



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF INVESTMENT

FINANCIAL AUDIT

For the Year Ended: June 30, 2013

Release Date: December 19, 2013

Summary of Findings:

Total this audit: 0

Total last audit: 0

Repeated from last audit: 0

INTRODUCTION

This digest covers our financial audit of the Illinois State Board of Investment financial statements for the year ended June 30, 2013. A report on the results of our compliance attestation examination for the year ended June 30, 2013 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 SYSTEMS' WITHDRAWALS

During fiscal year 2013 the member systems' withdrawals from the Board decreased \$219 million from \$248.7 million during fiscal year 2012 to \$29.7 million during fiscal year 2013. 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 \$2.027 billion.

AUDITORS' OPINION

Our auditors state the June 30, 2013 financial statements of the Illinois State Board of Investment are fairly presented.

WILLIAM G. HOLLAND
Auditor General

WGH:TLK:rt

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, 2013

STATEMENT OF CHANGES IN NET POSITION	FY 2013	FY 2012
Additions:		
Investment Income - Increase (Decrease) in Fair Value.....	\$ 1,250,868,283	\$ (263,503,741)
Investment Income - Interest & Dividends.....	366,195,045	302,087,545
Investment Income - Securities Lending.....	4,740,147	2,856,652
Total Investment Income.....	1,621,803,475	41,440,456
Member Systems' Contributions.....	-	-
Total additions.....	1,621,803,475	41,440,456
Deductions:		
Salaries and Benefits.....	1,967,838	1,854,896
Operating Expenses.....	538,171	535,140
External Support (consulting and investment fees).....	35,319,613	34,013,759
Member Systems' Withdrawals.....	29,700,000	248,725,000
Total Deductions.....	67,525,622	285,128,795
Increase (Decrease) in net position.....	1,554,277,853	(243,688,339)
Net Position Beginning of the Year.....	11,283,936,685	11,527,625,024
Net Position End of the Year.....	\$ 12,838,214,538	\$ 11,283,936,685
EXTERNAL SUPPORT EXPENSES		
Custody.....	\$ 219,516	\$ 220,000
Consulting and Professional.....	1,059,070	1,344,901
Investment Advisors / Managers.....	33,797,654	32,248,528
Investment Services and Research.....	243,373	200,330
Total External Support Expenses.....	\$ 35,319,613	\$ 34,013,759
MEMBER SYSTEMS' NET CONTRIBUTIONS (WITHDRAWALS)		
State Employees' Retirement System.....	\$ -	\$ (212,000,000)
Judges' Retirement System.....	(23,200,000)	(28,500,000)
General Assembly Retirement System.....	(6,500,000)	(8,225,000)
Total Member Systems' Withdrawals.....	\$ (29,700,000)	\$ (248,725,000)
INVESTMENT PORTFOLIO ANALYSIS - Fair Value		
Government and Agency Obligations.....	\$ 885,452,173	\$ 958,131,279
Foreign Obligations.....	414,158,908	385,628,617
Corporate Obligations.....	672,674,316	656,977,663
Common Stock and Equity Funds.....	3,907,881,384	3,253,103,566
Commingled Funds.....	316,711,664	225,608,712
Foreign Preferred Stock	480,436	592,156
Foreign Equity Securities.....	2,324,274,475	2,012,774,573
Hedge Funds.....	1,164,041,715	1,026,725,785
Real Estate Funds.....	1,291,759,244	967,346,450
Private Equity.....	642,362,400	679,423,383
Money Market Instruments.....	237,128,125	255,922,180
Real Assets.....	549,530,135	507,019,665
Bank Loans.....	415,734,675	328,593,596
Foreign Currency Forward Contracts.....	(411,919)	(43,859)
Total Investment Portfolio.....	\$ 12,821,777,731	\$ 11,257,803,766
SELECTED ACCOUNT BALANCES		
Cash.....	\$ 21,341,438	\$ 20,739,621
Illinois Power Agency Trust Fund - Cash.....	\$ 46,949	\$ 24,854,573
Illinois Power Agency Trust Fund - Investments.....	\$ 28,206,539	\$ -
Total Accounts Receivable	\$ 418,009,493	\$ 88,691,020
Prepaid Expenses.....	\$ 27,885	\$ 20,900
Capital Assets.....	\$ 43,979	\$ 37,599
Administrative Expenses Payable.....	\$ 7,051,522	\$ 6,151,301
Investment Purchases Payable.....	\$ 412,911,779	\$ 72,653,715
BOARD CHIEF EXECUTIVES		
During Engagement Period and Current: Executive Director: William R. Atwood Chairman: Devon Bruce		