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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

ILLINOIS STATE BOARD OF INVESTMENT
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 1994

INTRODUCTION

This digest covers our financial audit of the Board for the year ended June 30, 1994. A compliance audit covering the year ending June 30, 1994, will be issued separately.

AUDITORS' OPINION

Our auditors state that the June 30, 1994 financial statements of the Board are fairly presented. It should be noted that \$471,524,959 (10.95% of net assets) of investments have been recorded at values estimated by the Board due to the lack of readily ascertainable market values. Our auditors have reviewed the estimation procedures and have found them to be reasonable. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

A handwritten signature in cursive script, appearing to read 'W. G. Holland', with a long horizontal line extending to the right.

WILLIAM G. HOLLAND, Auditor General

WGH:KMA:jr
December 1, 1994

ILLINOIS STATE BOARD OF INVESTMENT
INFORMATION FROM FINANCIAL AND COMPLIANCE AUDITS
For The Year Ended June 30, 1994

NET ASSETS	June 30, 1994	June 30, 1993
Investments, at Market Value		
U.S. Government and Agency Obligations	\$ 653,122,784	\$ 636,019,444
Foreign Obligations	40,726,130	65,101,916
Corporate Obligations	866,691,876	937,681,220
Convertible Bonds	29,143,894	36,309,026
Common Stock & Equity Funds	1,585,926,478	1,487,719,100
Convertible Preferred Stock	21,088,797	17,043,075
Preferred Stock	5,900,323	9,578,611
Foreign Equity Securities	359,170,019	284,093,447
Real Estate Funds	281,508,859	301,829,401
Non-marketable Securities	190,016,100	170,390,328
Money Market Instruments	263,051,162	271,335,332
Forward Foreign Exchange Contracts . . .	<u>(1,736,655)</u>	<u>(111,282)</u>
	4,294,609,767	4,216,989,618
Other Assets, Less Liabilities	<u>10,745,005</u>	<u>15,046,683</u>
Net Assets, at Market Value	<u>\$4,305,354,772</u>	<u>\$4,232,036,301</u>
Net Assets, at Cost	<u>\$3,945,247,494</u>	<u>\$3,708,781,886</u>

FINANCIAL HIGHLIGHTS	YEAR ENDED JUNE 30, 1994	YEAR ENDED JUNE 30, 1993
Net Investment Income	\$193,687,708	\$190,296,087
Net Realized Gain on Investments	\$138,477,900	\$140,498,271
Net Unrealized Gain (Loss) on Investments	\$(163,147,137)	\$134,508,577
Management Expenses	\$12,167,419	\$12,767,218
Annual Total Return	4.0%	12.1%

AGENCY DIRECTOR
During Audit Period: Jane R. Patterson Currently: Jane R. Patterson