

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

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AGENCY OFFICIALS

Board Members of the Illinois State Board of Education during the audit period:

Current

Darren Reisberg, Chairperson,
effective 2/25/19
Dr. Donna S. Leak, Vice-Chairperson, effective 2/25/19

Dr. Christine Pacione-Zayas, Secretary, effective 2/25/19

Dr. Christine Benson, effective 2/25/19

Cynthia Latimer, effective 2/25/19
Dr. David R. Lett, effective 2/25/19
Jane Quinlan, effective 2/25/19

Jacqueline Robbins, effective 2/25/19
Susie Morrison, effective 7/21/17

Former

James T. Meeks, Chairperson,
through 2/24/19
Eligio Pimentel, Vice-Chairperson (Title
effective 2/22/17 through
2/24/19)
Cesilie Price, Secretary (Title effective
2/22/17 through 2/24/19)
Ruth Cross, effective 1/25/17 through
2/24/19
Lula Ford, through 2/24/19
Craig Lindvahl, through 2/24/19
Kevin Settle, effective 2/6/17 through
2/24/19
Mitch Holzrichter, effective 1/19/18
through 2/24/19
Steven R. Gilford, Vice- Chairperson,
through 1/15/17
Melinda A. LaBarre, Secretary,
through 2/5/17
John Sanders, through 11/18/16
Curt Bradshaw, through 1/24/17
Collin Hitt, effective 12/5/16
through 6/28/17
Jason Barclay, effective 1/16/17
through 9/8/17

State Superintendent of Education:
Through 2/22/19
Effective 3/1/19

Tony Smith, Ph.D.
Dr. Carmen I. Ayala

Cabinet members:

General Counsel
Through 6/23/17
Interim through 8/14/17
Effective 8/15/17
Chief Internal Auditor
Through 8/29/17
Effective 9/18/17

Stephanie Donovan
Colette McCarty
Stephanie Jones

Melissa Oller
Tassi Maton

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AGENCY OFFICIALS - Continued

Chief Education Officer Through 4/2/17	Vacant
Through 8/31/18	Libia Gil
First Deputy Superintendent, through 12/31/18	Karen Corken
Chief Financial Officer	Robert Wolfe
Executive Director, Professional Capital Through 8/28/17	Sarah Hatfield
Chief Operations & Professional Capital Officer Effective 8/30/17	Melissa Oller

The Illinois State Board of Education offices are located at the Alzina Building, 100 North First Street, Springfield, Illinois 62777-0001 and the James R. Thompson Center, 100 West Randolph Street, Suite 14-300, Chicago, Illinois 60601-3268.



Illinois State Board of Education

100 North First Street • Springfield, Illinois 62777-0001
www.isbe.net

Darren Reisberg
Chairman

Dr. Carmen I. Ayala
State Superintendent of Education

MANAGEMENT ASSERTION LETTER

May 14, 2019

Kerber, Eck & Braeckel LLP
3200 Robbins Rd, Suite 200A
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State Board of Education (Agency). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2017, except as reported in finding 2018-001, the Agency has materially complied with the assertions below.

- A. The Agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Agency on behalf of the State or held in trust by the Agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois State Board of Education

SIGNED ORIGINAL ON FILE

Dr. Carmen I. Ayala
State Superintendent of Education

SIGNED ORIGINAL ON FILE

Robert Wolfe, CPA
Chief Financial Officer

SIGNED ORIGINAL ON FILE

Stephanie Jones
General Counsel

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
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COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and identifies a material weakness over internal control.

SUMMARY OF FINDINGS

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Reports</u>
Findings	11	8
Repeated findings	4	1
Prior recommendations implemented or not repeated	4	5

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2018-001	18	Financial Statement Reporting Error	Material Weakness
FINDINGS (<i>STATE COMPLIANCE</i>)			
2018-002	20	Noncompliance with the School Code on Bullying Prevention	Significant Deficiency and Noncompliance

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SCHEDULE OF FINDINGS - Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2018-003	22	Insufficient Controls over School Construction Projects	Significant Deficiency and Noncompliance
2018-004	24	Reporting Requirements	Significant Deficiency and Noncompliance
2018-005	26	Noncompliance with Charter School Biennial Reporting Requirements	Significant Deficiency and Noncompliance
2018-006	28	Noncompliance with Department of Transitional Bilingual Education Reporting Requirements	Significant Deficiency and Noncompliance
2018-007	29	Noncompliance with the School Code on Heroin and Opioid Drug Prevention Pilot Program	Significant Deficiency and Noncompliance
2018-008	31	Failure to Develop Evidence Based Funding 5-Year Strategic Plan	Significant Deficiency and Noncompliance
2018-009	33	Failure to Publish Evidence Based Funding Distribution Schedule	Significant Deficiency and Noncompliance
2018-010	34	Failure to Provide Timely Notification of Felony Convictions	Significant Deficiency and Noncompliance
2018-011	36	Insufficient Controls over Illinois Teaching Excellence Program	Significant Deficiency and Noncompliance

