

**STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION**

FINANCIAL AUDIT

For the Year Ended June 30, 2024

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION

FINANCIAL AUDIT
For the Year Ended June 30, 2024

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION

FINANCIAL AUDIT
For the Year Ended June 30, 2024

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
FINANCIAL AUDIT
For the Year Ended June 30, 2024

Commission Officials:

Executive Director	Eric Zarnikow
Chief Financial Officer	Rolake Adedara (01/01/25 – Present) Rolake Adedara (Interim) (01/01/24 – 12/31/24) Shoba Nandhan (Up to 12/31/23)
Director of Investments	Roger Rojas (09/24/22 – Present)
General Counsel	Lisa Murphy-Coveny (Interim) (03/21/24 – Present) William G. Farrar (11/16/23 – 03/21/24) Rich Nowell (Interim) (Up to 11/15/23)
Chief Internal Audit Officer	Kishor Desai

Governing Board:

Chairman	Kevin B. Huber
Vice Chair	Elizabeth V. Lopez
Commissioner	Caleb Herod (09/09/24 – Present) Vacant (06/08/23-09/08/24)
Commissioner	James A. Hibbert
Commissioner	Maureen Amos
Commissioner	Dr. Jonathan “Josh” Bullock
Commissioner	Franciene Sabens
Commissioner	Darryl Arrington
Commissioner	Thomas Dowling
Student Commissioner	Payton Ade

Commission Offices:

1755 Lake Cook Road
Deerfield, IL 60015-5209

500 West Monroe
Springfield, IL 62704

160 North LaSalle Street
Suite N-100
Chicago, IL 60601

FINANCIAL STATEMENT REPORT

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
FINANCIAL AUDIT
For the Year Ended June 30, 2024

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Illinois Student Assistance Commission (Commission) was performed by Crowe LLP.

Based on their audit, the auditors expressed unmodified opinions on the Commission's basic financial statements.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report(s)</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

Current Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
			None	

Prior Findings Not Repeated

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
			None

EXIT CONFERENCE

In correspondence received from Rolake Adedara, Chief Financial Officer, on March 20, 2025, the Commission elected to waive a formal exit conference.

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois, and

Mr. Kevin B. Huber
Chair of the Governing Board
Illinois Student Assistance Commission

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Student Assistance Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State of Illinois, Illinois Student Assistance Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Student Assistance Commission, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Illinois, Illinois Student Assistance Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 2, the financial statements of the State of Illinois, Illinois Student Assistance Commission are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the State of Illinois, Illinois Student Assistance Commission. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2024, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14, the amount of the net position in the Illinois Prepaid Tuition Program Fund is highly dependent on the actuarial assumptions used to calculate the actuarial present value of future tuition benefit obligations.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Student Assistance Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis, pension and OPEB related information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Illinois Student Assistance Commission's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the actuarial soundness valuation reports but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the State of Illinois, Illinois Student Assistance Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Illinois Student Assistance Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Student Assistance Commission's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oakbrook Terrace, Illinois
March 25, 2025

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF NET POSITION
June 30, 2024
(Dollars in thousands)

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Unrestricted			
Unexpended appropriations	\$ 52,473	\$ -	\$ 52,473
Cash and cash equivalents	1,521	83,208	84,729
Investments	-	130,363	130,363
Prepaid expenses	405	-	405
Receivables			
Contracts	-	1,174	1,174
Recoverable taxes	-	1	1
Accrued interest on investments	-	401	401
Other	395	-	395
Securities lending collateral	-	13,891	13,891
Due from other State funds	121	11,296	11,417
Due from other ISAC funds	396	1,905	2,301
Total current assets - unrestricted	<u>55,311</u>	<u>242,239</u>	<u>297,550</u>
Restricted			
Cash and cash equivalents	-	11,902	11,902
Receivables			
Student loans	-	14,806	14,806
Accrued interest on loans	-	33,738	33,738
Federal special allowance and interest subsidy	-	643	643
Total current assets - restricted	<u>-</u>	<u>61,089</u>	<u>61,089</u>
Non-current			
Unrestricted			
Investments	-	388,608	388,608
Contracts receivable	-	2,618	2,618
Notes receivable	2,542	-	2,542
Capital assets, net of accumulated depreciation	7,025	1,411	8,436
Total non-current assets - unrestricted	<u>9,567</u>	<u>392,637</u>	<u>402,204</u>
Restricted			
Student loans receivable, net	-	63,123	63,123
Total non-current assets - restricted	<u>-</u>	<u>63,123</u>	<u>63,123</u>
Total assets	<u>64,878</u>	<u>759,088</u>	<u>823,966</u>
Deferred Outflows of Resources			
Pension related amounts	\$ 33,044	\$ 2,299	\$ 35,343
OPEB related amounts	14,176	1,287	15,463
Total deferred outflows of resources	<u>47,220</u>	<u>3,586</u>	<u>50,806</u>

(Continued)

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF NET POSITION
June 30, 2024
(Dollars in thousands)

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 5,317	\$ 10,469	\$ 15,786
Accrued interest payable	-	550	550
Due to other State funds	131	140	271
Due to other ISAC funds	-	2,301	2,301
Due to State of Illinois component units	47,991	2,724	50,715
Unearned revenue	997	-	997
Securities lending collateral obligation	-	13,891	13,891
Net liability - OPEB	56	52	108
Lease liability	-	140	140
Compensated absences	206	30	236
Tuition obligation	-	97,601	97,601
Line of credit	-	29,200	29,200
Total current liabilities	<u>54,698</u>	<u>157,098</u>	<u>211,796</u>
Non-current			
Revenue bonds and notes payable, net	-	30,482	30,482
Net liability - pension	103,223	6,984	110,207
Net liability - OPEB	31,274	1,533	32,807
Lease liability	-	604	604
SBITA liability	-	37	37
Compensated absences	1,847	271	2,118
Tuition obligation	-	348,170	348,170
Total non-current liabilities	<u>136,344</u>	<u>388,081</u>	<u>524,425</u>
Total liabilities	<u>191,042</u>	<u>545,179</u>	<u>736,221</u>
Deferred Inflows of Resources			
Unamortized deferred amount on refunding	-	8,759	8,759
Pension related amounts	7,482	17,860	25,342
OPEB related amounts	33,270	13,249	46,519
Total deferred inflows of resources	<u>40,752</u>	<u>39,868</u>	<u>80,620</u>
Net Position			
Net investment in capital assets	7,025	630	7,655
Restricted for debt service	-	55,221	55,221
Restricted for tuition payments and administrative expenses	-	49,151	49,151
Restricted for federal programs	194	-	194
Unrestricted	<u>(126,915)</u>	<u>72,625</u>	<u>(54,290)</u>
Total net position	<u>\$ (119,696)</u>	<u>\$ 177,627</u>	<u>\$ 57,931</u>

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024
(Dollars in thousands)

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<u>Governmental activities</u>						
Education						
Scholarships, awards and grants	\$ 816,599	\$ -	\$ 3,288	\$ (813,311)	\$ -	\$ (813,311)
Total governmental activities	816,599	-	3,288	(813,311)	-	(813,311)
<u>Business-type activities</u>						
Education						
Student loan purchase program	4,341	11,851	-	-	7,510	7,510
Prepaid tuition	810	175	39,301	-	38,666	38,666
Loan guarantee program	65,034	3,622	79,030	-	17,618	17,618
Total business-type activities	70,185	15,648	118,331	-	63,794	63,794
Total Commission	\$ 886,784	\$ 15,648	\$ 121,619	(813,311)	63,794	(749,517)
General revenues and transfers						
General revenues						
Appropriations from State resources				819,936	-	819,936
Lapsed appropriations				(27,214)	-	(27,214)
Receipts remitted to State Treasury				(1,425)	-	(1,425)
SERS on behalf contribution				9,841	-	9,841
Investment income				-	5,402	5,402
Miscellaneous				2,171	-	2,171
Transfers				-	122	122
Total general revenues and transfers				803,309	5,524	808,833
Change in net position				(10,002)	69,318	59,316
Net position (deficit) July 1, 2023				(109,694)	108,309	(1,385)
Net position (deficit) June 30, 2024				\$ (119,696)	\$ 177,627	\$ 57,931

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024
(Dollars in thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Unexpended appropriations	\$ 52,407	\$ 66	\$ 52,473
Cash and cash equivalents	-	1,521	1,521
Prepaid expenses	-	405	405
Due from other ISAC funds	396	-	396
Due from State funds	-	121	121
Other receivables	-	395	395
Notes receivable, net of allowance of \$39,199	2,542	-	2,542
Total assets	<u>\$ 55,345</u>	<u>\$ 2,508</u>	<u>\$ 57,853</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 4,704	\$ 613	\$ 5,317
Due to other State funds	130	1	131
Due to State of Illinois component units	47,969	22	47,991
Unearned revenues	-	997	997
Total liabilities	<u>52,803</u>	<u>1,633</u>	<u>54,436</u>
Fund Balances			
Nonspendable - notes receivable	2,542	-	2,542
Committed	-	681	681
Restricted	-	194	194
Total fund balances	<u>2,542</u>	<u>875</u>	<u>3,417</u>
Total liabilities and fund balances	<u>\$ 55,345</u>	<u>\$ 2,508</u>	<u>\$ 57,853</u>

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024
(Dollars in thousands)

Total fund balances - governmental funds	\$	3,417
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Amounts reported for governmental activities in the Statement of Net Position are different due to:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$	2,700	
Buildings		19,229	
Equipment		30	
Accumulated depreciation		(14,934)	
Total capital assets		7,025	

Some liabilities, deferred outflows of resources and deferred inflows of resources reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported in governmental funds.

These amounts consist of:

Deferred outflows - pension related		33,044	
Deferred outflows - OPEB related		14,176	
Net liability - pension		(103,223)	
Net liability - OPEB		(31,330)	
Deferred inflows - pension related		(7,482)	
Deferred inflows - OPEB related		(33,270)	
Compensated absences		(2,053)	
		(130,138)	

Net position of governmental activities	\$	<u>(119,696)</u>
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See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Federal government	\$ -	\$ 3,288	\$ 3,288
Other	-	2,171	2,171
Total revenues	-	5,459	5,459
Expenditures			
Education			
Scholarships, awards and grants	797,988	7,763	805,751
Total expenditures	797,988	7,763	805,751
Deficiency of revenues over expenditures	(797,988)	(2,304)	(800,292)
Other sources (uses) of financial resources			
Appropriations from State resources	817,035	2,901	819,936
Lapsed appropriations	(27,214)	-	(27,214)
Receipts remitted to State Treasury	(1,425)	-	(1,425)
SERS on behalf contribution	9,841	-	9,841
Net other sources (uses) of financial resources	798,237	2,901	801,138
Net change in fund balance	249	597	846
Fund balance, July 1, 2023	2,293	278	2,571
Fund balance, June 30, 2024	\$ 2,542	\$ 875	\$ 3,417

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024
(Dollars in thousands)

Net change in fund balances - total governmental funds	\$	846
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Amounts reported for governmental activities in the Statement of Activities are different due to:

Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation (\$503) exceeded capital outlay (\$6) in FY2024.

		<u>(497)</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) Decrease in unpaid accumulated vacation and sick leave		(176)
Increase (Decrease) in deferred outflows - pension related		(10,114)
Increase (Decrease) in deferred outflows - OPEB related		(9,543)
(Increase) Decrease in deferred inflows - pension related		3,808
(Increase) Decrease in deferred inflows - OPEB related		10,267
(Increase) Decrease in net liability - pension related		(5,100)
(Increase) Decrease in net liability - OPEB related		<u>507</u>

Change in net position of governmental activities	\$	<u>(10,002)</u>
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See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase Program Fund	Illinois Prepaid Tuition Program Fund	Nonmajor Enterprise Funds	Total
Assets				
Current				
Unrestricted				
Cash and cash equivalents	\$ 5,537	\$ 4,475	\$ 73,196	\$ 83,208
Investments	30,465	99,898	-	130,363
Receivables				
Contracts	-	1,174	-	1,174
Recoverable taxes	-	1	-	1
Accrued interest on investments	116	16	269	401
Securities lending collateral	-	-	13,891	13,891
Due from other State funds	-	-	11,296	11,296
Due from other ISAC funds	-	-	1,905	1,905
Total current assets - unrestricted	<u>36,118</u>	<u>105,564</u>	<u>100,557</u>	<u>242,239</u>
Restricted				
Cash and cash equivalents	11,902	-	-	11,902
Receivables				
Student loans receivable, net of allowance of \$16,430	14,806	-	-	14,806
Accrued interest on loans	33,738	-	-	33,738
Federal special allowance and interest subsidy	643	-	-	643
Total current assets - restricted	<u>61,089</u>	<u>-</u>	<u>-</u>	<u>61,089</u>
Noncurrent				
Unrestricted				
Investments	-	388,608	-	388,608
Contracts receivable	-	2,618	-	2,618
Capital assets, net of accumulated depreciation	-	-	1,411	1,411
Total noncurrent assets - unrestricted	<u>-</u>	<u>391,226</u>	<u>1,411</u>	<u>392,637</u>
Restricted				
Student loans receivable, net of allowance of \$70,044	63,123	-	-	63,123
Total noncurrent assets - restricted	<u>63,123</u>	<u>-</u>	<u>-</u>	<u>63,123</u>
Total assets	<u>160,330</u>	<u>496,790</u>	<u>101,968</u>	<u>759,088</u>
Deferred Outflows of Resources				
Pension related amounts	244	-	2,055	2,299
OPEB related amounts	178	-	1,109	1,287
Total deferred outflows of resources	<u>422</u>	<u>-</u>	<u>3,164</u>	<u>3,586</u>
Total assets and deferred outflows of resources	<u>\$ 160,752</u>	<u>\$ 496,790</u>	<u>\$ 105,132</u>	<u>\$ 762,674</u>

(Continued)

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase Program Fund	Illinois Prepaid Tuition Program Fund	Nonmajor Enterprise Funds	Total
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 63	\$ 1,853	\$ 8,553	\$ 10,469
Accrued interest payable	550	-	-	550
Tuition obligation	-	97,601	-	97,601
Due to other ISAC funds	1,905	-	396	2,301
Due to other State funds	-	-	140	140
Due to State of Illinois component units	-	15	2,709	2,724
Securities lending collateral obligation	-	-	13,891	13,891
Net liability - OPEB	18	-	34	52
Lease liability	-	-	140	140
Compensated absences	4	-	26	30
Revolving credit line	29,200	-	-	29,200
Total current liabilities	<u>31,740</u>	<u>99,469</u>	<u>25,889</u>	<u>157,098</u>
Noncurrent				
Tuition obligation	-	348,170	-	348,170
Revenue bonds and notes payable, net	30,482	-	-	30,482
Net liability - pension	2,052	-	4,932	6,984
Net liability - OPEB	516	-	1,017	1,533
Lease liability	-	-	604	604
SBITA liability	-	-	37	37
Compensated absences	36	-	235	271
Total noncurrent liabilities	<u>33,086</u>	<u>348,170</u>	<u>6,825</u>	<u>388,081</u>
Total liabilities	<u>64,826</u>	<u>447,639</u>	<u>32,714</u>	<u>545,179</u>
Deferred Inflows of Resources				
Unamortized deferred amount on refunding	8,759	-	-	8,759
Pension related amounts	273	-	17,587	17,860
OPEB related amounts	799	-	12,450	13,249
Total deferred inflows of resources	<u>9,831</u>	<u>-</u>	<u>30,037</u>	<u>39,868</u>
Net Position				
Net investment in capital assets	-	-	630	630
Restricted for debt service	55,221	-	-	55,221
Restricted for tuition payments and administrative expenses	-	49,151	-	49,151
Unrestricted	30,874	-	41,751	72,625
Total net position	<u>86,095</u>	<u>49,151</u>	<u>42,381</u>	<u>177,627</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 160,752</u>	<u>\$ 496,790</u>	<u>\$ 105,132</u>	<u>\$ 762,674</u>

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase Program Fund	Illinois Prepaid Tuition Program Fund	Nonmajor Enterprise Funds	Total
Operating revenues				
Investment income				
Interest - student loans	\$ 11,851	\$ -	\$ -	\$ 11,851
Income - investments (net of closed end funds investment management fees of \$524)	2,095	38,999	-	41,094
Interest - other	-	302	-	302
Total investment income	13,946	39,301	-	53,247
Other operating revenues				
Fees	-	175	-	175
Other	-	-	3,622	3,622
Total other operating revenues	-	175	3,622	3,797
Total operating revenues	13,946	39,476	3,622	57,044
Operating expenses				
Interest and other student loan expenses				
Interest expense				
Revenue bonds and notes	983	-	-	983
Other student loan fees	578	-	-	578
Provision for loan losses	4,564	-	-	4,564
Total interest and other student loan expenses	6,125	-	-	6,125
Other operating expenses				
Salaries and employee benefits	\$ 439	\$ 598	\$ 455	\$ 1,492
Pension expenses	(95)	-	(9,184)	(9,279)
OPEB expenses	(223)	-	(6,720)	(6,943)
External loan servicing	457	-	-	457
Accreted tuition expenses	-	(2,032)	-	(2,032)
Investment management fees	-	220	-	220
Investment advisory fees	-	448	-	448
Management and professional services	334	1,576	80,249	82,159
Depreciation	-	-	234	234
Other	11	-	-	11
Total other operating expenses	923	810	65,034	66,767
Total operating expenses	7,048	810	65,034	72,892
Operating income (loss)	6,898	38,666	(61,412)	(15,848)

(Continued)

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase <u>Program Fund</u>	Illinois Prepaid Tuition Program <u>Fund</u>	Nonmajor Enterprise <u>Funds</u>	<u>Total</u>
Non-operating revenues (expenses)				
Federal government special allowance and interest subsidy	\$ 2,728	\$ -	\$ -	\$ 2,728
ECACE grant revenue	-	-	79,030	79,030
Interest revenue	-	-	3,307	3,307
Interest expense	-	-	(21)	(21)
Total non-operating revenues (expenses)	<u>2,728</u>	<u>-</u>	<u>82,316</u>	<u>85,044</u>
Income before transfers	9,626	38,666	20,904	69,196
Transfers in	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>
Change in fund net position	9,626	38,666	21,026	69,318
Net position (deficit), July 1, 2023	<u>76,469</u>	<u>10,485</u>	<u>21,355</u>	<u>108,309</u>
Net position (deficit), June 30, 2024	<u>\$ 86,095</u>	<u>\$ 49,151</u>	<u>\$ 42,381</u>	<u>\$ 177,627</u>

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase Program Fund	Illinois Prepaid Tuition Program Fund	Nonmajor Enterprise Funds	Total
Cash flows from operating activities				
Cash received from fees and other charges	\$ -	\$ 175	\$ 3,850	\$ 4,025
Cash payments for tuition	-	(80,842)	-	(80,842)
Cash payments to suppliers for goods and services	(815)	(659)	-	(1,474)
Cash payments to employees for services	(432)	(598)	(455)	(1,485)
Cash payments for loan guarantees	-	-	(33,978)	(33,978)
Cash receipts from student loans and fees	40,280	-	-	40,280
Cash receipts from tuition contracts	-	2,024	-	2,024
Cash payments for student loans	(1,399)	-	-	(1,399)
Cash payments for refund of contracts	-	(24,995)	-	(24,995)
Cash payments for other operating activities	-	-	(81,050)	(81,050)
Net cash provided (used) by operating activities	<u>37,634</u>	<u>(104,895)</u>	<u>(111,633)</u>	<u>(178,894)</u>
Cash flows from noncapital financing activities				
Principal paid on revenue bonds and other borrowings	(29,513)	-	-	(29,513)
Interest paid on revenue bonds and other borrowings	(5,048)	-	-	(5,048)
Special allowance and interest subsidy	2,903	-	-	2,903
Transfers in	-	-	122	122
Operating grants received	-	-	79,367	79,367
Net cash provided (used) by noncapital financing activities	<u>(31,658)</u>	<u>-</u>	<u>79,489</u>	<u>47,831</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	-	(285)	(285)
Principal paid on capital debt	-	-	(238)	(238)
Interest paid on capital debt	-	-	(21)	(21)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(544)</u>	<u>(544)</u>
Cash flows from investing activities				
Purchase of investment securities	(32,072)	(772,236)	-	(804,308)
Proceeds from sales and maturities of investment securities	31,685	868,570	-	900,255
Interest and dividends on investments	940	9,526	3,408	13,874
Transferred out for Unclaimed Property	-	(83)	-	(83)
Cash paid to investment managers	-	(220)	-	(220)
Net cash provided by investing activities	<u>553</u>	<u>105,557</u>	<u>3,408</u>	<u>109,518</u>
Increase (decrease) in cash and cash equivalents	<u>6,529</u>	<u>662</u>	<u>(29,280)</u>	<u>(22,089)</u>
Cash and cash equivalents, July 1, 2023	<u>10,910</u>	<u>3,813</u>	<u>102,476</u>	<u>117,199</u>
Cash and cash equivalents, June 30, 2024	<u>\$ 17,439</u>	<u>\$ 4,475</u>	<u>\$ 73,196</u>	<u>\$ 95,110</u>

(Continued)

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Illinois Designated Account Purchase Program Fund	Illinois Prepaid Tuition Program Fund	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 6,898	\$ 38,666	\$ (61,412)	\$ (15,848)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	234	234
Investment income	(2,095)	(38,633)	-	(40,728)
Interest expense	983	-	-	983
Accreted tuition expense	-	(2,032)	-	(2,032)
Transferred out for Unclaimed Property	-	83	-	83
Provision for loan losses	4,138	-	-	4,138
Change in assets, liabilities and deferred outflows/inflows of resources				
Contracts receivable	-	1,608	-	1,608
Student loans receivable	30,622	-	-	30,622
Accrued interest - loans and notes	(2,585)	-	-	(2,585)
Due from other ISAC funds	(4)	-	-	(4)
Due from other State funds	-	-	(149)	(149)
Accounts payable and accrued liabilities	(10)	829	(546)	273
Intergovernmental payables	-	-	(33,978)	(33,978)
Due to other State funds and component units	-	4	235	239
Tuition obligation	-	(105,420)	-	(105,420)
Compensated absences	7	-	(113)	(106)
Deferred inflows related to pensions and OPEB	(312)	-	(12,844)	(13,156)
Deferred outflows related to pensions and OPEB	123	-	4,356	4,479
Net liability - pension	(50)	-	(5,836)	(5,886)
Net liability - OPEB	(81)	-	(1,580)	(1,661)
Total adjustments	<u>30,736</u>	<u>(143,561)</u>	<u>(50,221)</u>	<u>(163,046)</u>
Net cash provided (used) by operating activities	<u>\$ 37,634</u>	<u>\$ (104,895)</u>	<u>\$ (111,633)</u>	<u>\$ (178,894)</u>
Supplemental disclosure of noncash transactions:				
Net appreciation in fair value of investments	<u>\$ 1,087</u>	<u>\$ 29,587</u>	<u>\$ -</u>	<u>\$ 30,674</u>

See notes to the financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION

The Illinois Student Assistance Commission (ISAC or Commission) is a part of the executive branch of government of the State of Illinois (State). ISAC operates under a budget approved by the General Assembly in which resources are appropriated for the use of ISAC. Activities of ISAC are subject to the authority of the Office of the Governor, the State's Chief Executive Officer, and other departments of the executive branch of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to ISAC, and all other cash received are under the custody and control of the State Treasurer, with the exception of the Illinois Designated Account Purchase Program (IDAPP) a locally held fund, and College Illinois! funds that are held in Trust.

ISAC was established through the Higher Education Student Assistance Act in 1957. The agency is governed by the Commission, a board of ten persons appointed by the Governor, with the consent of the Illinois Senate, who serve without compensation for a term of six years, except for one member who serves for a term of two years. It employs and provides direction to an Executive Director who is responsible for overseeing and implementing the Commission's day-to-day operations. The Commission's operations office is at 1755 Lake Cook Road in Deerfield, with additional offices located at 500 West Monroe in Springfield and 160 North LaSalle Street in Chicago.

The Commission was created to establish and administer a system of financial assistance through student loans and loan guarantees; scholarships and grant awards; and a prepaid tuition program for residents of the State to enable them to attend qualified public or private institutions of their choice. The Commission fulfills this purpose by administering the following programs:

Monetary Award Program (MAP): This program was created to provide financial assistance to qualifying students who are residents of the State and enrolled at an approved post-secondary institution in Illinois. The monetary awards are granted on the basis of student financial need and the availability of funds. The grant provided up to \$8,400 in Fiscal Year 2024 for the payment of tuition and mandatory fees. The program is usually funded by the General Fund appropriation. In January 2020 ISAC implemented the alternative application process to serve students that qualify for MAP under the Retention of Illinois Students & Equity (RISE) Act. This allows eligible undocumented students who are disqualified from federal financial aid to apply for all forms of state financial aid.

Illinois Veteran Grant: The Illinois Veteran Grant (IVG) Program pays eligible tuition and mandatory fees at all Illinois public universities or public community colleges for veterans. Qualified applicants may use this grant at the undergraduate or graduate level for the equivalent of four academic years of full-time enrollment. This grant is an entitlement program and is awarded to eligible applicants regardless of the funding level. If funds appropriated for ISAC are insufficient to reimburse public post-secondary institutions for all recipients, the obligation to pay is transferred to the institution.

Illinois National Guard Grant: The Illinois National Guard (ING) Grant pays tuition and eligible fees at all Illinois public universities or public community colleges to members of the Illinois National Guard. This grant can be used for either undergraduate or graduate enrollment for the equivalent of four academic years of full-time enrollment. The ING Grant is an entitlement program and is awarded to eligible recipients regardless of the funding level. If funds appropriated for ISAC are insufficient to reimburse public post-secondary institutions for all recipients, the obligation to pay is transferred to the institution where the guard member attends school.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION (Continued)

Golden Apple Scholars of Illinois: The Golden Apple Scholars of Illinois Program encourages academically talented Illinois students, especially minority students, to pursue teaching careers, especially in teacher shortage disciplines or at hard-to-staff schools. The privately-operated Golden Apple program provides grants towards tuition and fees that must be repaid by recipients who do not subsequently fulfill a work requirement; Golden Apple also provides mentoring and support services and the opportunity to attend summer institutes on teaching.

Minority Teachers Scholarship Program: The Minority Teachers of Illinois (MTI) Scholarship Program encourages academically talented minority students to pursue careers as teachers at nonprofit Illinois preschool, elementary and secondary schools. The program also aims to provide minority children with access to a greater number of positive minority role models. Scholars receive financial assistance of up to \$7,500 to attend a course of study which, upon completion, qualifies the student to be certified as a preschool, elementary or secondary school teacher by the Illinois State Board of Education, including alternative teacher certification; and in exchange the recipient pledges to teach full time (one year for each year in which scholarship assistance was received) in a nonprofit Illinois public, private, or parochial preschool, elementary or secondary school with at least 30% minority enrollment.

Early Childhood Access Consortium for Equity Scholarship Program: The Early Childhood Access Consortium for Equity (ECACE) Scholarship Program was created to address the shortage of qualified early childhood educators by encouraging the pursuit of credentials and advancement of already-held degrees in early childhood education, with an aim toward building a strong, well-prepared workforce. Scholars receive financial assistance that will cover the applicant's total cost of attendance for an academic year (including summer) after other financial aid received. Students at participating non-profit private institutions may receive an amount no more than the cost of the most expensive program of study in the early childhood education field at an Illinois public college. Recipients of the scholarship are expected to continue or return to teaching or direct services in the early childhood care and education field in Illinois after they complete their program of study.

