



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STUDENT ASSISTANCE COMMISSION -  
 ILLINOIS PREPAID TUITION PROGRAM**

**FINANCIAL AUDIT**

**For the Year Ended: June 30, 2012**

**Release Date: Hgdt wct { '43.'4235**

**INTRODUCTION**

This report covers our financial audit of the Illinois Student Assistance Commission (Commission) – Illinois Prepaid Tuition Program (Program) as of June 30, 2012 and for the year then ended.

As of June 30, 2012, the Illinois Prepaid Tuition Program has a **deficit** of \$420,388,265. The table below details a reconciliation of the fund deficit in the financial statements to the fund deficit in the Actuarial Soundness Report as of June 30, 2012.

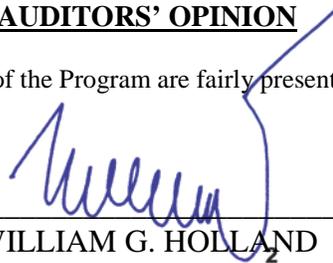
**Reconciliation of Fund Deficit with Unfunded Liability in the Actuarial Report**

Unfunded liability per actuarial soundness report	\$ (467,404,585)
Present value of accrued future administrative expense	48,803,761
Other accrued liabilities	<u>(1,787,441)</u>
Fund deficit per Statement of Net Assets	<u>\$ (420,388,265)</u>

The financial audit report of the Program contains one finding which pertains to the budget not being properly approved..

**AUDITORS' OPINION**

Our auditors stated the financial statements of the Program are fairly presented on all material respects.



WILLIAM G. HOLLAND  
 Auditor General

**SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors for this audit were McGladrey LLP.

WGH:JAF:rt

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**ILLINOIS PREPAID TUITION PROGRAM**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2012 (in thousands)**

<b>STATEMENT OF NET ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 7,417	\$ 7,833
Investments.....	1,063,512	1,124,443
Contracts receivable.....	105,126	-
Accrued interest on investments.....	1	-
Total.....	<u>1,176,056</u>	<u>1,132,276</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses.....	1,349	1,872
Due to other ISAC funds.....	175	-
Due to State of Illinois component units.....	198	115
Tuition obligation.....	1,594,657	1,392,329
Compensated absences.....	65	91
Total.....	<u>1,596,444</u>	<u>1,394,407</u>
Net Assets, Unrestricted (Deficit)	<u>\$ (420,388)</u>	<u>\$ (262,131)</u>
<b>REVENUES, EXPENSE AND CHANGES IN NET ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>Operating revenues</b>		
Income from investment securities.....	\$ 34,543	\$ 168,273
Fees.....	610	1,356
Interest revenue.....	141	621
Total.....	<u>35,294</u>	<u>170,250</u>
<b>Operating expenses</b>		
Accreted tuition expense.....	184,400	83,916
Salaries and employee benefits.....	2,836	3,276
Management and professional services.....	2,223	3,607
Investment advisory fees.....	2,572	1,922
Investment management fees.....	1,493	1,684
Total.....	<u>193,524</u>	<u>94,405</u>
<b>Operating income</b>		
Transfers out.....	(27)	(88)
Change in net assets.....	<u>\$ (158,257)</u>	<u>\$ 75,757</u>
<b>Actuarial Report on Soundness (Unaudited)</b>	<b>2012</b>	<b>2011</b>
- Unfunded Liability (Actuarial Value of Assets)	\$ (431,540)	\$ (478,689)
- Unfunded Liability (Market Value of Assets)	\$ (467,405)	\$ (536,337)

**AGENCY EXECUTIVE DIRECTOR**

During Examination Period: Mr. Andrew Davis (through July 8, 2011); Mr. John Sinsheimer (Interim) (July 8, 2011 - February 21, 2012); Eric Zarnikow (beginning February 21, 2012)

Currently: Mr. Eric Zarnikow