



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, 2016**

Release Date: January 24, 2017

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

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. The Treasurer acts as trustee and is responsible for the overall administration of the programs.

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, 2016, assets in this fund totaled \$8,127,549,486.

AUDITORS' OPINION

Our auditors stated that the June 30, 2016 financial statements of the Office of the Treasurer - College Savings Program are presented fairly in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:sjs

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, 2016

STATEMENTS OF FIDUCIARY NET POSITION	2016	2015
Assets:		
Cash and cash equivalents.....	\$ 645,512,167	\$ 571,001,193
Capital shares, securities sold and dividends receivable.....	15,006,773	16,283,799
Mutual funds.....	7,467,030,546	7,034,720,978
Total assets.....	<u>\$ 8,127,549,486</u>	<u>\$ 7,622,005,970</u>
Liabilities and Net Position:		
Payable for capital shares.....	\$ 6,842,362	\$ 6,886,470
Payable for securities purchased.....	4,126,559	5,730,774
Other liabilities.....	2,716,952	2,293,891
Total liabilities.....	<u>13,685,873</u>	<u>14,911,135</u>
Net position held in trust for participants.....	8,113,863,613	7,607,094,835
Total liabilities and net position.....	<u>\$ 8,127,549,486</u>	<u>\$ 7,622,005,970</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION	2016	2015
Investment Income (Expense):		
Investment earnings.....	\$ 129,137,239	\$ 118,170,181
Net change in fair value of investments	(93,968,858)	103,999,204
State administrative fees.....	(1,991,891)	(1,906,895)
12b-1 fees.....	(10,534,972)	(10,007,777)
Other operating expenses.....	(3,851)	(2,206)
Management and bank custodial fees.....	(12,732,536)	(13,343,020)
Net investment earnings.....	<u>9,905,131</u>	<u>196,909,487</u>
Distribution to participants - Net investment income.....	<u>(84,756)</u>	<u>(21,546)</u>
Other participant transactions:		
Program contributions.....	2,808,547,476	2,745,834,183
Program distributions.....	(2,311,678,207)	(2,212,310,287)
Distributions reinvested.....	79,134	20,699
Total increase from participant transactions.....	<u>496,948,403</u>	<u>533,544,595</u>
Change in Net Position.....	506,768,778	730,432,536
Net position beginning of the year.....	7,607,094,835	6,876,662,299
Net position end of the year.....	<u>\$ 8,113,863,613</u>	<u>\$ 7,607,094,835</u>

SELECTED ACTIVITY MEASURES (unaudited)	2016	2015
Number of Illinois Participants (Bright Start).....	230,681	236,097
Balance of Illinois Participants (Bright Start).....	\$ 4,229,650,454	\$ 4,474,574,410
Number of Out of State Participants (Bright Start).....	86,476	60,928
Balance of Out of State Participants (Bright Start).....	\$ 1,835,412,333	\$ 1,234,609,415
Number of Illinois Participants (Bright Directions).....	95,671	88,265
Balance of Illinois Participants (Bright Directions).....	\$ 1,796,900,828	\$ 1,672,974,196
Number of Out of State Participants (Bright Directions).....	11,710	10,025
Balance of Out of State Participants (Bright Directions).....	\$ 252,394,860	\$ 222,483,269

STATE TREASURER
 During Audit Period: Honorable Michael Frerichs
 Currently: Honorable Michael Frerichs