

State of Illinois
Illinois Student Assistance Commission

Compliance Examination
For the Two Years Ended June 30, 2018

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Illinois Student Assistance Commission
Compliance Examination
For the Two Years Ended June 30, 2018**

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**State of Illinois
Illinois Student Assistance Commission**

Agency Officials

Executive Director	Eric Zarnikow
Chief Financial Officer	Shoba Nandhan
Chief Investment Officer (September 24, 2018 to present)	Carmen Heredia-Lopez
Chief Investment Officer (June 27, 2018 to September 23, 2018)	Vacant
Chief Investment Officer (through June 26, 2018)	Kent Custer
General Counsel	Karen Salas

Agency offices are located at:

1755 Lake Cook Road
Deerfield, IL 60015

500 West Monroe
Springfield, IL 62704

100 West Randolph
Suite 3-200
Chicago, IL 60601



April 26, 2019

Crowe, LLP
One Mid America Plaza, Suite 700
Oakbrook Terrace, IL 60181

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Student Assistance Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, to the best of our knowledge, we assert that during the years ended June 30, 2017 and June 30, 2018, the Commission has materially complied with the assertions below.

- A. The Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Commission on behalf of the State or held in trust by the Commission have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

ILLINOIS STUDENT ASSISTANCE COMMISSION

SIGNED ORIGINAL ON FILE

Eric Zarnikow, Executive Director

SIGNED ORIGINAL ON FILE

Shoba Nandhan, Chief Financial Officer

isac.org

1755 Lake Cook Road
Deerfield, IL 60015-5209

500 West Monroe
Springfield, IL 62704-1876

100 West Randolph Suite 3-200
Chicago, IL 60601-3219

**State of Illinois
Illinois Student Assistance Commission**

Compliance Report Summary

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

Accountants' Reports

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

Number of:	Current Report	Prior Report
Findings	1	2
Repeated findings	1	2
Prior recommendations implemented or not repeated	1	4

Schedule of Findings

Item No.	Page	Description	Finding Type
FINDING (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2018-001	11	Debt Covenant Violation	Noncompliance

In addition, the following finding which is reported as a current finding relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
2018-001	11	Debt Covenant Violation	Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	15	Employee Performance Evaluations Not Completed Timely	

**State of Illinois
Illinois Student Assistance Commission**

Compliance Report Summary

Schedule of Findings (Continued)

Exit Conference

The Commission waived an exit conference in a correspondence from Wendy Funk, Director of Accounting and Finance, on March 11, 2019. The responses to the recommendations were provided by Wendy Funk, Director of Accounting and Finance, in a correspondence dated December 21, 2018.

**Independent Accountants' Report on State Compliance, on Internal
Control Over Compliance, and on Supplementary Information for
State Compliance Purposes**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Mr. Kevin Huber
Honorable Chair of the Governing Board
Illinois Student Assistance Commission

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Student Assistance Commission's (the Commission) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attesting Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2018. The management of the Commission is responsible for the Commission's compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

- A. The Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Commission on behalf of the State or held in trust by the Commission have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Commission complied

with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as item 2018-001.

The Commission's response to the finding identified in our examination is described in the accompanying schedule of findings. The Commission's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purposes.

Internal Control

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit

Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Commission as of and for the year ended June 30, 2018, and have issued our report thereon dated April 26, 2019, which contained unmodified opinions on those financial statements. Our report contains emphasis of matter paragraphs which state “as discussed in Note 13, the Illinois Prepaid Tuition Program Fund has a deficit as of June 30, 2018 of \$280 million. The amount of the fund deficit is highly dependent on the actuarial assumptions used to calculate the actuarial present value of future tuition benefit obligations,” and “as discussed in Note 12, the State of Illinois, Illinois Student Assistance Commission adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in its financial statements as of fiscal year ending June 30, 2018. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identified the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB also are addressed. As a result, net position was restated as of July 1, 2017 by (*in thousands*) \$51,397, for the cumulative effect of the application of this pronouncement.” Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission’s basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to April 26, 2019. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 6 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Commission. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Commission’s basic financial statements as of and for the year ended June 30, 2017, and have issued our report thereon dated January 9, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Our report for the year ended June 30, 2017 included an emphasis of matter paragraph to refer to the \$286 million deficit in the Illinois Prepaid Tuition Program Fund. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 6 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2017 financial statements. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

The accompanying supplementary information for the year ended June 30, 2016 in Schedules 3 and 5 and the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the Commission Board and Audit Committee, and Commission management and is not intended to be, and should not be, used by anyone other than these specified parties.

Oak Brook, Illinois
April 26, 2019

Signature on file

Crowe, LLP

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Frank J. Mautino
Auditor General
State of Illinois

Mr. Kevin Huber
Honorable Chair of the Governing Board
Illinois Student Assistance Commission

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of State of Illinois, Illinois Student Assistance Commission (Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 26, 2019. That report contains emphasis of matter paragraphs which states "as discussed in Note 13, the Illinois Prepaid Tuition Program Fund has a deficit as of June 30, 2018 of \$280 million. The amount of the fund deficit is highly dependent on the actuarial assumptions used to calculate the actuarial present value of future tuition benefit obligations," and "as discussed in Note 13, the State of Illinois, Illinois Student Assistance Commission adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in its financial statements as of fiscal year ending June 30, 2018. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identified the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB also are addressed. As a result, net position was restated as of July 1, 2017 by (*in thousands*) \$51,397, for the cumulative effect of the application of this pronouncement."

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2018-001.

State of Illinois, Illinois Student Assistance Commission's Response to Findings

The Commission's response to the findings identified in our audit are described in the accompanying schedule of finding. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Signature on File

Crowe, LLP

Oak Brook, Illinois
April 26, 2019

**State of Illinois
Illinois Student Assistance Commission**

Schedule of Findings - Two Years Ended June 30, 2018

Current Findings – Government Auditing Standards

Finding 2018-001 – Debt Covenant Violation

The Illinois Student Assistance Commission (Commission) – Illinois Designated Account Purchase Program (IDAPP) was not in compliance with one of the covenants relating to the agency's revolving line of credit agreement.

During our audit of the Fiscal Year 2018 financial statements, we noted that IDAPP was in violation of one of the debt covenants related to the agency's revolving credit (loan) agreement. In addition, the Three-Year Asset Backed Revolving Credit Facility (Facility) matured on July 27, 2010 and has not been repaid. Per the agreement, the default ratio is set at a maximum three-month rolling average of 5.0% or a maximum of 6.25% for any settlement period. We reviewed the monthly reports noting that 9 of these months rose above at least one of these ratios, ranging from 5.19% to 8.43% for the three-month average and 7.36% to 9.58% for the settlement period.

As a result of the debt covenant violation and the maturity of the facility, the bank has certain remedies available to it under the terms of the loan agreement, principal of which would be rights to call the loan and take possession of the collateral (the underlying student loan portfolio). The bank has been made aware of the default ratio issues and the maturity of the loan and has not communicated to IDAPP any intent to exercise the remedies available to it under the terms of the loan agreement. The balance of the line of credit with the bank was \$113,656,827 at June 30, 2018.

According to the Commission's management, the default ratio issues are due to the poor performance of the portfolio. The portfolio continues to experience a high level of delinquent accounts. The line of credit has not been refinanced because of the conditions in the private loan credit market.

As a result of the violation, the bank may have certain remedies under the terms of the loan agreement, principal of which would be the right to call the loan and take possession of the collateral (the underlying student loan portfolio of IDAPP). (Finding Code No. 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 12-2, 11-10, 10-6, 09-1)

Recommendation

We recommend the IDAPP continue to monitor the loan covenant violations and continue seeking remedies from the lender involved.

Commission Response

We agree with the recommendation. The loan covenants are reviewed on a monthly basis. We continue to talk to the bank about the portfolio.

**State of Illinois
Illinois Student Assistance Commission**

Schedule of Findings - Two Years Ended June 30, 2018

Prior Findings Not Repeated

A. Employee Performance Evaluations Not Completed Timely

During the prior engagement, the Illinois Student Assistance Commission (Commission) failed to turn in annual performance evaluations in a timely fashion to the Human Resources Department.

During the current engagement, our examination sample testing indicated that evaluations were turned in timely for Fiscal Years 2017 and 2018. (Finding Code No. 2016-002, 2014-003, 12-8, 10-9)

**State of Illinois
Illinois Student Assistance Commission**

Supplementary Information for State Compliance Purposes

Summary

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation
of Cash Receipts to Deposits Remitted to the State Comptroller
- Schedule of Investment Management Fees

Analysis of Operations (Unaudited):

- Agency Functions and Planning Program (Unaudited)
- Analysis of Significant Variations in Expenditures (Unaudited)
- Analysis of Significant Variations in Receipts (Unaudited)
- Analysis of Significant Lapse Period Spending (Unaudited)
- Analysis of Significant Statement of Net Position Accounts (Unaudited)
- Analysis of Accounts Receivable (Unaudited)
- Budget Impasse Disclosure (Unaudited)
- Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments
to Vendors (Unaudited)
- Interest Costs on Fiscal Year 2018 and 2017 Invoices (Unaudited)
- Average Number of Employees (Unaudited)
- Annual Cost Statistics – By Activity (Unaudited)
- Service Efforts and Accomplishments (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes, presented in the Compliance Report Section, states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Appropriations, Expenditures, and Lapsed Balances
 Expenditure Authority for Fiscal Year 2018
 Fourteen Months Ended August 31, 2018

