



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**OFFICE OF THE STATE TREASURER –  
COLLEGE SAVINGS PROGRAM**

**Financial Audit  
For the Year Ended June 30, 2015**

**Release Date: January 21, 2016**

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

**INTRODUCTION**

The College Savings Program (Program) was established in March 2000 pursuant to P.A. 91-0607 which authorizes the State Treasurer to establish and administer a “qualified state tuition program” under Section 529 of the Internal Revenue Code of 1986, as amended. Participants of the Program have a choice of two Section 529 investment programs, the Bright Start College Savings Program and the Bright Directions College Savings Program. The State Treasurer selected an investment firm (Manager), one for Bright Start and one for Bright Directions, to advise the Office on the investment of the Trust assets, to administer the Trust assets, and to provide other services relating to the Program. As such, the Managers act as agents of the Treasurer, and as trustee of the Trust. The Treasurer, however, retains ultimate authority to manage the investments of the Trust.

To administer the Program, the Treasurer has established a division entitled “The College Savings Program Division.” The revenues and expenditures of the Division are recorded in a fund maintained by the Treasurer entitled College Savings Program Administrative Trust Fund, which is classified as an enterprise fund. A private-purpose trust fund was used to account for assets held by the Program in a trustee capacity or as an agent for individuals throughout the United States. At June 30, 2015, assets in this fund totaled \$7,622,005,970.

**AUDITOR’S OPINION**

Our auditors stated that the June 30, 2015 financial statements of the Office of the State Treasurer – College Savings Program are presented fairly in all material respects.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:jsc

**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this audit were RSM US LLP.

{Financial information and Activity Measures are summarized on next page.}

**OFFICE OF THE STATE TREASURER - COLLEGE SAVINGS PROGRAM**

**FINANCIAL AUDIT**

**For the Year Ended June 30, 2015**

| <b>STATEMENTS OF FIDUCIARY NET POSITION</b>                   | <b>2015</b>             | <b>2014</b>             |
|---|-------------------------|-------------------------|
| Assets:   |                         |                         |
| Cash and cash equivalents.....                                | \$ 571,001,193          | \$ 504,427,284          |
| Capital shares, securities sold and dividends receivable..... | 16,283,799              | 20,456,144              |
| Mutual funds.....   | 7,034,720,978           | 6,371,091,688           |
| Total assets.....   | <u>\$ 7,622,005,970</u> | <u>\$ 6,895,975,116</u> |
| Liabilities and Net Position:                                 |                         |                         |
| Payable for capital shares.....                               | \$ 6,886,470            | \$ 14,408,174           |
| Payable for securities purchased.....                         | 5,730,774               | 2,675,487               |
| Other liabilities.....  | 2,293,891               | 2,229,156               |
| Total liabilities.....  | <u>14,911,135</u>       | <u>19,312,817</u>       |
| Net position held in trust for participants.....              | <u>7,607,094,835</u>    | <u>6,876,662,299</u>    |
| Total liabilities and net position.....                       | <u>\$ 7,622,005,970</u> | <u>\$ 6,895,975,116</u> |

| <b>STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION</b>    | <b>2015</b>             | <b>2014</b>             |
|---|-------------------------|-------------------------|
| Investment Income (Expense):                              |                         |                         |
| Investment earnings.....                                  | \$ 118,170,181          | \$ 71,661,061           |
| Net change in fair value of investments .....             | 103,999,204             | 811,626,146             |
| State administrative fees.....                            | (1,906,895)             | (1,661,182)             |
| 12b-1 fees.....   | (10,007,777)            | (8,549,274)             |
| Other operating expenses.....                             | (2,206)                 | (1,544)                 |
| Management and bank custodial fees.....                   | (13,343,020)            | (11,778,224)            |
| Net investment earnings.....                              | <u>196,909,487</u>      | <u>861,296,983</u>      |
| Distribution to participants - Net investment income..... | <u>(21,546)</u>         | <u>(15,356)</u>         |
| Other participant transactions:                           |                         |                         |
| Program contributions.....                                | 2,745,834,183           | 2,403,440,826           |
| Program distributions.....                                | (2,212,310,287)         | (1,918,776,076)         |
| Distributions reinvested.....                             | 20,699                  | 15,160                  |
| Total increase from participant transactions.....         | <u>533,544,595</u>      | <u>484,679,910</u>      |
| Change in Net Position.....                               | 730,432,536             | 1,345,961,537           |
| Net position beginning of the year.....                   | <u>6,876,662,299</u>    | <u>5,530,700,762</u>    |
| Net position end of the year.....                         | <u>\$ 7,607,094,835</u> | <u>\$ 6,876,662,299</u> |

| <b>SELECTED ACTIVITY MEASURES (unaudited)</b>                 | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Number of Illinois Participants (Bright Start).....           | 236,097          | 216,484          |
| Balance of Illinois Participants (Bright Start).....          | \$ 4,474,574,410 | \$ 4,071,589,835 |
| Number of Out of State Participants (Bright Start).....       | 60,928           | 57,703           |
| Balance of Out of State Participants (Bright Start).....      | \$ 1,234,609,415 | \$ 1,135,051,318 |
| Number of Illinois Participants (Bright Directions).....      | 88,265           | 79,852           |
| Balance of Illinois Participants (Bright Directions).....     | \$ 1,672,974,196 | \$ 1,484,937,436 |
| Number of Out of State Participants (Bright Directions).....  | 10,025           | 8,444            |
| Balance of Out of State Participants (Bright Directions)..... | \$ 222,483,269   | \$ 183,230,975   |

**STATE TREASURER**  
 During Audit Period: Honorable Dan Rutherford (through 1-11-15); Honorable Michael Frerichs (effective 1-12-15)  
 Currently: Honorable Michael Frerichs