



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE BOARD OF INVESTMENTS**

**FINANCIAL AUDIT**

**For the Year Ended: June 30, 2012**

**Release Date: December 20, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>0</b>
<b>Total last audit:</b>	<b>0</b>
<b>Repeated from last audit:</b>	<b>0</b>

**INTRODUCTION**

This digest covers our financial audit of the Illinois State Board of Investment financial statements for the year ended June 30, 2012. A report on the results of our compliance attestation examination for the year ended June 30, 2012 is being issued separately.

Pursuant to the Illinois Pension Code, the Illinois State Board of Investment (Board) manages the investments of the State Employees' Retirement System, General Assembly Retirement System and the Judges' Retirement System.

**MEMBER SYSTEM WITHDRAWALS**

During fiscal year 2012 the member systems' withdrawals from the Board decreased \$693.1 million from \$941.8 million during fiscal year 2011 to \$248.7 million during fiscal year 2012. Withdrawals are determined by the member retirement systems based on the State's funding and the systems' benefit payment needs. Total member systems' net withdrawals since inception of the Illinois State Board of Investment total approximately \$1.997 billion.

**AUDITORS' OPINION**

Our auditors state the June 30, 2012 financial statements of the Illinois State Board of Investment are fairly presented.

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WILLIAM G. HOLLAND  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

McGladrey LLP was our Special Assistant Auditors for this engagement.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS STATE BOARD OF INVESTMENT**

**FINANCIAL AUDIT**

**For The Year Ended June 30, 2012**

<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>FY 2012</b>	<b>FY 2011</b>
Additions: Investment Income - Increase in Fair Value.....	\$ (263,503,741)	\$ 1,810,488,419
Investment Income - Interest & Dividends.....	302,087,545	268,415,385
Investment Income - Securities Lending.....	2,856,652	3,494,441
Total Investment Income / (Loss).....	\$ 41,440,456	\$ 2,082,398,245
Member Systems' Contributions.....	-	745,546,496
Total additions.....	\$ 41,440,456	\$ 2,827,944,741
Deductions: Salaries and Benefits.....	\$ 1,854,896	\$ 1,777,998
Operating Expenses.....	535,140	515,534
External Support (consulting and investment fees).....	34,013,759	34,929,987
Total Deductions.....	\$ 36,403,795	\$ 37,223,519
Revenue Over / Expenses.....	\$ 5,036,661	\$ 2,790,721,222
Member Systems' Withdrawals.....	(248,725,000)	(941,800,000)
Net Assets Beginning of the Year.....	11,527,625,024	9,678,703,802
Net Assets End of the Year.....	\$ 11,283,936,685	\$ 11,527,625,024
<b>EXTERNAL SUPPORT EXPENSES</b>	<b>FY 2012</b>	<b>FY 2011</b>
Custody.....	\$ 220,000	\$ 218,026
Consulting and Professional.....	1,344,901	1,236,508
Investment Advisors / Managers.....	32,248,528	33,319,362
Investment Services and Research.....	200,330	156,091
Total External Support Expenses.....	\$ 34,013,759	\$ 34,929,987
<b>MEMBER SYSTEMS' NET CONTRIBUTIONS (WITHDRAWALS)</b>	<b>FY 2012</b>	<b>FY 2011</b>
State Employees' Retirement System.....	\$ (212,000,000)	\$ (167,877,799)
Judges' Retirement System.....	(28,500,000)	(23,813,049)
General Assembly Retirement System.....	(8,225,000)	(4,562,656)
Total Member Systems' Withdrawals.....	\$ (248,725,000)	\$ (196,253,504)
<b>INVESTMENT PORTFOLIO ANALYSIS - Fair Value</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Government and Agency Obligations.....	\$ 958,131,279	\$ 1,367,098,751
Foreign Obligations.....	385,628,617	37,951,769
Corporate Obligations.....	656,977,663	762,833,382
Common Stock & Equity Funds.....	3,253,103,566	3,380,198,858
Commingled Funds.....	225,608,712	256,817,374
Preferred Stock (Domestic & Foreign).....	592,156	40,032
Foreign Equity Securities.....	2,012,774,573	2,195,201,185
Hedge Funds.....	1,026,725,785	1,075,584,754
Real Estate Investments.....	967,346,450	819,053,366
Private Equity.....	679,423,383	629,256,286
Money Market Instruments.....	255,922,180	303,501,465
Real Assets.....	507,019,665	417,267,415
Bank Loans.....	328,593,596	253,447,070
Forward Foreign Exchange Contracts.....	(43,859)	(353)
Total Investment Portfolio.....	\$ 11,257,803,766	\$ 11,498,251,354
<b>SELECTED ACCOUNT BALANCES</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Cash.....	\$ 20,739,621	\$ 12,344,783
Illinois Power Agency Trust Fund - Cash.....	\$ 24,854,573	\$ -
Total Accounts Receivable .....	\$ 88,691,020	\$ 66,419,100
Prepaid Expenses.....	\$ 20,900	\$ 7,013
Capital Assets.....	\$ 37,599	\$ 36,348
Operating Expenses Payable.....	\$ 6,151,301	\$ 6,947,640
Investment Purchases Payable.....	\$ 72,653,715	\$ 36,930,925
<b>BOARD CHIEF EXECUTIVES</b>		
During Engagement Period and Current: Executive Director: William R. Atwood Chairman: Devon Bruce		