Schedule 1

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/1/18 - 8/31/18	Total Expenditures 14 Months Ended 8/31/18	Balances Lapsed 8/31/18
Public Act. 100-0021					
Appropriated Funds					
General Revenue Fund - 001:					
Statewide outreach, training and research activities	\$ 997,700	\$ 995,613	\$ -	\$ 995,613	\$ 2,087
Monetary Award Program	401,341,900	397,174,072	241,315	397,415,387	3,926,513
Total General Revenue Fund	\$ 402,339,600	\$ 398,169,685	\$ 241,315	\$ 398,411,000	\$ 3,928,600
Education Assistance Fund - 007:					
Grants and scholarships:					
Veterans' home medical providers' loan repayment	\$ 26,400	\$ 26,121	\$ -	\$ 26,121	\$ 279
Nurse educator loan repayment program	264,000	264,000	-	264,000	-
Minority teacher scholarships	1,900,000	889,502	-	889,502	1,010,498
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	1,192,100	885,254	61,227	946,481	245,619
IL Scholars program	35,200	-	-	-	35,200
Golden Apple Scholars of Illinois	6,498,000	6,214,106	280,144	6,494,250	3,750
Teacher loan forgiveness program	439,900	439,777	-	439,777	123
Total Education Assistance Fund	\$ 10,355,600	\$ 8,718,760	\$ 341,371	\$ 9,060,131	\$ 1,295,469
Federal Congress Teacher Scholarship Fund - 092:					
Federal Congress Teacher Scholarship for transferring repayment	\$ 400,000	\$ 260	\$ -	\$ 260	\$ 399,740
ISAC Accounts Receivable Fund - 242:					
Cost associated with collecting delinquent scholarship awards	\$ 300,000	\$ 156,318	\$ -	\$ 156,318	\$ 143,682
Optometric Licensing & Disciplinary Board Fund - 259:					
Scholarships for eligible students pursuing a graduate degree in optometry	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -

(Continued)

State of Illinois

Schedule 1

Illinois Student Assistance Commission

Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued

Expenditure Authority for Fiscal Year 2018

Fourteen Months Ended August 31, 2018

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/1/18 - 8/31/18	Total Expenditures 14 Months Ended 8/31/18	Balances Lapsed 8/31/18
University Grant Fund - 418:					
Higher education license plate program grants	\$ 110,000	\$ 96,700	\$ -	\$ 96,700	\$ 13,300
Federal Student Loan Fund - 663:					
Distribution necessary as the result of guarantees of loans that are uncollectible and payments pursuant to federal agreements	\$ 230,000,000	\$ 122,124,857	\$ 8,881,999	\$ 131,006,856	\$ 98,993,144
Student Loan Operation Fund - 664:					
Administration:					
Personal services	\$ 15,538,600	\$ 7,159,858	\$ 15,545	\$ 7,175,403	\$ 8,363,197
State contribution to State Employees' Retirement Fund	8,392,900	3,363,106	5,772	3,368,878	5,024,022
State contribution to Social Security	1,181,000	520,501	1,189	521,690	659,310
State contribution for employees' group insurance	6,240,000	1,938,714	-	1,938,714	4,301,286
Contractual services	12,630,700	7,420,233	384,171	7,804,404	4,826,296
Collection agency fees	13,000,000	5,290,305	388,446	5,678,751	7,321,249
Travel	311,000	106,924	7,949	114,873	196,127
Commodities	282,200	42,252	1,664	43,916	238,284
Printing	501,000	41,122	-	41,122	459,878
Equipment	540,000	91,117	12,973	104,090	435,910
Telecommunications	1,897,900	246,262	44,797	291,059	1,606,841
Operation of automotive equipment	38,400	2,707	301	3,008	35,392
Costs associated with Federal Loan System development and maintenance	2,500,000	-	-	-	2,500,000
Reimbursement to Illinois Designated Account Purchase Program for expenses incurred	1,000,000	13,372	-	13,372	986,628
Total Student Loan Operation Fund	\$ 64,053,700	\$ 26,236,473	\$ 862,807	\$ 27,099,280	\$ 36,954,420
ISAC Contracts and Grants Fund - 677:					
Costs to support outreach and training activities	\$ 10,000,000	\$ 19,240	\$ -	\$ 19,240	\$ 9,980,760

State of Illinois

Schedule 1

Illinois Student Assistance Commission

Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued

Expenditure Authority for Fiscal Year 2018

Fourteen Months Ended August 31, 2018

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/1/18 - 8/31/18	Total Expenditures 14 Months Ended 8/31/18	Balances Lapsed 8/31/18
Federal Student Incentive Trust Fund - 701:					
Federal grant programs	\$ 13,000,000	\$ 1,266,723	\$ 151,913	\$ 1,418,636	\$ 11,581,364
John R. Justice Student Loan	300,000	56,890	(1,176)	55,714	244,286
Total Federal Student Incentive Trust Fund	\$ 13,300,000	\$ 1,323,613	\$ 150,737	\$ 1,474,350	\$ 11,825,650
National Guard and Naval Militia Grant Fund - 721:					
Illinois National Guard and Naval Militia scholarships	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
IL Future Teacher Corps Scholarships Fund - 753:					
Golden Apple Scholars of Illinois	\$ 100,000	\$ -	\$ 67,961	\$ 67,961	\$ 32,039
Totals - All Appropriated Funds	\$ 731,028,900	\$ 556,895,906	\$ 10,546,190	\$ 567,442,096	\$ 163,586,804
Nonappropriated Funds:					
Illinois Prepaid Tuition Trust Fund - 557:					
Lump sum expenditures for operations		\$ 151,617,804	\$ 1,446,654	\$ 153,064,458	
ISAC Loan Purchase Program Payroll Fund - 773:					
Illinois Designated Account Purchase Program expenditures		\$ 612,826	\$ -	\$ 612,826	
Total - All Nonappropriated Funds		\$ 152,230,630	\$ 1,446,654	\$ 153,677,284	
Total - All Funds		\$ 709,126,536	\$ 11,992,844	\$ 721,119,380	

Note 1: Expenditure Authority, appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, and have been reconciled to Commission records.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

(Concluded)

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Appropriations, Expenditures, and Lapsed Balances
 Expenditure Authority for Fiscal Year 2017
 Fourteen Months Ended August 31, 2017

Schedule 2

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/1/17 - 8/31/17	Total Expenditures 14 Months Ended 8/31/17	Balances Lapsed 8/31/17
Public Act. 99-0524 and 100-0021					
Appropriated Funds					
General Revenue Fund - 001:					
Statewide outreach, training and research activities	\$ 997,700	\$ 354,079	\$ -	\$ 354,079	\$ 643,621
To support administrative activities	7,245,225	2,299,050	-	2,299,050	4,946,175
Monetary Award Program	77,856,300	-	62,445,794	62,445,794	15,410,506
Grants and scholarships:					
Nurse educator loan repayment program	293,300	-	-	-	293,300
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	665,400	-	470,379	470,379	195,021
IL Scholars program	39,100	-	-	-	39,100
Total General Revenue Fund	\$ 87,097,025	\$ 2,653,129	\$ 62,916,173	\$ 65,569,302	\$ 21,527,723
Education Assistance Fund - 007:					
Grants and scholarships:					
Veterans' home medical providers' loan repayment	\$ 29,300	\$ -	\$ -	\$ -	\$ 29,300
Payment of scholarships and awards	3,762,000	3,732,673	-	3,732,673	29,327
Minority teacher scholarships	2,500,000	-	349,167	349,167	2,150,833
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	1,050,000	-	1,047,864	1,047,864	2,136
Golden Apple Scholars of Illinois	6,647,600	-	5,625,658	5,625,658	1,021,942
Monetary Award Program grant awards	287,000,000	-	286,990,748	286,990,748	9,252
Teacher loan forgiveness program	485,000	-	285,000	285,000	200,000
Total Education Assistance Fund	\$ 301,473,900	\$ 3,732,673	\$ 294,298,437	\$ 298,031,110	\$ 3,442,790
Federal Congress Teacher Scholarship Fund - 092:					
Federal Congress Teacher Scholarship for transferring repayment	\$ 400,000	\$ 292	\$ -	\$ 292	\$ 399,708
ISAC Accounts Receivable Fund - 242:					
Cost associated with collecting delinquent scholarship awards	\$ 300,000	\$ 125,173	\$ 427	\$ 125,600	\$ 174,400

(Continued)

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued
 Expenditure Authority for Fiscal Year 2017
 Fourteen Months Ended August 31, 2017

Schedule 2

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/1/17 - 8/31/17	Total Expenditures 14 Months Ended 8/31/17	Balances Lapsed 8/31/17
Optometric Licensing & Disciplinary Board Fund - 259:					
Scholarships for eligible students pursuing a graduate degree in optometry	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
University Grant Fund - 418:					
Higher education license plate program grants	\$ 110,000	\$ 89,875	\$ -	\$ 89,875	\$ 20,125
Advancement for Education Fund - 640:					
Monetary Award Program grant awards	\$ 151,000,000	\$ 150,915,098	\$ (12,977)	\$ 150,902,121	\$ 97,879
Federal Student Loan Fund - 663:					
Distribution necessary as the result of guarantees of loans that are uncollectible and payments pursuant to federal agreements	\$ 260,000,000	\$ 140,967,029	\$ 10,171,953	\$ 151,138,982	\$ 108,861,018
Student Loan Operation Fund - 664:					
Administration:					
Personal services	\$ 15,538,600	\$ 9,429,355	\$ 19,687	\$ 9,449,042	\$ 6,089,558
State contribution to State Employees' Retirement Fund	7,085,600	4,181,832	6,305	4,188,137	2,897,463
State contribution to Social Security	1,181,000	683,929	1,506	685,435	495,565
State contribution for employees' group insurance	6,240,000	2,869,011	-	2,869,011	3,370,989
Contractual services	12,630,700	7,290,915	369,265	7,660,180	4,970,520
Collection agency fees	15,000,000	5,412,070	581,578	5,993,648	9,006,352
Travel	311,000	112,484	8,762	121,246	189,754
Commodities	282,200	27,030	7,155	34,185	248,015
Printing	501,000	43,639	-	43,639	457,361
Equipment	540,000	118,040	71,295	189,335	350,665
Telecommunications	1,897,900	265,977	46,807	312,784	1,585,116
Operation of automotive equipment	38,400	2,678	344	3,022	35,378
Costs associated with Federal Loan System development and maintenance	2,500,000	-	-	-	2,500,000
Reimbursement to Illinois Designated Account Purchase Program for expenses incurred	1,000,000	-	-	-	1,000,000
Total Student Loan Operation Fund	\$ 64,746,400	\$ 30,436,960	\$ 1,112,704	\$ 31,549,664	\$ 33,196,736