Grant Program for Dependents of Police, Fire or Correctional Officers (Dependents Grant): The Dependents Grant provides that the spouse or child of an Illinois police, fire officer or correctional officer who was killed or became at least 90 percent disabled in the line of duty, may be eligible for this grant. This grant provides assistance toward college tuition and mandatory fees for undergraduate or graduate study at an ISAC-approved Illinois college.

Illinois Teacher Loan Repayment Program: The Illinois Teachers Loan Repayment Program provides awards to encourage academically talented Illinois students to teach in Illinois schools in low-income areas. If the teaching obligations are met by a Federal Stafford loan borrower who has qualified for the federal government's loan forgiveness programs, Illinois may provide an additional matching award of up to \$5,000 to the qualifying teacher to repay their student loan debt.

Nurse Educator Loan Repayment Program: In an effort to address the shortage of nurses and the lack of instructors to staff courses teaching nursing in Illinois, the Nurse Educator Loan Repayment Program encourages longevity and career change opportunities. The program is intended to pay eligible loans to add an incentive to nurse educators in maintaining their teaching careers within the State of Illinois. The annual awards to qualified nurse educators may be up to \$5,000 to repay their student loan debt and may be received for up to a maximum of four years.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION (Continued)

Veterans' Home Medical Providers' Loan Repayment Act: The Veterans' Home Medical Providers' Loan Repayment Act provides for the payment of eligible educational loans as an incentive for physicians, certified nurse practitioners, registered professional nurses, certified nursing assistants or licensed practical nurses in a State of Illinois Veterans' Home to pursue and continue their careers at State of Illinois veterans' homes. The annual award to qualified registered professionals may be up to \$5,000 to repay their student loan debt. This award may be received for up to a maximum of four years.

Special Education Teacher Tuition Waiver: This program is for teachers or academically talented students pursuing a career in special education as a nonprofit public, private or parochial preschool, elementary or secondary school teacher in Illinois. This program provides exemptions from paying tuition and mandatory fees at eligible institutions, for up to four calendar years. Awards are not subject to annual appropriations by the Illinois General Assembly and the Governor.

Illinois State Scholars: The Illinois State Scholar program is awarded to high school seniors based on ACT or SAT test scores and the sixth semester class rank, class size and unweighted Grade Point Average (GPA). Each student designated as a State Scholar receives a congratulatory letter, a Certificate of Achievement and statewide recognition in the news media. To be honored as a State Scholar in Illinois is an outstanding accomplishment that will be a highlight of the recipient's academic record.

AIM HIGH Grant Program: In an effort to increase enrollment of Illinois residents at Illinois public universities, increase overall retention of Illinois college students in Illinois, and encourage Illinois residents to attain a college degree, State appropriated funds are to be used to enable Illinois public universities to establish a merit-based, means-tested award program known as the Aspirational Institutional Match Helping Illinois Grow Higher Education Grant Program (AIM HIGH) to make college more affordable at their campuses while reducing the amount of student loan debt. Each eligible public university campus must match a portion of its state funds with its own non-loan financial aid for eligible students. Each university must also maintain or exceed its levels of financial aid awarded to Illinois residents in Fiscal Year 2018 or 2022 (whichever is less). ISAC is responsible for administering the distribution of AIM HIGH grant funds to the public universities in compliance with the AIM HIGH Program and Grant Agreement.

Ancillary Award Programs: The following Ancillary Award programs, funded by the General Fund or Education Assistance Fund, if appropriated, supplement the scholarship and grant programs listed above:

- Adult Vocational Community College Scholarship Program*
- Displaced Energy Worker Dependent Transition Scholarship
- Grant for Program Participants in SIU-C Achieve Program*
- Grant Program for Exonerees
- Human Services Loan Repayment Program*
- Illinois Graduate and Retain our Workforce (iGROW) Tech Scholarship Program
- Police Training Academy Job Training Program*
- Prepare for Illinois' Future Program
- Social Worker Scholarship and Loan Repayment Program

* These programs were not funded in Fiscal Year 2024.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION (Continued)

John R. Justice Student Loan Repayment Program: The John R. Justice Student Loan Repayment Program provides for the payment of eligible educational loans (both Federal Family Education Loan Program and Federal Direct Loans) for state and federal public defenders and state prosecutors who agree to remain employed as public defenders and prosecutors for at least three years. The annual awards to qualified defenders and prosecutors may be up to \$4,000 (dependent on funding), up to an aggregate total of \$60,000, to repay their student loan debt. If the employment commitment is not fulfilled, any amount received must be repaid.

Optometric Education Scholarship Program: The Optometric Education Scholarship Program provides scholarship assistance to encourage eligible students to pursue a graduate degree in optometry. A total of 10 scholarships are awarded each year. The scholarship may be used to pay tuition and mandatory fees for two semesters, or three quarters in an academic year. The award amount determined by the institution will be the lesser of \$5,000 or tuition and mandatory fees. If the obligation is not fulfilled the scholarship converts to a loan.

Nursing Education Scholarship Program: The Nursing Education Scholarship Program provides scholarship assistance to students who are pursuing a certificate in practical nursing, an associate degree in nursing, a hospital-based diploma in nursing or a bachelor's or graduate degree in nursing and demonstrate the greatest financial need among qualified applicants. The scholarship will pay a portion of tuition and fee charges, plus, for full-time students only, a living allowance. Awardees must begin full- or part-time employment as a licensed practical or registered professional nurse, an advanced practice registered nurse, or a nurse educator in Illinois within six months of graduating, and remain employed for a period equivalent to the educational time supported by the scholarship. If the obligation is not fulfilled the scholarship converts to a loan.

Community Behavioral Health Care Professional Loan Repayment Program: The Community Behavioral Health Care Professional Loan Repayment Program provides loan repayment assistance to qualified mental health and substance use professionals. The program was designed as incentive for recruitment and retention of those who practice in underserved or rural areas. It seeks to help address the shortage of Illinois community-based behavioral workers that causes disparities in access to critical mental health and substance use services. The amount of the annual award to qualified applicants to repay their student loan debt is based on their position and may be received for up to four years.

Higher Education License Plate Grant Program: Working with the Secretary of State, participating public universities, community colleges and not-for-profit private colleges and universities in Illinois can have specialized collegiate license plates issued for their schools. Of the \$75 fee charged for these specialized plates, \$25 is used to fund a grant program called the Higher Education License Plate (HELP) Grant Program. Each participating public university and community college administers its own scholarship program using the funds received directly from the license plate fees. Participating private institutions receive a grant from proceeds generated by the license plate fee deposited into the University Grant Fund, a special fund in the State Treasury. ISAC annually seeks appropriation authority to disburse these collected funds to the participating schools. Eligibility for HELP Grants is based on student need. Grants are used to pay tuition and fees up to a maximum grant of \$2,000 per year. Funds must be used to support students who attend the institutions that generate the license plate revenue.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION (Continued)

Federal Family Education Loan Program (FFELP): This program was designed to stimulate the making of educational loans by Illinois commercial lenders to qualifying students by guaranteeing repayment of the loans through payments to lenders for defaulted loans. This program is federally funded through the United States Department of Education.

The Higher Education Act of 1965 (HEA) as amended by the Higher Education Amendments of 1998 (Pub.L. 105-244) required the agency to establish two funds for the Program's Administration, the Federal Student Loan Fund (FSLF) and the Student Loan Operating Fund (SLOF). The Federal Student Loan Fund (FSLF) accounts for federal government program activities operated and maintained by ISAC. Section 422A(d) of the HEA allows the FSLF to be used primarily to pay lender claims and default aversion fees to ISAC's Student Loan Operating Fund (SLOF). The SLOF is used for ISAC's operating expenses. Resources reported in the SLOF are the State's earned activities and are administered by ISAC.

As a result of the Student Aid and Fiscal Responsibility Act (SAFRA), which was part of the Health Care and Education Reconciliation Act, no new loans have been made under the FFELP program since July 1, 2010. As of May 1, 2022, ISAC has exited the FFEL Program as a guarantor and the portfolio has been transferred to a successor guarantor agency. Please see Note 15 for further details.

College Illinois!®: Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The Illinois Prepaid Tuition Program is administered by ISAC with advice and counsel from an investment advisory panel consisting of seven members appointed by ISAC. The purpose of this program is to provide Illinois families with an affordable tax-advantaged method to pay for college. Illinois Prepaid Tuition contracts will allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges. Benefits of the contracts can also be used at private and out-of-state colleges and universities. Contracts were purchased in a lump sum payment or in installments. Effective FY 2018, no new contracts are being sold by the Illinois Prepaid Tuition Program. The Illinois Prepaid Tuition Program has been named College Illinois!®. For additional information, refer to the Illinois Prepaid Tuition Program Financial Audit, for the year ended June 30, 2024.

Illinois Designated Account Purchase Program (IDAPP): The Illinois Designated Account Purchase Program (IDAPP), a program of ISAC, was created through an Act of the State General Assembly to increase participation of eligible lenders in ISAC's Student Loan Programs by purchasing guaranteed student loans from lenders in order to reduce the lenders' collection and administrative costs.

IDAPP facilitated lender participation in the student loan programs by reducing the overall risk and collection expenses those lenders faced. One of the major incentives offered by the Commission was that IDAPP took over servicing the loan after it was purchased from the lender. Sales of loans to the Commission gave the lenders the capital to make new and renewal loans.

Capital to support IDAPP was funded through the sale of revenue notes and bonds. The capital borrowings and IDAPP's operational costs are repaid with student loan repayments (or recovery through the guarantor agencies), collection of interest and fees on student loans, and special allowances and interest received from the U.S. Department of Education. Almost all of IDAPP's funds are held locally in various banks and financial institutions. It is reported as a Proprietary Fund.

As a result of the Student Aid and Fiscal Responsibility Act (SAFRA), which was part of the Health Care and Education Reconciliation Act, the FFELP program has been ended by the Department of Education since July 1, 2010.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 1 - ORGANIZATION (Continued)

Since the end of the FFELP program, there have been no new disbursements of loans from IDAPP. The agency is administering the wind-down of the existing portfolio. In addition, a majority of the student loan portfolio was sold /refinanced between 2007 and 2010.

As a result of the refinancing and the wind-down of the portfolio, IDAPP is no longer a major fund for the State. In addition, the agreements with the Bond Trustees do not mandate stand-alone statements for the fund. ISAC's consolidated financial statements can be submitted instead of the stand-alone statements. As a result, effective Fiscal Year 2016 and through Fiscal Year 2024, the Commission did not issue separate stand-alone statements for IDAPP.

The IDAPP fund is still reflected separately on the Statement of Net Position - Enterprise Funds, Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds and Statement of Cash Flows - Enterprise Funds in the ISAC Consolidated financial statements.

Alternative Loan Program: In order to make post-secondary educational opportunities more accessible for qualified students, ISAC offered a program of "Alternative Loans" to supplement existing federal and state student financial assistance programs. No new loans have been made under the program since 2010.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP): GEAR UP is a federal discretionary grant program designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. GEAR UP provides grants to states and partnerships at high-need middle and high schools. State grants are competitive matching grants that must include an early intervention component designed to increase college attendance and success and raise the expectations of low-income students.

ISAC was awarded a seven-year GEAR UP grant in late 2016 of approximately \$2.65 million per year. Over the course of seven years, ISAC and its program partners will use a cohort model to provide direct services to approximately 30,500 students in up to 25 middle schools and 25 high schools across Illinois.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

Financial Reporting Entity: The Commission is an agency of the State. As such, the Governor of the State determines designation of the governing authority. The State also maintains overall accountability for the Commission's fiscal matters. The Commission operates under a budget approved by the General Assembly in which resources primarily from the State's General Revenue and Special Revenue Funds as well as the Federal Student Loan and Student Loan Operating Funds are appropriated for the use of the Commission. Activities of the Commission are subject to the authority of the Office of the Governor, the State's Chief Executive Officer, and other departments of the executive branch of government (such as the State Comptroller's Office and the State Treasurer's Office) as defined by the General Assembly.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Commission is not legally separate from the State; the financial statements of the Commission are included in the financial statements of the State. The State's Annual Comprehensive Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871.

All funds appropriated to the Commission and all other cash received are under the custody and control of the State Treasurer, with the exception of IDAPP funds, College Illinois funds, and certain locally held funds, which are under the direct control of the Commission. As an integral unit of the State, the Commission prepares its year-end financial statements utilizing the State's basis of accounting and fund classifications. The accompanying financial statements present the financial position, results of operations and cash flows of all funds that comprise the Commission. The Commission's financial statements are an integral part of the State's overall annual comprehensive financial report.

Basis of Presentation: Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the Commission. Eliminations have been made to minimize the double counting of internal activities of the Commission. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through appropriations, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are clearly identifiable with a specific function, including each activity's share of allocated (shared) costs. Interest expense related to borrowing for student loan activities (business-type activities) totaling \$983 (including amortization) is included in student loan purchase program expense in the Statement of Activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all appropriations, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Commission's funds. Separate statements for each fund category - governmental and proprietary (enterprise) - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and certain investment earnings, and gains and losses from sales of the loan portfolio, result from non-exchange transactions or ancillary activities. Due to the nature of IDAPP and Illinois Prepaid Tuition Program activities, income from investments is considered operating activities, and interest expense is considered an operating activity in IDAPP's Statement of Revenues, Expenses, and Changes in Net Position.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Commission administers the following major governmental fund of the State:

General – This is the Commission’s portion of the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services, which are administered by the Commission and accounted for in the General Fund, include a program of financial assistance through scholarship and grant awards for residents of the State.

For Fiscal Year 2024, the Commission received appropriations through the General Fund - Educational Assistance Account, as well as General Fund – State CURE Account. These accounts are shared accounts and their activity (if any) attributed to the operations of the Commission is combined with the General Revenue Account for report presentation purposes. Any monies received by these funds are held in the State Treasury.

The Commission administers the following major enterprise fund of the State:

Illinois Prepaid Tuition Program (College Illinois!®) – This fund accounts for the activities of the Illinois Prepaid Tuition Program (referred throughout this report as “College Illinois!®”) including the sale of Illinois prepaid tuition contracts, investment of funds and payment of benefits of the contracts to participants.

Additionally, the Commission administers the following fund types:

Special Revenue Funds – Special Revenue Funds account for transactions related to resources obtained from specific revenue sources that are legally restricted, committed or assigned to expenditures for specific purposes. Special Revenue Funds are also used to account for federal grant programs. These funds are presented as a part of the nonmajor governmental funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to certificates of participation for the building located in Deerfield. This fund is presented as a part of the nonmajor governmental funds.

Enterprise Funds – Enterprise Funds are used to account for the Commission’s ongoing organizations and activities, which are similar to those often found in the private sector. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned and expenses incurred is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All business-type funds of the Commission are classified as enterprise funds.

Basis of Accounting: The government-wide and enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, includes grants and similar items and are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

ISAC reports unearned revenue on its financial statements. Unearned revenues arise when resources are received by ISAC before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when ISAC has a legal claim to the resources, the liability for unearned revenues is removed from the financial statements and revenue is recognized.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, pensions and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Interest and federal grant revenues are significant revenue sources, which are susceptible to accrual. All other revenue sources such as fines, penalties, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Shared Fund Presentation: The financial statement presentation for the General Fund and the University Grant Fund, part of the nonmajor governmental funds, represents only the portion of shared funds that can be directly attributed to the operations of the Commission. Financial statements for total fund operations of the shared State funds are presented in the State's Annual Comprehensive Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Commission's portion of shared funds:

Unexpended Appropriation: This "asset" account represents lapse period warrants issued between July and August for Fiscal Year 2024 in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources: This "other financing source" account represents the final legally adopted appropriation according to SAMS records. The amounts reported are net of any re-appropriations to subsequent years and the difference between current and prior year liabilities for re-appropriated accounts. Re-appropriations reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

Lapsed Appropriations: Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 18-month period from July to December of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Remitted to State Treasury: This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amount of SAMS Transfer In: This other financing use account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Commission did not make a deposit into the State Treasury.

Budgetary Process: The State Constitution requires the Governor to prepare and submit to the General Assembly an executive budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes locally held funds and various treasury-held funds, which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through the passage of specific line-item appropriations (i.e., personnel services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive budget are not a part of the General Assembly's appropriation process.

The actual amounts are determined either by state law or by discretionary action available to the Governor. The SAMS controls expenditures by line item as established in approved appropriation bills and the level of legal control is reported in a publication titled "A Detailed Report of Expenditures and Revenues." A separate document is necessary since the State has over 6,500 appropriated line items.

Unexpended appropriations are available for subsequent expenditures to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding two-month lapse period. Certain appropriations referred to as "reappropriations" represent the General Assembly's approval for continuation of a prior year's program which requires additional time for completion.

Cash and Cash Equivalents: Cash and cash equivalents consist principally of deposits held in the State Treasury. Cash and cash equivalents also include cash on hand, cash in banks for locally held funds, and highly liquid investments purchased with maturities of three months or less.

Prepaid Expenses: Prepaid expenses are payments made in advance for goods or services that will be received or utilized in a future period. Since the benefit has not yet been realized, these payments are recorded as assets, and are expensed over time, as the benefit is received.

Investments: ISAC presents investments on its Statement of Net Position at fair value or amortized cost which approximates fair value. The net appreciation or depreciation in the fair value of investments since the prior fiscal year (or purchase date for Fiscal Year 2024 purchases) is included as investment income in the financial statements. Dividend and interest income are recorded in the period earned.

Contracts Receivable: Contracts receivable represents the amount the Program expects to receive from contract holders for contracts purchased on an installment basis. The actuarially determined present value of future contributions was \$3,792 as of June 30, 2024, using a 4.71% discount rate. The Program expects to receive contributions totaling \$1,174 in Fiscal Year 2025. This amount has been classified as current contracts receivable on the Statement of Net Position. The total contract receivable balance is expected to be received over the next nine years.

Student Loans Receivable/Premiums: As a secondary lender, when IDAPP purchases loans from another lender, IDAPP may pay a premium on those loans. Premiums over \$50 (in the aggregate) are capitalized and amortized on a straight-line basis over the average remaining useful lives of the student loans. Premiums under \$50 (in the aggregate) are expensed.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Possible Loan Losses: The allowance for possible loan losses is an estimate of credit losses arising from the student loan portfolio. A provision for possible loan losses, which is reported as an operating expense, is added to bring the allowance to a level that, in management's judgment, is adequate to absorb estimated losses in the portfolio. Management performs a monthly assessment of the loan portfolio in order to determine the appropriate level of the allowance. The factors in this evaluation include, but are not necessarily limited to, delinquencies over 120 days, loan servicing deficiencies and the amount of unguaranteed reimbursement from the United States Department of Education as discussed in Note 4.

Management believes that the allowance for possible loan losses is adequate. While management uses available information to recognize losses on loans, future additions may be necessary based on future review of compliance with due diligence and contractual servicing requirements by IDAPP, and its outside loan servicers.

Interfund Transactions: The Commission has the following types of interfund transactions between Commission funds and funds of other State agencies:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Capital Assets: Capital assets, which include property and equipment, are reported at cost. Capital assets are depreciated using the straight-line method. Capitalization thresholds and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ 100	N/A
Buildings	100	10-60
Building improvements	25	10-45
Equipment	5	3-25
Internally generated software	1,000	10

Restricted Assets: Restricted assets represent those assets which are required to be held by the trustee as mandated by the bond and note indentures or resolutions or are pledged as security in support of bond and note indentures or resolutions.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances: The Commission employs encumbrance accounting for all Governmental Fund types. All outstanding contracts, purchase orders and other commitments for goods and services (if any) that have been received/rendered at June 30, but delivered and invoiced during the State's lapse period, are reported as restricted, committed, or assigned fund balances, as appropriate, not as expenditures or liabilities. Encumbrances are recorded as expenditures on the budgetary basis for such funds.

Compensated Absences: The liability for compensated absences reported in the government-wide and certain proprietary fund financial statements consists of unpaid, accumulated vacation and sick leave balances for Commission employees. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g., Social Security and Medicare tax).

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

Debt Premiums, Discounts, and Refunding Gains: In the government-wide and proprietary fund financial statements, debt premiums and discounts are amortized over the life of the debt using the straight-line method, which approximates the effective interest rate method. Deferred amounts on refunding represent a gain on refunding recognized with the issuance of the LIBOR Floating Rate Notes (see Note 8) and are reported as a deferred inflow of resources in the financial statements. These amounts are amortized on a weighted basis over the life of the remaining two tranches. Bonds and notes payable are reported net of the unamortized discount.

Current year amortization expense is included in student loan expense in the Statement of Activities.

Tuition Obligation: The tuition obligation in the Illinois Prepaid Tuition Program represents the net contract face value for the 15,579 contracts held by the fund as of June 30, 2024, plus the actuarially-determined present value of future benefits the Program expects to provide to contract holders for all contracts.

Pensions: In accordance with the Commission's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide and proprietary fund financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Commission's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the Commission's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Illinois State Employees Group Insurance Program (SEGIP) and additions to/deductions from the SEGIP Plan's fiduciary net position have been determined on the same basis as they are reported by the SEGIP Plan. For this purpose, the SEGIP Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances: Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In the governmental fund financial statements, fund balances are reported in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts constrained by limitations that the State imposes upon itself through legislation by its governing body. The commitment amount will be binding unless removed or amended in the same manner in which it is created.

Assigned – This consists of net amounts that are constrained by the Commission's intent to be used for specific purposes, but that are neither restricted nor committed. The Commission is authorized to assign funds by the State in accordance with the Higher Education Assistance Act (110 ILCS 947/20).

Unassigned – This includes the residual fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

In instances where restricted, committed and assigned fund balances are available for use, the Commission's policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; for which there are none.

Restricted – results when constraints placed on net position use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Based on bond indentures, all IDAPP assets, except for assets relating to operations, are restricted for the benefit of debt holders until the bonds are retired. Additionally, for the Prepaid Tuition Program, the net position at year-end (when positive) is restricted by the provisions of the tuition contracts, for tuition payments for beneficiaries of the contract owners, and administrative expenses. Net deficits however are categorized as unrestricted and represent the unfunded liability of the Program.

Unrestricted (Deficit) – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Commission first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funding and Actuarial Assistance: Program funding for the Illinois Prepaid Tuition Program is derived entirely from payments received from contract purchasers and the investment income earned by the Fund. The Commission has obtained actuarial assistance in order to measure the Fund’s obligations. The assets of the Fund are to be preserved, invested, and expended solely pursuant to and for the purposes of the Fund and may not be loaned or otherwise transferred or used by the State for any other purpose.

NOTE 3 - DEPOSITS AND INVESTMENTS

Authorized Deposits and Investments: The Commission is permitted by Illinois Statutes to engage in a wide variety of investment activities. These include bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the United States Government; interest-bearing savings accounts, certificates of deposit, interest-bearing time deposits or any other investments that constitute direct obligations of any bank; short-term obligations of certain qualified United States Corporations; short-term discount obligations of the Federal National Mortgage Association; shares or other securities legally issued by certain state or federal savings and loans associations; insured dividend-bearing share accounts and certain other accounts of chartered credit unions; certain mutual funds, the Illinois funds investment pool, and repurchase agreements that meet certain instrument and transactions requirements.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

With regard to the Prepaid Tuition Program, in addition to the funds with the State Treasurer, the Commission by statute (Illinois Prepaid Tuition Act, 110 ILCS 979) is required to appoint an investment advisory panel to offer advice and counseling regarding the investments of the prepaid tuition program. The panel is required to annually review and advise the Commission on provisions of the strategic investment plan, which will specify the investment policies to be utilized by the Commission in the administration of the Prepaid Tuition Program. The Commission may direct that assets of the Prepaid Tuition Program funds be placed in savings accounts or may use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or other investment products pursuant to the comprehensive investment plan and in such proportions as may be designated or approved under that plan.

With regard to the Illinois Designated Account Purchase Program (IDAPP), bond documents such as trust indentures place strict limitations on the type of investments that can be made by IDAPP. The limitations vary slightly from issue to issue, but in general they restrict investments to direct obligations of the federal government and government agencies, investment agreements, repurchase agreements, bank certificates of deposit, money market funds and highly rated commercial paper and municipal bonds.

The Public Funds Investment Act (Act) also restricts the investment of funds under the control of IDAPP. These restrictions apply to any funds, which are not restricted by the terms of a debt document. Permitted deposits and investments under the Act include (subject to various restrictions and limitations) direct federal obligations of the United States of America, federal guaranteed obligations, participation interests in federal obligations, federal affiliated institutions, certificates of deposit, time deposits, and other bank deposits which are fully insured by the Federal Deposit Insurance Corporation (FDIC) or similar federal agency or which are fully collateralized, money market funds, repurchase agreements, investment agreements with financial institutions, commercial paper, state or municipal bonds, and bankers' acceptances. IDAPP's investment policy, which applies to all investments, is more restrictive than the Act in that investments in money market mutual funds are restricted to those with portfolio holdings of United States obligations including bonds, notes, certificates of indebtedness, treasury bills or other securities, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, and direct United States obligations (bonds, notes, debentures or other similar obligations of the United States of America or its agencies).

Investment Authority and Legal Compliance: The State Treasury is the custodian of the State's cash and cash equivalents for the Illinois Prepaid Tuition Program maintained in the State Treasury. The investment authority for the State Treasury is found in the State Treasurer Act (15 ILCS 505), which authorizes the State of Illinois primary government and its component units to engage in a wide variety of investment activities. For further details please refer to the State of Illinois Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained from the Illinois Office of the Comptroller at 325 West Adams, Springfield, Illinois 62704.

The Illinois Prepaid Tuition Program independently manages cash and cash equivalents maintained outside the State Treasury.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Commission board members have ultimate responsibility for the success and safety of the investment program. Specific responsibilities of the Commission include, but are not limited to, the following:

1. Adopting a sound investment policy. The Policy may be modified from time to time by action of the Commission and shall be adopted annually by the Commission in accordance with the Act.
2. Adopting a sound asset allocation. The asset allocation shall be reviewed annually for reasonableness and a formal asset allocation study will be conducted at least every three years.
3. Approving any changes to the investment manager structure.
4. Approving the selection and termination of any investment service provider.
5. Monitoring and evaluating the investment performance of the Fund and ensuring the risk profile is consistent with Policy objectives.
6. Establishing the primary duties and responsibilities of those accountable for achieving and reviewing investment results.
7. Adopting and reviewing, at least annually, the diversity policies required by section 30(b-5) of the Prepaid Tuition Act (110 ILCS 979/30(b-5)).

The Commission may not delegate its oversight and management responsibilities but will be assisted in its functions by other sub committees, panels, and agency staff.

The Commission by statute (Illinois Prepaid Tuition Act, 110 ILCS 979) is required to appoint an investment advisory panel to offer advice and counseling regarding the investments of the Program.

The Commission appoints members to the panel in a manner consistent with the representation prescribed in the Illinois Prepaid Tuition Act. The panel is required to annually review and advise the Commission on provisions of the strategic comprehensive investment plan.

