



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

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**ILLINOIS STATE BOARD OF INVESTMENT**

**Financial Audit  
For the Year Ended June 30, 2016**

**Release Date: January 12, 2017**

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

**INTRODUCTION**

This digest covers the Illinois State Board of Investment's financial audit as of and for the year ended June 30, 2016. The Illinois State Board of Investment's compliance examination covering the year ended June 30, 2016 will be issued at a later date.

There were no material findings of noncompliance disclosed during our examination.

**AUDITORS' OPINION**

Our auditors stated the financial statements of the Illinois State Board of Investment as of and for the year ended June 30, 2016 are fairly presented in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:TLK

**AUDITORS ASSIGNED**

Our Special Assistant Auditors for this audit were KPMG LLP.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS STATE BOARD OF INVESTMENT  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

STATEMENT OF CHANGES IN NET POSITION	FY 2016	FY 2015
Additions:		
Investment Income -<Decrease> or Increase in Fair Value.....	\$ (567,302,770)	\$ 253,829,554
Investment Income - Interest & Dividends.....	471,473,083	506,478,859
Investment Income - Securities Lending.....	3,005,864	3,148,262
Total Investment Income.....	(92,823,823)	763,456,675
Member Systems' Contributions.....	6,500,000	21,400,000
Total Additions.....	(86,323,823)	784,856,675
Deductions:		
Salaries and Benefits.....	2,090,833	2,070,304
Operating Expenses.....	585,763	601,636
External Support (consulting and investment fees).....	37,880,906	41,871,500
Member Systems' Withdrawals.....	116,000,000	5,350,000
Total Deductions.....	156,557,502	49,893,440
<Decrease> or Increase in Net Position.....	(242,881,325)	734,963,235
Net Position Beginning of the Year.....	15,811,716,560	15,076,753,325
Net Position End of the Year.....	\$ 15,568,835,235	\$ 15,811,716,560
EXTERNAL SUPPORT EXPENSES	FY 2016	FY 2015
Custody.....	\$ 245,833	\$ 234,493
Consulting and Professional.....	1,549,089	1,332,084
Investment Advisors / Managers.....	35,841,596	40,062,708
Investment Services and Research.....	244,388	242,215
Total External Support Expenses.....	\$ 37,880,906	\$ 41,871,500
MEMBER SYSTEMS' NET CONTRIBUTIONS (WITHDRAWALS)	FY 2016	FY 2015
State Employees' Retirement System.....	\$ (100,000,000)	\$ -
Judges' Retirement System.....	(3,500,000)	20,700,000
General Assembly Retirement System.....	(6,000,000)	(4,650,000)
Total Member Systems' Withdrawals.....	\$ (109,500,000)	\$ 16,050,000
INVESTMENT PORTFOLIO ANALYSIS - Fair Value	June 30, 2016	June 30, 2015
Government and Agency Obligations.....	\$ 2,344,083,456	\$ 905,946,508
Foreign Obligations.....	79,996,581	890,996,127
Corporate Obligations.....	744,965,954	812,745,287
Common Stock and Equity Funds.....	4,308,822,674	4,738,608,305
Commingled Funds.....	959,707,049	769,200,906
Foreign Preferred Stock .....	427,157	177,269
Foreign Equity Securities.....	2,238,874,109	2,375,046,028
Hedge Funds.....	1,178,717,448	1,572,969,759
Real Estate Funds.....	1,700,478,688	1,607,473,903
Private Equity.....	581,716,569	665,692,385
Money Market Instruments.....	355,867,229	230,634,419
Real Assets.....	591,488,982	531,609,455
Bank Loans.....	448,978,405	696,384,329
Foreign Currency Forward Contracts.....	(1,334,605)	977,606
Total Investment Portfolio.....	\$ 15,532,789,696	\$ 15,798,462,286
SELECTED ACCOUNT BALANCES	June 30, 2016	June 30, 2015
Cash.....	\$ 5,983,276	\$ 12,983,801
Illinois Power Agency Trust Fund - Cash.....	\$ 12,618	\$ 1,227,077
Illinois Power Agency Trust Fund - Investments.....	\$ 32,757,274	\$ 32,949,350
Total Accounts Receivable .....	\$ 1,103,098,759	\$ 631,204,962
Prepaid Expenses.....	\$ 24,216	\$ 11,565
Capital Assets.....	\$ 51,986	\$ 41,137
Administrative Expenses Payable.....	\$ 6,080,652	\$ 8,227,266
Investments Purchased Payable.....	\$ 1,065,804,090	\$ 621,851,424
BOARD CHIEF EXECUTIVES		
During Engagement Period and Current: Executive Director: William R. Atwood Chairman: Marc Levine		