(Continued)

State of Illinois

Schedule 2

Illinois Student Assistance Commission

Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued

Expenditure Authority for Fiscal Year 2017

Fourteen Months Ended August 31, 2017

	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/1/17 - 8/31/17	Total Expenditures 14 Months Ended 8/31/17	Balances Lapsed 8/31/17
ISAC Contracts and Grants Fund - 677:					
Costs to support outreach and training activities	\$ 10,000,000	\$ 10,057	\$ 16,897	\$ 26,954	\$ 9,973,046
Federal Student Incentive Trust Fund - 701:					
Federal grant programs	\$ 15,000,000	\$ 242,816	\$ 21,035	\$ 263,851	\$ 14,736,149
John R. Justice Student Loan	500,000	52,589	-	52,589	447,411
Total Federal Student Incentive Trust Fund	\$ 15,500,000	\$ 295,405	\$ 21,035	\$ 316,440	\$ 15,183,560
National Guard and Naval Militia Grant Fund - 721:					
Illinois National Guard and Naval Militia scholarships	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
IL Future Teacher Corps Scholarships Fund - 753:					
Golden Apple Scholars of Illinois	\$ 312,600	\$ 108,700	\$ -	\$ 108,700	\$ 203,900
Totals - All Appropriated Funds	\$ 891,009,925	\$ 329,384,391	\$ 368,524,649	\$ 697,909,040	\$ 193,100,885
Nonappropriated Funds:					
Illinois Prepaid Tuition Trust Fund - 557:					
Lump sum expenditures for operations		\$ 149,385,372	\$ 1,634,160	\$ 151,019,532	
ISAC Loan Purchase Program Payroll Fund - 773:					
Illinois Designated Account Purchase Program expenditures		\$ 344,091	\$ -	\$ 344,091	
Total - All Nonappropriated Funds		\$ 149,729,463	\$ 1,634,160	\$ 151,363,623	
Total - All Funds		\$ 479,113,854	\$ 370,158,809	\$ 849,272,663	

Note 1: Expenditure Authority, appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Commission records.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

(Concluded)

Illinois Student Assistance Commission

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances

Years Ended June 30, 2018, 2017 and 2016

	Fiscal Year		
	2018	2017	2016
			P.A. 99-0409
			P.A. 99-0502
			P.A. 99-0524
		P.A. 99-0524	and Court-ordered
	P.A. 100-0021	P.A. 100-0021	Expenditures
General Revenue Fund - 001:			
Appropriations/Expenditure Authority (net after transfers)	\$ 402,339,600	\$ 87,097,025	\$ 7,941,462
Expenditures:			
Statewide outreach, training and research activities	995,613	354,079	-
To support administrative activities	-	2,299,050	6,022,894
Monetary Award Program	397,415,387	62,445,794	-
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	-	470,379	-
Total expenditures	398,411,000	65,569,302	6,022,894
Lapsed balances	\$ 3,928,600	\$ 21,527,723	\$ 1,918,568
Education Assistance Fund - 007:			
Appropriations/Expenditure Authority (net after transfers)	\$ 10,355,600	\$ 301,473,900	\$ 169,798,700
Expenditures:			
Veterans' home medical providers' loan repayment	26,121	-	-
Payment of scholarships and awards	-	3,732,673	-
Nurse educator loan repayment program	264,000	-	-
Minority teacher scholarships	889,502	349,167	-
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	946,481	1,047,864	-
Golden Apple Scholars of Illinois	6,494,250	5,625,658	-
Monetary Award Program grant awards	-	286,990,748	169,793,215
Teacher loan forgiveness program	439,777	285,000	-
Total expenditures	9,060,131	298,031,110	169,793,215
Lapsed balances	\$ 1,295,469	\$ 3,442,790	\$ 5,485
Federal Congress Teacher Scholarship Fund - 092:			
Appropriations/Expenditure Authority (net after transfers)	\$ 400,000	\$ 400,000	\$ 400,000
Expenditures:			
Federal Congress Teacher Scholarship for transferring repayment	\$ 260	\$ 292	\$ 322
Lapsed balances	\$ 399,740	\$ 399,708	\$ 399,678

(Continued)

Illinois Student Assistance Commission

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Continued

Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
			P.A. 99-0409
			P.A. 99-0502
			P.A. 99-0524
		P.A. 99-0524	and Court-ordered
	P.A. 100-0021	P.A. 100-0021	Expenditures
ISAC Accounts Receivable Fund - 242:			
Appropriations/Expenditure Authority (net after transfers)	\$ 300,000	\$ 300,000	\$ 300,000
Expenditures:			
Costs associated with collecting delinquent scholarship awards	156,318	125,600	3,940
Lapsed balances	\$ 143,682	\$ 174,400	\$ 296,060
Optometric Licensing and Disciplinary Board Fund - 259:			
Appropriations/Expenditure Authority (net after transfers)	\$ 50,000	\$ 50,000	\$ 50,000
Expenditures:			
Scholarships for eligible students pursuing a graduate degree in optometry	50,000	50,000	50,000
Lapsed balances	\$ -	\$ -	\$ -
University Grant Fund - 418:			
Appropriations/Expenditure Authority (net after transfers)	\$ 110,000	\$ 110,000	\$ 110,000
Expenditures:			
Higher education license plate program grants	96,700	89,875	90,575
Lapsed balances	\$ 13,300	\$ 20,125	\$ 19,425
Advancement for Education Fund - 640:			
Appropriations/Expenditure Authority (net after transfers)	\$ -	\$ 151,000,000	\$ -
Expenditures:			
Monetary Award Program grant awards	-	150,902,121	-
Lapsed balances	\$ -	\$ 97,879	\$ -

(Continued)

Illinois Student Assistance Commission

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Continued

Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
			P.A. 99-0409
			P.A. 99-0502
			P.A. 99-0524
		P.A. 99-0524	and Court-ordered
	P.A. 100-0021	P.A. 100-0021	Expenditures
Federal Student Load Fund - 663:			
Appropriations/Expense Authority (net after transfers)	\$ 230,000,000	\$ 260,000,000	\$ 261,000,000
Expenses:			
Distribution necessary as the result of guarantees of loans that are uncollectible and payments pursuant to federal agreements	131,006,856	151,138,982	148,448,782
Continuing appropriation	-	-	17,186,905
Total expenses	131,006,856	151,138,982	165,635,687
Lapsed balances	\$ 98,993,144	\$ 108,861,018	\$ 95,364,313
Student Loan Operation Fund - 664:			
Appropriations/Expense Authority (net after transfers)	\$ 64,053,700	\$ 64,746,400	\$ 67,691,800
Expenses:			
Personal services	7,175,403	9,449,042	7,122,916
State contribution to State Employees' Retirement Fund	3,368,878	4,188,137	3,210,753
State contribution to Social Security	521,690	685,435	512,410
State contribution for employees' group insurance	1,938,714	2,869,011	2,422,181
Contractual services	7,804,404	7,660,180	7,036,271
Collection agency fees	5,678,751	5,993,648	5,114,713
Travel	114,873	121,246	114,178
Commodities	43,916	34,185	33,058
Printing	41,122	43,639	9,418
Equipment	104,090	189,335	289,590
Telecommunications	291,059	312,784	289,790
Operation of automotive equipment	3,008	3,022	3,739
Reimbursement to Illinois Designated Account Purchase Program for expenses incurred	13,372	-	-
Total expenses	27,099,280	31,549,664	26,159,017
Lapsed balances	\$ 36,954,420	\$ 33,196,736	\$ 41,532,783

(Continued)

Illinois Student Assistance Commission

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Continued

Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
			P.A. 99-0409 P.A. 99-0502 P.A. 99-0524 P.A. 99-0524 and Court-ordered P.A. 100-0021 P.A. 100-0021 Expenditures
ISAC Contracts and Grants Fund - 677:			
Appropriations/Expenditure Authority (net after transfers)	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Expenditures:			
Costs to support outreach and training activities	19,240	26,954	-
Lapsed balances	\$ 9,980,760	\$ 9,973,046	\$ 10,000,000
Federal Student Incentive Trust Fund - 701:			
Appropriations/Expenditure Authority (net after transfers)	\$ 13,300,000	\$ 15,500,000	\$ 15,500,000
Expenditures:			
Federal grant programs	1,418,636	263,851	99
John R. Justice Student Loan	55,714	52,589	41,032
Total expenditures	1,474,350	316,440	41,131
Lapsed balances	\$ 11,825,650	\$ 15,183,560	\$ 15,458,869
National Guard and Naval Militia Grant Fund - 721:			
Appropriations/Expenditure Authority (net after transfers)	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures:			
Illinois National Guard and Naval Militia scholarships	-	-	-
Lapsed balances	\$ 20,000	\$ 20,000	\$ 20,000
IL Future Teacher Corps Scholarships Fund - 753:			
Appropriations/Expenditure Authority (net after transfers)	\$ 100,000	\$ 312,600	\$ 225,000
Expenditures:			
Golden Apple Scholars of Illinois	67,961	108,700	224,599
Total expenditures	67,961	108,700	224,599
Lapsed balances	\$ 32,039	\$ 203,900	\$ 401

(Continued)