The investment policy represents the comprehensive investment plan as referred to in the Illinois Prepaid Tuition Act. The investment policy is reviewed by the Commission annually and identifies a set of investment objectives, guidelines, and performance standards for the investment of the assets of the Fund. The Commission approved the Program's most recent revision to the investment policy in April 2024.

The Commission also appoints an Investment Committee consisting of at least three (3) members of the Commission with knowledge of investing. Investment Committee members are selected by the Chair of the Commission and approved by a vote of the Commission. The Investment Committee meets at least quarterly with the Director of Investments and the Investment Consultant.

The Investment Committee is generally responsible for monitoring Fund investments and performance to ensure compliance with the Investment Policy and for considering investment initiatives for potential recommendation to the full Commission.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Director of Investments is responsible for the day-to-day operation and oversight of the Fund and for coordinating the activities of the Investment Committee, the Investment Advisory Panel, and investment related activities of the Commission. The Director of Investments reports directly to the Executive Director and has a “dotted-line” reporting relationship to the Commission. The Director of Investments has the authority and responsibility to ensure that the Commission is adequately informed on matters and concerns relating to Fund investments. The Director of Investments will work closely with the Executive Director, Investment Consultant, and Investment Staff to carry out the duties and responsibilities of this role.

In accordance with the Illinois Prepaid Tuition Act, the Commission may arrange to compensate for personalized investment advisory services rendered with respect to any or all of the investments under its control to an investment advisor registered under Section 8 of the Illinois Securities Law of 1953 or any bank or other entity authorized by law to provide those services.

A qualified investment consultant, on an ongoing basis, evaluates the Program. The primary role of the Investment Consultant is to provide the information, analysis, and advice required by the Investment Staff, Investment Advisory Panel, Investment Committee, and Commission to carry out their duties and to assist them in developing and implementing a prudent process for monitoring and evaluating Fund investments. The Investment Consultant will work closely with the Director of Investments, but is expected to provide an independent perspective to the Investment Committee and Commission.

Written reports are provided to the Commission by the investment consultant no later than 45 days after the end of each calendar quarter. The Director of Investments and investment consultant meet with the various investment managers on a regular basis to review the investment guidelines and the asset/liability structure of the Program. The investment consultant also assists the Director of Investments, Investment Committee, Commission, and the Investment Advisory Panel with the selection of investment managers and custodians.

The qualified investment consultant retained by the Commission is expected to provide an independent perspective within the parameters set forth in the investment policy guidelines. The Program has contracted with Callan LLC to evaluate the investment performance of the Program on an ongoing basis.

The investment policy authorizes the Commission to utilize a third-party custodian to safe-keep the assets of the Fund and to provide reports on a monthly basis to all relevant parties. The custodian retained by the Commission is required to exercise discretion within the parameters set forth in the investment policy guidelines for the portfolio(s) they manage on behalf of the Fund.

The Custodian has three primary responsibilities, namely: (1) Safekeeping of Assets – custody, pricing and accounting and reporting of assets owned by the Fund; (2) Trade Processing – track and reconcile assets that are acquired and disposed; and (3) Asset Servicing – maintain all economic benefits of ownership such as income collection, corporate actions, and proxy notification issues.

The Commission may direct that assets of the Program be placed in savings accounts or may use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or other investment products pursuant to the comprehensive investment plan and in such proportions as may be designated or approved under that plan.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Commission also authorizes the hiring of professional investment managers to manage the assets of the Fund. Investment managers are hired who, by their record and experience have demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered. Investment managers retained for the Program acknowledge in writing that they are a fiduciary with respect to the Fund or that they are a fiduciary to a limited partnership or commingled fund in which the Fund is an investor.

Unless otherwise exempt from registration, investment managers need to be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis.

The Commission has established strict guidelines to ensure that hiring decisions are made in a full-disclosure environment characterized by competitive selection, objective evaluation, and proper documentation. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of participants and beneficiaries of the Fund.

The Program investment policy dictates certain guidelines and restrictions that apply to each approved asset class. Such restrictions may include certain prohibited transactions, as well as restrictions on portfolio composition. In accordance with the investment policy approved on June 25, 2012, the Fund will not make any new direct private investments or new co-investments that are tied to a single company or investment.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Program's deposits may not be returned to it. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by FDIC insurance or eligible collateral. The Program has no policy that would further limit the requirements under State law. As of June 30, 2024, the Program's deposits held outside the State Treasury were not exposed to custodial credit risk.

Funds in the custody of the State Treasurer, or in transit, totaled \$79,192 at June 30, 2024. These amounts are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Details on the nature of these deposits and investments, and the risks, are available within the State's Annual Comprehensive Financial Report.

At June 30, 2024, the Commission had no amounts that were uninsured and uncollateralized.

Investments: Other than the securities lending program administered by the State Treasurer, in which the Commission participates, all investments held by the Commission as of June 30, 2024, pertain to the Illinois Designated Account Purchase Program (IDAPP), and the Illinois Prepaid Tuition Program (College Illinois!®) fund, both of which are major enterprise funds.

Illinois Designated Account Purchase Program (IDAPP)

IDAPP categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2024, IDAPP had money market funds of \$11,472 and U.S. Treasury securities of \$30,465; valued based on matrix pricing provided by the custodian (Level 2 inputs). Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk: IDAPP invests its funds in a manner that meets its cash flow needs while conforming to state statutes governing the investment of funds, including without limitation the Investment Act and all requirements/limitations of the various documents applicable to bonds and other securities issued by ISAC. The portfolio's maturity characteristics at June 30, 2024, are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Government securities (U.S. Treasury bills/notes)	<u>\$ 30,465</u>	0.33

Credit Risk: IDAPP's investment policy limits the following types of investments to the top two ratings issued by nationally recognized credit rating organizations: commercial paper, state or municipal bonds, and bankers' acceptances. The investment policy places no further limitations on investment credit quality.

As of June 30, 2024, IDAPP's investments were subject to credit risk (other than obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government which are not considered to have credit risk) as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating Moody's</u>
Money market funds	<u>\$ 11,742</u>	Aaa-mf

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, IDAPP will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

The investment policy authorizes IDAPP to utilize a third-party custodian (Trustee) to safe-keep the assets of the fund and to provide reports on a monthly basis to all necessary parties. The custodian is responsible for sweeping all interest and dividend payments and any other un-invested cash into a short-term government money market fund. IDAPP has no investments subject to custodial credit risk at June 30, 2024.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. IDAPP's investment policy requires IDAPP to diversify its investments by security type and institution. With the exception of the obligations set forth in the investment policy (direct federal obligations, federal guaranteed obligations, and federal affiliated institutions) or investments fully collateralized by these obligations, no more than 5% of IDAPP's total investment portfolio will be invested in the obligations of a single issuer.

As of June 30, 2024, there were no investments that exceed 5% or more of IDAPP's total investment portfolio.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk: Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment. IDAPP is not exposed to foreign currency risk and, IDAPP's investment policy does not address foreign currency risk.

Illinois Prepaid Tuition Program

ISAC is required annually to adopt a comprehensive investment policy to invest the funds received through contract payments. The Commission approved the Program's most recent revision to the investment policy in April 2024. Subsequent to year end, in September 2024, the Commission made a minor change to the investment policy. ISAC has established investment guidelines for the investment managers and conducts thorough due diligence before the appointment of all investment managers. ISAC has retained Astatine Capital Partners, CM Growth Capital Partners LP, Polen Capital Partners, Garcia Hamilton and Associates, Lyrical-Antheus Realty Partners, Neuberger Berman, Portfolio Advisors, RhumbLine Advisers, Security Capital Research and Management, State Street Global Advisors and The Rohatyn Group as investment managers to assist with the investment of the Program.

Use of funds invested on behalf of the Program by the investment managers is restricted to the payout of tuition and fee benefits for Program beneficiaries and the administrative costs of running the program.

As of June 30, 2024, 2.4% of the funds were invested in U.S. Equities, 2.1% in Fixed Income, 3.7% in Infrastructure Funds, 0.1% in Absolute Return Funds, 0.1% in Private Equity Funds, 9.9% in Real Estate, 4.2% in Real Estate Investment Trust, 2.8% in High Yield, and 74.7% in cash and equivalents combined with short term treasury bills and notes.

Investments owned are reported at fair value or amortized cost as follows:

1. U.S. Government and Agency, Foreign and Corporate Obligations, Convertible Bonds – prices quoted by a major dealer in such securities.
2. Common Stock and Equity Funds, Preferred Stock, Foreign Equity Securities – (a) Listed – closing prices as reported on the composite summary of national securities exchanges; (b) Over-the-counter – bid prices.
3. Money Market Instruments – amortized cost which approximates fair values.
4. Real Estate Investments – fair values as determined by its investment managers and reviewed by Program investment staff and the investment consultant.
5. Private Equity, Absolute Return, and Infrastructure Funds – fair values as determined by its investment managers and reviewed by Program investment staff and the investment consultant. Valuations generally are based on the investee's last audited financial statements (generally December 31) and differences attributed to cash flows and subsequent events through June 30.

The Program's investment in REITs represents convertible debt, senior unsecured debt securities, and preferred and common equity securities. Investment strategies of private equity funds include secondary funds.

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Program's investments in infrastructure represent investments used to seek capital appreciation and current income by acquiring, holding, financing, refinancing, and disposing of infrastructure investment and related assets. Infrastructure assets include various public works such as water utility, toll roads, inland barge terminals and a gas pipeline system.

The Program's investments in absolute return funds (funds of hedge funds) employ a broad range of diversifying investment strategies that may include arbitrage, global commodities, and global macro. Private equity, real estate and infrastructure investment portfolios consist of passive interests in non-publicly traded companies. The Program had outstanding unfunded commitments of approximately \$0.3 million to private equity partnerships and \$5.3 million to infrastructure funds as of June 30, 2024.

Recoverable taxes are taxes paid by legacy international equity investment managers to foreign governments. ISAC's custodian then reclaims tax withheld on dividends and interest in markets where tax reclaim benefits are available. These legacy investment managers no longer have assets under management. Their accounts at the custodian consist solely of recoverable taxes.

The Illinois Prepaid Tuition Program's cash recoverable taxes and investments at June 30, 2024, are presented below by investment type and by investment manager:

Investment Managers Asset Allocation June 30, 2024			
Asset Class	Investment Manager	Fair Value	Actual Allocation
All-Cap Core Equity	RhumblLine Advisers	11,753	2.38%
Total U.S. Equity		11,753	2.38%
Fixed Income-Passive Core	State Street Global Advisors	10,162	2.06%
Total Fixed Income		10,162	2.06%
High Yield	DDJ Strategic Income Plus	13,581	2.75%
Total High Yield		13,581	2.75%
REIT Preferred Growth	Security Capital Research	20,776	4.21%
Total REIT		20,776	4.21%
Real Estate-Private Equity	Lyrical-Antheus	49,086	9.96%
Total Real Estate		49,086	9.96%
Infrastructure-Diversified Value Add	Astatine Capital Partners	281	0.06%
Infrastructure-Asia Opportunities	The Rohatyn Group	18,131	3.68%
Total Infrastructure		18,412	3.73%
Absolute Return Fund-Conservative	Neuberger Berman	285	0.06%
Total Absolute Return Funds		285	0.06%
Private Equity Secondary FoFs	Portfolio Advisors	230	0.05%
Total Private Equity		230	0.05%
Short Term Treasury Notes	Garcia Hamilton	364,222	73.88%
Total Short Term Treasury Notes		364,222	73.88%
Total Investments		488,507	99.09%
Cash and Equivalents	Northern Trust	3,024	0.61%
Cash and Equivalents	Illinois Treasury and lock box	1,451	0.29%
Total Cash Equivalents		4,475	0.91%
TOTAL PORTFOLIO		\$ 492,982	100%

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investment Management Fees: The Program has contracted with Commission-approved investment managers to manage the assets of the Program. The investment managers serve as investors and investment advisors to the Program.

For investment managers who invest moneys in publicly held securities the Program pays an investment management fee for investment management services. The investment management fee is based upon contractually agreed upon conditions and provisions. Investment management fees expense for investments in publicly held securities amounted to \$220 for the year ended June 30, 2024, and is accounted for in the Statement of Revenues, Expenses, and Changes in Net Position.

For investment managers of alternative investments (not publicly held securities) the Program pays an investment advisory fee. The investment advisory fees are calculated based upon the terms and conditions agreed upon with each individual contractual agreement and are recognized as investment advisory fees expense in the Statement of Revenues, Expenses, and Changes in Net Position. Investment advisory expense as reflected in the Statement of Revenues, Expenses, and Changes in Net Position for Fiscal Year 2024 amounts to \$448.

For certain alternative investment managers of private equity, infrastructure and real estate which are closed end funds and ISAC is a limited partner, the investment advisory fee is reflected in a slightly different way. If the investment management fees are outside of the Limited Partner's capital account, then the fees are included as part of the investment advisory fees expense in the Statement of Revenues, Expenses, and Changes in Net Position. If the closed-end fund accounts for management fees within the Limited Partner's capital account, then management fee expense is included in the Net Asset Value calculation and would therefore be included in the income from investment securities on the Statement of Revenues, Expenses and Changes in Net Position.

Investment managers who fall into the last category are listed below:

- Lyrical-Antheus Realty Partners
- Alinda Capital Partners
- The Rohatyn Group
- Portfolio Advisors

Approximately \$524 in investment advisory fees and no performance fees are included in the amount reported for income from investment securities for the Fiscal Year ending June 30, 2024, and is accounted for as a part of the income from investment securities in the Statement of Revenues, Expenses, and Changes in Net Position. Additionally, these amounts are reflected in the carrying value on the Statement of Net Position.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Illinois Prepaid Tuition Program's policy for managing interest rate risk is to monitor duration against an appropriate benchmark index.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The duration of the portfolios, by Manager, for the fixed income securities (excluding real estate portfolio), compared to the benchmark index(s) is as follows:

<u>Fixed Income Portfolio Manager</u>	<u>Average Duration</u>	<u>Bloomberg Aggregate Bond Index</u>	<u>Bloomberg Int. Government/ Credit Index</u>
Garcia Hamilton Laddered Treasury	2.18 Years	6.13	N/A
SSGA U.S. Aggregate Bond Index	6.13	6.13	N/A

Portfolio Weighted Average Maturity

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
U.S. Treasury notes	\$ 363,592	2.36
Bond common collective trust	<u>10,162</u>	8.58
Total Fair Value	<u>\$ 373,754</u>	
Portfolio weighted average maturity		<u>2.53</u>

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The operational guidelines for actively-managed bond managers set forth in the Illinois Prepaid Tuition Program investment policy are:

- The weighted average credit quality of portfolio holding will not fall below A- or equivalent.
- No more than 20% of the portfolio will be invested in issues rated below Baa3 or BBB-, A2 or P2.
- No more than 10% in non-U.S. securities (dollar and non-dollar) rated below investment grade.
- Should a security be downgraded to a rating of "B" or below, the investment manager will determine the appropriate action (sell or hold) based on the perceived risk and expected return of the position and will inform the CIO and the Investment Consultant in writing of the action taken.

The following tables indicate credit ratings, as of June 30, 2024, for the Program's debt security investments (other than obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government which are not considered to have credit risk). Ratings for debt security investments that have multiple ratings are on the following page:

Credit Ratings (Excludes Multiple-Rated Securities)
June 30, 2024

	Total Fair Value	Credit Rating*
		Moody's
Money market mutual funds	\$ 3,654	NR
Illinois Funds	5	NR
Bond common collective trust	10,162	NR

*NR - not rated

Credit Ratings (Multiple-Rated Securities)
June 30, 2024

Rating Agency	Investment Type	Credit Rating*	Fair Value
Moody's:	U.S. Treasury notes	Aaa	\$ 349,021
	U.S. Treasury notes	*TSY	14,571
			363,592

*TSY - Treasury Yield

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Illinois Prepaid Tuition Program will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Program does not have an investment policy for custodial credit risk for investments.

The Illinois Prepaid Tuition Program is not exposed to custodial credit risk at June 30, 2024.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

The operational guidelines as set forth in the Illinois Prepaid Tuition Program's investment policy indicate:

- For fixed income managers no more than 5% of the fixed income portfolio at time of purchase may be invested in any one company, except for U.S. government or agency issues.
- For investments in international equity, investment in any one issuer shall not exceed five percent of the market value of the portfolio at the time of purchase. No more than ten percent of the market value of the portfolio may be held in any one issuer at any time. Investment in any one company in the portfolio may be no more than ten percent of the total market value of that company.
- For investments in domestic equity, investment in any one issuer shall not exceed five percent of the market value of the portfolio at the time of purchase. No more than ten percent of the market value of the portfolio may be held in any one issuer at any time. Investment in any one company in the portfolio may be no more than ten percent of the total market value of that company.

As of June 30, 2024, there were no investments subject to concentration of credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment.

The Illinois Prepaid Tuition Program's investments in international equity are in compliance with the guidelines of the investment policy. As of June 30, 2024, the Program is not invested in international equities.

The Program has no investments denominated in foreign currency as of June 30, 2024.

Valuation: The Program categorizes its fair value measures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs (see page 38-40); and leveling is not required for investments held at amortized cost. The Program has the following as of June 30, 2024:

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments Measured at Fair Value:

	June 30, <u>2024</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Leveling Not Required
Investments by fair value level				
Debt securities				
U.S. Treasury notes	\$ 363,592	\$ -	\$ 363,592	\$ -
Common collective trust	10,162	-	10,162	-
Corporate equity securities	11,753	11,753	-	-
Money market mutual funds	3,654	-	-	3,654
Equity in Public Treasurer's Investment Pool (Illinois Funds)	5	-	-	5
Total investments by fair value level	<u>\$ 389,166</u>	<u>\$ 11,753</u>	<u>\$ 373,754</u>	<u>\$ 3,659</u>

	June 30, <u>2024</u>
Investments measured at the net asset value (NAV)	
Real estate investment trust	\$ 20,776
Real estate	49,086
Private equity	230
Infrastructure	18,412
Absolute return	285
High yield fund	<u>13,581</u>
Total investment measured at the NAV	<u>\$ 102,370</u>
Total investments measured at fair value or amortized cost	<u>\$ 491,536</u>

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The valuation method of investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	Fair Value	Unfunded Commitment	Redemption Frequency If Currently Eligible	Redemption Notice Period
Real estate investment trust	\$ 20,776	\$ -	Quarterly	30 days notice
Real estate	49,086	-	N/A	N/A
Private equity	230	314	N/A	N/A
Infrastructure	18,412	5,286	N/A	N/A
Absolute return	285	-	Annual	65 and 180 days notice
High yield fund	13,581	-	Quarterly	60 days notice
Total investments measured at the NAV	<u>\$ 102,370</u>	<u>\$ 5,600</u>		

Real estate investment trust: This investment manager opportunistically sources, structures and executes investments in real estate operating companies. The fair values of the investment in this type have been determined using the NAV per share of the investment. This investment can be redeemed quarterly with 30 days' notice. A liquidating account may be used during period of market stress to provide orderly liquidation.

Real estate: This type includes one real estate fund that invests primarily in U.S. commercial and residential real estate. Lyrical Antheus Realty Partners III, LP recognizes the partners' capital at cost basis on their financial statements has been adjusted to reflect the investment on a fair value basis. Private market investments are illiquid in nature. Distributions from each fund will be received as the underlying investments of the funds are liquidated by the general partner. It is expected that the underlying assets of the fund will be liquidated over the next four years with 15% within Fiscal Year 2025.

Private equity: This type includes one private equity funds which invests in a diversified portfolio of private equity limited partnerships purchased in the secondary market. The fair values of the investments in this type have been determined using the NAV per share of the Program's ownership investment in partners' capital. Private market investments are illiquid in nature. Distributions from each fund will be received as the underlying investments of the funds are liquidated by the general partner. It is expected that the underlying assets of the fund will be liquidated with 90% within Fiscal Year 2025, with the remainder over the following year.

Infrastructure: This type includes two infrastructure funds which invest in infrastructure and related assets in the United States, Asia, and Europe. The fair values of the investments in this type have been determined using the NAV per share of the Program's ownership investment in partners' capital. Private market investments are illiquid in nature. Distributions from each fund will be received as the underlying investments of the funds are liquidated by the general partner. It is expected that the underlying assets of the funds will be liquidated over the next three years with 100% to 25% (varies by investment manager) within Fiscal Year 2025.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Absolute return: This type includes one absolute return funds of funds. This fund targets consistent, positive absolute returns with minimal beta to major equity and fixed income markets. The fair values of the investments in this type have been determined using the NAV per share of the Program's ownership investment in partners' capital. assets. The fund will withhold a percentage pending the completion of the annual audit. The fund is in the process of liquidating. Approximately \$25.4 million was liquidated in fiscal years 2022, 2023 and 2024 with the remainder 0.3 million expected in Fiscal Year 2025.

High yield: This type seeks income and gains through trading and investing in securities. The fair value of the investment in this type has been determined using the NAV per share of the Program's ownership investment in partners' capital. 90% of liquid securities are available within 30 days of quarter end with 60 days' notice prior to quarter end. Up to 25% of the fund may be invested in illiquid securities. Ten percent of any withdrawal may be held until 30 days following the annual audit.

Securities Lending - Student Loan Operating Fund and Federal Student Loan Fund: Cash and cash equivalents in the Commission's non-major proprietary funds namely the Federal Student Loan Fund and the Student Loan Operations Fund consist of deposits held in the State Treasury. The Illinois Office of the Treasurer invests the deposits held and allocates investment income to the two funds on a monthly basis.

Under the authority of the Treasurer's published investment policy that was developed in accordance with State statute, the State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During Fiscal Year 2024, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year on the amount of the loans of available eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral, or investments of the State Treasurer in Deutsche Bank AG's custody. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank AG.

During the fiscal year, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investment made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. For the portion related to the Commission's non-major proprietary fund, the Student Loan Operating Fund, securities lending collateral (invested in repurchase agreements) and the corresponding securities lending collateral obligation as of June 30, 2024 was \$13,891.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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(Dollars in thousands)
Year Ended June 30, 2024

NOTE 4 - STUDENT LOANS RECEIVABLE

IDAPP's student loans receivable balance is comprised of two types of student loans: loans that were originated or purchased as part of the Federal Family Education Loan Program (FFELP) and loans that are originated as part of IDAPP's Alternative Loan Program. The FFEL Program was eliminated as of June 30, 2010, and as such IDAPP no longer originates FFELP loans.

All FFELP loans originated or purchased by IDAPP prior to October 1, 1993, are guaranteed at 100% by Guarantors in accordance with the Higher Education Act. For loans disbursed between October 1, 1993, and prior to July 1, 2006, the loans are guaranteed at 98%. Loans disbursed after July 1, 2006, are guaranteed at 97%. All guaranteed loans are reinsured by the United States Department of Education (ED). ED has issued detailed loan servicing requirements, which, if not strictly adhered to, may result in the loss of the loan guaranty. The United States Department of Education has also issued specific guidelines to provide for the cure of such servicing deficiencies and the reinstatement of the guaranty. For servicing contracts established with outside vendors, contractual provisions require the contractors to indemnify IDAPP for losses due to their negligence in loan servicing. Such recoveries will be recognized as income when received. There is \$1,101 of student loans receivable that IDAPP has classified as defaulted loans under the FFEL Program. Claims on these loans have been submitted to, but have not been reimbursed by, the guarantee agencies as of June 30, 2024.

Alternative Loans are not guaranteed by Guarantors and are not eligible for reinsurance by ED. Alternative Loans are credit-based and a provision for loan loss is accrued for the amount of the loans estimated to be uncollectible. The total amount of Alternative Loans outstanding was \$110,899 at June 30, 2024. Of this amount, \$84,194 was recorded as a provision for loan losses.

Management has identified loans that may not be reimbursed by the guarantor or collected from the student. Accordingly, management has established an allowance for possible loan losses totaling \$86,474 as of June 30, 2024. This amount includes the alternative loans addressed above.

Included in the student loans receivable balance are premiums paid on the origination and purchase of certain student loans. These premiums are being amortized over the average life of the related loans.

Federal Student Loan Fund: If the federal reinsurance percentage applied to guarantors was temporarily reduced from 97% to either 85% or 75% (for loans disbursed after October 1, 1998) due to excessive default claims and if the State's pledge of full faith and credit were found to be ineffective, then the full collectability of the non-federal reinsurance amount (i.e., 3% to 25%) of the IDAPP's net FFELP student loans receivable of \$84,760 at June 30, 2024 is subject to the adequacy of reserve funds of IDAPP's Guarantors under FFELP to pay defaulted loan claims. However, based on past loan default experience, management believes that material losses will not be incurred.

NOTE 5 - FEDERAL SPECIAL ALLOWANCE AND INTEREST SUBSIDY

The Federal government pays IDAPP (interest subsidy) or IDAPP owes the federal government (excess interest) an interest amount on certain student loans during the time that the student is enrolled in an eligible educational institution or qualifies for deferment status. The federal interest receivable at June 30, 2024, was \$643.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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I NOTE 5 - FEDERAL SPECIAL ALLOWANCE AND INTEREST SUBSIDY (Continued)

DAPP is also eligible to receive special allowance payments from the federal government that are paid to adjust for the low yield on student loans in comparison to other investment sources.

