



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, 2011**

**Release Date: January 5, 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 audit of the Illinois State Board of Investment financial statements for the year ended June 30, 2011. A report on the results of our compliance attestation examination for the year ended June 30, 2011 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 2011 the member systems' withdrawals from the Board increased \$280.8 million from \$661.0 million during fiscal year 2010 to \$941.8 million during fiscal year 2011. 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 \$1.75 billion.

**AUDITORS' OPINION**

Our auditors state the June 30, 2011 financial statements of the Illinois State Board of Investment are fairly presented.

WILLIAM G. HOLLAND  
Auditor General

WGH:TLK

**SPECIAL ASSISTANT AUDITORS**

McGladrey & Pullen LLP were 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, 2011**

<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>FY 2011</b>	<b>FY 2010</b>
Additions: Investments Income - Increase in Fair Value.....	\$ 1,810,488,419	\$ 634,013,226
Investment Income - Interest & Dividends.....	268,415,385	243,314,380
Investment Income - Securities Lending.....	3,494,441	6,605,329
Total Investment Income / (Loss).....	<u>\$ 2,082,398,245</u>	<u>\$ 883,932,935</u>
Member Systems' Contributions.....	745,546,496	809,401,372
Total additions.....	<u>\$ 2,827,944,741</u>	<u>\$ 1,693,334,307</u>
Deductions: Salaries and Benefits.....	\$ 1,777,998	\$ 1,946,875
Operating Expenses.....	515,534	527,166
External Support (consulting and investment fees).....	34,929,987	35,210,736
Total Deductions.....	<u>\$ 37,223,519</u>	<u>\$ 37,684,777</u>
Revenue Over / Expenses.....	<u>\$ 2,790,721,222</u>	<u>\$ 1,655,649,530</u>
Member Systems' Withdrawals.....	(941,800,000)	(661,000,000)
Net Assets Beginning of the Year.....	9,678,703,802	8,684,054,272
Net Assets End of the Year.....	<u>\$ 11,527,625,024</u>	<u>\$ 9,678,703,802</u>
<b>EXTERNAL SUPPORT EXPENSES</b>	<b>FY 2011</b>	<b>FY 2010</b>
Custody.....	\$ 218,026	\$ 251,248
Consulting and Professional.....	1,236,508	1,270,019
Investment Advisors / Managers.....	33,319,362	33,540,400
Investment Services and Research.....	156,091	149,069
Total External Support Expenses.....	<u>\$ 34,929,987</u>	<u>\$ 35,210,736</u>
<b>MEMBER SYSTEMS' NET CONTRIBUTIONS (WITHDRAWALS)</b>	<b>FY 2011</b>	<b>FY 2010</b>
State Employees' Retirement System.....	\$ (167,877,799)	\$ 120,745,288
Judges' Retirement System.....	(23,813,049)	28,459,810
General Assembly Retirement System.....	(4,562,656)	(803,726)
Total Member Systems' Withdrawals.....	<u>\$ (196,253,504)</u>	<u>\$ 148,401,372</u>
<b>INVESTMENT PORTFOLIO ANALYSIS - Fair Value</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Government and Agency Obligations.....	\$ 1,367,098,751	\$ 810,739,312
Foreign Obligations.....	37,951,769	44,409,906
Corporate Obligations.....	762,833,382	925,668,388
Common Stock & Equity Funds.....	3,380,198,858	2,857,144,559
Commingled Funds.....	256,817,374	270,510,642
Preferred Stock (Domestic & Foreign).....	40,032	697,600
Foreign Equity Securities.....	2,195,201,185	1,733,177,670
Hedge Funds.....	1,075,584,754	917,854,201
Real Estate Investments.....	819,053,366	750,210,957
Private Equity.....	629,256,286	542,441,291
Money Market Instruments.....	303,501,465	270,231,935
Infrastructure Funds.....	417,267,415	320,293,041
Bank Loans.....	253,447,070	222,623,999
Forward Foreign Exchange Contracts.....	(353)	(266,410)
Total Investment Portfolio.....	<u>\$ 11,498,251,354</u>	<u>\$ 9,665,737,091</u>
<b>SELECTED ACCOUNT BALANCES</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Cash.....	\$ 12,344,783	\$ 3,594,060
Total Accounts Receivable .....	\$ 66,419,100	\$ 68,431,963
Prepaid Expenses.....	\$ 7,013	\$ 21,269
Capital Assets.....	\$ 36,348	\$ 50,391
Operating Expenses Payable.....	\$ 6,947,640	\$ 5,816,888
Investment Purchases Payable.....	\$ 36,930,925	\$ 40,837,912
<b>BOARD CHIEF EXECUTIVES</b>		
During Engagement Period: Executive Director: William R. Atwood. Chairman: John Casey, Devon Bruce		
Currently: Executive Director: William R. Atwood. Chairman: Devon Bruce		