Illinois Student Assistance Commission

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Continued

Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
			P.A. 99-0409
			P.A. 99-0502
			P.A. 99-0524
		P.A. 99-0524	and Court-ordered
	P.A. 100-0021	P.A. 100-0021	Expenditures
Total All Appropriated Funds			
Appropriations/Expenditure Authority (net after transfers)	\$ 731,028,900	\$ 891,009,925	\$ 533,036,962
Expenditures	567,442,096	697,909,040	368,021,380
Lapsed balances	\$ 163,586,804	\$ 193,100,885	\$ 165,015,582
Nonappropriated Funds:			
Illinois Prepaid Tuition Fund - 557:			
Lump sum expenses for operations	\$ 153,064,458	\$ 151,019,532	\$ 147,184,674
ISAC Loan Purchase Program Payroll Fund - 773:			
Illinois Designated Account Purchase Program expenditures	612,826	344,091	729,413
Total - All Nonappropriated Funds	\$ 153,677,284	\$ 151,363,623	\$ 147,914,087
Total - All Funds			
Expenditures	\$ 721,119,380	\$ 849,272,663	\$ 515,935,467

(Concluded)

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Changes in State Property
 Two Years Ended June 30, 2018 and 2017
 (Amounts expressed in thousands)

Schedule 4

	Balance			Balance			Balance
	July 1, 2016	Additions	Deletions	June 30, 2017	Additions	Deletions	June 30, 2018
Governmental activities:							
Capital assets not being depreciated:							
Land	\$ 2,700	\$ -	\$ -	\$ 2,700	\$ -	\$ -	\$ 2,700
Capital assets being depreciated:							
Buildings	19,229	-	-	19,229	-	-	19,229
Equipment	51	-	-	51	-	-	51
Total capital assets being depreciated	19,280	-	-	19,280	-	-	19,280
Less accumulated depreciation:							
Buildings	(11,307)	(504)	-	(11,811)	(504)	-	(12,315)
Equipment	(50)	(1)	-	(51)	-	-	(51)
Total accumulated depreciation	(11,357)	(505)	-	(11,862)	(504)	-	(12,366)
Total capital assets being depreciated, net	7,923	(505)	-	7,418	(504)	-	6,914
Governmental activities capital assets, net	\$ 10,623	\$ (505)	\$ -	\$ 10,118	\$ (504)	\$ -	\$ 9,614
Business-type activities:							
<i>Illinois Designated Account Purchase Program Fund:</i>							
Capital assets being depreciated:							
Equipment	\$ 224	\$ -	\$ -	\$ 224	\$ -	\$ -	\$ 224
Less accumulated depreciation:							
Equipment	(224)	-	-	(224)	-	-	(224)
Total capital assets being depreciated, net	-	-	-	-	-	-	-
<i>Nonmajor Enterprise Funds:</i>							
Capital assets not being depreciated:							
Construction-in-progress	-	-	-	-	-	-	-
Capital assets being depreciated:							
Equipment and automobiles	679	162	(113)	728	148	(21)	855
Internally generated software	3,357	-	-	3,357	-	-	3,357
Total capital assets being depreciated	4,036	162	(113)	4,085	148	(21)	4,212
Less accumulated depreciation:							
Equipment and automobiles	(379)	(101)	113	(367)	(93)	21	(439)
Internally generated software	(1,260)	(336)	-	(1,596)	(334)	-	(1,930)
Total accumulated depreciation	(1,639)	(437)	113	(1,963)	(427)	21	(2,369)
Total capital assets being depreciated, net	2,397	(275)	-	2,122	(279)	-	1,843
Business-type activities capital assets, net	\$ 2,397	\$ (275)	\$ -	\$ 2,122	\$ (279)	\$ -	\$ 1,843

Note: The above information has been reconciled to reports (Form C-15) submitted to the Office of the Comptroller.

State of Illinois
 Illinois Student Assistance Commission
 Comparative Schedule of Cash Receipts and
 Reconciliation of Cash Receipts to
 Deposits Remitted to the State Comptroller
 For the Years Ended June 30, 2018, 2017 and 2016
 (Amounts expressed in thousands)

Schedule 5

	2018	2017	2016
General Revenue Fund - 001			
Miscellaneous	\$ 2,446	\$ 2,286	\$ 1,887
Total cash receipts per Agency	2,446	2,286	1,887
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 2,446</u>	<u>\$ 2,286</u>	<u>\$ 1,887</u>
Education Assistance Fund - 007			
Miscellaneous	\$ -	\$ -	\$ -
Total cash receipts per Agency	-	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Congressional Teacher Scholarship Fund - 092			
Repayments and reimbursements of loans	\$ -	\$ -	\$ -
Total cash receipts per Agency	-	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ISAC Accounts Receivable Fund - 242			
Repayments and reimbursements of loans	\$ 130	\$ 102	\$ 81
Total cash receipts per Agency	130	102	81
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 130</u>	<u>\$ 102</u>	<u>\$ 81</u>
Illinois Prepaid Tuition Trust Fund - 557			
Proceeds from sale of tuition contracts	\$ 152,448	\$ 151,530	\$ 143,670
Total cash receipts per Agency	152,448	151,530	143,670
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 152,448</u>	<u>\$ 151,530</u>	<u>\$ 143,670</u>

(Continued)

State of Illinois
 Illinois Student Assistance Commission
 Comparative Schedule of Cash Receipts and
 Reconciliation of Cash Receipts to
 Deposits Remitted to the State Comptroller (Continued)
 For the Years Ended June 30, 2018, 2017 and 2016
 (Amounts expressed in thousands)

Schedule 5

	2018	2017	2016
Federal Student Loan Fund - 663			
Federal government	\$ 35,903	\$ 32,436	\$ 20,905
Collections on defaulted student loans	13,476	18,074	21,121
Repurchased student loans	83,055	103,876	128,558
Miscellaneous	364	181	262
Total cash receipts per Agency	132,798	154,567	170,846
Less - In transit at End of Year	(15,585)	(11,692)	(16,926)
Plus - In transit at Beginning of Year	11,692	16,926	9,273
Total cash receipts per State Comptroller's Records	<u>\$ 128,905</u>	<u>\$ 159,801</u>	<u>\$ 163,193</u>
Student Loan Operation Fund - 664			
Portfolio maintenance fee	\$ 1,937	\$ 2,174	\$ 2,405
Federal direct consolidation fee	9,734	8,152	6,854
Federal student loan	13,221	18,482	24,952
Interfund payments	2,359	3,071	2,555
Miscellaneous	2,752	821	1,047
Total cash receipts per Agency	30,003	32,700	37,813
Less - In transit at End of Year	(19,594)	(18,739)	(18,760)
Plus - In transit at Beginning of Year	18,739	18,760	19,761
Total cash receipts per State Comptroller's Records	<u>\$ 29,148</u>	<u>\$ 32,721</u>	<u>\$ 38,814</u>
ISAC Contracts and Grants Fund - 677			
Miscellaneous	\$ 2	\$ 48	\$ -
Total cash receipts per Agency	2	48	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 2</u>	<u>\$ 48</u>	<u>\$ -</u>
Federal Student Incentive Trust Fund - 701			
Federal government	\$ 1,361	\$ 295	\$ 79
Total cash receipts per Agency	1,361	295	79
Less - In transit at End of Year	21	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 1,382</u>	<u>\$ 295</u>	<u>\$ 79</u>
Illinois Designated Account Purchase Program - 1174			
Interfund payments	\$ 614	\$ 345	\$ 730
Total cash receipts per Agency	614	345	730
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 614</u>	<u>\$ 345</u>	<u>\$ 730</u>

(Continued)

State of Illinois
Illinois Student Assistance Commission
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller (Continued)
For the Years Ended June 30, 2018, 2017 and 2016
(Amounts expressed in thousands)

Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>
GRAND TOTAL - ALL FUNDS			
Federal government	\$ 37,264	\$ 32,731	\$ 20,984
Collections on defaulted student loans	13,476	18,074	21,121
Repurchased student loans	83,055	103,876	128,558
Repayments and reimbursements of loans	130	102	81
Portfolio maintenance fee	1,937	2,174	2,405
Federal direct consolidation fee	9,734	8,152	6,854
Federal student loan	13,221	18,482	24,952
Interfund payments	2,973	3,416	3,285
Proceeds from sale of tuition contracts	152,448	151,530	143,670
Miscellaneous	<u>5,564</u>	<u>3,336</u>	<u>3,196</u>
Total cash receipts per Agency	319,802	341,873	355,106
Less - In transit at End of Year	(35,158)	(30,431)	(35,686)
Plus - In transit at Beginning of Year	<u>30,431</u>	<u>35,686</u>	<u>29,034</u>
Total cash receipts per State Comptroller's Records - All Funds	<u>\$ 315,075</u>	<u>\$ 347,128</u>	<u>\$ 348,454</u>

(Concluded)

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Investment Management Fees
 Year Ended June 30, 2018

Schedule 6

Investment Manager	Investment Management Fees	Percentage of Portfolio
<u>Traditional Investment Managers</u>		
Garcia Hamilton	\$ 124,500	0.17%
State Street Global Advisors	28,089	0.04%
Rhumblin Advisors	31,170	0.02%
T Rowe Price	213,216	0.27%
Total	<u>\$ 396,975</u>	
<u>Alternative Investment Managers Advisory Fees</u>		
Ativo ACWi ex US LP	331,249	0.45%
DFA	263,150	0.37%
DDJ Distressed Fund	385,063	1.00%
Neuberger Berman	491,726	0.97%
Pinnacle	264,918	0.97%
SCM PG	433,964	0.96%
Total	<u>\$ 2,170,070</u>	

In addition, investment manager fees of \$1,790,802 were netted from investment gains.

