ 293.8	$ 128.1	5.7	$ 607.8
1996	197.0	477.6	147.4	6.3	822.0
1997 (A)	202.2	1,490.0	182.0	7.9	1,874.2
1998	221.7	1,474.6	227.7	9.6	1,924.0
1999	213.0	1,102.0	237.9	9.3	1,552.9
2000	222.5	1,494.3	241.1	9.9	1,957.9
2001	221.6	(1,053.6)	247.1	10.0	(584.9)
2002	250.0	(651.3)	256.1	9.8	(145.2)
2003	246.3	250.4	285.3	10.3	782.0
2004	243.8	1,832.4	1,757.5	96.9	3,833.7

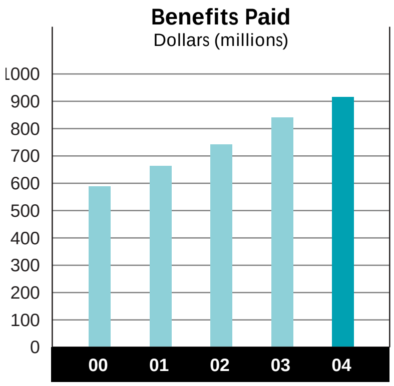
(A) As of June 30, 1997, assets are presented at market value according to GASB Statement No. 25.
For comparative purposes, results as of June 30, 1996 have been restated accordingly.

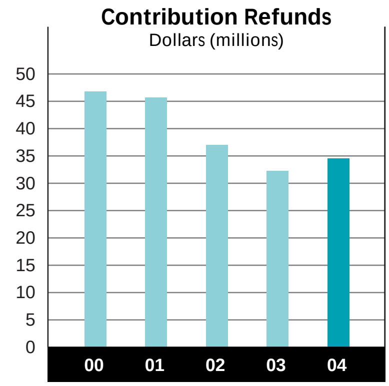


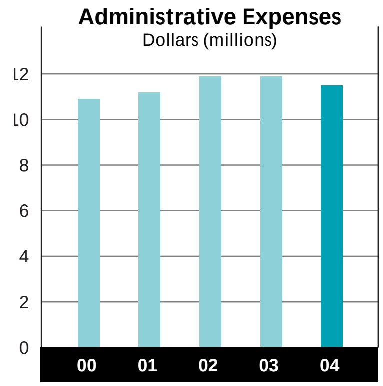
Financial Schedules

Schedule of Total Expenses - Defined Benefit Plan
10-Year Summary ($ millions)

Fiscal Year	Benefits	Contribution Refunds	Administrative Expenses	Bond Interest	Total
1995	$ 343.6	$ 29.1	$ 6.9	$ 1.0	$ 380.6
1996	379.5	25.8	7.0	1.0	413.3
1997	419.2	29.8	7.5	1.1	457.6
1998	466.5	29.7	9.4	1.2	506.8
1999	526.0	31.3	10.0	1.3	568.6
2000	590.2	46.8	10.9	1.4	649.3
2001	664.8	45.7	11.2	1.5	723.2
2002	743.3	37.0	11.9	1.3	793.5
2003	836.7	32.2	11.9	1.3	882.1
2004	915.2	34.5	11.5	.8	962.0







Participating Employers

Black Hawk College
Carl Sandburg College
Chicago State University
City Colleges of Chicago
College of DuPage
College of Lake County
Danville Area Community College
Eastern Illinois University
Elgin Community College
Governors State University
Hazardous Waste Research and Information Center
Heartland Community College
Highland Community College
ILCS Section 15-107(l) Members
ILCS Section 15-107(c) Members
Illinois Board of Examiners
Illinois Board of Higher Education
Illinois Central College
Illinois Community College Board
Illinois Community College Trustees Association
Illinois Eastern Community Colleges
Illinois Mathematics and Science Academy
Illinois State University
Illinois Valley Community College
John A. Logan College
John Wood Community College
Joliet Junior College
Kankakee Community College
Kaskaskia College
Kishwaukee College
Lake Land College
Lewis & Clark Community College
Lincoln Land Community College
McHenry College
Moraine Valley Community College
Morton College
Northeastern Illinois University
Northern Illinois University
Oakton Community College
Parkland College
Prairie State College
Rend Lake College
Richland Community College
Rock Valley College
Sauk Valley College
Shawnee College
Southern Illinois University at Carbondale
Southern Illinois University at Edwardsville
Southern Illinois University Foundation
South Suburban College
Southeastern Illinois College
Southwestern Community College
Spoon River College
State Geological Survey
State Natural History Survey
State Universities Civil Service System
State Universities Retirement System
State Water Survey
Triton College
University of Illinois — Alumni Association
University of Illinois — Chicago
University of Illinois — Foundation
University of Illinois — Springfield
University of Illinois — Urbana
Waubonsee Community College
Western Illinois University
William Rainey Harper College