Federal Interest Benefits	\$	223
Special Allowance Payments (Interest Subsidy)		2,519
Excess Interest		<u>(14)</u>
Net Expense Incurred to DOE	\$	<u>2,728</u>

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds: The balances at June 30, 2024, represent amounts due from other ISAC and State funds and component units as follows:

Fund	Due from Primary Government Funds		Due from Component Units	Description/Purpose
	ISAC	Other State		
General	\$ 396	\$ -	\$ -	Due from Student Loan Operating Fund for shared expenses.
Contracts & Grants	\$ -	\$ 121	\$ -	Due from Department of Human Services for scholarship and grant expense.
Nonmajor Enterprise - Student Loan Operating	1,905	-	-	Due from IDAPP Fund for shared Services.
	-	10,987	-	Due from Department of Human Services for ECACE grant and administrative expenses.
	-	221	-	Due from Department of Veterans' Administration for rent and expenses.
	-	88	-	Due from Central Management Services (on behalf of DCFS) for rent and expenses.
	<u>1,905</u>	<u>11,296</u>	<u>-</u>	
	<u>\$ 2,301</u>	<u>\$ 11,417</u>	<u>\$ -</u>	

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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NOTE 6 - INTERFUND BALANCES AND ACTIVITY (Continued)

The balances at June 30, 2024, represent amounts due to other ISAC and State funds and component units as follows:

Fund	Due to Primary Government Funds		Due to Component	Description/Purpose
	ISAC	Other State	Units	
General	\$ -	\$ -	\$ 47,841	Due to State universities for scholarships and grants.
	-	130	-	Due to Central Management Services for EDP, communications, and garage fund.
	-	130	47,841	
Education Assistance	-	-	128	Due to State universities for scholarships and grants.
Illinois Designated Account Purchase Program	1,905	-	-	Due to Student Loan Operating Fund for shared services.
	1,905	-	-	
Nonmajor Governmental - Gear Up Grant	-	1	-	Due to Central Management Services for EDP, communications, and garage fund.
Nursing Dedicated & Professional	-	-	22	Due to State universities for scholarships and grants.
	-	1	22	
Nonmajor Enterprise - Student Loan Operating	396	-	-	Due to General Revenue Fund for shared expenses.
	-	136	-	Due to Department of Human Services for ECACE prior year refunds received on their behalf.
	-	4	-	Due to Governor's Office of Management and Budget for charges related to the Grant Accountability and Transparency Act (GATA).
	-	-	2,709	Due to State universities for scholarships and grants.
	396	140	2,709	
Illinois Prepaid Tuition Program	-	-	15	Due to State universities for payment of tuition contracts.
	-	-	15	
	\$ 2,301	\$ 271	\$ 50,715	

Transfers To/From Other Funds:

Fund	Transfers In From Other ISAC Funds	Description/Purpose
Nonmajor Enterprise - Student Loan Operating	122	Transfer from the Federal Student Loan Reserve Fund for interest payment due to Department of Education.
	\$ 122	

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Capital assets being depreciated:				
Buildings	19,229	-	-	19,229
Equipment	24	6	-	30
Total capital assets being depreciated	19,253	6	-	19,259
Less accumulated depreciation:				
Buildings	(14,407)	(503)	-	(14,910)
Equipment	(24)	-	-	(24)
Total accumulated depreciation	(14,431)	(503)	-	(14,934)
Total capital assets being depreciated, net	4,822	(497)	-	4,325
Governmental activities capital assets, net	\$ 7,522	\$ (497)	\$ -	\$ 7,025
Business-type activities:				
<i>Illinois Designated Account Purchase Program Fund:</i>				
Capital assets being depreciated:				
Equipment	\$ 85	\$ -	\$ -	\$ 85
Less accumulated depreciation:				
Equipment	(85)	-	-	(85)
Total capital assets being depreciated, net	-	-	-	-
<i>Nonmajor Enterprise Funds:</i>				
Capital assets not being depreciated:				
Internally generated software in development	-	285	-	285
Capital assets being depreciated:				
Leases - buildings	831	-	-	831
Equipment and automobiles	979	-	(34)	945
Leases - equipment	119	168	(119)	168
Internally generated software	3,357	-	-	3,357
Subscription-based IT arrangements	70	111	-	181
Less accumulated depreciation:				
Leases - buildings	(180)	(90)	-	(270)
Equipment and automobiles	(641)	(83)	34	(690)
Leases - equipment	(89)	(48)	119	(18)
Internally generated software	(3,357)	-	-	(3,357)
Subscription-based IT arrangements	(8)	(13)	-	(21)
Total capital assets being depreciated, net	1,081	45	-	1,126
Business-type activities capital assets, net	\$ 1,081	\$ 330	\$ -	\$ 1,411

Depreciation expense for governmental activities on the Government-wide Statement of Activities for the year ended June 30, 2024, amounted to \$497. Of that amount, 100% was charged to the Scholarships, awards, and grants function.

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NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

Revenue Bonds and Notes Payable and Pledged Revenues: On October 27, 2010, ISAC entered into a Bond Purchase Agreement with a group of underwriters to sell \$604,000 Student Loan Asset Backed Notes, Series 2010-1 (LIBOR Floating Rate Notes). The Notes were issued in three tranches. The Class A-1 tranche is \$181,000 maturing April 25, 2017, with a rate of 3-Month LIBOR plus 0.48%, the Class A-2 tranche is \$269,000 maturing April 25, 2022, with a rate of 3-Month LIBOR plus 1.05% and the Class A-3 tranche is \$154,000 maturing July 25, 2045, with a rate of 3-Month LIBOR plus 0.90%. The variable interest rate for the debt is reset every quarter. The proceeds from the sale of the Notes were used to make the initial deposits to the Capitalized Interest Fund, the Reserve Fund, a portion of the initial deposit to the Loan Fund, and to pay acquisition costs. The remaining proceeds were used to purchase and cancel certain outstanding bonds (2002 Resolution Trust Bonds). The FFELP loans released from the 2002 Resolution Trust were deposited into the Loan Fund.

The indenture has a provision that any excess cash in the trust is used to pay down the principal amount of the Notes. The Class A-1 and the Class A-2 tranches have been paid off. The total principal and interest remaining to be paid on the bonds is approximately \$80,416. IDAPP has until the stated maturity dates to retire the principal amounts owed on these bonds. As such, liabilities related to these bonds are reported as noncurrent. IDAPP however will pay principal amounts in advance of that date (without penalty) as collections on the resulting student loans are received into the trust. Effective July 1, 2023, the variable interest rate for the debt changed to the 3-Month Secured Overnight Financing Rate (SOFR), plus a tenor spread, and is reset every quarter. As of June 30, 2024, variable interest rates were 6.509% for the LIBOR FRN Class A-3.

Annual principal and interest payments on the bonds are expected to require approximately 98 percent of the related student loan collections. Principal and interest paid for the current year were \$19,112 and \$3,127, respectively. Total related student loan principal and interest received were \$23,344 and \$2,532, respectively.

As a result of the issuance of the LIBOR Floating Rate Notes and the purchase and cancellation of the remaining outstanding 2002 bonds during Fiscal Year 2011, a deferred amount on refunding of \$70,320 was recorded. This amount is being amortized over the weighted average life of the LIBOR Floating Rate Notes of 16 years. The portion attributable to Fiscal Year 2024 is \$4,043. Amortization is included as a reduction of interest expense on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE (continued)

Changes in Long-Term Obligations: Changes in long-term obligations for the year ended June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
Governmental activities:					
Other long-term obligations:					
Compensated absences	\$ 1,877	\$ 1,273	\$ (1,097)	\$ 2,053	\$ 206
	<u>\$ 1,877</u>	<u>\$ 1,273</u>	<u>\$ (1,097)</u>	<u>\$ 2,053</u>	<u>\$ 206</u>
Business-type activities:					
<i>Illinois Designated Account Purchase Program :</i>					
Revenue bonds/notes payable:					
Series 2010, Class A-3	\$ 53,979	\$ -	\$ (19,112)	\$ 34,867	\$ -
Unamortized discounts	(4,593)	-	208	(4,385)	-
Other long-term obligations:					
Compensated absences	33	25	(18)	40	4
Total Illinois Designated Account Purchase Program	<u>49,419</u>	<u>25</u>	<u>(18,922)</u>	<u>30,522</u>	<u>4</u>
<i>Illinois Prepaid Tuition Program :</i>					
Tuition obligation	553,223	(1,616)	(105,836)	445,771	97,601
Total Illinois Prepaid Tuition Program	<u>553,223</u>	<u>(1,616)</u>	<u>(105,836)</u>	<u>445,771</u>	<u>97,601</u>
Nonmajor Enterprise Fund:					
Compensated Absences	374	134	(247)	261	26
Total Nonmajor Enterprise Fund	<u>374</u>	<u>134</u>	<u>(247)</u>	<u>261</u>	<u>26</u>
Total business-type activities	<u>\$ 603,016</u>	<u>\$ (1,457)</u>	<u>\$ (125,005)</u>	<u>\$ 476,554</u>	<u>\$ 97,631</u>

Future Maturities of Revenue Bonds and Notes: IDAPP issued bonds and notes to provide funds for student loan originations and purchases. IDAPP pledges the income derived from its assets to pay debt service. The majority of IDAPP's outstanding revenue bonds and notes are comprised of variable rate debt. As such, the interest figures shown below are calculated assuming the interest rate in effect on June 30, 2024. Actual interest paid in future years could be materially different.

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STATE OF ILLINOIS
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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE (Continued)

Annual debt service requirements to maturity for revenue bonds and notes are as follows:

Year Ending June 30	Principal	Interest	Total
2025		\$ 2,270	\$ 2,270
2026		2,270	2,270
2027		2,270	2,270
2028		2,270	2,270
2029		2,270	2,270
2030-2034		11,350	11,350
2035-2039		11,350	11,350
2040-2044		11,350	11,350
2045	34,867	149	35,016
	<u>34,867</u>	<u>\$ 45,549</u>	<u>\$ 80,416</u>
Plus (minus):			
Unamortized discounts	<u>(4,385)</u>		
Net long-term principal outstanding	<u>\$ 30,482</u>		

Tuition Obligation: The tuition obligation is management's estimate of the present value of the estimated tuition payments to be made and is expected to be financed from investments of prepaid tuition contracts. The estimate for the future tuition obligation is based on a closed group projection for existing contracts assuming no new contract sales after June 30, 2024. See actuarial assumptions and additional information in Note 14.

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STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
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Year Ended June 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE (Continued)

Tuition obligation activity for the year ended June 30, 2024, is as follows:

Balance as of July 1, 2023	\$ 553,223
Add:	
Contributions received in FY2024	2,024
Change in contracts receivable, at present value*	(1,608)
Adjust tuition obligation based on actuarial valuation	(2,032)
Less:	
Return of contributions	(24,995)
Tuition payments	(80,841)
	\$ 445,771
Balance as of June 30, 2024**	\$ 445,771
Reported as:	
Current	\$ 97,601
Noncurrent	348,170
	\$ 445,771

* Discount rate used in determining fair value was 4.71%.

** The accreted tuition expense is calculated at least annually by the Commission's actuary and is an estimate based on the weighted average increase in tuition and mandatory fees for Illinois public colleges and universities. Accreted tuition expense is reflected as an expense in the Statement of Revenues, Expenses, and Changes in Net Position and as an increase (or decrease) to the tuition obligation on the Statement of Net Position.

NOTE 9 - MID-TERM CREDIT FACILITY AND SHORT-TERM REVOLVING CREDIT LINE AND PLEDGED REVENUES

On July 27, 2007, ISAC entered into a Three-Year Asset Backed Revolving Credit Facility (the "Facility") through an affiliate of Citibank (the "Lender") pursuant to which ISAC has borrowed funds for the purpose of purchasing certain student loans. Advances made under the Facility are secured by a portfolio of student loans (the "Collateral"), which were largely financed with proceeds of the advances. Amounts due under the Facility constitute limited obligations of ISAC, payable solely and only from the Collateral and the revenues derived therefrom. The costs of borrowing under the Program will not exceed Citibank's commercial paper rate. The rate at June 30, 2024, was 5.44368%.

On July 27, 2010, the Facility became due and payable. Due to conditions currently existing in the credit markets, ISAC has been unable to refinance this debt and is currently in default under the Facility. Citibank has reserved its rights to remedies in the Indenture. Conversations with Citibank are on-going, but no resolution has been reached.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
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NOTE 9 - MID-TERM CREDIT FACILITY AND SHORT-TERM REVOLVING CREDIT LINE AND PLEDGED REVENUES (Continued)

Under the terms of the agreement all revenues generated by the underlying student loan portfolio are transferred to a trust. The trust pays all expenses related to the debt service and student loan servicing costs (capped at 65 basis points of the outstanding average balance in the portfolio). During Fiscal Year 2024 there was \$10,056 in principal and \$2,796 in interest collected all of which was transferred to the trust. During the same period the trust paid \$2,255 for interest expense and other professional fees and \$600 for servicing fees.

Changes in the revolving credit line are as follows:

	Balance, July 1, 2023	Borrowings	Repayments	Balance, June 30, 2024	Amounts Due Within One Year
Citibank	\$ 39,601	\$ -	\$ (10,401)	\$ 29,200	\$ 29,200

NOTE 10 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation and natural disasters. The State retains the risk of loss (i.e., self-insured) for these risks except for insurance purchased by the Commission for the building and EDP equipment. There has been no reduction in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded coverage for the current or prior two fiscal years. The Commission's risk management activities for workers' compensation are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Commission and accordingly, have not been reported in the Commission's financial statements for the year ended June 30, 2024.

The Commission's risk management activities for the building and EDP equipment are financed through appropriations to the Commission and are reported as part of the operating expenditures/expenses in the General Fund, Student Loan Operating Fund, and IDAPP funds. The Commission has made no material claim against the insurance coverage in the last three years.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Plan Description: Substantially all of the Commission's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011, are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011, or those who have service credit prior to January 1, 2011.

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STATE OF ILLINOIS
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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate ACFR available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

Benefit Provisions: SERS provides retirement benefits based on the member's final average compensation and the number of years of service credit that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and for noncovered employees it is 2.2% for each year of service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is \$15 (whole dollar) for each year of covered service and \$25 (whole dollar) for each year of noncovered service.

Members in SERS under the Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$107. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p>

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STATE OF ILLINOIS
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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Regular Formula Tier 1	Regular Formula Tier 2
<p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2023 rate is \$123.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

Contributions: Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$107 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2024, this amount was \$126.

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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

The State is required to make payment for the required Commission's employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For Fiscal Year 2024, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2024, the employer contribution rate was 52.657%. The Commission's contribution amount for fiscal year 2024 was \$916. In addition, the Commission recorded \$8,048 of revenue and expenditures in the General Revenue account of the General Fund to account for payments to SERS for Commission's employees that were paid from statewide General Revenue Fund appropriations.

Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Expense Related to Pensions: At June 30, 2024, the Commission reported a liability of \$110,207 for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2023 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's portion of the net pension liability was based on the Commission's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2023. As of the current year measurement date of June 30, 2023, the Commission's proportion was 0.333%, which was a decrease of 0.01% from its proportion measured as of the prior year measurement date of June 30, 2022.

For the year ended June 30, 2024, the Commission recognized pension expense of \$11,004. At June 30, 2024, the Commission reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2023, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,846	\$ -
Changes of assumptions	1,371	6,758
Net difference between projected and actual investment earnings on pension plan investments	2,369	-
Changes in proportion	19,793	18,584
Commission contributions subsequent to the measurement date	8,964	-
Total	\$ 35,343	\$ 25,342

(Continued)

STATE OF ILLINOIS
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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

\$8,964 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 2,740
2026	(1,572)
2027	(143)
2028	12
Thereafter	<u>-</u>
Total	<u>\$ 1,037</u>

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STATE OF ILLINOIS
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Year Ended June 30, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Methods and Assumptions:

	<u>SERS</u>
Valuation date	6/30/2023
Measurement date	6/30/2023
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases*	2.50% - 7.41%
Inflation rate	2.25%
Postretirement benefit increases	
Tier 1	3%, compounded
Tier 2	Lesser of 3% or 1/2 of CPI [^] , on original benefit
Retirement age experience study ^{^^}	July 2018 - June 2021
Mortality ^{^^^}	
SERS	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
Note: the above actuarial assumptions were used to calculate the total pension liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:	
Projected salary increases*	2.75% - 7.17%
Retirement age experience study ^{^^}	July 2015 - June 2018
Mortality ^{^^^}	Pub-2010 General and Public Safety Healthy
* Includes inflation rate listed.	
[^] Consumer Price Index	
^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.	
^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.	

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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2023, the best estimates of geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23.0%	4.60%
Developed Foreign Equity	13.0%	5.30%
Emerging Market Equity	8.0%	6.20%
Private Equity	9.0%	7.80%
Investment Grade Bonds	15.0%	0.20%
Long-term Government Bonds	5.0%	0.60%
TIPS	3.0%	0.20%
High Yield Bonds	2.0%	2.20%
Private Debt	9.0%	5.10%
Real Estate	10.0%	5.20%
Infrastructure	3.0%	5.50%
Total	<u>100.0%</u>	

Discount Rate: A discount rate of 6.59% was used to measure the total pension liability as of the measurement date of June 30, 2023, as compared to a discount rate of 6.58% used to measure the total pension liability as of the prior year measurement date. The June 30, 2023, single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.86%, based on an index of 20-year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the statutory contributions and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2077. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2077, and the municipal bond rate was applied to all benefit payments after that date.

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NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease	Discount Rate	1% Increase
Commission's proportionate share of the net pension liability	\$ 134,235	\$ 110,207	\$ 90,334

Payables to the Pension Plan: At June 30, 2024, the Commission reported no payable to SERS for the outstanding contributions to the pension plan required for the year ended June 30, 2024.

NOTE 12 - POST-EMPLOYMENT BENEFITS

Plan Description: The State Employees Group Insurance Act of 1971 ("Act"), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Commission's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois ("SERS"), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois ("SURS") are eligible for these other post-employment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within (Note 12). Certain TRS members eligible for coverage under SEGIP include certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees, and members with certain reciprocal service.

The Commission of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits Provided: The health, dental, and vision benefits provided to, and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in the Act. Therefore, the benefits provided, and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5.

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NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Annual Other Postemployment Benefit Cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For Fiscal Year 2024, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$13 (\$7 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$117 (\$6 if Medicare eligible) if the annuitant chose other benefits.

Contribution: The Commission's contribution amount to SEGIP for Fiscal Year 2024 was \$109. In addition, the Commission recorded \$1,288 of revenue and expenditures in the General Revenue account of the General Fund to account for contributions to SEGIP for Commission's employees that were paid from statewide General Revenue Fund appropriations.

Total OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Expense Related to OPEB: The total OPEB liability, as reported at June 30, 2024, was measured as of June 30, 2023, with an actuarial valuation as of June 30, 2022. At June 30, 2024, the Commission recorded a liability of \$32,915 for its proportionate share of the State's total OPEB liability. The Commission's portion of the OPEB liability was based on the Commission's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2023. As of the current year measurement date of June 30, 2023, the Commission's proportion was 0.191%, which was a decrease of 0.014% from its proportion measured as of the prior year measurement date of June 30, 2022.

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NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

The Commission recognized OPEB expense for the year ended June 30, 2024, of (\$6,662). At June 30, 2024, the Commission reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2023, from the following sources (amounts expressed in thousands):

Deferred outflows of resources

Differences between expected and actual experience	\$	572
Changes of assumptions		102
Changes in proportion and differences between employer contributions and proportionate share of contributions		13,392
Commission contributions subsequent to the measurement date		<u>1,397</u>
Total deferred outflows of resources	\$	<u>15,463</u>

Deferred inflows of resources

Differences between expected and actual experience	\$	6,795
Changes of assumptions		23,993
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>15,731</u>
Total deferred inflows of resources	\$	<u>46,519</u>

The amounts reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$(10,175)
2026	(9,348)
2027	(9,231)
2028	(3,390)
2029	<u>(309)</u>
Total	<u>\$(32,453)</u>

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NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2022, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2022.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical and RX	
Pre-Medicare - QCHP**	Trend rates start at 8.00% in 2025, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2040.
Post-Medicare - MAPD***	Trend rates are 0.00% in years 2025 to 2028, 19.42% from 2029 to 2033, then 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.
Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:	
Healthcare Cost Trend Rate:	
Medical and Rx (Pre-Medicare & Post-Medicare)	1.80% grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Medical and Rx (Post-Medicare)	-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	
** Quality Care Health Plan	
*** Medicare Advantage Prescription Drug	

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NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2022, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	<u>Retirement age experience study[^]</u>	<u>Mortality^{^^}</u>
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional mortality improvement scales
SERS	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General Employees table was used for Non-Academic members
[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.		
^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.		

Demographic assumptions used in OPEB valuation are identical to those used in the June 30, 2022, valuations for Pensions. Thus, for all five plans, the 2022 valuation information for pensions is presented in the FY 2023 ACFR in FN 16. For TRS and SURS, the total pension liability presented in the June 30, 2022, actuarial valuation is based on census data as of June 30, 2021, rolled-forward to the measurement date of June 30, 2022.

Discount Rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.69% at June 30, 2022, and 3.86% at June 30, 2023, was used to measure the total OPEB liability.

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NOTE 12 - POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of Total OPEB Liability to Changes in the Single Discount Rate: The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.86%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.86%) or lower (2.86%) than the current rate (amounts expressed in thousands).

	<u>1% Decrease (2.86%)</u>	<u>Current Single Discount Rate Assumption (3.86%)</u>	<u>1% Increase (4.86%)</u>
Commission's proportionate share of total OPEB liability	<u>\$ 36,504</u>	<u>\$ 32,915</u>	<u>\$ 29,843</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2025 decreasing to an ultimate trend rate of 4.25% in 2040.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates Assumption</u>	<u>1% Increase</u>
Commission's proportionate share of total OPEB liability	<u>\$ 28,886</u>	<u>\$ 32,915</u>	<u>\$ 37,875</u>

Current healthcare trend rates - Pre-Medicare per capita costs: 9.63% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

One percentage point decrease in current healthcare trend rates - Pre-Medicare per capita costs: 8.63% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040. Post-Medicare per capita costs: 0.00% in 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2034 decreasing ratably to an ultimate trend rate of 3.25% in 2040.

One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.63% in 2024, 9.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2040. Post-Medicare per capita costs: 0.00% in 2024 to 2028, 20.42% from 2029 to 2033, 7.08% in 2034 decreasing ratably to an ultimate trend rate of 5.25% in 2040.

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NOTE 13 – LEASES and Subscription-Based Information Technology Arrangements (SBITAs)

Leases

As of July 1, 2021, the Commission implemented the requirements of GASB Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The Commission has entered into various leases for office facilities, office equipment, and other right-to-use assets with remaining lease terms ranging from three to five years. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. The renewal and termination options are not included in the right-to-use asset or lease liability balance until they are reasonably certain of exercise.

Certain of the Commission's leases contain both fixed and variable lease payments. These exist primarily within the leases for rental facilities related to rent escalations based on usage rate which are determined annually. The remaining equipment and other leases do not contain variable lease payments. The variable payments are not included in the calculation of the lease liability due to rent escalations based on usage rate and common area. The total expenditures for variable payments not previously included in the measurement of the lease liability during the fiscal year ended June 30, 2024, were \$11.

The total expenditures for maintenance costs, per click usage and overage not previously included in the measurement of the lease liability during the fiscal year ended June 30, 2024, were \$34.

Additionally, the Commission has no residual value guarantees or termination penalties for leases held at Commission's office buildings and rental facilities.

The Commission recognized \$0 of expense during fiscal year ended June 30, 2024, associated with the residual value guarantees or termination penalties.

At June 30, 2024, right-to-use assets under leases are as follows:

Buildings	\$ 831
Equipment	<u>168</u>
	999
Less: Accumulated amortization	<u>(288)</u>
	<u>\$ 711</u>

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NOTE 13 – LEASES and SBITAs (continued)

Future minimum commitments for non-cancelable leases as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest
2025	\$ 140	\$ 22
2026	146	17
2027	136	12
2028	96	8
2029	99	5
Thereafter	127	2
Total	\$ 744	\$ 66

Subscription-Based Information Technology Arrangements (SBITAs)

The Commission has entered into various SBITAs with remaining contract terms ranging from one year to six years. Although subscription terms vary, certain agreements are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, agreements requiring appropriation by the General Assembly are considered noncancelable agreements for financial reporting purposes. The renewal and termination options are not included in the subscription asset or subscription liability balance until they are reasonably certain of exercise.

Certain of the Commission's agreements contain both fixed and variable subscription payments. The variable payments are not included in the calculation of the subscription liability. The total expenditures for variable payments not previously included in the measurement of the subscription liability during the fiscal year ended June 30, 2024, were \$21.

At June 30, 2024, subscription assets under SBITAs are as follows:

(amounts expressed in thousands)	
Subscription Assets	\$ 181
Less: Accumulated amortization	(21)
	\$ 160

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NOTE 13 – LEASES and SBITAs (continued)

Future minimum commitments for non-cancelable SBITAs as of June 30, 2024, are as follows:
(amounts expressed in thousands)

Year Ending June 30	Principal	Interest
2025	\$ -	\$ -
2026	37	5
Total minimum SBITA payments	\$ 37	\$ 5

NOTE 14 - FUND BALANCES AND NET POSITION

Fund Net Position: As of June 30, 2024, the Illinois Prepaid Tuition Program has a surplus in net position of \$49,151.

The table below details a reconciliation of the fund balance in the financial statements to the surplus in the Actuarial Soundness Report as of June 30, 2024.

Surplus per actuarial soundness report	\$ 40,441
Present value of accrued future administrative expense	10,562
Other accrued liabilities	(1,852)
Fund balance per Statement of Net Position	\$ 49,151

Program Risks and Actuarial Data: The Illinois Prepaid Tuition Program's ability to honor existing and future contracts depends primarily upon two factors: (i) achieving a projected annual net return on Program investments; and (ii) actual tuition/fee increases being within projected amounts.

Gabriel, Roeder, Smith and Company, the independent actuarial firm retained by College Illinois!®, has performed an actuarial soundness valuation of College Illinois!®, the State's section 529 prepaid tuition program, as of June 30, 2024, to evaluate the financial viability of the Program as of June 30, 2024. The complete Actuarial Soundness Report as of June 30, 2024, is included in the Other Information Section.

As detailed in the attached Actuarial report the Program enrollment has been on hold and will continue to be on hold for the 2024/2025 enrollment period. The Program continues to operate as usual with no change in benefits, customer service, or plan administration. Those with beneficiaries in college continue to see benefit payments paid as usual. The Program retains a substantial investment portfolio in a separate fund to pay obligation for a number of years without requiring funding from the state and was fully funded as of June 30, 2024. As always, actuarial reports necessarily represent a point in time and will change in the future, up or down, based on a variety of factors, including market volatility and tuition and fee growth.

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NOTE 14 - FUND BALANCES AND NET POSITION (Continued)

The Program is not supported by the full faith and credit of the State of Illinois, nor is it guaranteed by the State's general fund. The Program is a moral obligation of the State of Illinois requiring the Governor to request an appropriation from the State General Assembly in case the Commission and the Governor determine that the Program does not have adequate assets to meet its contractual obligations in an upcoming fiscal year. While the General Assembly has fulfilled other moral obligations of the State of Illinois in the past, it is not obligated to appropriate, and no assurances can be made that the General Assembly will appropriate sufficient moneys to meet the Program's contractual obligations.

If it is determined by the Commission, with the concurrence of the Governor, that the Program is financially infeasible, the Commission may prospectively discontinue the Program. Pursuant to the prepaid tuition statute, if the Program is discontinued, beneficiaries who are or will enroll within five years at an eligible institution shall be entitled to exercise the complete benefits specified in the contract; all other contract holders shall receive an appropriate refund of all contributions and accrued interest up to the time the Program is discontinued.

The following is a summary of the actuarial present value (APV) of the future benefits obligation, funded ratio, and significant assumptions used.

APV of future benefits obligation*	\$	445,771
Funded ratio		108.90 %
Actuarial assumptions:		
Actuarial valuation date		June 30, 2024
Assumed net investment return		4.71% in FY25 then grading down in annual increments of 0.286 to an ultimate investment rate of 3.00% for fiscal years on and after 2031
Rates of cancellations		Varies according to years from projected college entrance year
Tuition increases all contract types:		
All future years		5.00 %

* For all existing contracts as of June 30, 2024

The actuarial present value of the future benefits obligation decreased by approximately \$107 million compared to the balance reported on June 30, 2023. Contributing to the overall decrease was tuition paid.

Restrictions and Commitments: As of June 30, 2024, the Commission reported the following net position restrictions and fund balance commitments:

The Illinois Designated Account Purchase Program reported \$55,221 of net position restricted for debt service. The ISAC Contracts and Grants Fund reported \$194 in fund balance restricted for payment of administrative costs. The ISAC Accounts Receivable Fund, the University Grant Fund and the Golden Apple Scholars Fund reported \$139, \$96, and \$41 respectively, in fund balance committed for scholarships, awards and grants. The Gear Up Grant Fund reported \$405 in fund balance committed for prepaid expenses.

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NOTE 15 – TRANSITION OF FFELP

The Federal Family Education Loan Program (FFELP) is a federally funded loan program through the United States Department of Education (ED). ISAC has been a part of this program as a guarantor since 1965. As a result of the Student Aid and Fiscal Responsibility Act (SAFRA), which was part of the Health Care and Education Reconciliation Act, FFELP was terminated, and no new loan disbursements have been made under the FFELP program since July 1, 2010. Since then, ISAC has serviced the balance of its FFELP guaranty loan portfolio and is overseeing the wind-down of FFELP.