State of Illinois
 Illinois Student Assistance Commission
 Schedule of Investment Management Fees
 Year Ended June 30, 2017

Schedule 6

<u>Investment Manager</u>	<u>Investment Management Fees</u>	<u>Percentage of Portfolio</u>
<u>Traditional Investment Managers</u>		
Income Research Management	\$ 18,387	N/A
Garcia Hamilton	86,947	0.16%
State Street Global Advisors	27,006	0.04%
Rhumblin Advisors	41,383	0.02%
Ativo	174,935	N/A
Harris/Pyrford	225,990	N/A
Cornerstone	120,912	N/A
T Rowe Price	195,600	0.29%
Total	\$ 891,160	
<u>Alternative Investment Managers Advisory Fees</u>		
Ativo ACWi ex US LP	160,169	0.19%
DFA	133,659	0.15%
DDJ Distressed Fund	1,145,634	2.75%
Neuberger Berman	596,190	1.24%
Pinnacle	309,082	1.20%
SCM PG	366,223	0.88%
Total	\$ 2,710,957	

In addition, investment manager fees of \$2,339,092 were netted from investment gains.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Agency Functions and Planning Program (Unaudited)

Commission Organization

The Illinois Student Assistance Commission (Commission) is a part of the executive branch of government of the State of Illinois. The Commission operates under a budget approved by the General Assembly in which resources are appropriated for the use of the Commission. Activities of the Commission are subject to the authority of the Office of the Governor, the State's Chief Executive Officer, and other departments of the executive branch of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Commission and all other cash received are under the custody and control of the State Treasurer, with the exception of the Illinois Designated Account Purchase Program (IDAPP).

The Commission was established through the Higher Education Student Assistance Act in 1957. The agency is governed by the Commission, a board of ten persons appointed by the Governor, who serve without compensation for a term of six years, except for one member who serves for a term of two years. It employs and provides direction to an Executive Director who is responsible for overseeing and implementing the Commission's day-to-day operations. The Commission's operations office is at 1755 Lake Cook Road in Deerfield, with additional offices located at 500 West Monroe in Springfield and 100 West Randolph in Chicago.

The Commission was created to establish and administer a system of financial assistance through student loans and loan guarantees; scholarships and grant awards; and a prepaid tuition program for residents of the State to enable them to attend qualified public or private institutions of their choice within Illinois. The Commission fulfills this purpose by administering the following programs:

Monetary Award Program

The Monetary Award Program was created to provide financial assistance to qualifying students who are residents of the State of Illinois and enrolled at an approved post-secondary institution in Illinois. The monetary awards are granted on the basis of student financial need and the availability of funds. The grant provides up to \$4,968 in fiscal year 2018 for the payment of tuition and mandatory fees. The program is usually funded by the General Revenue Fund appropriation.

Illinois Veteran Grant

The Illinois Veteran Grant (IVG) Program pays eligible tuition and mandatory fees at all Illinois public universities or public community colleges for veterans. Qualified applicants may use this grant at the undergraduate or graduate level for the equivalent of four academic years of full-time enrollment.

This grant is an entitlement program and is awarded to eligible applicants regardless of the funding level. If funds appropriated for the Commission are insufficient to reimburse public post-secondary institutions for all recipients, the obligation to pay is transferred to the institution. This program was not funded in fiscal year 2018 and 2017.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Agency Functions and Planning Program (Unaudited) (Continued)

Illinois National Guard Grant

The Illinois National Guard (ING) Grant pays tuition and eligible fees at all Illinois public universities or public community colleges to members of the Illinois National Guard. This grant can be used for either undergraduate or graduate enrollment for the equivalent of four academic years of full-time enrollment.

The ING Grant is an entitlement program and is awarded to eligible recipients regardless of the funding level. If funds appropriated for the Commission are insufficient to reimburse public post-secondary institutions for all recipients, the obligation to pay is transferred to the institution where the veteran attends school. This program was not funded in fiscal year 2018 and 2017.

Golden Apple Scholars of Illinois

The Golden Apple Scholars of Illinois Program encourages academically talented Illinois students, especially minority students, to pursue teaching careers, especially in teacher shortage disciplines or at hard-to-staff schools.

The privately-operated Golden Apple program also provides grants towards tuition and fees that must be repaid by recipients who do not subsequently fulfill a work requirement. The Golden Apple program also provides mentoring and support services and the opportunity to attend summer institutes on teaching.

Illinois Scholars Program

The Illinois Scholars Program encourages recruitment and training of bright and talented high school graduates who represent a rich ethnic diversity for successful teaching careers in high need schools throughout Illinois by providing scholarships to students pursuing teaching degrees.

Minority Teachers Scholarship Program

The Minority Teachers of Illinois (MTI) Scholarship Program encourages academically talented minority students to pursue careers as teachers at nonprofit Illinois preschool, elementary and secondary schools. The program also aims to provide minority children with access to a greater number of positive minority role models.

Scholars receive financial assistance of up to \$5,000 to attend a course of study which, upon completion, qualifies the student to be certified as a preschool, elementary or secondary school teacher by the Illinois State Board of Education, including alternative teacher certification; and in exchange the recipient pledges to teach full time (one year for each year in which scholarship assistance was received) in a nonprofit Illinois public, private, or parochial preschool, elementary or secondary school with at least 30% minority enrollment.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Agency Functions and Planning Program (Unaudited) (Continued)

Ancillary Award Programs

The following Ancillary Award programs, funded by the General Revenue Fund, supplement the scholarship and grant programs listed above:

- Illinois Incentive for Access Program (IIA)*
- Bonus Incentive Grant*
- Grant Program for Dependents of Police, Fire, or Correctional Officers
- Illinois Special Education Teacher Tuition Waiver Program*
- Student to Student Program of Matching Grants*
- Teacher/Child Care Loan Forgiveness Program
- Merit Recognition Scholarships*
- Nurse Educator Loan Repayment Program
- Veterans' Home Nurse Loan Repayment Program
- Nurse Educator Scholarship Program*

* These programs were not funded in fiscal year 2018 and 2017.

Federal Family Education Loan Program (FFELP)

FFELP was designed to stimulate the making of educational loans by Illinois commercial lenders to qualifying students by guaranteeing repayment of the loans through payments to lenders for defaulted loans. This program is federally funded through the United States Department of Education.

The Higher Education Act of 1965 (HEA) as amended by the Higher Education Amendments of 1998 (Pub.L. 105-244) required the agency to establish two funds for the Program's Administration, the Federal Student Loan Fund (FSLF) and the Student Loan Operating Fund (SLOF).

FSLF accounts for federal government program activities operated and maintained by the Commission. Section 422A(d) of the HEA allows the FSLF to be used primarily to pay lender claims and default aversion fees to the Commission's Student Loan Operating Fund (SLOF). The SLOF is used for the Commission's operating expenses. Resources reported in the SLOF are the State's earned activities and are administered by the Commission.

As a result of the Student Aid and Fiscal Responsibility Act (SAFRA), which was part of the Health Care and Education Reconciliation Act, no new loans have been made under the FFELP program since July 1, 2010.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Agency Functions and Planning Program (Unaudited) (Continued)

Higher Education License Plate Grant Program

Working with the Secretary of State, participating public universities, community colleges and not-for-profit private colleges and universities in Illinois can have specialized collegiate license plates issued for their schools. Of the \$75 fee charged for these specialized plates, \$25 is used to fund a grant program called the Higher Education License Plate (HELP) Grant Program. Each participating public university and community college administers its own scholarship program using the funds received directly from the license plate fees. Participating private institutions receive a grant from proceeds generated by the license plate fee deposited into the University Grant Fund, a special fund in the State Treasury.

The Commission annually seeks appropriation authority to disburse these collected funds to the participating schools. Eligibility for HELP Grants is based on student need. Grants are used to pay tuition and fees up to a maximum grant of \$2,000 per year. Funds must be used to support students who attend the institutions that generate the license plate revenue.

College Illinois!®

Legislation authorizing the Commission to administer an Illinois Prepaid Tuition Program was passed in November 1997. The Illinois Prepaid Tuition Program is administered by the Commission with advice and counsel from an investment advisory panel consisting of seven members appointed by the Commission. The purpose of this program is to provide Illinois families with an affordable tax-advantaged method to pay for college. Illinois Prepaid Tuition contracts will allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges. Benefits of the contracts can also be used at private and out-of-state colleges and universities. Contracts can be purchased in a lump sum payment or in installments. The Illinois Prepaid Tuition Program has been named *College Illinois!®*.

Illinois Designated Account Purchase Program (IDAPP)

IDAPP was a secondary market offering a variety of services primarily to lenders who originated loans guaranteed by the Commission. It is reported as a Proprietary Fund.

IDAPP facilitated lender participation in the student loan programs by reducing the overall risk and collection expenses those lenders faced. One of the major incentives offered by the Commission was that IDAPP took over servicing the loan after it was purchased from the lender. Sales of loans to the Commission gave the lenders the capital to make new and renew loans.

Capital to support IDAPP was funded through the sale of revenue notes and bonds. The capital borrowings and IDAPP's operational costs are repaid with student loan repayments (or recovery through the guarantor agencies), collection of interest and fees on student loans, and special allowances and interest received from the U.S. Department of Education.

As a result of the Student Aid and Fiscal Responsibility Act (SAFRA), which was part of the Health Care and Education Reconciliation Act, no new loans have been made under the FFELP program since July 1, 2010.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Agency Functions and Planning Program (Unaudited) (Continued)

Alternative Loan Program

In order to make post-secondary educational opportunities more accessible for qualified students, the Commission offered a program of "Alternative Loans" to supplement existing federal and state student financial assistance programs. This program has ended and no new loans have been disbursed under the program since 2010.

Commission Planning Program

The Commission's internal planning program includes several levels of planning. The Commission has established mission and departmental goals, which are a statement of its primary aims, and continuing, long-term key results areas. It serves as the focus for departmental planning and links program and organizational planning.

In addition, the Commission is required to file various reports, both quarterly and annually, with the U.S. Department of Education (DOE). These reports address the performance effectiveness of certain programs administered by DOE and provide the Commission with a useful planning mechanism.

