



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, 2019**

Release Date: March 3, 2020

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

This report covers our financial audit of the Illinois Student Assistance Commission (Commission) – Illinois Prepaid Tuition Program (Program) as of June 30, 2019 and for the year then ended.

As of June 30, 2019, the Illinois Prepaid Tuition Program has a **deficit** of \$295 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, 2019.

Reconciliation of Fund Deficit with Unfunded Liability in the Actuarial Report

Unfunded liability per actuarial soundness report	\$ (317,491,361)
Present value of accrued future administrative expense	24,390,847
Other accrued liabilities	<u>(1,851,625)</u>
Fund deficit per Statement of Net Position	<u>\$ (294,952,139)</u>

AUDITOR’S OPINION

The auditors stated the financial statements of the Commission as of and for the year ended June 30, 2019 are fairly stated in all material respects. The auditors included a paragraph emphasizing that the Program has a deficit of \$295 million as of June 30, 2019.

This financial audit was conducted by Crowe 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

**ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS PREPAID TUITION PROGRAM
FINANCIAL AUDIT
For the Year Ended June 30, 2019**

STATEMENT OF NET POSITION	2019	2018
Assets		
Cash and cash equivalents.....	\$ 5,046,908	\$ 14,530,776
Investments.....	697,133,703	798,783,695
Contracts receivable.....	23,680,486	33,033,617
Recoverable taxes.....	35,586	50,535
Accrued interest on investments.....	7,030	3,171
Total.....	<u>725,903,713</u>	<u>846,401,794</u>
Liabilities		
Accounts payable and accrued expenses.....	1,669,441	714,763
Due to other State and ISAC funds.....	179,020	213,094
Due to State of Illinois component units.....	10,194	518,797
Tuition obligation.....	1,018,997,197	1,125,284,937
Total.....	<u>1,020,855,852</u>	<u>1,126,731,591</u>
Net Position, Unrestricted (Deficit).....	<u>\$ (294,952,139)</u>	<u>\$ (280,329,797)</u>
REVENUES, EXPENSES AND CHANGES IN NET POSITION	2019	2018
Operating revenues		
Income from investment securities.....	\$ 32,622,636	\$ 49,233,774
Fees.....	247,516	240,138
Interest revenue.....	181,793	147,785
Total.....	<u>33,051,945</u>	<u>49,621,697</u>
Operating expenses		
Accreted tuition expense.....	41,669,077	36,772,683
Salaries and employee benefits.....	1,725,709	2,102,134
Management and professional services.....	2,068,583	2,116,195
Investment advisory fees.....	1,810,641	2,170,070
Investment management fees.....	400,277	396,975
Total.....	<u>47,674,287</u>	<u>43,558,057</u>
Change in net position.....	<u>\$ (14,622,342)</u>	<u>\$ 6,063,640</u>
Actuarial Report on Soundness (Unaudited)	2019	2018
Unfunded liabilities.....	\$ (317,491,361)	\$ (307,711,673)
Funded Ratio.....	69.6%	73.3%

AGENCY EXECUTIVE DIRECTOR		
During Audit Period: Mr. Eric Zarnikow		
Currently: Mr. Eric Zarnikow		