



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE BOARD OF INVESTMENTS**

**FINANCIAL AUDIT**

**For the Year Ended: June 30, 2010**

**Release Date: January 27, 2011**

**Summary of Findings:**

<b>Total this audit:</b>	<b>0</b>
<b>Total last audit:</b>	<b>2</b>
<b>Repeated from last audit:</b>	<b>0</b>

**INTRODUCTION**

This digest covers our audit of the Illinois State Board of Investment financial statements for the year ended June 30, 2010. A report on the results of our compliance attestation examination for the year ended June 30, 2010 is being issued separately.

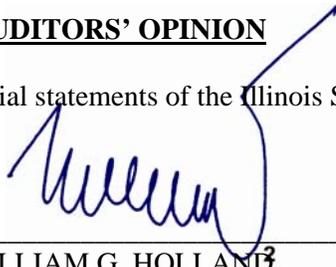
Pursuant to the Illinois Pension Code, the Illinois State Board of Investment (Board) manages the investments of the State Employees' Retirement System, General Assembly Retirement System and the Judges' Retirement System.

**MEMBER SYSTEM WITHDRAWALS**

During fiscal year 2010 the member systems' withdrawals from the Board increased \$384.0 million from \$277.0 million during fiscal year 2009 to \$661.0 million during fiscal year 2010. 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 \$1.6 billion.

**AUDITORS' OPINION**

Our auditors state the June 30, 2010 financial statements of the Illinois State Board of Investment are fairly presented.

  
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WILLIAM G. HOLLAND  
Auditor General

WGH:AKS

**SPECIAL ASSISTANT AUDITORS**

McGladrey & Pullen LLP were 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, 2010**

<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>FY 2010</b>	<b>FY 2009</b>
Additions: Investments Income - Increase/(Decrease) in Fair Value.....	\$ 634,013,226	\$ (2,592,469,141)
Investment Income - Interest & Dividends.....	243,314,380	262,164,673
Investment Income - Securities Lending.....	6,605,329	17,578,262
Total Investment Income / (Loss).....	\$ 883,932,935	\$ (2,312,726,206)
Member Systems' Contributions.....	809,401,372	-
Total additions.....	\$ 1,693,334,307	\$ (2,312,726,206)
Deductions: Salaries and Benefits.....	\$ 1,946,875	\$ 1,647,133
Operating Expenses.....	527,166	556,791
External Support (consulting and investment fees).....	35,210,736	39,068,759
Total Deductions.....	\$ 37,684,777	\$ 41,272,683
Revenue Over / (Under) Expenses.....	\$ 1,655,649,530	\$ (2,353,998,889)
Member Systems' Withdrawals.....	(661,000,000)	(277,000,000)
Net Assets Beginning of the Year.....	8,684,054,272	11,315,053,161
Net Assets End of the Year.....	\$ 9,678,703,802	\$ 8,684,054,272
<b>EXTERNAL SUPPORT EXPENSES</b>	<b>FY 2010</b>	<b>FY 2009</b>
Custody.....	\$ 251,248	\$ 264,532
Consulting and Professional.....	1,270,019	1,329,476
Investment Advisors / Managers.....	33,540,400	37,272,541
Investment Services and Research.....	149,069	202,210
Total External Support Expenses.....	\$ 35,210,736	\$ 39,068,759
<b>MEMBER SYSTEMS' NET CONTRIBUTIONS (WITHDRAWALS)</b>	<b>FY 2010</b>	<b>FY 2009</b>
State Employees' Retirement System.....	\$ 120,745,288	\$ (237,000,000)
Judges' Retirement System.....	28,459,810	(30,500,000)
General Assembly Retirement System.....	(803,726)	(9,500,000)
Total Member Systems' Withdrawals.....	\$ 148,401,372	\$ (277,000,000)
<b>INVESTMENT PORTFOLIO ANALYSIS - Fair Value</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Government and Agency Obligations.....	\$ 810,739,312	\$ 665,018,889
Foreign Obligations.....	44,409,906	33,237,090
Corporate Obligations.....	925,668,388	668,047,761
Common Stock & Equity Funds.....	2,857,144,559	2,610,218,733
Commingled Funds.....	270,510,642	335,484,184
Preferred Stock (Domestic & Foreign).....	697,600	334,285
Foreign Equity Securities.....	1,733,177,670	1,482,594,431
Hedge Funds.....	917,854,201	880,939,190
Real Estate Investments.....	750,210,957	875,929,700
Private Equity.....	542,441,291	450,491,810
Money Market Instruments.....	270,231,935	235,126,490
Infrastructure Funds.....	320,293,041	305,969,947
Bank Loans.....	222,623,999	197,259,098
Forward Foreign Exchange Contracts.....	(266,410)	(5,594,545)
Total Investment Portfolio.....	\$ 9,665,737,091	\$ 8,735,057,063
<b>SELECTED ACCOUNT BALANCES</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Cash.....	\$ 3,594,060	\$ 12,662,039
Total Accounts Receivable .....	\$ 68,431,963	\$ 186,099,275
Prepaid Expenses.....	\$ 21,269	\$ 16,184
Capital Assets.....	\$ 50,391	\$ 57,635
Operating Expenses Payable.....	\$ 5,816,888	\$ 5,077,999
Investment Purchases Payable.....	\$ 40,837,912	\$ 173,277,766
<b>BOARD CHIEF EXECUTIVES</b>		
During Engagement Period: Executive Director: William R. Atwood. Chairman: Ronald Powell, John Casey		
Currently: Executive Director: William R. Atwood. Chairman: John Casey		