State of Illinois
 Illinois Student Assistance Commission

Analysis of Operations
 Analysis of Significant Variations in Expenditures (Unaudited)
 Years Ended June 30, 2018 and 2017
 (Amounts expressed in thousands)
 Source: Comparative Schedule of Appropriations, Expenditures and Lapsed Balances
 Scope: \$600,000 and 20% Change

	2018	2017	Increase (Decrease) Amount	% of Change	Explanation
General Revenue Fund - 001					
Statewide outreach, training and research activities	\$ 996	\$ 354	\$ 642	181%	In FY18, based on cost allocation more staff were paid from General Revenue Fund and resulted in a decrease in payroll expense in the Student Loan Operation Fund
To support administrative activities	-	2,299	(2,299)	-100%	In FY17, the amount only included operating costs. In FY18, the operational costs were included in the MAP appropriation below.
Monetary Award Program grant awards	397,415	62,446	334,970	536%	In FY17, a part of the expenditure related to grant awards were paid from the Education Assistance Fund and the Advancement for Education Fund.
Education Assistance Fund - 007					
Payment of scholarships and awards	-	3,733	(3,733)	-100%	In FY17, lump sum appropriation was awarded to pay for FY16 expenses of Golden Apple Scholars of Illinois and Dependant Grants.
Monetary Award Program grant awards	-	286,991	(286,991)	-100%	In FY18, grant awards were paid from the General Revenue Fund.
Advancement for Education Fund - 640					
Monetary Award Program grant awards	-	150,902	(150,902)	-100%	In FY18, grant awards were paid from the General Revenue Fund.
Student Loan Operation Fund - 664					
Personal services	7,175	9,449	(2,274)	-24%	In FY18, based on cost allocation more staff were paid from General Revenue Fund and resulted in a decrease in payroll expense in the Student Loan Operation Fund
State contribution to State Employees' Retirement Fund	3,369	4,188	(819)	-20%	In FY18, based on cost allocation more staff were paid from General Revenue Fund and resulted in a decrease in payroll related expense in the Student Loan Operation Fund
State contribution for employees' group insurance	1,939	2,869	(930)	-32%	In FY18, based on cost allocation more staff were paid from General Revenue Fund and resulted in a decrease in payroll related expense in the Student Loan Operation Fund
Federal Student Incentive Trust Fund - 701					
Federal grant programs	1,419	264	1,155	438%	In FY18, expenditures increased due to the Federal Gear Up Grant program.

State of Illinois
Illinois Student Assistance Commission

Analysis of Operations
Analysis of Significant Variations in Expenditures (Unaudited)
Years Ended June 30, 2017 and 2016
(Amounts expressed in thousands)
Source: Comparative Schedule of Appropriations, Expenditures and Lapsed Balances
Scope: \$600,000 and 20% Change

	2017	2016	Increase (Decrease) Amount	% of Change	Explanation
General Revenue Fund - 001					
To support administrative activities	2,299	6,023	(3,724)	-62%	In FY16, based on cost allocation more staff were paid from General Revenue Fund and resulted in an increase in payroll expense in the General Revenue Fund
Monetary Award Program grant awards	62,446	-	62,446	100%	In FY16, grant awards were paid from the Education Assistance Fund and the Advancement for Education Fund .
Education Assistance Fund - 007					
Payment of scholarships and awards	3,733	-	3,733	100%	Increase due to program funding and spending in FY17.
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	1,048	-	1,048	100%	Increase due to program funding and spending in FY17.
Golden Apple Scholars of Illinois	5,626	-	5,626	100%	Increase due to program funding and spending in FY17.
Monetary Award Program grant awards	286,991	169,793	117,198	69%	In FY16 only a portion of the expenditures were appropriated. The balance was appropriated in FY17 and paid from the Education Assistance Fund, and the Advancement for Education Fund.
Advancement for Education Fund - 640					
Monetary Award Program grant awards	150,902	-	150,902	100%	In FY16, a portion of the grant awards were paid from the
Federal Student Loan Fund - 663					
Continuing appropriation	-	17,187	(17,187)	-100%	In FY16 payments were made utilizing the continuing appropriation line available in this Fund in the absence of approved appropriation from the General Assembly to ensure timely payment of claims for the FFEL program.
Student Loan Operation Fund - 664					
Personal services	9,449	7,123	2,326	33%	In FY17, based on cost allocation more staff were paid from General Revenue Fund and resulted in an increase in payroll expense in the Student Loan Operation Fund.
State contribution to State Employees' Retirement Fund	4,188	3,211	977	30%	In FY17, based on cost allocation more staff were paid from General Revenue Fund and resulted in an increase in payroll expense in the Student Loan Operation Fund.

State of Illinois
Illinois Student Assistance Commission

Analysis of Operations
Analysis of Significant Variations in Receipts (Unaudited)
Years Ended June 30, 2018 and 2017
(Amounts expressed in thousands)
Source: Comparative Schedule of Cash Receipts
Scope: \$600,000 and 20% Change

	2018	2017	Increase (Decrease) Amount	% of Change	Explanation
Federal Student Loan Fund - 663					
Collections on defaulted student loans	13,476	18,074	(4,598)	-25%	Due to a decrease in the collection on defaulted student loans.
Repurchased student loans	83,055	103,876	(20,821)	-20%	Due to a decrease in the number of borrowers rehabilitating loans.
Student Loan Operations Fund - 664					
Federal student loan	13,221	18,482	(5,261)	-28%	Due to a decrease in the number of borrowers rehabilitating loans.
Interfund payments	2,359	3,071	(712)	-23%	Due to a decrease in the shared expenses paid by College Illinois!
Miscellaneous	2,752	821	1,931	235%	Due to an increase in revenue generated from external parties for IT services.
Federal Student Incentive Trust - 701					
Federal government receipts	1,361	295	1,066	361%	Due to an increase in increase in expenditures from the Gear Up Grant.
Illinois Designated Account Purchase Program - 1174					
Interfund payments	614	345	269	78%	Due to increase payroll in IDAPP based on cost allocation.

State of Illinois
 Illinois Student Assistance Commission

Analysis of Operations
 Analysis of Significant Variations in Receipts (Unaudited)
 Years Ended June 30, 2017 and 2016
 (Amounts expressed in thousands)
 Source: Comparative Schedule of Cash Receipts
 Scope: \$600,000 and 20% Change

	2017	2016	Increase (Decrease) Amount	% of Change	Explanation
Federal Student Loan Fund - 663					
Federal government receipts	32,436	20,905	11,531	55%	Due to a decrease in the rehabilitation the reinsurance for claims from the Department of Education net of rehabilitations has increased.
Student Loan Operations Fund - 664					
Federal student loan	18,482	24,952	(6,470)	-26%	Due to a decrease in the number of borrowers rehabilitating loans.

State of Illinois
Illinois Student Assistance Commission

Analysis of Operations
Analysis of Significant Lapse Period Spending (Unaudited)
Fourteen Months Ended August 31, 2018
(Amounts expressed in thousands)
Source: Schedule of Appropriations, Expenditures and Lapsed Balances
Scope: \$600,000 and 20%

	Total	Lapse Period	Percent	
	Expenditures	Expenditures	of Total	Explanation

No lapse spending items were over the scope

State of Illinois
 Illinois Student Assistance Commission

Analysis of Operations
 Analysis of Significant Lapse Period Spending (Unaudited)
 Fourteen Months Ended August 31, 2017
 (Amounts expressed in thousands)

Source: Schedule of Appropriations, Expenditures and Lapsed Balances
 Scope: \$600,000 and 20%

	Total Expenditures	Lapse Period Expenditures	Percent of Total	Explanation
General Revenue Fund - 001				
Monetary Award Program	62,446	62,446	100%	FY17 spending appropriation was passed after June 30, 2017.
Education Assistance Fund - 007:				
Scholarships to children of policemen or firemen killed in the line of duty or who are dependents of correctional officers killed or permanently disabled in the line of duty	1,048	1,048	100%	FY17 spending appropriation was passed after June 30, 2017.
Golden Apple Scholars of Illinois	5,626	5,626	100%	FY17 spending appropriation was passed after June 30, 2017.
Monetary Award Program grant awards	286,991	286,991	100%	FY17 spending appropriation was passed after June 30, 2017.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Analysis of Significant Statement of Net Position Accounts (Unaudited)
June 30, 2018, 2017, and 2016
(Amounts expressed in thousands)
Source: Financial Statements
Scope \$50,000**

	2018	2017	2016
Cash and equivalents	\$ 146,101	\$ 156,410	\$ 126,694
Investments	802,789	883,925	965,454
Tuition obligation	1,125,285	1,235,714	1,230,799
Revenue bonds and notes payable	161,391	192,133	226,761
Line of credit	113,657	135,457	158,257
Net pension liability	94,934	106,259	90,188
Net OPEB liability	66,039	-	-

Cash and Equivalents:

The change in the balance of cash and cash equivalents is due to fluctuations in distributions from investment managers utilized in the Illinois Prepaid Tuition Program.

Investments:

This represents the investment balances of the Illinois Prepaid Tuition Program and Illinois Designated Account Purchase Program (IDAPP). The Illinois Prepaid Tuition Program investment value depends primarily on market conditions and tuition benefits paid. Changes in IDAPP's investments are due to market conditions and the availability of funds to invest which varies from year to year.

Tuition Obligation:

This account in the Illinois Prepaid Tuition Program represents the net contract face value for contracts held by the fund, plus the actuarially-determined present value of future benefits the Illinois Prepaid Tuition Program expects to provide to contract holders for all contracts.

The tuition obligation is management's estimate of the present value of the estimated tuition payments to be made and is expected to be financed from investments of prepaid tuition contracts. The estimate for the future tuition obligation is based on a projection for existing contracts. The accreted tuition expense is calculated annually by a professional actuarial firm hired by the Commission.

Revenue Bonds and Notes Payable:

This account in IDAPP represents the outstanding balance of student loan revenue bonds and notes. The balance decreased due to the LIBOR Floating Rate Notes being paid down through normal collections.

(Continued)

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Analysis of Significant Statement of Net Position Accounts (Unaudited) (Continued)
June 30, 2018, 2017, and 2016
(Amounts expressed in thousands)
Source: Financial Statements
Scope \$50,000**

Line of Credit:

On July 27, 2007, IDAPP executed a \$500,000 mid-term revolving credit agreement through an affiliate of Citibank, CIESCO LLC. The revolving credit line was used to purchase alternative loans and Federal Family Education Loan Program (FFELP) student loans. Bank of New York is the Trustee for this credit line. IDAPP has also pledged the future student loan revenues of the above described alternative and FFELP loan portfolios to repay the approximately \$113,657 principal outstanding on the Citibank credit line. Decreases in the line of credit balances are due to repayments on borrowings in each year.