As a guarantor under FFELP ISAC was required to establish two funds called the Federal Student Loan Fund (FSLF) and the Student Loan Operating Fund (SLOF) to operate the program. ISAC established these funds as of October 1, 1998. The FSLF accounts for the federal government FFELP activity and is managed by ISAC. Expenditures from the fund are authorized by FFELP rules and regulations. The SLOF accounts for ISAC's earned resources from FFELP and the funds belong to the agency/State. Both funds are classified as proprietary funds.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed on March 27, 2020, provided flexibility and relief for many student loan borrowers during the COVID-19 pandemic. The CARES Act provisions, however, did not apply to the federal loans under the FFELP which are held and managed by ISAC or other FFELP lenders or guarantors. In May 2021, the U.S. Department of Education (ED) Issued a Dear Colleague Letter mandating specific borrower benefits to borrowers administered and managed by FFELP guarantors. ISAC had a legacy technology system that simply could not make the necessary and significant adjustments to expeditiously enable borrowers to receive the relief to which they are entitled. To help ensure that borrowers get this relief as soon as possible, ISAC notified ED that the agency will cease operations as a guaranty agency in FFELP. Working in conjunction with ED, ISAC began the de-conversion process in September 2021 to provide a seamless transition of the loan portfolio to the successor guarantor.

As of May 1, 2022, FFELP loan guarantor loan portfolio including the defaulted loan portfolio has been de-converted to the successor guarantor agency assigned by ED. In Fiscal Year 2023 after submission and acceptance of the FFELP Annual Report for Federal Fiscal Year 2022 ISAC's role as a FFELP guarantor was completed. In Fiscal Year 2024, the FSLF was closed at the Illinois Office of Comptroller and the funds were transferred back to the US Treasury.

As a result of the transition from FFELP described in the preceding paragraphs, ISAC receives State operational funding from the State General Revenue Fund to replace revenues previously earned and funded by FFELP in SLOF to support agency operations.

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments are effective for the Commission's fiscal year ended June 30, 2024. Management has evaluated the applicability of this Statement and has determined it has no material impact on its financial statements for the year ending June 30, 2024.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Commission's fiscal year ended June 30, 2024. Management has evaluated the applicability of this Statement and has determined it has no material impact on its financial statements for the year ending June 30, 2024, as the Commission had no error corrections or restatements to present.

(Continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)
Year Ended June 30, 2024

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Commission's fiscal year ended June 30, 2025. Management has not determined what impact, if any, this Statement will have on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the Commission's fiscal year ended June 30, 2025. Management has not determined what impact, if any, this Statement will have on its financial statements.

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - MAJOR GOVERNMENTAL FUND
GENERAL FUND - BUDGETARY BASIS
Year Ended June 30, 2024
(Dollars in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>			
Revenues (inflows)					
Appropriations from State resources and other revenues					
General Revenue Account	\$ 484,516	\$ 484,516	\$ 475,586	\$ 475,586	\$ (8,930)
Education Assistance Account	326,551	326,551	319,626	319,626	(6,925)
State Cure	5,968	5,968	3,025	3,025	(2,943)
Combined totals	<u>817,035</u>	<u>817,035</u>	<u>798,237</u>	<u>798,237</u>	<u>(18,798)</u>
Expenditures (outflows)					
Education					
Program, administration, and capital outlay					
General Revenue Account	484,516	484,516	475,337	475,337	9,179
Education Assistance Account	326,551	326,551	319,626	319,626	6,925
State Cure	5,968	5,968	3,025	3,025	2,943
Combined totals	<u>817,035</u>	<u>817,035</u>	<u>797,988</u>	<u>797,988</u>	<u>19,047</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>249</u>	<u>249</u>	<u>249</u>
Other sources (uses) of financial resources					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>249</u>	<u>249</u>	<u>\$ 249</u>
Fund balance, July 1, 2023			<u>2,293</u>	<u>2,293</u>	
Fund balance, June 30, 2024			<u>\$ 2,542</u>	<u>\$ 2,542</u>	

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2024
(Dollars in thousands)

Explanation of differences between budgetary basis and GAAP basis of accounting:

The accompanying Budgetary Comparison Schedule - Major Governmental Funds - General Fund, presents comparisons of the legally adopted budgets with actual data on a budgetary basis.

Actual revenue amounts on the budgetary basis	<u>\$ 475,586</u>
Total revenues on the GAAP basis	<u><u>\$ 475,586</u></u>

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING SCHEDULES OF ACCOUNTS
GENERAL FUND
June 30, 2024
(Dollars in thousands)

	General Revenue <u>Account</u>	Educational Assistance <u>Account</u>	State Cure <u>Cure</u>	<u>Total</u>
Assets				
Unexpended appropriations	\$ 50,336	\$ 2,071	\$ -	\$ 52,407
Due from other State funds	396	-	-	396
Notes receivable, net of allowance of \$39,199	2,542	-	-	2,542
Total assets	<u>\$ 53,274</u>	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ 55,345</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 2,761	\$ 1,943	\$ -	\$ 4,704
Due to other State funds	130	-	-	130
Due to State of Illinois component units	47,841	128	-	47,969
Total liabilities	<u>50,732</u>	<u>2,071</u>	<u>-</u>	<u>52,803</u>
Fund Balances				
Nonspendable - notes receivable	2,542	-	-	2,542
Total fund balances	<u>2,542</u>	<u>-</u>	<u>-</u>	<u>2,542</u>
Total liabilities and fund balances	<u>\$ 53,274</u>	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ 55,345</u>

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended June 30, 2024
(Dollars in thousands)

	General Revenue <u>Account</u>	Educational Assistance <u>Account</u>	State <u>Cure</u>	<u>Total</u>
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures				
Education				
Scholarships, awards and grants	\$ 475,337	\$ 319,626	\$ 3,025	\$ 797,988
Deficiency of revenues over expenditures	(475,337)	(319,626)	(3,025)	(797,988)
Other sources of financial resources				
Appropriations from State resources	484,516	326,551	5,968	817,035
Lapsed appropriations	(18,130)	(6,141)	(2,943)	(27,214)
Receipts remitted to (from) State Treasury	(641)	(784)	-	(1,425)
SERS on behalf contribution	9,841	-	-	9,841
Net other sources (uses) of financial resources	475,586	319,626	3,025	798,237
Net change in fund balance	249	-	-	249
Fund balance, July 1, 2023	2,293	-	-	2,293
Fund balance, June 30, 2024	\$ 2,542	\$ -	\$ -	\$ 2,542

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024
(Dollars in thousands)

	Special Revenue Funds		
	ISAC Accounts <u>Receivable</u>	John R. Justice <u>Grant</u>	Gear Up <u>Grant</u>
Assets			
Cash and cash equivalents	\$ 139	\$ -	\$ 1
Unexpended appropriations	-	-	-
Prepaid Expenses	-	-	405
Receivables			
Due from other State of Illinois funds	-	-	-
Other	-	179	216
Total assets	<u>\$ 139</u>	<u>\$ 179</u>	<u>\$ 622</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 179	\$ 216
Due to other State funds	-	-	1
Due to State of Illinois component units	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>179</u>	<u>217</u>
Fund balances			
Restricted	-	-	-
Committed	139	-	405
Unassigned	-	-	-
Total liabilities and fund balances	<u>\$ 139</u>	<u>\$ 179</u>	<u>\$ 622</u>

Special Revenue Funds							Debt Service	Total
Golden	University	Contract	Nursing	Energy	Optometric	Total	Fund	Nonmajor
Apple	Grant	and Grant	Dedicated and	Transition	Education		ISAC	Governmental
Scholars			Professional				COP	Funds
\$ 43	\$ 154	\$ 1,184	\$ -	\$ -	\$ -	\$ 1,521	\$ -	\$ 1,521
-	-	-	66	-	-	66	-	66
-	-	-	-	-	-	405	-	405
-	-	121	-	-	-	121	-	121
-	-	-	-	-	-	395	-	395
\$ 43	\$ 154	\$ 1,305	\$ 66	\$ -	\$ -	\$ 2,508	\$ -	\$ 2,508
\$ -	\$ 54	\$ 120	\$ 44	\$ -	\$ -	\$ 613	\$ -	\$ 613
-	-	-	-	-	-	1	-	1
-	-	-	22	-	-	22	-	22
2	4	991	-	-	-	997	-	997
2	58	1,111	66	-	-	1,633	-	1,633
-	-	194	-	-	-	194	-	194
41	96	-	-	-	-	681	-	681
-	-	-	-	-	-	-	-	-
\$ 43	\$ 154	\$ 1,305	\$ 66	\$ -	\$ -	\$ 2,508	\$ -	\$ 2,508

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Special Revenue Funds		
	ISAC Accounts Receivable	John R. Justice Grant	Gear Up Grant
Revenues			
Federal government	\$ -	\$ 179	\$ 3,109
Licenses, fees, and other	125	-	-
Total revenues	<u>125</u>	<u>179</u>	<u>3,109</u>
Expenditures			
Education			
Scholarships, awards and grants	75	179	2,704
Total expenditures	<u>75</u>	<u>179</u>	<u>2,704</u>
Excess (deficiency) of revenues over expenditures	<u>50</u>	<u>-</u>	<u>405</u>
Other sources of financial resources			
Appropriations from State resources	-	-	-
Net other sources of financial resources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	50	-	405
Fund balance, July 1, 2023	<u>89</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 405</u>

Special Revenue Funds							Debt Service	Total
Golden	University	Contract	Nursing	Energy	Optometric		Fund	Nonmajor
Apple	Grant	and Grant	Dedicated and	Transition	Education	Total	ISAC	Governmental
Scholars			Professional				COP	Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,288	\$ -	\$ 3,288
43	82	1,921	-	-	-	2,171	-	2,171
43	82	1,921	-	-	-	5,459	-	5,459
-	86	1,818	2,837	14	50	7,763	-	7,763
-	86	1,818	2,837	14	50	7,763	-	7,763
43	(4)	103	(2,837)	(14)	(50)	(2,304)	-	(2,304)
-	-	-	2,837	14	50	2,901	-	2,901
-	-	-	2,837	14	50	2,901	-	2,901
43	(4)	103	-	-	-	597	-	597
(2)	100	91	-	-	-	278	-	278
\$ 41	\$ 96	\$ 194	\$ -	\$ -	\$ -	\$ 875	\$ -	\$ 875

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2024
(Dollars in thousands)

	Student Loan Operating Fund	Federal Student Loan Fund	Eliminations	Total
Assets				
Current				
Cash and cash equivalents	\$ 73,196	\$ -	\$ -	\$ 73,196
Receivables				
Accrued interest on investments	269	-	-	269
Securities lending collateral	13,891	-	-	13,891
Due from other State funds	11,296	-	-	11,296
Due from other ISAC funds	1,905	-	-	1,905
Total current assets	<u>100,557</u>	<u>-</u>	<u>-</u>	<u>100,557</u>
Noncurrent				
Capital assets, net of accumulated depreciation	1,411	-	-	1,411
Total noncurrent assets	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>1,411</u>
Total assets	<u>101,968</u>	<u>-</u>	<u>-</u>	<u>101,968</u>
Deferred Outflows of Resources				
Pension related amounts	2,055	-	-	2,055
OPEB related amounts	1,109	-	-	1,109
Total deferred outflows of resources	<u>3,164</u>	<u>-</u>	<u>-</u>	<u>3,164</u>
Total assets and deferred outflows of resources	<u>\$ 105,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,132</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 8,553	\$ -	\$ -	\$ 8,553
Due to other ISAC funds	396	-	-	396
Due to other State funds	140	-	-	140
Due to State of Illinois component units	2,709	-	-	2,709
Securities lending collateral obligation	13,891	-	-	13,891
Net liability - OPEB	34	-	-	34
Lease liability	140	-	-	140
Compensated absences	26	-	-	26
Total current liabilities	<u>25,889</u>	<u>-</u>	<u>-</u>	<u>25,889</u>
Noncurrent				
Net liability - pension	4,932	-	-	4,932
Net liability - OPEB	1,017	-	-	1,017
Lease liability	604	-	-	604
SBITA liability	37	-	-	37
Compensated absences	235	-	-	235
Total noncurrent liabilities	<u>6,825</u>	<u>-</u>	<u>-</u>	<u>6,825</u>
Total liabilities	<u>32,714</u>	<u>-</u>	<u>-</u>	<u>32,714</u>

(continued)

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2024
(Dollars in thousands)

	Student Loan Operating <u>Fund</u>	Federal Student Loan <u>Fund</u>	<u>Eliminations</u>	<u>Total</u>
Deferred Inflows of Resources				
Pension related amounts	17,587	-	-	17,587
OPEB related amounts	12,450	-	-	12,450
Total deferred inflows of resources	30,037	-	-	30,037
Net Position				
Net investment in capital assets	\$ 630	\$ -	\$ -	\$ 630
Unrestricted	41,751	-	-	41,751
Total net position	42,381	-	-	42,381
Total liabilities, deferred inflows of resources and net position	\$ 105,132	\$ -	\$ -	\$ 105,132

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2024
(Dollars in thousands)

	Student Loan Operating Fund	Federal Student Loan Fund	Total
Operating revenues			
Other	\$ 3,622	\$ -	\$ 3,622
Total operating revenues	<u>3,622</u>	<u>-</u>	<u>3,622</u>
Operating expenses			
Salaries and employee benefits	455	-	455
Pension expenses	(9,184)	-	(9,184)
OPEB expenses	(6,720)	-	(6,720)
Management and professional services	80,249	-	80,249
Depreciation	234	-	234
Total operating expenses	<u>65,034</u>	<u>-</u>	<u>65,034</u>
Operating loss	<u>(61,412)</u>	<u>-</u>	<u>(61,412)</u>
Non-operating revenues			
ECACE grant revenue	79,030	-	79,030
Interest revenue	3,307	-	3,307
Total non-operating revenues	<u>82,337</u>	<u>-</u>	<u>82,337</u>
Non-operating expenses			
Interest expense	(21)	-	(21)
Total non-operating expenses	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Income before transfers	<u>20,904</u>	<u>-</u>	<u>20,946</u>
Transfers in from other ISAC funds	122	-	122
Net transfers	<u>122</u>	<u>-</u>	<u>122</u>
Change in net position	21,026	-	21,026
Net position, July 1, 2023	<u>21,355</u>	<u>-</u>	<u>21,355</u>
Net position, June 30, 2024	<u>\$ 42,381</u>	<u>\$ -</u>	<u>\$ 42,381</u>

STATE OF ILLINOIS
ILLINOIS STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year ended June 30, 2024
(Dollars in thousands)

	Student Loan Operating Fund	Federal Student Loan Fund	Total
Cash flows from operating activities			
Cash received from fees and other charges	\$ 3,850	\$ -	\$ 3,850
Cash payments to employees for services	(455)	-	(455)
Cash payments for loan guarantees	-	(33,978)	(33,978)
Cash payments for other operating activities	(81,050)	-	(81,050)
Net cash used in operating activities	<u>(77,655)</u>	<u>(33,978)</u>	<u>(111,633)</u>
Cash flows from noncapital financing activities			
Operating grants received	79,367	-	79,367
Transfers in	122	-	122
Net cash provided by noncapital financing activities	<u>79,489</u>	<u>-</u>	<u>79,489</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(285)		(285)
Principal paid on capital debt	(238)		(238)
Interest paid on capital debt	(21)	-	(21)
Net cash used in capital and related financing activities	<u>(544)</u>	<u>-</u>	<u>(544)</u>
Cash flows from investing activities			
Interest and dividends on investments	3,286	122	3,408
Net cash provided by investing activities	<u>3,286</u>	<u>122</u>	<u>3,408</u>
Increase (decrease) in cash and cash equivalents	4,576	(33,856)	(29,280)
Cash and cash equivalents, July 1, 2023	<u>68,620</u>	<u>33,856</u>	<u>102,476</u>
Cash and cash equivalents, June 30, 2024	<u>\$ 73,196</u>	<u>\$ -</u>	<u>\$ 73,196</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (61,412)	\$ -	\$ (61,412)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	234	-	234
Change in assets and liabilities			
Due from other State funds	(149)	-	(149)
Accounts payable and accrued liabilities	(546)	-	(546)
Intergovernmental payables	-	(33,978)	(33,978)
Due to other State funds and component units	235	-	235
Compensated absences	(113)	-	(113)
Deferred inflows related to pensions and OPEB	(12,844)	-	(12,844)
Deferred outflows related to pensions and OPEB	4,356	-	4,356
Net liability - pension	(5,836)	-	(5,836)
Net liability - OPEB	(1,580)	-	(1,580)
Total adjustments	<u>(16,243)</u>	<u>(33,978)</u>	<u>(50,221)</u>
Net cash used in operating activities	<u>\$ (77,655)</u>	<u>\$ (33,978)</u>	<u>\$ (111,633)</u>

OTHER INFORMATION

College Illinois!® Prepaid Tuition Program

Actuarial Soundness Valuation Report as of
June 30, 2024





August 30, 2024

Mr. Eric Zarnikow
Executive Director
Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, Illinois 60015-5209

Re: College Illinois!® Prepaid Tuition Program Actuarial Soundness Valuation as of June 30, 2024

Dear Mr. Zarnikow:

In accordance with the request of the Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program ("CIPTP") as of June 30, 2024. Although the term "actuarial soundness" is not specifically defined, the primary purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2024.

This report presents the principal results of the actuarial soundness valuation of the CIPTP including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2024, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation;
- Sensitivity testing; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of ISAC and is intended for use by ISAC and those designated or approved by ISAC. This report may be provided to parties other than ISAC only in its entirety and only with the permission of ISAC. This report should not be relied on for any purpose other than the purpose described above.

The actuarial soundness valuation results set forth in this report are based upon data and information furnished by ISAC, concerning program benefits, financial transactions, and beneficiaries of the CIPTP. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Illinois Student Assistance Commission. Further, the data and information provided is through June 30, 2024, and does not reflect subsequent market volatility.

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions (with the exception of the investment return assumption and the tuition and fee increase assumption) used in this valuation were based on an experience review for the period from July 1, 2014, to June 30, 2023, and were adopted for use commencing with the June 30, 2024, actuarial valuation.

With regard to the investment return assumption and the tuition and fee increase assumption, ISAC annually provides us with a detailed analysis of these two assumptions and prescribes the corresponding rates to use for the annual actuarial valuation. As such, these assumptions were provided by and are the responsibility of ISAC.

Based on information provided to us by ISAC, the investment return assumption and tuition and fee increase assumptions for the June 30, 2024, actuarial valuation are as follows:

- The net investment return assumption under the “select and ultimate” rate structure was maintained from the prior valuation with an initial rate of 5.00 percent for fiscal year 2024 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments). The initial rate used in this valuation is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments).
- The tuition and fee increase assumption was increased from 4.25 percent per year to 5.00 percent per year for all types of contracts.

The Investment Committee and Commission approved the adoption and implementation of a Liability Driven Investment (LDI) strategy on April 22, 2024. The goal is to match future expected benefits with future expected cash flows from a structured U.S. Treasury bond portfolio in order to minimize investment risk. As of June 30, 2024, approximately 80% of program assets are invested in US Treasury securities in accordance with the LDI strategy. Based on the LDI strategy current asset allocation and 2024 capital market assumptions from ISAC's investment consultant, the 10-year geometric mean return is 5.13%, which supports the current select and ultimate investment return assumption.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website, “College Illinois! is no longer accepting new enrollments.”

There are currently no Actuarial Standards of Practice which specifically relate to prepaid tuition plans. We have looked to the Actuarial Standards of Practice related to pensions for guidance due to their similar nature.

Considering the current asset allocation, current and future liquidity requirements and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods and assumptions used in this report are reasonable and appropriate for the purpose for which they have been used. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the College Illinois![®] Prepaid Tuition Program as of June 30, 2024. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

Alex Rivera, James R. Sparks, and Joshua Murner are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Mr. Eric Zarnikow
Illinois Student Assistance Commission
August 30, 2024
Page 4

Alex Rivera, James R. Sparks, and Joshua Murner are independent of ISAC.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

SIGNED ORIGINAL ON FILE

Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant

SIGNED ORIGINAL ON FILE

James R. Sparks, ASA, MAAA, FCA
Consultant

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SECTION A

EXECUTIVE SUMMARY

Summary of Results

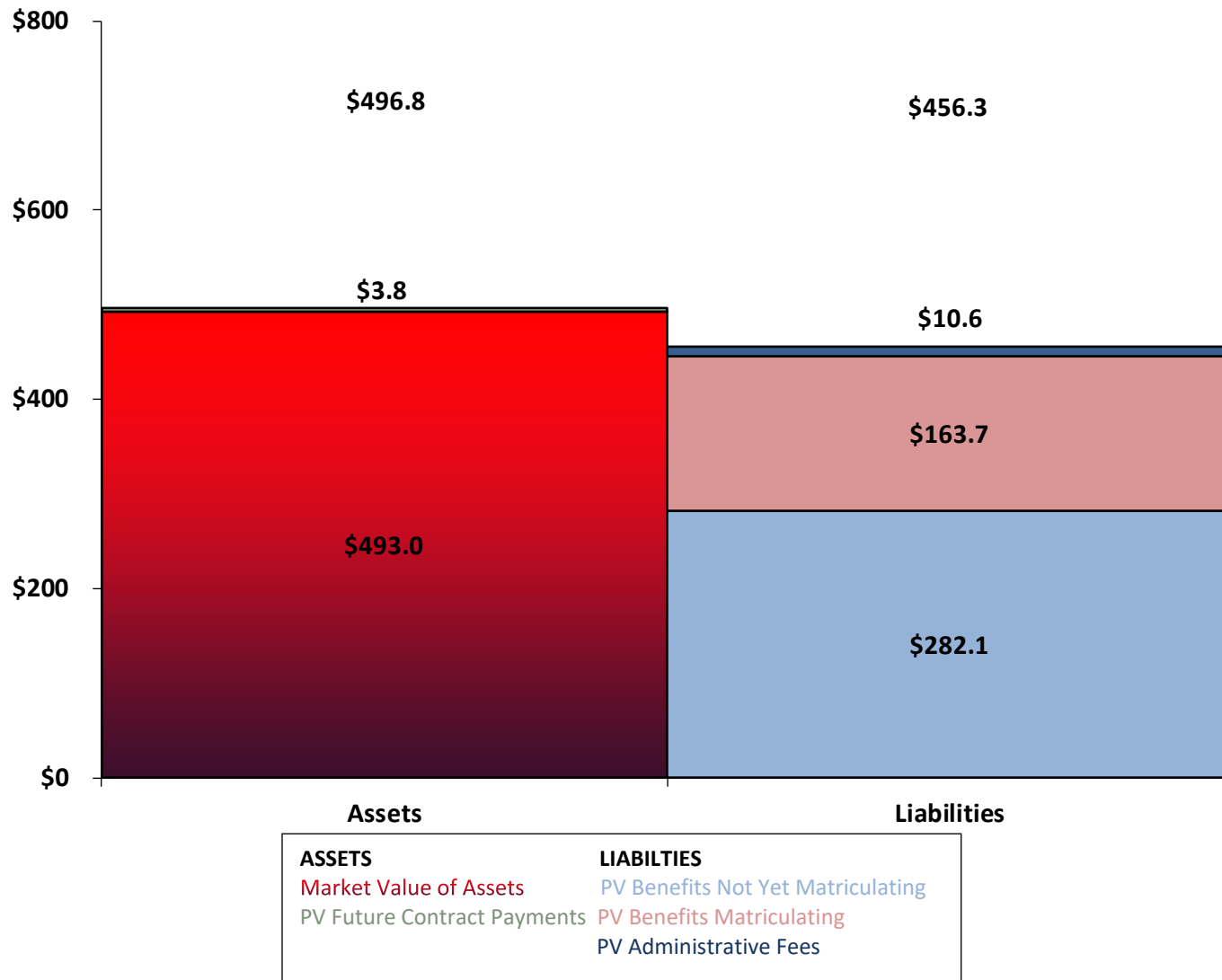
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2024	June 30, 2023
Membership Summary:		
Counts		
Not Yet Matriculating	6,960	8,735
Matriculating	8,799	9,991
Total	15,759	18,726
Average years until Enrollment if Not Yet Matriculating	2.1	2.3
Assets ^a		
· Actuarial Value of Assets (AVA)	\$496,773,753	\$564,715,923
· Estimated Return	7.6%	6.0%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees and Administrative Expenses)	\$456,332,540	\$559,928,714
(Surplus)	(\$40,441,213)	(\$4,787,209)
Funded Ratio	108.9%	100.9%

^a Asset values include present value of expected future contract payments from current contract holders.

Summary of Assets and Liabilities as of June 30, 2024

\$ in Millions



Numbers may not add due to rounding.

Summary of Results

Funded Status as of June 30, 2024

	June 30, 2024
Actuarial Present Value of Future Tuition Payments, Fees, and Expenses	\$456,332,540
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$496,773,753
(Surplus) as of June 30, 2024	\$(40,441,213)

Gain/Loss Summary

	(Surplus)
Value at June 30, 2023	\$ (4,787,209)
Expected Value at June 30, 2024	\$ (5,026,569)
(Gain)/Loss Due to:	
Investment Experience	\$ (13,228,187)
Due from Other State Funds	-
Experience Study Assumption Changes	(18,242,376)
Tuition and Fee Assumption Changes	3,781,132
Tuition and Fee Inflation Experience	(6,209,550)
Other Demographic Experience*	(1,515,663)
Total	\$ (35,414,644)
Actual Value at June 30, 2024	\$ (40,441,213)

* *Other Demographic Experience includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation.*

Additional Details on the development of the Expected Value at June 30, 2024, can be found on page B-3.

Discussion

Actuarial Soundness Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program (“CIPTP”) as of June 30, 2024.

The primary purposes of the actuarial soundness valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2024, and compare such liabilities with the value of the assets associated with the program as of that same date;
- Illustrate results under sensitivity scenarios; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes those results and also illustrates the sensitivity of the deficit/surplus to changes in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the contract beneficiary data, financial data, plan provisions, and actuarial assumptions and methods.

Background

Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The first CIPTP contracts were offered for sale in 1998.

The purpose of the program was to provide Illinois families with an affordable tax-advantaged method to pay for college.

Existing CIPTP contracts allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges at expected projected costs. Benefits of the program can also be used at private and out-of-state colleges and universities.

Contracts were able to be purchased in a lump sum or in installments. As a Section 529 plan, CIPTP earnings are exempt from state and federal income taxes.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website, “College Illinois! is no longer accepting new enrollments.”

As of June 30, 2024, the CIPTP had 15,759 contracts included in the actuarial valuation.

Discussion

Actuarial Assumptions

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions (with the exception of the investment return assumption and the tuition and fee increase assumption) used in this valuation were based on an experience review for the period from July 1, 2014, to June 30, 2023, and were adopted for use commencing with the June 30, 2024, actuarial valuation.

Although the College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts, we recommend performing an experience study to determine the continued appropriateness of the actuarial assumptions every five years.

