



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE BOARD OF INVESTMENT**

**Compliance Examination  
For the Year Ended June 30, 2015**

**Release Date: February 4, 2016**

<b>FINDINGS THIS AUDIT:</b>	<b>1</b>
<b>FINDINGS LAST AUDIT:</b>	<b>0</b>

**INTRODUCTION**

This digest covers our Compliance Examination of the Illinois State Board of Investment for the year ended June 30, 2015. A separate Financial Audit as of and for the year ending June 30, 2015 was previously released on December 23, 2015. The Financial Audit report contained one finding relating to Inadequate Controls Over Financial Close and Reporting.

**ACCOUNTANT'S OPINION**

The auditors conducted a State compliance examination of the Illinois State Board of Investment for the year ended June 30, 2015, as required by the Illinois State Auditing Act. The accountant's report does not contain any scope limitations, disclaimers or other non-standard language.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:TLK

**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this examination were RSM US LLP.

{Financial data is summarized on the reverse page.}

**ILLINOIS STATE BOARD OF INVESTMENT  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2015**

<b>SCHEDULE OF OPERATIONS</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>REVENUE:</b>		
Investment Income - Interest.....	\$ 354,281,150	\$ 264,388,234
Investment Income - Dividends.....	153,292,990	154,291,279
Investment Income - Securities Lending.....	3,155,070	3,242,232
Realized Gain on Investments.....	518,779,744	585,954,938
Unrealized Gain on Investments.....	(264,401,473)	1,326,884,197
Total Investment Income.....	765,107,481	2,334,760,880
External Support (Investment Expense).....	(41,962,049)	(40,276,981)
Net Investment Income .....	723,145,432	2,294,483,899
<b>EXPENSES:</b>		
Operating Expenses.....	(2,677,718)	(2,502,847)
Revenue Over Expenses.....	<u>\$ 720,467,714</u>	<u>\$ 2,291,981,052</u>
<b>INVESTMENT PORTFOLIO ANALYSIS - Fair Value</b>		
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Total Government and Agency Obligations.....	\$ 907,835,826	\$ 784,475,648
Total Corporate Obligations.....	814,440,237	799,514,242
Foreign Government Obligations.....	892,854,266	832,282,402
U.S. Common Stocks, Equities & Commingled Funds.....	5,519,297,786	5,286,294,296
Non - U.S. Equity Securities.....	2,380,176,737	2,346,576,036
Real Estate Funds.....	1,610,826,230	1,483,445,971
Private Equity.....	667,080,662	667,730,266
Real Assets.....	532,718,107	524,284,793
Hedge Funds.....	1,576,250,129	1,485,145,060
Money Market Instruments.....	231,115,398	217,737,000
Bank Loans.....	697,836,613	689,256,558
Foreign Currency Forward Contracts.....	979,645	(637,600)
Total Investment Portfolio.....	<u>\$ 15,831,411,636</u>	<u>\$ 15,116,104,672</u>
<b>INVESTMENT ALLOCATION (unaudited)</b>		
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
U.S. Equity & Commingled Funds.....	35%	35%
U.S. Equity Hedge Funds.....	10%	10%
International Equity.....	15%	16%
Fixed Income.....	17%	16%
Real Estate.....	10%	10%
Private Equity.....	4%	4%
Real Assets.....	3%	3%
Bank Loans.....	4%	5%
Cash.....	<u>2%</u>	<u>1%</u>
Total.....	<u>100%</u>	<u>100%</u>
<b>SELECTED INVESTMENT RETURNS ACTUAL (bold) AND BENCHMARK (unaudited)</b>		
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Total Fund.....</b>	<b>4.7%</b>	<b>17.9%</b>
Composite benchmark.....	4.0%	16.3%
<b>U.S. Equities.....</b>	<b>6.4%</b>	<b>24.1%</b>
Russell 3000 Index.....	7.3%	25.2%
<b>International Equities.....</b>	<b>-1.0%</b>	<b>23.8%</b>
MSCI-ACWI ex US Index IMI Gross.....	-4.6%	22.8%
<b>Fixed Income.....</b>	<b>-1.4%</b>	<b>6.5%</b>
Barclays Capital U.S. Universal Index.....	1.6%	5.2%
<b>Real Estate.....</b>	<b>16.3%</b>	<b>14.5%</b>
NCREIF Real Estate Index.....	13.4%	11.7%
<b>EXECUTIVE DIRECTOR</b>		
During Engagement Period: William R. Atwood		
Currently: William R. Atwood		