Net Pension Liability

This represents the Commission's proportionate share of the State Employees' Retirement System (SERS) net pension liability. This is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. The proportionate share of the Commission is based off of contributions made by the Commission into the SERS Plan.

Net OPEB Liability

This represents the Commission's proportionate share of the Illinois State Employees Group Insurance Program (SEGIP) net other post-employment benefits liability. SEGIP is to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. The Commission's proportionate share of the net OPEB liability is based on contributions made into the SEGIP Plan.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Analysis of Accounts Receivable (Unaudited)
June 30, 2018, 2017, and 2016
(Amounts expressed in thousands)**

	2018	2017	2016
Intergovernmental	\$ 22,097	\$ 19,163	\$ 24,466
Student loans	303,679	353,754	410,537
Notes	5,322	4,596	5,788
Accrued interest on loans	17,820	14,756	13,403
Contracts	33,034	45,997	51,207
Federal special allowance and interest subsidy	(18)	(534)	(927)
Total	\$ 381,934	\$ 437,732	\$ 504,474

Intergovernmental Receivables:

The intergovernmental receivable in the Federal Student Loan Fund represents the reimbursements of claims to be paid by the U.S. Department of Education. These amounts are considered 100% collectible from the U.S. Department of Education.

Student Loans Receivable:

As a Federal Family Education Loan Program (FFELP) lender, the Illinois Designated Account Purchase Program (IDAPP) repurchased \$1,886, \$1,634 and \$2,059 of student loans in FY 2018, FY 2017 and FY 2016, respectively. The current portion of the overall student loan portfolio balance outstanding at year-end was \$42,515 in 2018, \$45,988 in 2017, and \$57,475 in 2016. For certain loans made under the alternative loan program, IDAPP uses a collection agency to assist in collecting delinquent balances. IDAPP's loan portfolio at year-end is composed of \$229,617 of federally insured FFELP loans and \$157,808 in alternative loans. The FFELP portfolio has historically defaulted less than 2% of the total portfolio per year. IDAPP is reimbursed for these loans between 97% to 100% by the Guarantor agencies. The rate of reimbursement depends on the date of disbursement of the underlying loans and is also influenced by the loan servicers' designation of exceptional performer.

Alternative loans are not guaranteed by guarantors and are not eligible for reinsurance by the U.S. Department of Education. Alternative loans are credit-based and a provision for loan loss is set aside for the full amount of the loan when a loan becomes 120 days delinquent.

Notes Receivable:

Notes receivable represents teacher scholarships which converted to loans when the students did not fulfill teaching requirements. Amounts are shown net of an allowance for uncollectible accounts. Uncollectible accounts are calculated as all loans past due over 120 days. Outstanding notes receivable are sent to an outside collection agency for collections. This collection agency attempts to collect payments utilizing phone calls and letters.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Analysis of Accounts Receivable (Unaudited) (Continued)
June 30, 2018, 2017, and 2016
(Amounts expressed in thousands)**

Accrued Interest Receivable:

Accrued interest on loans represents the interest accrued on student loans. The primary factor driving this would be the interest rate which differs based on the category of loan. This rate is further offset by the portfolio of loans in repayment. Accrued amount would decrease as loan portfolio is repaid.

Contracts Receivable:

This represents the amount the Illinois Prepaid Tuition Program expects to receive from contract holders for contracts purchased on an installment basis. The actuarially determined present value of future contributions decreased from \$51,207 in 2016 to \$45,997 in 2017, and to \$33,034 in 2018. The total contract receivable balance is expected to be received over the next fourteen years.

Federal Special Allowance and Interest Subsidy:

The decrease to this payable can be attributed to a reduction in portfolio size and the change in interest rates.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Budget Impasse Disclosure (Unaudited)
June 30, 2018 and 2017
(Amounts expressed in thousands)**

Public Act 99- 0502 was passed in April 2016 authorizing the Commission to pay Monetary Award Program (MAP) scholarships for \$169,799 from State General Funds for Fiscal Year 2016. These expenditures were recognized in Fiscal Year 2016 in the agency's financial statements.

As a result of a budget impasse at the State level, through Public Act 99-0524 the Commission received stop-gap appropriations of \$151,000 from the Fund for Advancement of Education for payments towards the MAP scholarships and \$3,762 from State General Funds for other scholarships. Public Act 99-0524, which was enacted effective June 30, 2016, allowed the Commission to pay Fiscal Year 2016 expenses for scholarship awards using the Fiscal Year 2017 appropriation. In accordance with the terms of the appropriation, the Commission submitted vouchers to the Illinois State Comptroller for MAP and other scholarship awards for the 2016 school year using the Fiscal Year 2017 appropriation authority. Based on guidance from GASB Statement No 33, Paragraph 74 a government does not have to recognize a liability under a particular program, and a recipient does not have a receivable, unless an appropriation for that program exists and the period to which the appropriation applies has begun. Accordingly, this appropriation and the associated expenditures for MAP and other scholarships is therefore recognized in Fiscal Year 2017. The amounts shown above are presented in thousands.

Article 74 of Public Act 99-0524 authorized the Agency to pay Fiscal Year 2016 costs using the Agency's Fiscal Year 2017 appropriations for non-payroll expenditures. The following chart shows the Agency's plan to expend its Fiscal Year 2017 appropriations to cover its Fiscal Year 2016 costs:

**Illinois Student Assistance Commission
Outstanding Invoices for Fiscal Year 2016 Paid by FY17 Appropriation**

Fund #	Fund Name	Number	Dollar Value
001	General Revenue Fund	414	\$ 150,911
007	Education Assistance fund	63	3,733
Total		477	\$ 154,644

Additionally, for Fiscal Year 2017 Public Act 100-0021 was passed by the Illinois General assembly and signed by the Governor with an effective date of July 6, 2017. The Commission received appropriation of over \$376 million from State General Funds for MAP and other scholarships. Eligibility requirements relating to non-exchange transactions and related time requirements are discussed in paragraph 20 and 74 of GASB Statement No. 33. The Commission believes that appropriations as set forth in P.A.100-0021 did not exist as of June 30, 2017, and has therefore not recorded a liability for Fiscal Year 2017 grant award payments at June 30, 2017 for MAP and other scholarships amounting to over \$376 million. The appropriation and related expenditures was recognized in Fiscal Year 2018.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Years Ended June 30, 2018 and 2017**

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)

Transactions Involving the Illinois Finance Authority

The Commission and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017 or Fiscal Year 2018.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Commission's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017 or Fiscal Year 2018.

Interest Costs on Fiscal Year 2018 and 2017 Invoices (Unaudited)

The Commission did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The Commission's vendors were paid within 90 days or paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.

**State of Illinois
Illinois Student Assistance Commission**

**Analysis of Operations
Average Number of Employees (Unaudited)
Years Ended June 30, 2018, 2017 and 2016**

The average number of full-time equivalent employees shown below was computed by the Commission using employment listings at the end of each month.

Division	2018	2017	2016	Increase / (Decrease)	
				2018	2017
Executive	24	26	27	(2)	(1)
Marketing and Communications ¹	-	-	-	-	-
Communications and Marketing	4	4	4	-	-
College Illinois! Marketing and Operations	5	6	6	(1)	-
College Access and Outreach	21	14	12	7	2
Program Services and Compliance	32	34	38	(2)	(4)
Business and Financial Services					
Claims and Collections	7	8	18	(1)	(10)
Accounting Services	37	38	42	(1)	(4)
Management Information Services	37	36	36	1	-
Human Resources	6	6	6	-	-
Administrative Services	11	11	12	-	(1)
Total full-time employees*	184	183	201	1	(18)
Full-time equivalent part-time employees*	10	9	13	1	(4)
ISACorps	78	75	61	3	14
IDAPP	5	5	6	-	(1)
Total Employees	277	272	281	5	(9)

¹ Effective July 2015, Marketing and Communications division was separated into two (2) new divisions: Communications and Marketing and College Illinois! Marketing and Operations.

*Source: Monthly Personnel Listing Report - for years ended June 30, 2018, 2017 and 2016.

State of Illinois
Illinois Student Assistance Commission
Annual Cost Statistics - By Activity (Unaudited)
Two Years Ended June 30, 2018 and 2017

Program	2018 Recipients/Students Dollars Awarded Average Award	2017 Recipients/Students Dollars Awarded Average Award	2016 Recipients/Students Dollars Awarded Average Award	2018 % Change	2017 % Change	Description/Highlights
Higher Ed License Plate Program (HELP)	387 \$96,700 \$250	360 \$89,875 \$250	362 \$90,575 \$250	7.50% 7.59% 0.09%	-0.55% -0.77% -0.22%	A grant program funded by fees charged by the Secretary of State for specialized collegiate license plates.
Illinois National Guard Grant Program	2,155 \$11,981,191 \$5,560	2,199 \$13,839,695 \$6,294	1,982 \$9,667,021 \$4,877	-2.00% -13.43% -11.66%	10.95% 43.16% 29.04%	An entitlement program for members of the Illinois National Guard and Naval Militia. Program has not been funded since FY12. Awards reflect student beneficiaries and school waived amounts.
IL Teachers and Child Care Providers Loan Repayment Program	97 \$439,777 \$4,534	84 \$396,990 \$4,726	0 \$0 \$0	15.48% 10.78% -4.07%	100.00% 100.00% 100.00%	A matching grant program to the federal Teacher Loan Forgiveness Program for teachers and child care providers. Not funded in FY16.
John R. Justice Student Loan Repayment Program	26 \$56,890 \$2,188	29 \$52,589 \$1,813	38 \$41,032 \$1,080	-10.34% 8.18% 20.66%	-23.68% 28.17% 67.94%	A grant program to repay eligible education loans of Public Defenders or Public Prosecutors who maintain their career in Illinois.
Nurse Educator Loan Repayment Program	57 \$264,000 \$4,632	37 \$182,458 \$4,931	0 \$0 \$0	54.05% 44.69% -6.08%	100.00% 100.00% 100.00%	A grant program to repay eligible education loans of nurse educators who maintain their career in Illinois. Not funded in FY16.
Veterans' Home Medical Providers' Loan Repayment Act (formerly Veterans Home Nursing Loan Repayment Program)	7 \$26,400 \$3,771	7 \$29,300 \$4,186	0 \$0 \$0	0.00% -9.90% -9.90%	100.00% 100.00% 100.00%	A grant program to repay eligible education loans of nurse educators who maintain their career in Illinois Veterans' Homes. Not funded in FY16.
Illinois Veterans' Grant	4,116 \$18,708,254 \$4,545	4,792 \$21,250,113 \$4,434	5,373 \$23,440,145 \$4,363	-14.11% -11.96% 2.50%	-10.81% -9.34% 1.65%	An entitlement program for Illinois veterans. Program has not been funded since FY12. Awards reflect student beneficiaries and school waived amounts.