With regard to the investment return assumption and the tuition and fee increase assumption, ISAC annually provides us with a detailed analysis of these two assumptions and prescribes the corresponding rates to use for the annual actuarial valuation. As such, these assumptions were provided by and are the responsibility of ISAC. We have reviewed these assumptions and have determined they do not significantly conflict with what, in our professional judgment, would be reasonable for the purposes of the measurement.

Changes in Actuarial Assumptions since Prior Valuation

The actuarial assumptions have changed from the prior actuarial valuation as of June 30, 2023, to reflect changes adopted from the experience study performed for the period July 1, 2014, through June 30, 2023, and are effective with this actuarial valuation as of June 30, 2024.

Following is a summary of the key changes:

Rates of cancellation before and after projected college entrance year: Rates were updated to reflect recent experience.

Rates of cancellation after matriculation: An assumption was added for contracts to cancel after they've already matriculated.

Probability of matriculation at or beyond projected college entrance year: Rates were updated to reflect recent experience.

Utilization of benefits that applies both to contracts in and not yet in payment status: Utilization was updated to reflect recent experience.

Weighted Average Tuition (WAT) Bias Load:

- Decreased the Bias Load on the Community College WAT from 5.5 percent to 0.0 percent,
- Decreased the Bias Load on the University WAT from 2.5 percent to -3.0 percent,
- Increased the Bias Load on the University Plus WAT from 0.0 percent to 3.0 percent, and



Discussion

- Decreased the Bias Load on the Legacy WAT from 4.0 percent to 0.0 percent.

The net investment return assumption under the “select and ultimate” rate structure was maintained from the prior valuation with an initial rate of 5.00 percent for fiscal year 2024 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments). The initial rate used in this valuation is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments).

The tuition and fee increase assumption was increased from 4.25 percent per year to 5.00 percent per year for all types of contracts.

Considering the current asset allocation, LDI strategy, current and future liquidity requirements, and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in assumptions.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2024, actuarial valuation.

This report contains several exhibits summarizing the plan's assets, including a summary of the market value of assets broken down by asset category and a reconciliation of the assets from the last actuarial valuation date to the current actuarial valuation date. The approximate return on market value of assets was 7.6 percent for the year ended June 30, 2024.

Commencing with the June 30, 2015 actuarial soundness valuation, the actuarial value of assets is equal to the market value of assets plus the present value of expected future contract payments from current contract holders.

Financial Status of Program as of June 30, 2024

As of June 30, 2024, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) is \$456,332,540. The actuarial value of assets as of June 30, 2024, including the market value of program assets and the present value of installment contract receivables, is \$496,773,753.



Discussion

The difference between the present value of future tuition obligations and the actuarial value of assets as of June 30, 2024, represents a program surplus of \$40,441,213. This is comparable to the program surplus from the June 30, 2023, actuarial soundness valuation of \$4,787,209.

Gain/Loss Analysis

As described on the previous page, over the past year, the financial status of the program changed from a surplus of \$4.8 million as of June 30, 2023, to a surplus of \$40.4 million as of June 30, 2024. Based on the actuarial assumptions used during the June 30, 2023, actuarial soundness valuation and actual tuition payments, refunds, and fees, the surplus was expected to increase to \$5.0 million. The factors which caused the surplus to increase by \$35.4 million compared to the expected surplus were (1) assumption changes including the changes from the experience study covering the period July 1, 2014, to June 30, 2023 (the increase as a result of the experience study was partially offset by increases to the tuition and fee inflation assumptions), (2) tuition and fee increases in the past year that were less than expected (increases that were lower than the assumption of 4.25 percent used in the last actuarial valuation) and (3) investment experience that was more than expected (the estimated return on the market value of assets was 7.60 percent compared to the assumption of 5.00 percent for fiscal year 2024 used in the last actuarial valuation).

The funded ratio increased from 100.9 percent as of June 30, 2023, to 108.9 percent as of June 30, 2024.

Benefit Provisions

The basic terms and conditions of the College Illinois!® Prepaid Tuition Program (the “Program”) are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the “Act”) and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) (“ISAC Rules”).

It is our understanding there were no changes in the program provisions since the last actuarial soundness valuation as of June 30, 2023.

Discussion

Contracts Sold by Enrollment Year

The chart on page D-1 illustrates the number of contracts sold by enrollment year.

- The average annual number of contracts sold beginning with the enrollment period 1999/2000 and ending with the enrollment period 2009/2010 was 5,235.
- The average annual number of contracts sold during the seven-year period 2010/2011 to 2016/2017 was 652 excluding 2011/2012 when the plan was not open for new contract sales.
- Program enrollment was placed on hold commencing with the 2017/2018 enrollment period and continues to be on hold. Therefore, there were zero contracts sold for the periods from 2017/2018 to 2023/2024.

Projected Results

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website, “College Illinois! is no longer accepting new enrollments.” While the closing of the CIPTP has not occurred, we have completed a projection assuming that the program continues to operate but with no new contract sales after June 30, 2024. Based on an investment return assumption that grades down from 4.714 percent for the 2025 fiscal year to 3.00 percent for the 2031 fiscal year, current Trust assets including future payments from current contract holders, and future investment income are projected to be sufficient to make the required tuition payments and maintain solvency until the end of the program. The results of this “closed group” projection are included in a separate report.

Future actuarial measurements may differ significantly from the measurements presented in this projection due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

Disclosure

This report is not a recommendation to anyone to participate or not participate in the CIPTP. GRS makes no representations or warranties to any person participating in or considering future participation in the CIPTP.

SECTION B

ACTUARIAL SOUNDNESS VALUATION RESULTS

Exhibit I

Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2024	June 30, 2023
1. Number of Members		
a. Not Yet Matriculating:	6,960	8,735
b. Matriculating:	8,799	9,991
c. Total	15,759	18,726
Average Years until Enrollment if Not Yet Matriculating	2.1	2.3
2. Assets		
a. Market Value of Assets (in Trust)	\$ 492,981,843	\$ 559,315,908
b. PV Future Member Contributions	3,791,910	5,400,015
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	\$ 496,773,753	\$ 564,715,923
3. Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	\$ 282,053,271	\$ 333,899,619
b. Matriculating - Tuition and Fees	163,717,645	219,323,803
c. Present Value of Future Administrative Expenses	10,561,624	6,705,292
d. Total	\$ 456,332,540	\$ 559,928,714
(Surplus)	\$ (40,441,213)	\$ (4,787,209)
Funded Ratio	108.9%	100.9%

Exhibit I

Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2024	June 30, 2023
1. Assets		
a. Market Value of Assets (in Trust)	\$ 492,981,843	\$ 559,315,908
b. PV Future Member Contributions (Short Term) ^a	1,174,243	1,721,406
c. PV Future Member Contributions (Long Term) ^b	2,617,667	3,678,609
d. Total Market Value of Assets (MVA)	\$ 496,773,753	\$ 564,715,923
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term ^a	\$ 97,600,423	\$ 105,578,406
b. Long Term ^b	358,732,117	454,350,308
c. Total	\$ 456,332,540	\$ 559,928,714
(Surplus)	\$ (40,441,213)	\$ (4,787,209)
Funded Ratio	108.9%	100.9%

^a Present value of amounts in first year.

^b Present value of amounts after first year.

Exhibit II (Gain)/Loss Summary

	Present Value of Benefits	Plan Assets ^a	(Surplus)
1. Values at June 30, 2023	\$ 559,928,714	\$ 564,715,923	\$ (4,787,209)
2. Actual Tuition Payments, Refunds and Administrative Expenses	\$ (107,132,450)	\$ (107,132,450)	\$ -
3. Interest on 1. and 2. at 5.00%	\$ 25,350,792	\$ 25,590,152	\$ (239,360)
4. New Contracts	\$ -	\$ -	\$ -
5. Expected Value at June 30, 2024 (1. + 2. + 3. + 4.)	\$ 478,147,056	\$ 483,173,625	\$ (5,026,569)
6. (Gain)/Loss Due to:			
Investment Experience	\$ -	\$ (13,228,187)	\$ (13,228,187)
Due from Other State Funds	-	-	-
Experience Study Assumption Changes	(18,221,424)	(20,952)	(18,242,376)
Tuition and Fee Assumption Changes	3,781,132	-	3,781,132
Tuition and Fee Inflation Experience	(6,209,550)	-	(6,209,550)
Other Demographic Experience ^b	(1,164,674)	(350,989)	(1,515,663)
Total	\$ (21,814,516)	\$ (13,600,128)	\$ (35,414,644)
7. Actual Values at June 30, 2024 (5. + 6.)	\$ 456,332,540	\$ 496,773,753	\$ (40,441,213)

^a Equals the sum of the market value of trust assets plus the present value of expected future contract payments from current contract holders. Actual values at June 30, 2024, are equal to (5.-6.) which is the projected value minus the (gain)/loss total.

^b Other Demographic Experience includes deviations in actual contract beneficiary experience from the assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation. Other Demographic Experience for Plan Assets is the change in the present value of expected future contract payments from current contract holders.

Exhibit III (Gain)/Loss History

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	Total 5-Year Change
Unfunded Liability/(Surplus) at Prior Valuation Date	\$ 317,491,361	\$ 340,312,560	\$ 238,281,263	\$ 28,006,113	\$ (4,787,209)	
Projected Unfunded Liability/(Surplus) at Valuation Date	\$ 336,540,843	\$ 359,880,533	\$ 250,791,030	\$ 29,406,418	\$ (5,026,569)	
(Gain)/Loss Due to:						
Investment Experience	\$ 29,831,698	\$ (58,571,581)	\$ 76,345,371	\$ (6,059,305)	\$ (13,228,187)	\$ 28,317,996
Due from Other State Funds	-	(30,000,000)	(250,000,000)	-	-	(280,000,000)
Change in Assumptions	2,020,837	(5,170,637)	(11,965,512)	(11,458,863)	(14,461,244)	(41,035,419)
Tuition and Fee Inflation Experience	(17,329,898)	(26,860,166)	(26,830,449)	(11,955,238)	(6,209,550)	(89,185,301)
Other Demographic Experience	(10,750,920)	(996,886)	(10,334,327)	(4,720,221)	(1,515,663)	(28,318,017)
Total	\$ 3,771,717	\$ (121,599,270)	\$ (222,784,917)	\$ (34,193,627)	\$ (35,414,644)	\$ (410,220,741)
Unfunded Liability/(Surplus) at Valuation Date	\$ 340,312,560	\$ 238,281,263	\$ 28,006,113	\$ (4,787,209)	\$ (40,441,213)	

Following is a summary of the investment return assumption and tuition and fee increase assumption used in each of the past five actuarial valuations.

Valuation Date

- June 30, 2020* A select and ultimate rate structure of an initial rate of 5.75 percent for fiscal year 2021, grading down in annual increments of 0.563 percent to the ultimate rate of 3.50 percent in fiscal years on and after 2025. A flat 4.75 percent tuition and fee increase assumption for all future years.
- June 30, 2021* A select and ultimate rate structure of an initial rate of 5.25 percent for fiscal year 2022, grading down in annual increments of 0.450 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2027. A flat 4.50 percent tuition and fee increase assumption for all future years.
- June 30, 2022* A select and ultimate rate structure of an initial rate of 5.00 percent for fiscal year 2023, grading down in annual increments of 0.333 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2029. A flat 4.25 percent tuition and fee increase assumption for all future years.
- June 30, 2023* A select and ultimate rate structure of an initial rate of 5.00 percent for fiscal year 2024, grading down in annual increments of 0.286 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2031. A flat 4.25 percent tuition and fee increase assumption for all future years.
- June 30, 2024* A select and ultimate rate structure of an initial rate of 4.714 percent for fiscal year 2025, grading down in annual increments of 0.286 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2031. A flat 5.00 percent tuition and fee increase assumption for all future years.



Exhibit IV

Sensitivity Testing Results

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were provided to us by ISAC. In our opinion, the actuarial assumptions provided to us are reasonable for the purpose of the measurement. However, no one really knows what the future holds with respect to economic conditions and other contingencies. For example, while it is assumed that the assets of the fund will earn 4.714 percent in Fiscal Year 2025 graded down in yearly increments to 3.00 percent on and after Fiscal Year 2031, actual returns are expected to vary from year to year. Therefore, we have projected CIPTP results under the following alternative assumptions for future investment income, tuition increases, and fee increases.

1. Tuition increases are 100 basis points higher/lower (6.00%/4.00% compared to 5.00%) in each future year than assumed in the baseline valuation (measurement of soundness).
2. Fee increases are 100 basis points higher/lower (6.00%/4.00% compared to 5.00%) in each future year than assumed in the baseline valuation (measurement of soundness).
3. The investment return is 50 basis points higher/lower (5.214% initial and 3.50% ultimate/4.214% initial and 2.50% ultimate compared to 4.714% initial and 3.00% ultimate) in each future year than assumed in the baseline valuation (measurement of soundness).

The impact of each of these scenarios on the principal actuarial soundness valuation results is presented on the following page.

Exhibit IV

Sensitivity Testing Results

\$ in Millions

	Current Valuation Assumptions	Assumed Tuition Increases 100 Basis Points	Assumed Tuition Decreases 100 Basis Points	Assumed Fee Increases 100 Basis Points	Assumed Fee Decreases 100 Basis Points	Assumed Investment Return Increases 50 Basis Points	Assumed Investment Return Decreases 50 Basis Points
1. Assets							
a. Market Value of Assets (in Trust)	\$493.0	\$493.0	\$493.0	\$493.0	\$493.0	\$493.0	\$493.0
b. PV Future Member Contributions	3.8	3.8	3.8	3.8	3.8	3.7	3.8
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	\$496.8	\$496.8	\$496.8	\$496.8	\$496.8	\$496.7	\$496.8
2. Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	\$282.1	\$286.6	\$277.7	\$284.4	\$279.8	\$275.7	\$288.6
b. Matriculating - Tuition and Fees	163.7	164.0	163.5	164.0	163.4	162.0	165.5
c. Present Value of Future Administrative Expenses	10.6	10.6	10.6	10.6	10.6	10.4	10.7
d. Total	\$456.3	\$461.2	\$451.8	\$459.0	\$453.8	\$448.1	\$464.8
Unfunded Liability/(Surplus)	-\$40.5	-\$35.6	-\$45.0	-\$37.8	-\$43.0	-\$48.6	-\$32.0
Funded Ratio	108.9%	107.7%	110.0%	108.2%	109.5%	110.8%	106.9%
Depletion Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference from Current Assumptions							
Unfunded Liability/(Surplus)		\$4.9	-\$4.5	\$2.7	-\$2.5	-\$8.1	\$8.5
Funded Ratio		-1.2%	1.1%	-0.7%	0.6%	1.9%	-2.0%

Numbers may not add due to rounding.



SECTION C

FUND ASSETS

Statement of Plan Net Assets (Assets at Market or Fair Value)

College Illinois!® Prepaid Tuition Program

Statement of Plan Net Assets

Year ended June 30, 2024

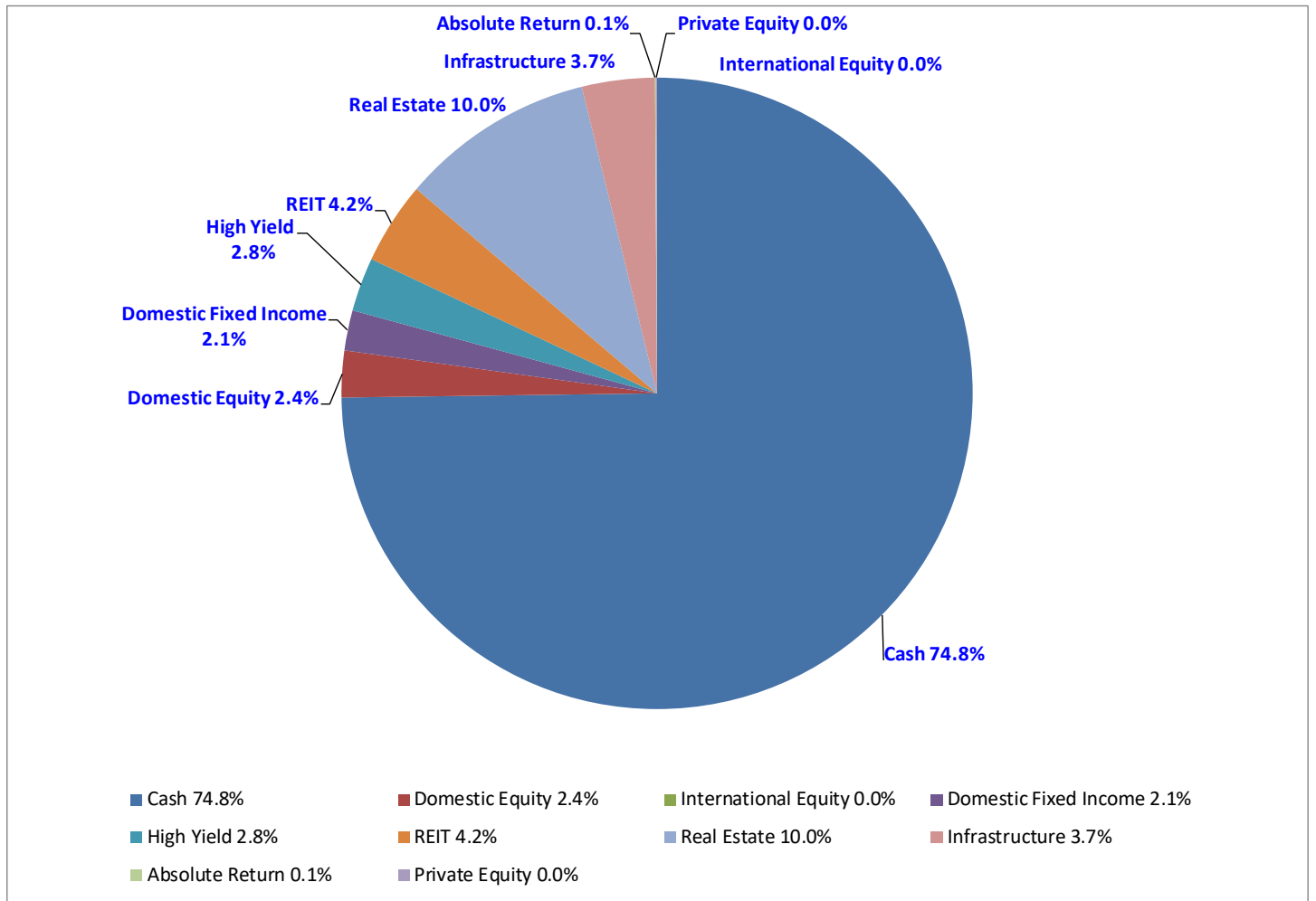
		% of Total
Cash ^a	\$ 368,697,080	74.8%
Investments		
Domestic Equity	\$ 11,752,687	2.4%
International Equity	494	0.0%
Domestic Fixed Income	10,161,775	2.1%
High Yield	13,581,418	2.8%
REIT	20,776,416	4.2%
Real Estate	49,085,521	10.0%
Infrastructure	18,412,041	3.7%
Absolute Return	284,563	0.1%
Private Equity	229,848	0.0%
Total Investments	<u>\$ 124,284,763</u>	<u>25.2%</u>
Due from Other State Funds	\$ -	0.0%
Total Assets	<u>\$ 492,981,843</u>	<u>100.0%</u>

^a Cash amount includes \$364,222,088 from the GH Fixed Income Ladder.

Numbers may not add due to rounding.



Allocation of Assets at June 30, 2024



Reconciliation of Market Value of Plan Assets

College Illinois!® Prepaid Tuition Program
Statement of Changes in Plan Net Assets
Twelve-Month Period ended June 30, 2024

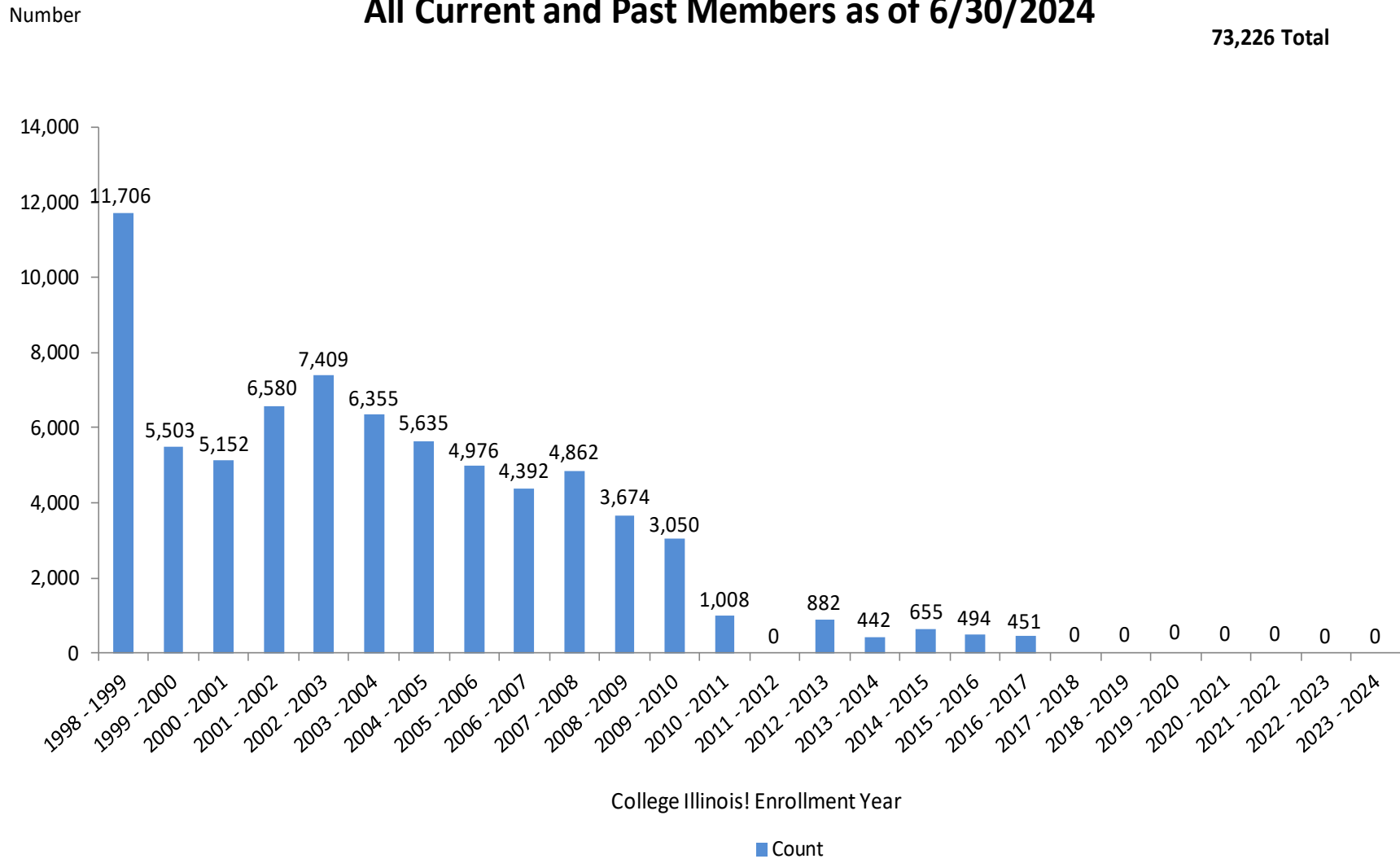
Beginning of Period		7/1/2023
End of Period		6/30/2024
Additions:		
Contributions Received and Contract Fees	\$	2,195,821
Gross investment income		9,275,810
Realized/Unrealized investment gains/(losses)		30,036,711
Due from Other State Funds		-
Total Additions	\$	41,508,342
Deductions:		
Tuition payments	\$	80,926,297
Refunds to Purchasers		23,716,944
Investment expenses & advisory fees		709,957
Administrative expenses		2,489,209
Total Deductions	\$	107,842,407
Net increase/(decrease)	\$	(66,334,065)
Market Value of Assets:		
Beginning of period	\$	559,315,908
End of period (6/30/2024)	\$	492,981,843
Present Value of Future Contributions by Current Contract Holders		3,791,910
Market Value of Total Fund Assets as of June 30, 2024	\$	496,773,753

SECTION D

PARTICIPANT DATA

College Illinois!® Prepaid Tuition Program Contract Counts by Enrollment Year All Current and Past Members as of 6/30/2024

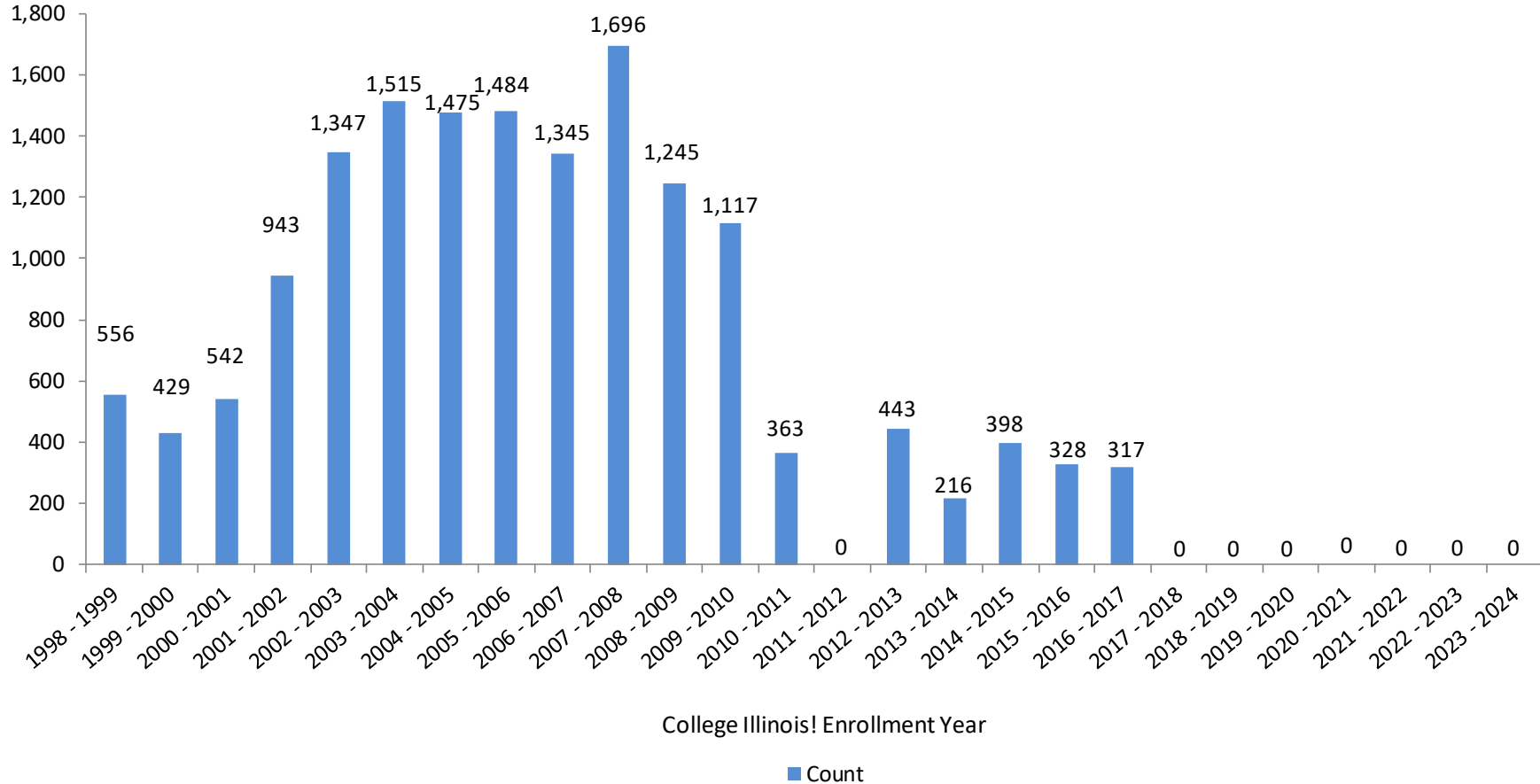
73,226 Total



College Illinois!® Prepaid Tuition Program Contract Counts by Enrollment Year Current Members as of 6/30/2024

