



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, 2018**

Release Date: May 23, 2019

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, 2018 and for the year then ended.

As of June 30, 2018, the Illinois Prepaid Tuition Program has a **deficit** of \$280 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, 2018.

Reconciliation of Fund Deficit with Unfunded Liability in the Actuarial Report

Unfunded liability per actuarial soundness report	\$ (307,711,673)
Present value of accrued future administrative expense	28,825,358
Other accrued liabilities	<u>(1,443,482)</u>
Fund deficit per Statement of Net Position	<u>\$ (280,329,797)</u>

AUDITOR’S OPINION

The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2018 are fairly stated in all material respects. The auditors included a paragraph emphasizing that the Program has a deficit of \$280 million as of June 30, 2018.

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

{ Financial information is summarized on next page. }

ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS PREPAID TUITION PROGRAM
FINANCIAL AUDIT
For the Year Ended June 30, 2018

STATEMENT OF NET POSITION	2018	2017
Assets		
Cash and cash equivalents.....	\$ 14,530,776	\$ 25,031,456
Investments.....	798,783,695	879,785,199
Contracts receivable.....	33,033,617	45,996,521
Recoverable taxes.....	50,535	156,158
Accrued interest on investments.....	3,171	1,781
Total.....	<u>846,401,794</u>	<u>950,971,115</u>
Liabilities		
Accounts payable and accrued expenses.....	714,763	1,284,588
Due to other State and ISAC funds.....	213,094	284,286
Due to State of Illinois component units.....	518,797	81,917
Tuition obligation.....	1,125,284,937	1,235,713,761
Total.....	<u>1,126,731,591</u>	<u>1,237,364,552</u>
Net Position, Unrestricted (Deficit).....	<u>\$ (280,329,797)</u>	<u>\$ (286,393,437)</u>
REVENUES, EXPENSES AND CHANGES IN NET POSITION	2018	2017
Operating revenues		
Income from investment securities.....	\$ 49,233,774	\$ 68,788,738
Tuition contract revenue.....	-	16,827,548
Fees.....	240,138	422,117
Interest revenue.....	147,785	264,990
Total.....	<u>49,621,697</u>	<u>86,303,393</u>
Operating expenses		
Accreted tuition expense.....	36,772,683	147,426,097
Salaries and employee benefits.....	2,102,134	2,822,948
Management and professional services.....	2,116,195	3,724,236
Investment advisory fees.....	2,170,070	2,710,957
Investment management fees.....	396,975	891,160
Total.....	<u>43,558,057</u>	<u>157,575,398</u>
Change in net position.....	<u>\$ 6,063,640</u>	<u>\$ (71,272,005)</u>
Actuarial Report on Soundness (Unaudited)	2018	2017
Unfunded liabilities.....	\$ (307,711,673)	\$ (320,237,004)
Funded Ratio.....	73.3%	74.8%

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