Information was obtained from the Commission's Data Book.

(Continued)

State of Illinois
 Illinois Student Assistance Commission
 Annual Cost Statistics - By Activity (Unaudited) - Continued
 Two Years Ended June 30, 2018 and 2017

Program	2018 Recipients/Students Dollars Awarded Average Award	2017 Recipients/Students Dollars Awarded Average Award	2016 Recipients/Students Dollars Awarded Average Award	2018 % Change	2017 % Change	Description/Highlights
Monetary Award Program	129,517 \$392,476,945 \$3,030	121,579 \$346,443,191 \$2,850	107,057 \$319,817,312 \$2,987	6.53% 13.29% 6.34%	13.56% 8.33% -4.61%	A need-based grant program to Illinois residents who attend approved Illinois colleges. Fifth largest need-based program in the nation.
Police/Fire Officers' Survivor Program and Grant Program for Dependents of Correctional Officers	71 \$943,559 \$13,290	75 \$931,452 \$12,419	80 \$492,985 \$6,162	-5.33% 1.30% 7.01%	-6.25% 88.94% 101.54%	This program pays tuition for spouses and children of police and firefighters killed in the line of duty, as well as spouses and children of correctional officers killed or permanently disabled in the line of duty.
Golden Apple Scholars of Illinois	544 \$2,039,941 \$3,750	469 \$1,831,458 \$3,905	475 \$1,697,642 \$3,574	15.99% 11.38% -3.97%	-1.26% 7.88% 9.26%	A scholarship program for recruiting students into teaching careers.
Minority Teachers of Illinois Scholarship Program	189 \$890,335 \$4,711	173 \$842,328 \$4,869	0 \$0 \$0	9.25% 5.70% -3.25%	100.00% 100.00% 100.00%	This program awards up to \$5,000 to minority students who agree to teach for at least one year, under specified conditions. Not funded in FY16.
Optometric Education Scholarship Program	10 \$50,000 \$5,000	10 \$50,000 \$5,000	10 \$50,000 \$5,000	0.00% 0.00% 0.00%	0.00% 0.00% 0.00%	A scholarship program for students pursuing a graduate optometry degree in Illinois.
Illinois State Scholar Program	0	18,605	18,978	-100.00%	-1.97%	An honorary program (no monetary value) to recognize academic achievement in high school.
Illinois Special Education Teacher Tuition Waiver Program	0	234	240	-100.00%	-2.50%	This program provides an exemption from tuition and fees at eligible Illinois public universities for students pursuing a career in special education in Illinois.

Information was obtained from the Commission's Data Book.

(Concluded)

**State of Illinois
Illinois Student Assistance Commission**

**Service Efforts and Accomplishments (Unaudited)
Two Years Ended June 30, 2018 and 2017**

Mission Statement: To reduce financial barriers to post-secondary education for students who might otherwise be prohibited from attending college and to assist specific segments of the Illinois population with college costs.

- Program Goals:**
1. Provide equal educational opportunity to post-secondary education of Illinois citizens.
 - a. Grant dollars awarded per staff positions enrollment will increase at least as much as the mean weighted increases in tuition fees.
 - b. The administrative to program dollar ratio will not fall below a level sufficient to support the successful and timely delivery of program dollars to qualified recipients.
 2. Improve college affordability for low and middle-income families.
 - a. Need-based grant aid as a proportion of college costs will increase annually.
 - b. The average constant dollar taxable income of Monetary Award Program (MAP) eligible students and families will increase annually.
 3. Reward military service as well as a recruitment incentive for the Illinois National Guard.
 - a. The number of recipients in the Illinois Veteran Grant, Illinois National Guard Grant, Grant Program for the Dependents of Correctional Officers, and Grant Program for the Dependents of Police or Fire Officers will remain equal to 14,000 per year or increase.
 4. Increase the number of teachers and workers in designated shortage fields.
 - a. The number of students receiving scholarships to pursue careers in worker shortage areas will increase annually.

	Fiscal Year 2017 Actual	Fiscal Year 2018 Actual
Input Indicators		
Total expenditures - all sources (in thousands)	\$ 521,329	\$ 408,858
Total expenditures - state appropriated funds (in thousands)	\$ 521,329	\$ 408,858
Average monthly full-time equivalent employees	49	63
Output Indicators		
Number of students receiving MAP awards	121,579	129,517
Number of students benefiting from service programs	706	6,342
Number of students participating in teacher and worker shortage programs	1,014	1,138
Number of applications filed	708,408	713,280
Outcome Indicators		
Grant aid as a proportion of tuition and fees	17.3%	17.8%
Grant aid per undergraduate full-time equivalent students (in dollars)	\$ 751	\$ 877
Percentage of undergraduates at Illinois colleges receiving state need-based aid	20.9%	21.2%
Average taxable income of families eligible for MAP grants (in dollars)	\$ 24,315	\$ 25,185
External Benchmarks		
National ranking of maximum award	18	17
National ranking of need-based aid per undergraduate student (in dollars)	11	11
National ranking of total grant dollars per population aged 18-24	23	23
National ranking of student aid as a percentage of Higher Education budget	N/A	29
Efficiency/Cost-Effectiveness Indicators		
Proportion of General Revenue Fund administrative spending per \$ awarded	1.5%	1.7%

**State of Illinois
Illinois Student Assistance Commission**

**Service Efforts and Accomplishments (Unaudited) - Continued
Two Years Ended June 30, 2018 and 2017**

Mission Statement: To counsel and educate delinquent borrowers on student loan repayment, resolve student loan debt issues, collect outstanding loan payments, and rehabilitate student borrower credit in order to ensure Illinois students continue to have access to student loans for financing college costs.

- Program Goals:**
1. Explore different means for students and schools to apply for and receive loan funds from participating lenders.
 - a. Borrower will be satisfied with ISAC services.
- Objectives:**
2. Counsel and educate student borrowers who are delinquent on their loan payments.
 3. Collect outstanding loan balances from defaulted borrowers.
 - a. Collections on individual defaulted accounts will be optimized.

	Fiscal Year 2017 Actual	Fiscal Year 2018 Actual
Input Indicators		
Total expenditures - all sources (in thousands)	\$ 165,482	\$ 144,632
Total expenditures - state appropriated funds (in thousands)	\$ 165,482	\$ 144,632
Average monthly full-time equivalent employees	115	74
Output Indicators		
Number of loans in guarantee portfolio	367,676	313,789
Number of delinquencies resolved	31,436	31,418
Dollar value of loans in default portfolio (in millions)	\$ 3,215.0	\$ 2,806.1
Outcome Indicators		
Number of default claims	17,376	16,030
Percent of delinquent accounts resolved	85.3%	87.0%
Total value of default loan recoveries (in millions)	\$ 121.5	\$ 97.0
Efficiency/Cost-Effectiveness Indicators		
Costs per dollar collected (in dollars)	\$ 0.12	\$ 0.12

**State of Illinois
Illinois Student Assistance Commission**

**Service Efforts and Accomplishments (Unaudited) - Continued
Two Years Ended 2018 and 2017**

Mission Statement: To ensure that students and families have the information and support services they need to plan for their post-secondary education.

- Program Goals:**
1. Increase awareness of college costs and aid availability among potential college students.
 - a. The number of potential students and parents utilizing the Student Assistance Commission's website will increase annually.
 2. Serve as single point of contact for Illinois citizens for information regarding student aid programs.
 - a. An increased number of outreach activities will be conducted throughout Illinois to help students and families with college planning.
 - b. Participation in outreach activities in non-traditional venues such as community-based organizations will be increased.
- Objectives:**

	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Actual</u>
Input Indicators		
Total expenditures - all sources (in thousands)	\$ 9,344	\$ 11,067
Total expenditures - state appropriated funds (in thousands)	\$ 9,344	\$ 11,067
Average monthly full-time equivalent employees	21	45
Output Indicators		
Number of Illinois cities and towns served	443	429
Number of College Planning, FAFSA, and Financial Aid presentations and workshops	2,587	1,640
Number of high schools, middle schools, and elementary schools requesting services	637	610
FAFSA completion workshops held	1,010	924
Number of students and parents interacting with outreach programs	135,740	100,000
Number of professional development sessions offered	55	35
Hours of professional development trainings presented by ISAC staff	143	100
Registration for College Changes Everything conference	479	519
Outcome Indicators		
Number of electronic transcripts sent	137,615	180,824
Total FAFSAs filed statewide	708,408	713,280
FAFSAs filed within 30 days of system availability	196,106	194,920
FAFSAs filed within 60 days of system availability	317,470	281,357
FAFSAs filed within 90 days of system availability	403,156	344,831
FAFSAs filed by Pell Eligible applicants	382,470	387,655
Pell grant dollars received by students at Illinois schools (in millions)	\$ 882	\$ 922