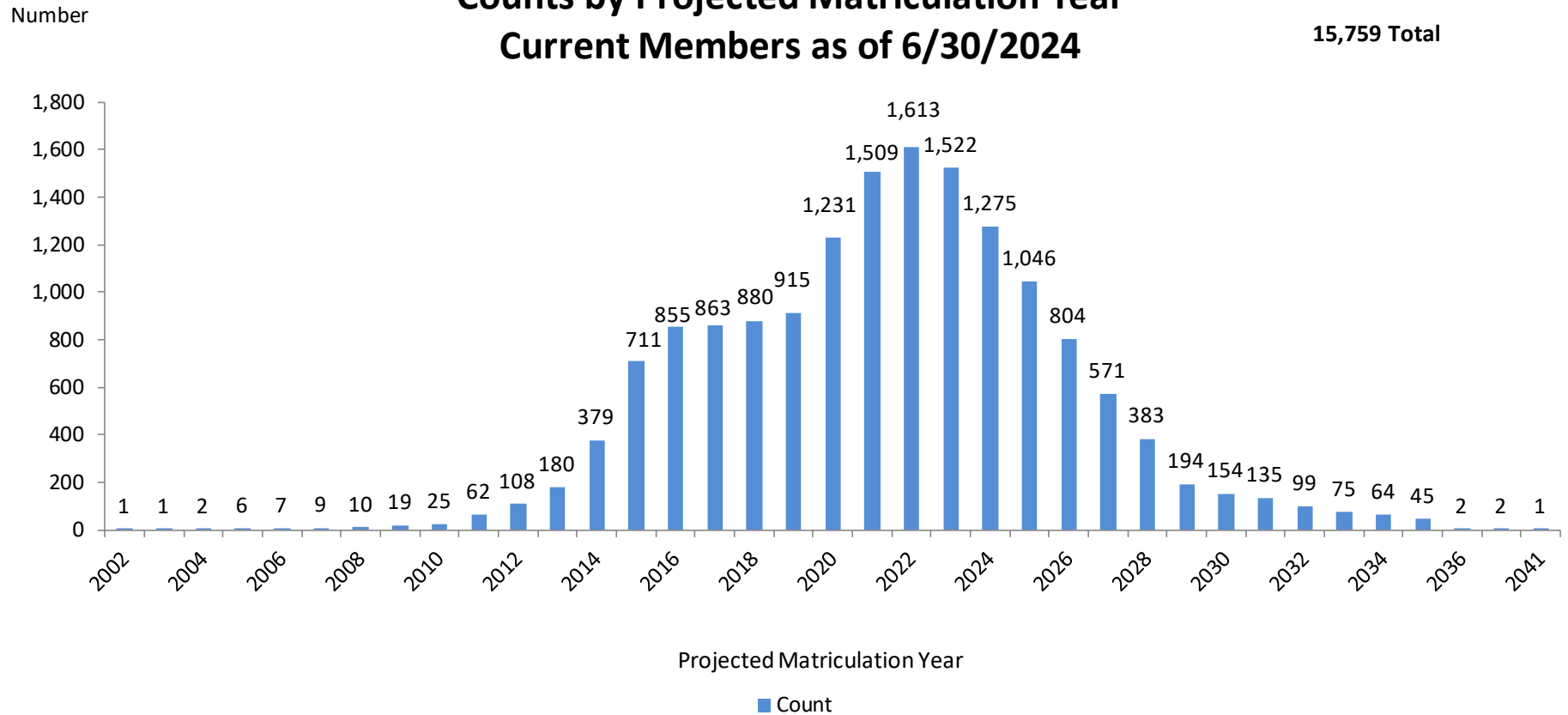
15,759 Total

Number



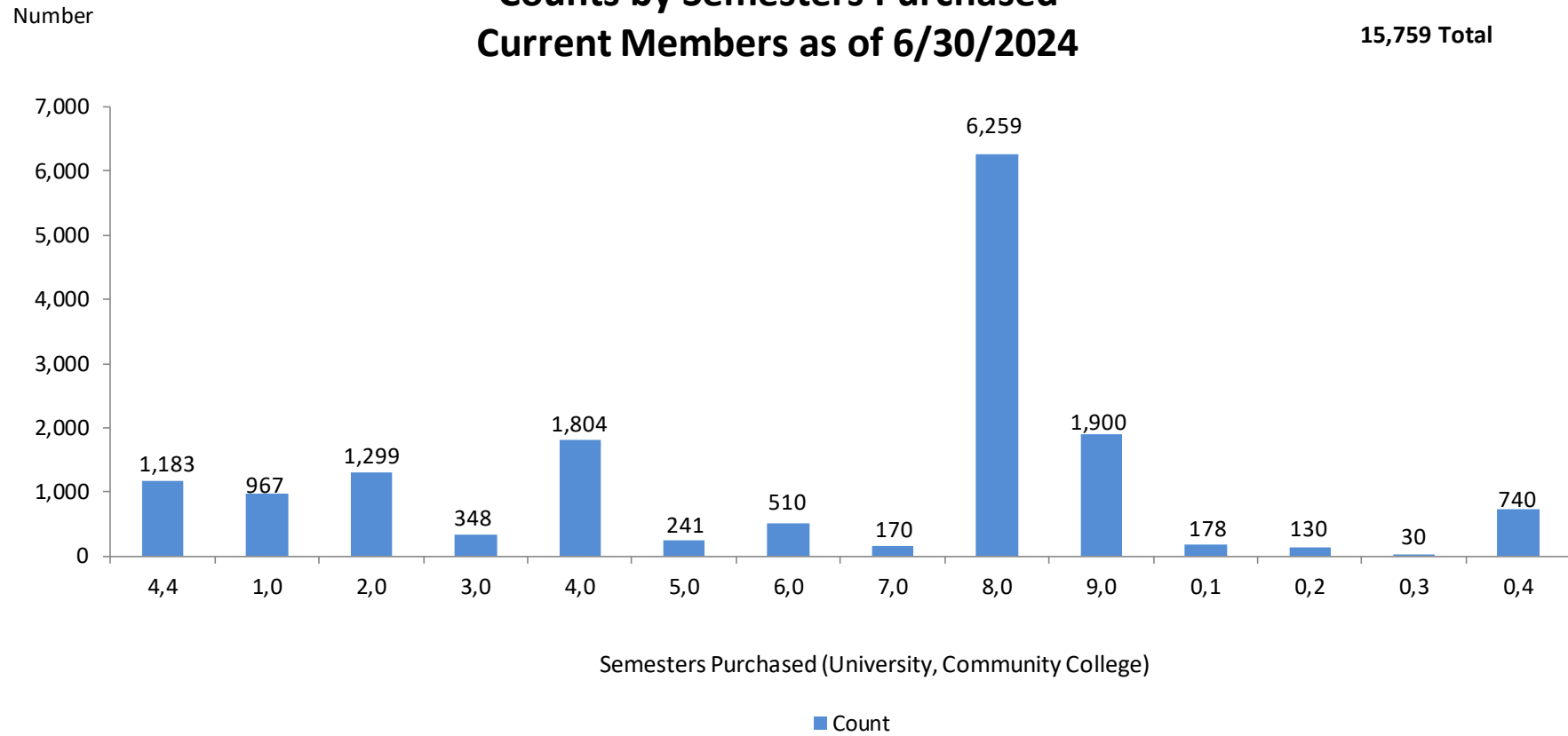
College Illinois!® Prepaid Tuition Program Counts by Projected Matriculation Year Current Members as of 6/30/2024

15,759 Total

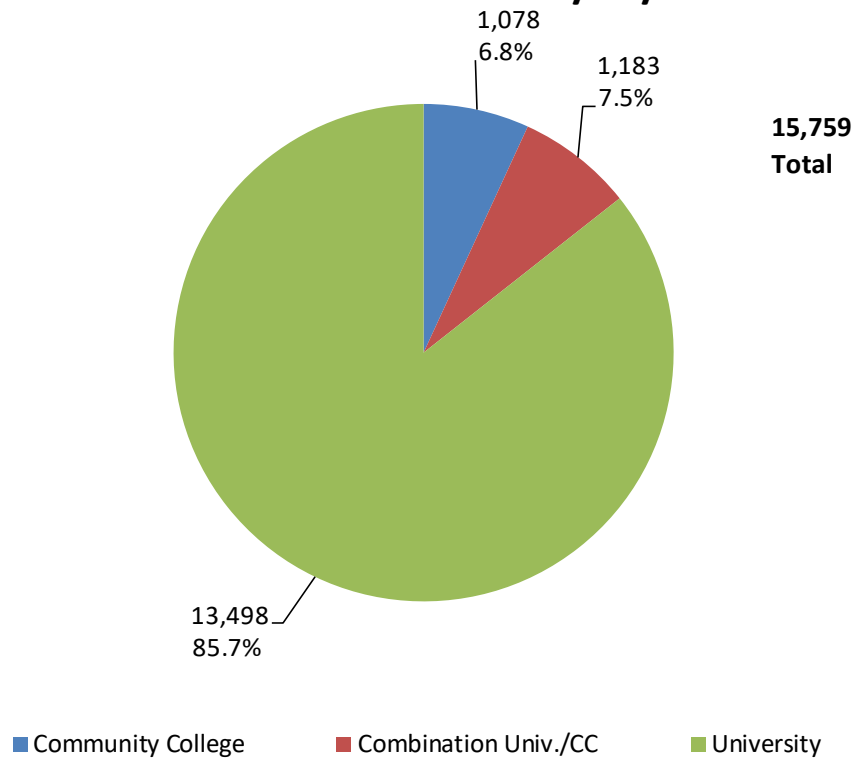


College Illinois!® Prepaid Tuition Program Counts by Semesters Purchased Current Members as of 6/30/2024

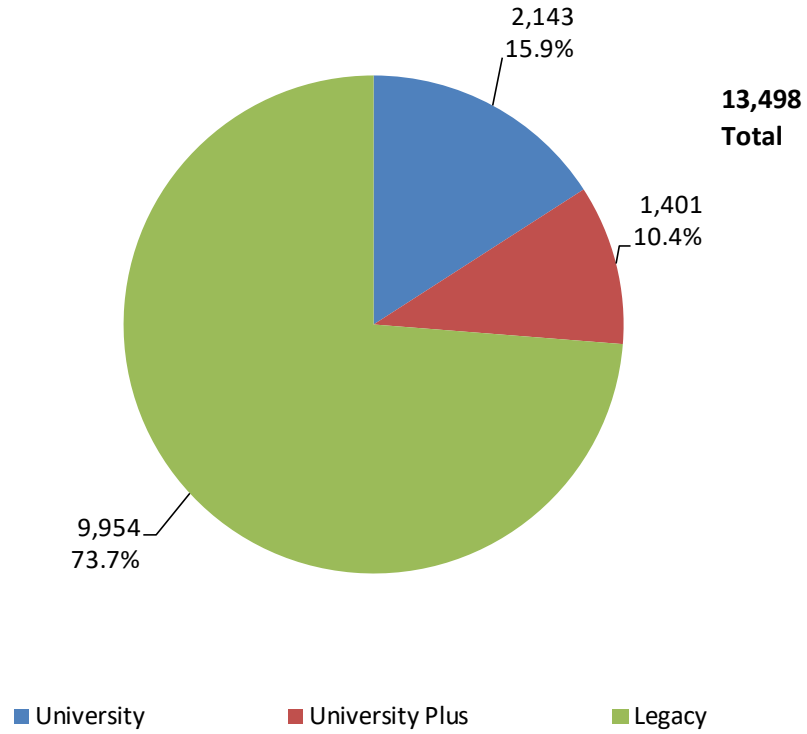
15,759 Total



College Illinois!® Prepaid Tuition Program Counts by Contract Type Current Members as of 6/30/2024



College Illinois!® Prepaid Tuition Program University Counts by Type Current Members as of 6/30/2024



SECTION E

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Actuarial Valuation Methods and Assumptions

Actuarial Valuation Methods

Actuarial Value of Assets – The Actuarial Value of Assets is equal to the Market Value of Assets plus the present value of expected future contract payments from current contract holders.

Actuarial Valuation Assumptions

The rationale for the assumptions (except as indicated) may be found in the experience study report covering the period July 1, 2014, through June 30, 2023, which was issued on May 22, 2024. The assumptions were adopted for first use in the actuarial soundness valuation as of June 30, 2024. The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period.

The actuarial assumptions used in the actuarial soundness valuation are shown in this Section.

Measurement Date June 30, 2024

Net Investment Return Rate

The following select and ultimate rate structure, net of investment expenses and compounded annually, is assumed. Includes inflation assumption of 2.50 percent. (First effective with the actuarial soundness valuation as of June 30, 2023, and prescribed to us by ISAC.)

Net Investment Return Rate

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Net Investment Return Rate</u>
2025	4.714%
2026	4.429%
2027	4.143%
2028	3.857%
2029	3.571%
2030	3.286%
2031+	3.000%

Considering the current asset allocation, LDI strategy, current and future liquidity requirements and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.



Actuarial Valuation Methods and Assumptions

Weighted Average Tuition and Fees (WATF) by Contract Type Based on the Freshman Tuition Rates Adjusted for Differential Tuition (Blended)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2024-2025 Weighted Tuition	\$4,539	\$11,871	\$14,658	\$12,569
2024-2025 Weighted Fees	558	4,599	4,928	4,681
2024-2025 Total WATF	5,097	16,470	19,586	17,250

†Legacy contracts refer to contracts sold prior to October 2008. These contracts can be used for full tuition and fees at any public University in the State of Illinois, including UIUC.

For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions.

Freshman Weighted Average Tuition and Fees (WATF) Increase from Prior Year

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2024-2025 Total WATF	\$5,097	\$16,470	\$19,586	\$17,250
2023-2024 Total WATF	4,955	15,673	19,689	16,685
WATF Increase	2.87%	5.09%	-0.52%	3.39%

Bias Load

Contract beneficiaries may select a university or major with costs that are higher or lower than the overall WATF. In addition, contract beneficiaries may use more or less than the 15 credits assumed to calculate the WAT. For example, certain institutions may charge the same fixed rate for someone using 12 credits as someone using 16 credits (i.e., “Block” pricing). The following bias loads were used to recognize the biases that exist in how the WAT is calculated and how the WAT is used by contract beneficiaries.

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
Bias Load	0.00%	-3.00%	3.00%	0.00%

Actuarial Valuation Methods and Assumptions

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2024, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2024 and Beyond	5.00%	5.00%	5.00%	5.00%

(First effective with the actuarial soundness valuation as of June 30, 2024, and prescribed to us by ISAC.)

These assumptions were chosen by ISAC and consider historical Illinois public tuition and fee inflation, typically over a 20-year horizon, as well as current economic and political conditions. The 5.00 percent assumption is intended to include conservatism.

Truth in Tuition

Under Illinois' Truth-in-Tuition law, the State's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college. The Truth in Tuition law does not apply to community colleges.

For contract beneficiaries with a Choice 2, Choice 3 or Legacy contract, it was assumed that their tuition will not increase in their second, third and fourth year of school. If they attend school beyond four years, it was assumed that their tuition would increase to the amount charged the year after the year they first enrolled. For contract beneficiaries with a Choice 1 contract, it was assumed that tuition will increase for each year enrolled. The fee portion of the WATF is assumed to increase each year for all contract types.

The following table shows the WAT (excluding fees) for the past four years that would be used for contract beneficiaries under the Truth-in-Tuition law. (Choice 1 is shown for informational purposes only.)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2024-2025 Weighted Tuition	\$4,539	\$11,871	\$14,658	\$12,569
2023-2024 Weighted Tuition	4,410	11,514	14,829	12,349
2022-2023 Weighted Tuition	4,360	11,300	14,619	12,235
2021-2022 Weighted Tuition	4,281	11,123	14,074	11,914
2020-2021 Weighted Tuition	4,075	11,151	14,106	11,950

Actuarial Valuation Methods and Assumptions

Rates of Cancellation before Matriculation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts before and after projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated. Once the contract beneficiaries are assumed to have matriculated and started using benefits, a different set of assumptions apply.

Years from Projected College Entrance Year	Cancellation Rate	Years from Projected College Entrance Year	Cancellation Rate
-17	6.0%	-1	1.5%
-16	6.0%	0	1.5%
-15	4.0%	1	3.0%
-14	3.0%	2	3.0%
-13	3.0%	3	5.0%
-12	3.0%	4	6.0%
-11	2.0%	5	7.5%
-10	2.0%	6	7.5%
-9	1.5%	7	7.5%
-8	1.5%	8	7.5%
-7	1.5%	9	25.0%
-6	1.5%	10	50.0%
-5	1.0%	11	33.0%
-4	1.0%	12	33.0%
-3	1.0%	13	33.0%
-2	1.0%	14+	100.0%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of all contract payments made accumulated with applicable interest, less benefits paid. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)

Actuarial Valuation Methods and Assumptions

Rates of Cancellation after Matriculation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts after contract beneficiaries are assumed to have matriculated and started using benefits.

Years from Projected College Entrance Year	Matriculation Rate
0	0.25%
1	0.25%
2	0.50%
3	1.50%
4	2.50%
5	3.00%
6	3.25%
7	3.50%
8	3.75%
9	25.00%
10	50.00%
11	33.00%
12	33.00%
13	33.00%
14+	100.00%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of all contract payments made accumulated with applicable interest, less benefits paid. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)

Rates of Matriculation

These rates are used to measure the probability of eligible contract beneficiaries matriculating at and beyond their projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated.

Years from Projected College Entrance Year	Matriculation Rate
0	67.5%
1	37.5%
2	35.0%
3	30.0%
4	20.0%
5	15.0%
6	9.0%
7	9.0%
8	8.0%
9	8.0%
10	0.0%

Actuarial Valuation Methods and Assumptions

Utilization of Benefits

The following number of credits were assumed to be utilized for contract beneficiaries. Contract beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement.

Years Since Matriculation	Number of Semesters Purchased								
	1	2	3	4	5	6	7	8	9
1	9.00	21.00	28.00	28.00	30.00	30.00	30.00	30.00	30.00
2	5.00	16.00	23.00	23.00	28.00	28.00	28.00	28.00	28.00
3	3.00	8.00	14.00	14.00	24.00	24.00	26.00	26.00	26.00
4	2.00	6.00	9.00	9.00	16.00	16.00	22.00	22.00	22.00
5	2.00	4.00	7.00	7.00	9.00	9.00	12.00	12.00	12.00
6	2.00	3.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
7	2.00	2.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
8	2.00	2.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
9	2.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
10+	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Marketing expenses were excluded from the liabilities (present value of future administrative expenses) for current contract beneficiaries as it is assumed those costs should only be applicable to future contracts. Administrative expenses for FY 2025 are projected to equal actual 2024 expenses multiplied by the ratio of actual 2024 administrative expenses to actual 2023 administrative expenses, with a maximum value of the actual 2024 administrative expenses. Future year (for FY 2026 and later) administrative expenses are projected to then decline at the same rate the present value of benefits declines. The present value of future administrative expenses for FY 2024 is equal to approximately 2.3 percent of the total liabilities.

Mortality and Disability

No assumption is made for death or disability. Valuing the rate of incidence is expected to be immaterial.

Contract Transfers

No explicit assumption is made for contract transfers. However, the set of assumptions is slightly conservative and losses due to contract transfers are expected to reduce the implied margin of conservatism. We recommend monitoring contract transfer experience to evaluate if an explicit assumption is needed.

Actuarial Valuation Methods and Assumptions

Data Adjustments

The following contract beneficiary records were excluded from the actuarial valuation:

- Records with a payment status indicating they were cancelled;
- Records with a contract usage status of depleted; and
- Records with less than one contract unit remaining (the number of contract units purchased minus the number of contract units used is less than one).

The projected college entrance year was adjusted for contract beneficiaries who are not scheduled to have completed payments for the contract by the college entrance year provided in the data.

The account balance that is eligible to be refunded is calculated by GRS based on the contract payment information provided, increased with applicable interest, less any tuition and fee benefits paid to date. Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.

SECTION F

PLAN PROVISIONS

Plan Provisions

(This is a summary only; the full terms and conditions of the College Illinois!® Prepaid Tuition Program are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the “Act”) and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) (“ISAC Rules”).

A. Type of Contract

Three types of contracts are available for purchase: Choice 1 - Community College, Choice 2 – University and Choice 3 – University Plus. (For contracts sold prior to October 2008, there was one type of University contract, which are currently referred to as Legacy contracts.)

From the College Illinois! Prepaid Tuition Program Student Handbook:

Choice 1 Community College Plan

Provides in-district tuition and mandatory fees for each semester (15 credit hours) purchased at an Illinois Community College.

Choice 2 University Plan

Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at any of the following eligible institutions: Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University Carbondale, Southern Illinois University Edwardsville, University of Illinois Chicago, University of Illinois Springfield, Western Illinois University.

Choice 3 University Plus Plan

Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at the University of Illinois Urbana Champaign.

B. Benefit

Covered benefits include tuition and mandatory fees at an Illinois public university or community college based on the in-state or in-district undergraduate rate for a full-time student.

Mandatory fees are fees that are required upon enrollment for all students attending the particular institution.

The benefit does not include any optional fees, expenses, or cost of supplies.

The benefit shall never be less than the amount paid for the contract.



Plan Provisions

Benefits are available for use three years after the first payment due date. The plan must be paid in full prior to the use of any benefits. In addition, the beneficiary has up to 10 years from the projected college enrollment date to start using program benefits. Once the beneficiary starts using the prepaid benefits, they have 10 years to finish using benefits.

C. Contract Payments

The Program offers a variety of payment options, including the following:

- Lump Sum;
- 5-year installment plans paid monthly or annually;
- Extended installment plans of 6 to 15 years, depending on age, paid monthly or annually; and
- Down payment options are available for monthly installment plans.

D. Private or Out-of-State Institutions

For beneficiaries attending a private or out-of-state institution, the plan will pay an amount based upon the weighted average tuition and mandatory fees at Illinois public universities or community colleges depending on the type of contract purchased.

E. Scholarship

If a qualified beneficiary is awarded a grant or scholarship that duplicates the benefits covered by a prepaid tuition contract, the purchaser may request a refund in semester installments.

Illinois public university or community college – the installments will be in an amount equal to the current cost of in-state or in-district registration fees at that institution, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

Illinois Private Institution or an eligible Out-of-State Institution – the installments will be in an amount equal to the current average mean-weighted credit hour value of registration fees at Illinois public universities or Illinois community colleges, depending on the type of the purchased contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

F. Not Attending an Institution of Higher Education (Transfer)

Benefits can be transferred to a member of the “family” as defined in Section 529 of the Internal Revenue Code.

Purchasers can also choose to postpone the beneficiary’s use of contract benefits to a later time or receive a refund.



Plan Provisions

<i>G. Cancellation/Refunds</i>	Refund equal to all contract payments made accumulated with applicable interest, less benefits paid and applicable cancellation fees. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)
<i>H. Death/Disability of Qualified Beneficiary</i>	Refund equal to the value of the mean-weighted average cost of tuition at the colleges for the type of contract purchased will be made to the purchaser.
<i>I. Other Ancillary Benefits</i>	There are no ancillary benefits.
<i>J. Truth in Tuition</i>	Under Illinois' Truth-in-Tuition law, enacted with the Fall 2004 semester, the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college.
<i>K. New Contracts</i>	Effective as of the 2017/2018 period, CIPTP has not accepted new contracts.
<i>L. Extraordinary Contributions</i>	In fiscal year 2022, ISAC secured state funding that significantly addressed the College Illinois!® Prepaid Tuition Program unfunded liability. There were two State appropriations from the State's General Revenue Fund on behalf of fiscal year 2022 – one for \$20 million and a second appropriation of \$230 million that are reflected in the actuarial valuation as of June 30, 2022. (There was an additional State appropriation of \$30 million on behalf of fiscal year 2021.)
<i>M. Changes from Previous Valuation</i>	None.

College Illinois!® Prepaid Tuition Program

Supplemental Actuarial Soundness Valuation Report
as of June 30, 2024





October 30, 2024

Mr. Eric Zarnikow
Executive Director
Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, Illinois 60015-5209

**Re: College Illinois!® Prepaid Tuition Program
Supplemental Actuarial Soundness Valuation Report as of June 30, 2024**

Dear Mr. Zarnikow:

In accordance with the request of the Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed a supplemental actuarial valuation of the College Illinois!® Prepaid Tuition Program ("Program" or "CIPTP") as of June 30, 2024 under a prescribed Closed Group Run-Off projection scenario. The purpose of this supplemental actuarial valuation is to provide additional information to ISAC regarding the Program's projected funding status.

GRS provides independent actuarial services and advice to ISAC. GRS has no decision making authority or other such responsibility for ISAC, the State of Illinois, the CIPTP and anyone else affiliated with ISAC, and therefore, is specifically NOT serving in a fiduciary role in any way whatsoever.

This supplemental actuarial valuation and report was prepared at the request of ISAC and is intended for use by ISAC and those designated or approved by ISAC. This report may be provided to parties other than ISAC only with the permission of ISAC. This supplemental actuarial valuation and report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this projection.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

This supplemental actuarial valuation report represents one of multiple documents providing actuarial soundness valuation results for the College Illinois!® Prepaid Tuition Program as of June 30, 2024. Additional information regarding the underlying financial and beneficiary data and important additional disclosures are provided in the June 30, 2024 Actuarial Soundness Valuation Report.

This projection is not a recommendation to anyone to participate or not participate in the CIPTP. GRS makes no representations or warranties to any person or persons participating in the CIPTP.

All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements. There are currently no Actuarial Standards of Practice which specifically relate to prepaid tuition plans. We have looked to the Actuarial Standards of Practice related to pensions for guidance due to their similar nature.

For purposes of this projection, we used the actuarial soundness valuation results from the June 30, 2024 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2024 Actuarial Soundness Valuation. The projection results are based upon data and information furnished by ISAC, concerning program benefits, financial transactions and beneficiaries of the CIPTP. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Illinois Student Assistance Commission. Further, the data and information provided is through June 30, 2024, and does not reflect subsequent market volatility.

The projection results involve actuarial calculations that require assumptions about future events. We believe that the actuarial assumptions, including those prescribed to us by ISAC, are reasonable for the purposes of measuring the Program's future obligations.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website "College Illinois! is no longer accepting new enrollments." Since the closing of the CIPTP has not occurred, we have completed a projection assuming that the program continues to operate but with no new contract sales after June 30, 2024.

