



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF INVESTMENT

**COMPLIANCE EXAMINATION
For the Year Ended: June 30, 2011**

Release Date: February 9, 2012

Summary of Findings:

Total this audit:	0
Total last audit:	1
Repeated from last audit:	0

INTRODUCTION

This digest covers our compliance examination of the Board for the year ended June 30, 2011. A financial audit covering the year ending June 30, 2011 was issued separately.

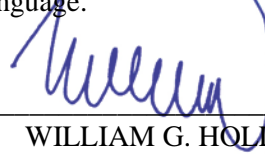
{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS STATE BOARD OF INVESTMENT
COMPLIANCE EXAMINATION
For The Year Ended June 30, 2011**

SCHEDULE OF OPERATIONS	FY 2011	FY 2010
REVENUE: Investment Income - Interest.....	\$ 136,079,683	\$ 128,588,561
Investment Income - Dividends.....	132,335,702	114,725,819
Investment Income - Securities Lending.....	3,494,441	6,605,329
Realized Gain on Investments.....	328,255,478	178,915,029
Unrealized Gain on Investments.....	<u>1,482,232,941</u>	<u>455,098,197</u>
Total Investment Income.....	\$ 2,082,398,245	\$ 883,932,935
External Support (Investment Expense).....	<u>(34,929,987)</u>	<u>(35,210,736)</u>
Net Investment Income.....	\$ 2,047,468,258	\$ 848,722,199
EXPENSES: Operating Expenses.....	\$ (2,293,532)	\$ (2,474,041)
Revenue Over Expenses.....	\$ 2,045,174,726	\$ 846,248,158
INVESTMENT PORTFOLIO ANALYSIS - Fair Value	June 30, 2011	June 30, 2010
Total Government and Agency Obligations.....	\$ 1,367,098,751	\$ 810,739,312
Total Corporate Obligations.....	762,833,382	925,668,388
Foreign Obligations.....	37,951,769	44,409,906
U.S. Common Stock & Equities & Commingled Funds.....	3,637,016,232	3,127,655,201
Preferred Stock.....	-	517,676
Non - U.S. Equity Securities.....	2,195,241,217	1,733,357,594
Real Estate Investments.....	819,053,366	750,210,957
Private Equity.....	629,256,286	542,441,291
Infrastructure Funds.....	417,267,415	320,293,041
Hedge Funds.....	1,075,584,754	917,854,201
Money Market Investments.....	303,501,465	270,231,935
Bank Loans.....	253,447,070	222,623,999
Forward Foreign Currency Contracts.....	<u>(353)</u>	<u>(266,410)</u>
Total Investment Portfolio.....	<u>\$ 11,498,251,354</u>	<u>\$ 9,665,737,091</u>
INVESTMENT ALLOCATION	June 30, 2011	June 30, 2010
U.S. Equity & Commingled Funds.....	33%	32%
U.S. Equity Hedge Funds.....	9%	10%
International Equity.....	18%	18%
Fixed Income.....	18%	18%
Real Estate.....	8%	8%
Private Equity.....	6%	6%
Infrastructure.....	3%	3%
Bank Loans.....	2%	2%
Cash.....	3%	3%
Total.....	<u>100%</u>	<u>100%</u>
SELECTED INVESTMENT RETURNS ACTUAL (bold) & BENCHMARK (unaudited)	June 30, 2011	June 30, 2010
Total Fund	21.7%	9.1%
Composite benchmark.....	19.6%	10.2%
U.S. Equities	33.9%	17.3%
Russell 300 Index.....	32.4%	15.7%
International Equities	32.7%	13.1%
MSCI-EAFE Index.....	30.9%	6.4%
Fixed Income	5.7%	5.5%
Barclays Capital Universal Index.....	4.8%	10.6%
Real Estate	17.0%	(8.2)%
NCREIF Real Estate Index.....	16.7%	(1.5)%
EXECUTIVE DIRECTOR		
During Engagement Period: William R. Atwood		
Currently: William R. Atwood		

ACCOUNTANTS' REPORT

We conducted a compliance attestation examination of the Board for the year ended June 30, 2011 as required by the Illinois State Auditing Act. The accountants' report does not contain any scope limitations, disclosures or other significant non-standard language.



WILLIAM G. HOLLAND
Auditor General

WGH:TLK

SPECIAL ASSISTANT AUDITORS

McGladrey & Pullen LLP were our Special Assistant Auditors for this engagement.