



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

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

**Financial Audit  
 For the Year Ended June 30, 2017**

**Release Date: March 1, 2018**

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

**INTRODUCTION**

This report covers our financial audit of the Illinois Student Assistance Commission (Commission) – Illinois Prepaid Tuition Program (Program) as of June 30, 2017 and for the year then ended.

As of June 30, 2017, the Illinois Prepaid Tuition Program has a **deficit** of \$286 million. The table below details a reconciliation of the fund deficit in the financial statements to the fund deficit in the Actuarial Soundness Report as of June 30, 2017.

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

Unfunded liability per actuarial soundness report	\$ (320,237,004)
Present value of accrued future administrative expense	35,492,576
Other accrued liabilities	<u>(1,649,009)</u>
Fund deficit per Statement of Net Position	<u>\$ (286,393,437)</u>

**AUDITORS' OPINION**

The auditors stated the financial statements of the Program as of and for the year ended June 30, 2017 are fairly stated in all material respects. The auditors included a paragraph emphasizing that the Program has a deficit of \$286 million as of June 30, 2017.

This financial audit was conducted by Crowe Horwath LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
 Auditor General

FJM:JGR

{Financial information is summarized on next page.}

**ILLINOIS STUDENT ASSISTANCE COMMISSION  
ILLINOIS PREPAID TUITION PROGRAM  
FINANCIAL AUDIT  
For the Year Ended June 30, 2017**

<b>STATEMENT OF NET POSITION</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 25,031,456	\$ 1,750,817
Investments.....	879,785,199	964,454,381
Contracts receivable.....	45,996,521	51,206,641
Recoverable taxes.....	156,158	-
Accrued interest on investments.....	1,781	846
Total.....	<u>950,971,115</u>	<u>1,017,412,685</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses.....	1,284,588	1,166,285
Due to other State and ISAC funds.....	284,286	281,443
Due to State of Illinois component units.....	81,917	286,888
Tuition obligation.....	1,235,713,761	1,230,799,501
Total.....	<u>1,237,364,552</u>	<u>1,232,534,117</u>
Net Position, Unrestricted (Deficit).....	<u>\$ (286,393,437)</u>	<u>\$ (215,121,432)</u>
<b>REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
<b>Operating revenues</b>		
Income from investment securities.....	\$ 68,788,738	\$ 44,416,617
Tuition contract revenue.....	16,827,548	16,008,655
Fees.....	422,117	434,185
Interest revenue.....	264,990	132,703
Total.....	<u>86,303,393</u>	<u>60,992,160</u>
<b>Operating expenses</b>		
Accreted tuition expense.....	147,426,097	48,472,602
Salaries and employee benefits.....	2,822,948	2,369,016
Management and professional services.....	3,724,236	3,862,762
Investment advisory fees.....	2,710,957	1,599,509
Investment management fees.....	891,160	1,472,235
Total.....	<u>157,575,398</u>	<u>57,776,124</u>
Change in net position.....	<u>\$ (71,272,005)</u>	<u>\$ 3,216,036</u>
<b>Actuarial Report on Soundness (Unaudited)</b>		
- Unfunded Liability	\$ (320,237,004)	\$ (264,313,965)

<b>AGENCY EXECUTIVE DIRECTOR</b>		
During Audit Period: Mr. Eric Zarnikow		
Currently: Mr. Eric Zarnikow		