Based on discussions with ISAC, we have incorporated a "select and ultimate" approach to the investment return assumption (and also the related discount rate for the liabilities). Under this "select and ultimate" approach to the investment return assumption, we have assumed that the net investment return and discount rate grade down from an initial rate of 5.00 percent for fiscal year 2024 to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments.) The initial rate used in the projections is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments.)

The Investment Committee and Commission approved the adoption and implementation of a Liability Driven Investment (LDI) strategy on April 22, 2024. The goal is to match future expected benefits with future expected cash flows from a structured U.S. Treasury bond portfolio in order to minimize investment risk. As of June 30, 2024, approximately 80% of program assets are invested in US Treasury securities in accordance with the LDI strategy. Based on the LDI strategy current asset allocation and 2024 capital market assumptions from ISAC's investment consultant, the 10-year geometric mean return is 5.13%, which supports the current select and ultimate investment return assumption.



Based on this investment return assumption, current Trust assets including future payments from current contract holders, and future investment income are projected to be sufficient to make the required tuition payments and maintain solvency until the end of the program.

This report was prepared using our proprietary valuation model and related software and projection spreadsheet models which, in our professional judgment, have the capability to provide results that are consistent with the purposes of the valuation, and have no material limitations or known weaknesses. We performed tests to ensure that the models reasonably represent that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team who developed and maintain the proprietary valuation model.

Alex Rivera, James R. Sparks, and Joshua Murner are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Alex Rivera, James R. Sparks, and Joshua Murner are independent of ISAC.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

SIGNED ORIGINAL ON FILE

Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant

SIGNED ORIGINAL ON FILE

James R. Sparks, ASA, MAAA, FCA
Consultant

SIGNED ORIGINAL ON FILE

Joshua Murner, ASA, EA, MAAA
Senior Analyst



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SECTION A

BACKGROUND

Background

Purpose of Projection

In accordance with the request of the Illinois Student Assistance Commission (“ISAC”), Gabriel, Roeder, Smith & Company (“GRS”) has performed a supplemental actuarial valuation of the College Illinois!® Prepaid Tuition Program (“Program” or “CIPTP”) as of June 30, 2024 under a prescribed Closed Group Run-Off projection scenario. The purpose of this supplemental actuarial valuation is to provide additional information to ISAC regarding the Program’s projected funding status.

Closed Group Run-Off Scenario

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website “College Illinois! is no longer accepting new enrollments.”

Although the Program is closed to new enrollments, a “discontinuance” of the CIPTP has not occurred (as defined in the College Illinois!® 529 Prepaid Tuition Program Disclosure Statement and Master Agreement.) Therefore, based on discussions with ISAC, we have performed a supplemental actuarial valuation of the CIPTP under a prescribed Closed Group Run-Off projection scenario, assuming that the program continues to operate but with no new contract sales after June 30, 2024. Please note that this specific closed group projection scenario was prescribed to us by ISAC and is being presented for illustrative purposes only.

Projection Assumptions

For purposes of this analysis, we used the actuarial soundness valuation results from the June 30, 2024 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2024 Actuarial Soundness Valuation.

Based on information prescribed to us by ISAC, the investment return assumption and tuition and fee increase assumptions for the June 30, 2024 actuarial valuation are as follows:

- The net investment return assumption under the “select and ultimate” rate structure was maintained from the prior valuation with an initial rate of 5.00 percent for fiscal year 2024 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments). The initial rate used in this valuation is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments).
- The tuition and fee increase assumption was increased from 4.25 percent per year to 5.00 percent per year for all types of contracts.

The projection results involve actuarial calculations that require assumptions about future events. We believe that the actuarial assumptions, including those prescribed to us by ISAC, are reasonable for the purposes of measuring the Program's future obligations. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic).



Background

Financial Status of Program as of June 30, 2024

As of June 30, 2024, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) is \$456,332,540. The value of fund assets as of June 30, 2024, including the market value of program assets and the present value of installment contract receivables, is \$496,773,753. The difference between the present value of future tuition obligations and the value of assets as of June 30, 2024 represents a program surplus of \$40,441,213. This is comparable to the program surplus from the June 30, 2023 actuarial soundness valuation of \$4,787,209.

Based on the actuarial assumptions used in the June 30, 2023 actuarial soundness valuation and actual tuition payments, refunds and fees, the surplus of \$4.8 million at June 30, 2023 was expected to increase to \$5.0 million as of June 30, 2024. The factors which caused the surplus to increase by \$35.4 million compared to the expected surplus were (1) assumption changes including the changes from the experience study covering the period July 1, 2014, to June 30, 2023 (the increase in surplus as a result of the experience study was partially offset by increases to the tuition and fee inflation assumptions), (2) tuition and fee increases in the past year that were less than expected (increases that were lower than the assumption of 4.25 percent used in the last actuarial valuation) and (3) investment experience that was more than expected (the estimated return on the market value of assets was 7.60 percent compared to the assumption of 5.00 percent for fiscal year 2024 used in the last actuarial valuation).

These results are illustrated in the table on the following page.

Background

	(Surplus)
Value at June 30, 2023	\$ (4,787,209)
Expected Value at June 30, 2024	\$ (5,026,569)
(Gain)/Loss Due to:	
Investment Experience	\$ (13,228,187)
Due from Other State Funds	-
Experience Study Assumption Changes	(18,242,376)
Tuition and Fee Assumption Changes	3,781,132
Tuition and Fee Inflation Experience	(6,209,550)
Other Demographic Experience*	(1,515,663)
Total	\$ (35,414,644)
Actual Value at June 30, 2024	\$ (40,441,213)

**Other Demographic Experience includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment, utilization of benefits, and contract terminations and refunds. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation.*

The changes in assumptions includes the changes from the experience study covering the period from July 1, 2014 to June 30, 2023 and the change in the tuition and fee increase assumption.

The Program assets earned an approximate 7.6 percent rate of return for FY 2024 compared to the assumption for FY 2024 of 5.0 percent.

SECTION B

PROJECTION RESULTS

Discussion of Scenario Results

Closed Group -- Run-Off Scenario; Zero New Contracts Sold Per Year

Please note that this specific closed group projection scenario was prescribed to us by ISAC and is being presented for illustrative purposes only.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2024/2025 enrollment period. According to the ISAC website “College Illinois! is no longer accepting new enrollments.”

Although the Program is closed to new enrollments, a “discontinuance” of the CIPTP has not occurred (as defined in the College Illinois!® 529 Prepaid Tuition Program Disclosure Statement and Master Agreement.) Therefore, based on discussions with ISAC, we have performed a supplemental actuarial valuation of the CIPTP under a prescribed Closed Group Run-Off projection scenario, assuming that the program continues to operate but with no new contract sales after June 30, 2024.

Under this illustrative closed group projection scenario:

- Current Trust assets including future payments from current contract holders, and future investment income are projected to be sufficient to make the required tuition payments and maintain solvency until the end of the program, and
- The CIPTP funded status as of June 30, 2024 is 108.9 percent and is projected to remain above 100 percent for the remaining years in the projection period.

Under this prescribed Closed Group Run-Off scenario, Trust assets are projected to decline rapidly as tuition benefits are paid. Therefore, based on discussions with ISAC, we have incorporated a “select and ultimate” approach to the investment return assumption (and also the related discount rate for the liabilities). Under this “select and ultimate” approach to the investment return assumption, we have assumed that the net investment return and discount rate grade down from an initial rate of 4.714 percent for fiscal year 2025 to the ultimate rate of 3.00 percent for fiscal years 2031 and after, in equal annual increments of 0.286 percent.

SECTION C

PROJECTION TABLE

Projection Table

Closed Group Projections

Scenario 1 — Run-Off Scenario

Projection Based on Data as of June 30, 2024

Assumed Net Investment Return and Discount Rates Graded Down from 4.714% to 3.000% in 0.286% Yearly Increments

Other Assumptions Based on Those Used in the Actuarial Valuation as of June 30, 2024, Including Assumed Tuition and Fee Increase Assumption of 5.00%

Zero New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets								Liabilities				Unfunded Liability	Funded Ratio
			Contract Contributions	Additional Required Solvency Contributions	Tuition Payments, Refunds and Fees	Administrative Expenses	Net Non-Investment Cash Flow	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees and Expenses		
2024			\$ 2,195,821	\$ -	\$ 104,643,241	\$ 2,489,209	\$ (104,936,629)	\$ 38,602,564	\$ 492,981,843	\$ 3,791,910	\$ 496,773,753	\$ 445,770,916	\$ 10,561,624	\$ 456,332,540	\$ (40,441,213)	108.9%
2025	4.714%	0	1,201,601	-	97,385,166	2,489,209	(98,672,774)	20,940,228	415,249,297	2,741,064	417,990,361	367,130,454	8,512,295	375,642,749	(42,347,612)	111.3%
2026	4.429%	0	823,623	-	84,573,505	2,050,076	(85,799,959)	16,509,448	345,958,786	2,020,786	347,979,572	296,962,395	6,794,271	303,756,666	(44,222,906)	114.6%
2027	4.143%	0	697,025	-	70,485,782	1,658,254	(71,447,011)	12,867,031	287,378,806	1,393,184	288,771,990	237,333,595	5,383,481	242,717,076	(46,054,914)	119.0%
2028	3.857%	0	554,644	-	58,118,352	1,325,284	(58,888,992)	9,959,271	238,449,085	881,680	239,330,765	187,258,991	4,240,522	191,499,513	(47,831,252)	125.0%
2029	3.571%	0	386,684	-	46,678,147	1,045,664	(47,337,127)	7,677,943	198,789,901	519,640	199,309,541	146,442,282	3,327,793	149,770,075	(49,539,466)	133.1%
2030	3.286%	0	292,002	-	35,175,388	817,742	(35,701,127)	5,949,804	169,038,579	239,953	169,278,532	115,505,297	2,606,066	118,111,363	(51,167,169)	143.3%
2031	3.000%	0	167,776	-	26,323,956	644,988	(26,801,168)	4,672,111	146,909,522	76,877	146,986,399	92,254,558	2,029,657	94,284,215	(52,702,184)	155.9%
2032	3.000%	0	78,022	-	20,180,130	515,154	(20,617,263)	4,100,312	130,392,571	-	130,392,571	74,541,600	1,567,722	76,109,321	(54,283,250)	171.3%
2033	3.000%	0	-	-	15,740,334	416,244	(16,156,579)	3,671,219	117,907,211	-	117,907,211	60,803,153	1,192,311	61,995,464	(55,911,747)	190.2%
2034	3.000%	0	-	-	13,847,538	339,528	(14,187,066)	3,325,983	107,046,128	-	107,046,128	48,573,531	883,497	49,457,029	(57,589,099)	216.4%
2035	3.000%	0	-	-	12,716,060	271,237	(12,987,297)	3,018,014	97,076,845	-	97,076,845	37,125,346	634,727	37,760,072	(59,316,773)	257.1%
2036	3.000%	0	-	-	10,298,296	207,310	(10,505,606)	2,755,886	89,327,125	-	89,327,125	27,787,477	443,372	28,230,849	(61,096,276)	316.4%
2037	3.000%	0	-	-	8,255,583	155,167	(8,410,750)	2,554,585	83,470,960	-	83,470,960	20,242,599	299,196	20,541,795	(62,929,165)	406.3%
2038	3.000%	0	-	-	6,722,198	113,036	(6,835,234)	2,402,358	79,038,084	-	79,038,084	14,027,592	193,453	14,221,045	(64,817,039)	555.8%
2039	3.000%	0	-	-	5,435,283	78,331	(5,513,614)	2,289,049	75,813,519	-	75,813,519	8,932,210	119,759	9,051,969	(66,761,550)	837.5%
2040	3.000%	0	-	-	3,444,773	49,878	(3,494,651)	2,222,373	74,541,241	-	74,541,241	5,704,114	72,732	5,776,845	(68,764,396)	1000+%
2041	3.000%	0	-	-	2,297,408	31,852	(2,329,260)	2,201,557	74,413,538	-	74,413,538	3,543,623	42,587	3,586,210	(70,827,328)	1000+%
2042	3.000%	0	-	-	1,566,968	19,788	(1,586,756)	2,208,781	75,035,563	-	75,035,563	2,059,632	23,782	2,083,415	(72,952,148)	1000+%
2043	3.000%	0	-	-	977,924	11,501	(989,425)	2,236,335	76,282,473	-	76,282,473	1,128,937	12,824	1,141,760	(75,140,713)	1000+%
2044	3.000%	0	-	-	524,640	6,304	(530,764)	2,280,572	78,032,281	-	78,032,281	630,537	6,810	637,347	(77,394,934)	1000+%
2045	3.000%	0	-	-	315,663	3,521	(319,184)	2,336,216	80,049,313	-	80,049,313	329,089	3,441	332,531	(79,716,782)	1000+%
2046	3.000%	0	-	-	177,677	1,838	(179,515)	2,398,807	82,268,605	-	82,268,605	158,639	1,680	160,319	(82,108,286)	1000+%
2047	3.000%	0	-	-	80,190	886	(81,076)	2,466,851	84,654,380	-	84,654,380	82,014	831	82,845	(84,571,535)	1000+%
2048	3.000%	0	-	-	42,616	458	(43,074)	2,538,990	87,150,296	-	87,150,296	41,224	391	41,615	(87,108,681)	1000+%
2049	3.000%	0	-	-	23,796	230	(24,026)	2,614,151	89,740,421	-	89,740,421	18,311	169	18,480	(89,721,941)	1000+%
2050	3.000%	0	-	-	11,787	102	(11,889)	2,692,036	92,420,568	-	92,420,568	6,897	70	6,968	(92,413,600)	1000+%
2051	3.000%	0	-	-	3,613	39	(3,652)	2,772,563	95,189,479	-	95,189,479	3,438	33	3,471	(95,186,008)	1000+%
2052	3.000%	0	-	-	2,045	19	(2,064)	2,855,654	98,043,069	-	98,043,069	1,465	15	1,480	(98,041,589)	1000+%
2053	3.000%	0	-	-	790	8	(798)	2,941,280	100,983,551	-	100,983,551	707	7	715	(100,982,836)	1000+%
2054	3.000%	0	-	-	368	4	(372)	3,029,501	104,012,680	-	104,012,680	355	3	359	(104,012,321)	1000+%
2055	3.000%	0	-	-	167	2	(169)	3,120,378	107,132,889	-	107,132,889	196	1	198	(107,132,691)	1000+%
2056	3.000%	0	-	-	156	1	(157)	3,213,984	110,346,716	-	110,346,716	44	0	44	(110,346,672)	1000+%
2057	3.000%	0	-	-	32	0	(32)	3,310,401	113,657,085	-	113,657,085	13	0	13	(113,657,072)	0.0%



SECTION D

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Valuation Methods and Assumptions

Actuarial Valuation Methods

Actuarial Value of Assets – The Actuarial Value of Assets is equal to the Market Value of Assets plus the present value of expected future contract payments from current contract holders.

Actuarial Valuation Assumptions

The rationale for the actuarial assumptions (except as indicated) may be found in the experience study report covering the period July 1, 2014 through June 30, 2023, which was issued on May 22, 2014. The assumptions were adopted for first use in the actuarial soundness valuation as of June 30, 2024.

Measurement Date June 30, 2024

Net Investment Return Rate

The following select and ultimate rate structure, net of investment expenses and compounded annually, is assumed. Includes inflation assumption of 2.50 percent. (First effective with the actuarial soundness valuation as of June 30, 2023, and prescribed to us by ISAC.)

Net Investment Return Rate

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Net Investment Return Rate</u>
2025	4.714%
2026	4.429%
2027	4.143%
2028	3.857%
2029	3.571%
2030	3.286%
2031+	3.000%

Considering the current asset allocation, LDI strategy, current and future liquidity requirements, and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

Actuarial Valuation Methods and Assumptions

Weighted Average Tuition and Fees (WATF) by Contract Type Based on the Freshman Tuition Rates Adjusted for Differential Tuition (Blended)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2024-2025 Weighted Tuition	\$4,539	\$11,871	\$14,658	\$12,569
2024-2025 Weighted Fees	558	4,599	4,928	4,681
2024-2025 Total WATF	5,097	16,470	19,586	17,250

†Legacy contracts refer to contracts sold prior to October 2008. These contracts can be used for full tuition and fees at any public University in the State of Illinois, including UIUC.

For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions.

Freshman Weighted Average Tuition and Fees (WATF) Increase from Prior Year

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2024-2025 Total WATF	\$5,097	\$16,470	\$19,586	\$17,250
2023-2024 Total WATF	4,955	15,673	19,689	16,685
WATF Increase	2.87%	5.09%	-0.52%	3.39%

Bias Load

Contract beneficiaries may select a university or major with costs that are higher or lower than the overall WATF. In addition, contract beneficiaries may use more or less than the 15 credits assumed to calculate the WAT. For example, certain institutions may charge the same fixed rate for someone using 12 credits as someone using 16 credits (i.e., “Block” pricing). The following bias loads were used to recognize the biases that exist in how the WAT is calculated and how the WAT is used by contract beneficiaries.

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
Bias Load	0.00%	-3.00%	3.00%	0.00%

Actuarial Valuation Methods and Assumptions

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2024, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2024 and Beyond	5.00%	5.00%	5.00%	5.00%

(First effective with the actuarial soundness valuation as of June 30, 2024, and prescribed to us by ISAC.)

These assumptions were chosen by ISAC and consider historical Illinois public tuition and fee inflation, typically over a 20-year horizon, as well as current economic and political conditions. The 5.00 percent assumption is intended to include conservatism.

Truth in Tuition

Under Illinois' Truth-in-Tuition law, the State's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college. The Truth in Tuition law does not apply to community colleges.

For contract beneficiaries with a Choice 2, Choice 3 or Legacy contract, it was assumed that their tuition will not increase in their second, third and fourth year of school. If they attend school beyond four years, it was assumed that their tuition would increase to the amount charged the year after the year they first enrolled. For contract beneficiaries with a Choice 1 contract, it was assumed that tuition will increase for each year enrolled. The fee portion of the WATF is assumed to increase each year for all contract types.

The following table shows the WAT (excluding fees) for the past four years that would be used for contract beneficiaries under the Truth-in-Tuition law. (Choice 1 is shown for informational purposes only.)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2024-2025 Weighted Tuition	\$4,539	\$11,871	\$14,658	\$12,569
2023-2024 Weighted Tuition	4,410	11,514	14,829	12,349
2022-2023 Weighted Tuition	4,360	11,300	14,619	12,235
2021-2022 Weighted Tuition	4,281	11,123	14,074	11,914
2020-2021 Weighted Tuition	4,075	11,151	14,106	11,950

Actuarial Valuation Methods and Assumptions

Rates of Cancellation before Matriculation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts before and after projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated. Once the contract beneficiaries are assumed to have matriculated and started using benefits, a different set of assumptions apply.

Years from Projected College Entrance Year	Cancellation Rate	Years from Projected College Entrance Year	Cancellation Rate
-17	6.0%	-1	1.5%
-16	6.0%	0	1.5%
-15	4.0%	1	3.0%
-14	3.0%	2	3.0%
-13	3.0%	3	5.0%
-12	3.0%	4	6.0%
-11	2.0%	5	7.5%
-10	2.0%	6	7.5%
-9	1.5%	7	7.5%
-8	1.5%	8	7.5%
-7	1.5%	9	25.0%
-6	1.5%	10	50.0%
-5	1.0%	11	33.0%
-4	1.0%	12	33.0%
-3	1.0%	13	33.0%
-2	1.0%	14+	100.0%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of all contract payments made accumulated with applicable interest, less benefits paid. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)

Actuarial Valuation Methods and Assumptions

Rates of Cancellation after Matriculation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts after contract beneficiaries are assumed to have matriculated and started using benefits.

Years from Projected College Entrance Year	Matriculation Rate
0	0.25%
1	0.25%
2	0.50%
3	1.50%
4	2.50%
5	3.00%
6	3.25%
7	3.50%
8	3.75%
9	25.00%
10	50.00%
11	33.00%
12	33.00%
13	33.00%
14+	100.00%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of all contract payments made accumulated with applicable interest, less benefits paid. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)

Rates of Matriculation

These rates are used to measure the probability of eligible contract beneficiaries matriculating at and beyond their projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated.

Years from Projected College Entrance Year	Matriculation Rate
0	67.5%
1	37.5%
2	35.0%
3	30.0%
4	20.0%
5	15.0%
6	9.0%
7	9.0%
8	8.0%
9	8.0%
10	0.0%

Actuarial Valuation Methods and Assumptions

Utilization of Benefits

The following number of credits were assumed to be utilized for contract beneficiaries. Contract beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement.

Years Since Matriculation	Number of Semesters Purchased								
	1	2	3	4	5	6	7	8	9
1	9.00	21.00	28.00	28.00	30.00	30.00	30.00	30.00	30.00
2	5.00	16.00	23.00	23.00	28.00	28.00	28.00	28.00	28.00
3	3.00	8.00	14.00	14.00	24.00	24.00	26.00	26.00	26.00
4	2.00	6.00	9.00	9.00	16.00	16.00	22.00	22.00	22.00
5	2.00	4.00	7.00	7.00	9.00	9.00	12.00	12.00	12.00
6	2.00	3.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
7	2.00	2.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
8	2.00	2.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
9	2.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
10+	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Marketing expenses were excluded from the liabilities (present value of future administrative expenses) for current contract beneficiaries as it is assumed those costs should only be applicable to future contracts. Administrative expenses for FY 2025 are projected to equal actual 2024 expenses multiplied by the ratio of actual 2024 administrative expenses to actual 2023 administrative expenses, with a maximum value of the actual 2024 administrative expenses. Future year (for FY 2026 and later) administrative expenses are projected to then decline at the same rate the present value of benefits declines. The present value of future administrative expenses for FY 2024 is equal to approximately 2.3 percent of the total liabilities.

Mortality and Disability

No assumption is made for death or disability. Valuing the rate of incidence is expected to be immaterial.

Contract Transfers

No explicit assumption is made for contract transfers. However, the set of assumptions is slightly conservative and losses due to contract transfers are expected to reduce the implied margin of conservatism. We recommend monitoring contract transfer experience to evaluate if an explicit assumption is needed.

Actuarial Valuation Methods and Assumptions

Data Adjustments

The following contract beneficiary records were excluded from the actuarial valuation:

- Records with a payment status indicating they were cancelled;
- Records with a contract usage status of depleted; and
- Records with less than one contract unit remaining (the number of contract units purchased minus the number of contract units used is less than one).

The projected college entrance year was adjusted for contract beneficiaries who are not scheduled to have completed payments for the contract by the college entrance year provided in the data.

The account balance that is eligible to be refunded is calculated by GRS based on the contract payment information provided, increased with applicable interest, less any tuition and fee benefits paid to date. Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.

SECTION E

PLAN PROVISIONS

Plan Provisions

(This is a summary only; the full terms and conditions of the College Illinois!® Prepaid Tuition Program are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the “Act”) and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) (“ISAC Rules”).

A. Type of Contract

Three types of contracts are available for purchase: Choice 1 - Community College, Choice 2 – University and Choice 3 – University Plus. (For contracts sold prior to October 2008, there was one type of University contract, which are currently referred to as Legacy contracts.)

From the College Illinois! Prepaid Tuition Program Student Handbook:

Choice 1 Community College Plan

Provides in-district tuition and mandatory fees for each semester (15 credit hours) purchased at an Illinois Community College.

Choice 2 University Plan

Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at any of the following eligible institutions: Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University Carbondale, Southern Illinois University Edwardsville, University of Illinois Chicago, University of Illinois Springfield, Western Illinois University.

Choice 3 University Plus Plan

Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at the University of Illinois Urbana Champaign.

B. Benefit

Covered benefits include tuition and mandatory fees at an Illinois public university or community college based on the in-state or in-district undergraduate rate for a full-time student.

Mandatory fees are fees that are required upon enrollment for all students attending the particular institution.

The benefit does not include any optional fees, expenses or cost of supplies.

The benefit shall never be less than the amount paid for the contract.

Plan Provisions

Benefits are available for use three years after the first payment due date. The plan must be paid in full prior to the use of any benefits. In addition, the beneficiary has up to 10 years from the projected college enrollment date to start using program benefits. Once the beneficiary starts using the prepaid benefits, they have 10 years to finish using benefits.

C. Contract Payments

The Program offers a variety of payment options, including the following:

- Lump Sum;
- 5-year installment plans paid monthly or annually;
- Extended installment plans of 6 to 15 years, depending on age, paid monthly or annually; and
- Down payment options are available for monthly installment plans.

D. Private or Out-of-State Institutions

For beneficiaries attending a private or out-of-state institution, the plan will pay an amount based upon the weighted average tuition and mandatory fees at Illinois public universities or community colleges depending on the type of contract purchased.

E. Scholarship

If a qualified beneficiary is awarded a grant or scholarship that duplicates the benefits covered by a prepaid tuition contract, the purchaser may request a refund in semester installments.

Illinois public university or community college – the installments will be in an amount equal to the current cost of in-state or in-district registration fees at that institution, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

Illinois Private Institution or an eligible Out-of-State Institution – the installments will be in an amount equal to the current average mean-weighted credit hour value of registration fees at Illinois public universities or Illinois community colleges, depending on the type of the purchased contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

F. Not Attending an Institution of Higher Education (Transfer)

Benefits can be transferred to a member of the “family” as defined in Section 529 of the Internal Revenue Code.

Purchasers can also choose to postpone the beneficiary’s use of contract benefits to a later time or receive a refund.



Plan Provisions

<i>G. Cancellation/Refunds</i>	Refund equal to all contract payments made accumulated with applicable interest, less benefits paid and applicable cancellation fees. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)
<i>H. Death/Disability of Qualified Beneficiary</i>	Refund equal to the value of the mean-weighted average cost of tuition at the colleges for the type of contract purchased will be made to the purchaser.
<i>I. Other Ancillary Benefits</i>	There are no ancillary benefits.
<i>J. Truth in Tuition</i>	Under Illinois' Truth-in-Tuition law, enacted with the fall 2004 semester, the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college.
<i>K. New Contracts</i>	Effective as of the 2017/2018 period, CIPTP has not accepted new contracts.
<i>L. Extraordinary Contributions</i>	In fiscal year 2022, ISAC secured state funding that significantly addressed the College Illinois!® Prepaid Tuition Program unfunded liability. There were two State appropriations from the State's General Revenue Fund on behalf of fiscal year 2022 – one for \$20 million and a second appropriation of \$230 million that are reflected in the actuarial valuation as of June 30, 2022. (There was an additional State appropriation of \$30 million on behalf of fiscal year 2021.)
<i>M. Changes from Previous Valuation</i>	None.

**Independent Auditor’s Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

Honorable Frank J. Mautino
Auditor General
State of Illinois, and

Mr. Kevin B. Huber
Chair of the Governing Board
Illinois Student Assistance Commission

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Student Assistance Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State of Illinois, Illinois Student Assistance Commission’s basic financial statements, and have issued our report thereon dated March 25, 2025. That report contains an emphasis of matter paragraph which states “as discussed in Note 14, the amount of the net position in the Illinois Prepaid Tuition Program Fund is highly dependent on the actuarial assumptions used to calculate the actuarial present value of future tuition benefit obligations.” Our opinions are not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Student Assistance Commission’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Student Assistance Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Student Assistance Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Student Assistance Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Illinois Student Assistance Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Student Assistance Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oakbrook Terrace, Illinois
March 25, 2025