



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**OFFICE OF THE STATE TREASURER –
THE ILLINOIS FUNDS**

**Financial Audit
For the Year Ended June 30, 2014**

Release Date: January 22, 2015

| | |
|-----------------------------|----------|
| FINDINGS THIS AUDIT: | 0 |
| FINDINGS LAST AUDIT: | 0 |

INTRODUCTION

The Illinois Funds was established under the name Illinois Public Treasurers' Investment Pool (IPTIP) in 1976 to supplement and enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The management, custodianship and operation of The Illinois Funds are under the supervision of the State of Illinois – Office of the Treasurer.

To administer the Illinois Funds, the Treasurer has established a division entitled "The Illinois Funds Administrative Office." The revenues and expenditures of the Division were recorded in a fund maintained by the Treasurer entitled "The Illinois Funds Administrative Trust Fund."

An investment trust fund is used to account for assets held by The Illinois Funds in a trustee capacity for public treasurers throughout the State of Illinois. The custodian for this fund is U.S. Bank of Illinois.

AUDITORS' OPINION

Our auditors stated that the June 30, 2014 financial statements of the Office of the State Treasurer – The Illinois Funds are presented fairly in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:tmh

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were McGladrey LLP.

{Financial information is summarized on next page.}

OFFICE OF THE TREASURER - THE ILLINOIS FUNDS
FINANCIAL AUDIT
For the Year Ended June 30, 2014

| STATEMENTS OF FIDUCIARY NET POSITION | 2014 | 2013 |
|--------------------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Repurchase Agreements..... | \$ 2,000,003,222 | \$ 2,350,019,667 |
| Commercial Paper | 1,720,726,777 | 1,391,761,624 |
| Money Market Mutual Funds..... | 414,527,692 | 498,404,345 |
| U.S. Treasury Bills | - | 299,982,700 |
| U.S. Treasury Notes | 325,494,902 | 751,931,069 |
| U.S. Agency Obligations | | |
| Federal Home Loan Bank Debentures..... | 100,000,000 | - |
| Federal Home Loan Mortgage Corporation Discount Notes..... | 90,216,541 | 88,977,642 |
| Federal Home Loan Bank Discount Notes..... | 508,215,546 | 314,213,434 |
| Federal National Mortgage Association Discount Notes..... | 99,999,778 | 99,982,774 |
| Federal Farm Credit Banks Discount Notes..... | - | 49,997,292 |
| Federal Agriculture Mortgage Corporation Discount Notes..... | 49,969,267 | - |
| Accrued Interest Receivable..... | 691,318 | 1,402,609 |
| Total Assets..... | 5,309,845,043 | 5,846,673,156 |
| Liabilities | | |
| Bank Custodial Fees Payable..... | 142,985 | 150,985 |
| State Management Fees Payable..... | 216,791 | 180,492 |
| Total Liabilities | 359,776 | 331,477 |
| Net Position Held in Trust for Pool Participants..... | \$ 5,309,485,267 | \$ 5,846,341,679 |

| STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION | 2014 | 2013 |
|----------------------------------------------------------|------------------|------------------|
| Revenues | | |
| Investment Earnings..... | \$ 5,381,639 | \$ 9,109,827 |
| Expenses | | |
| Bank Custodial Fees..... | 1,818,312 | 1,861,841 |
| State Management Fees..... | 2,612,954 | 2,818,133 |
| Total Expenses..... | 4,431,266 | 4,679,974 |
| Net Investment Earnings / Dividends to Participants..... | 950,373 | 4,429,853 |
| Share Transactions | | |
| Subscriptions..... | 19,673,536,873 | 18,562,005,902 |
| Reinvestments..... | 950,074 | 4,409,554 |
| Redemptions..... | (20,211,343,359) | (18,542,575,959) |
| Change in Net Position..... | (536,856,412) | 23,839,497 |
| Net Position, Beginning of Year..... | 5,846,341,679 | 5,822,502,182 |
| Net Position, End of Year..... | \$ 5,309,485,267 | \$ 5,846,341,679 |

| SELECTED ACTIVITY MEASURES | 2014 | 2013 |
|------------------------------------------------------------|------------------|------------------|
| Total Number of Participants..... | 2,250 | 2,268 |
| Number of State of Illinois Participants..... | 31 | 31 |
| Balance of State of Illinois Investments, end of year..... | \$ 1,704,602,148 | \$ 1,794,407,765 |
| Number of Employees, full time equivalents..... | 17 | 21 |

TREASURER
During Engagement Period: Honorable Dan Rutherford
Currently: Honorable Michael Frerichs