



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, 2016**

**Release Date: January 24, 2017**

<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, 2016 and for the year then ended.

As of June 30, 2016, the Illinois Prepaid Tuition Program has a **deficit** of \$215,121,432. 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, 2016.

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

Unfunded liability per actuarial soundness report	\$ (264,313,965)
Present value of accrued future administrative expense	50,926,303
Other accrued liabilities	<u>(1,733,770)</u>
Fund deficit per Statement of Net Position	<u>\$ (215,121,432)</u>

**AUDITORS' OPINION**

Our Special Assistant Auditors stated the financial statements of the Program as of June 30, 2016 and for the year then ended are fairly presented in all material respects.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:CSW

**SPECIAL ASSISTANT AUDITORS**

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

{Financial information is summarized on next page.}

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**ILLINOIS PREPAID TUITION PROGRAM**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2016 (in thousands)**

<b>STATEMENT OF NET POSITION</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 1,751	\$ 4,797
Investments.....	964,454	1,019,581
Contracts receivable.....	51,207	60,829
Accrued interest on investments.....	1	-
Total.....	<u>1,017,413</u>	<u>1,085,207</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses.....	1,166	914
Due to other State and ISAC funds.....	281	204
Due to State of Illinois component units.....	287	-
Tuition obligation.....	1,230,800	1,320,202
Total.....	<u>1,232,534</u>	<u>1,321,320</u>
Net Position, Unrestricted (Deficit).....	<u>\$ (215,121)</u>	<u>\$ (236,113)</u>
<b>REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
<b>Operating revenues</b>		
Income from investment securities.....	\$ 44,416	\$ 43,774
Tuition contract revenue.....	16,009	23,261
Fees.....	434	410
Interest revenue.....	133	317
Total.....	<u>60,992</u>	<u>67,762</u>
<b>Operating expenses</b>		
Accreted tuition expense.....	48,473	18,624
Salaries and employee benefits.....	2,369	1,995
Management and professional services.....	3,863	3,904
Investment advisory fees.....	1,472	1,917
Investment management fees.....	1,599	1,491
Total.....	<u>57,776</u>	<u>27,931</u>
Change in net position.....	<u>\$ 3,216</u>	<u>\$ 39,831</u>
<b>Actuarial Report on Soundness (Unaudited)</b>		
- Unfunded Liability	\$ (264,314)	\$ (292,111)

**AGENCY EXECUTIVE DIRECTOR**

During Audit Period: Mr. Eric Zarnikow

Currently: Mr. Eric Zarnikow