In addition, the following finding, which is reported as a current finding related to *Government Auditing Standards*, also meets the reporting requirements for State Compliance.

2018-001	18	Financial Statement Reporting Error	Material Weakness and Material Noncompliance
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COMPLIANCE REPORT

SCHEDULE OF FINDINGS - Continued

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	38	Noncompliance with the School Code Requirement on Establishment of Multiple Measure Index and Annual Measurable Objectives
B	38	Noncompliance with the Education Purchasing Program
C	38	Noncompliance with the School Code on Salary and Benefits Survey Reporting
D	39	Noncompliance with the Critical Health Problems and Comprehensive Health Education Act

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COMPLIANCE REPORT

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 1, 2019. Attending were:

Representing Illinois State Board of Education

Dr. Carmen Ayala, State Superintendent
Stephanie Jones, General Counsel
Tassi Maton, Chief Internal Auditor
Ralph Grimm, Acting Chief Education Officer
Robert Wolfe, Chief Financial Officer
Melissa Oller, Chief Operations & Professional Capital Officer
Sally Burton, Internal Auditor III
Jason Hall, Director State Funding and Forecasting
John Shake, Director of Information Systems
Marc Gibbs, Director of Grant Accountability and Transparency Act Division
Jason Perry, Projects Administrator
Marci Johnson, Director of Curriculum and Instruction
Deb Vespa, Director of School Business Services
Amanda Elliott, Co-Director of Legislative Affairs
Mary Reynolds, Executive Director of Innovation and Secondary Transformation

Representing Kerber, Eck & Braeckel LLP

Kate Ward, Partner
Josh Shugart, Partner
Marci Petropoulos, Manager

Representing the Office of the Auditor General

Lisa Warden, Audit Manger
Joe Gudgel, Information Technology Audit Manager

The responses to the findings were provided by Sally Burton, Internal Auditor III, in correspondence dated May 1, 2019.



Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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Independent Accountant's Report on State Compliance
on Internal Control Over Compliance, and on
Supplementary Information for State Compliance Purposes

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board Members of the
Illinois State Board of Education

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Illinois State Board of Education's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2018. The management of the Illinois State Board of Education is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois State Board of Education's compliance based on our examination.

- A. The Illinois State Board of Education has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois State Board of Education has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois State Board of Education has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Illinois State Board of Education are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Illinois State Board of Education on behalf of the State or held in trust by the Illinois State Board of Education have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Illinois State Board of Education complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Illinois State Board of Education complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois State Board of Education's compliance with specified requirements.

Our examination disclosed the following material noncompliance with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. As described in item 2018-001 in the accompanying schedule of findings, the Illinois State Board of Education did not comply with requirements regarding all applicable laws and regulations in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the Illinois State Board of Education to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Illinois State Board of Education complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2018-002 through 2018-011.

The Illinois State Board of Education's responses to the findings identified in our examination are described in the accompanying schedule of findings. The Illinois State Board of Education's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the Illinois State Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Illinois State Board of Education's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Illinois State Board of Education's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois State Board of Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2018-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-002 through 2018-011 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Illinois State Board of Education's responses to the findings identified in our examination are described in the accompanying schedule of findings. The Illinois State Board of Education's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Illinois State Board of Education as of and for the year ended June 30, 2018, and have issued our report thereon dated March 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois State Board of Education's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 19, 2019. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 5 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Illinois State Board of Education. 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 accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 5 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 accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 5 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Illinois State Board of Education's basic financial statements as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 12, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 2, 4, and 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2017 financial statements. The accompanying supplementary information for the years ended June 30, 2017 in Schedules 2, 4, and 5 has been subjected to the auditing procedures applied in the audit of June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 accompanying supplementary information for the year ended June 30, 2017 in Schedules 2, 4, and 5 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The Illinois State Board of Education's basic financial statements for the year ended June 30, 2016 (not presented herein), were audited by other auditors whose report thereon dated December 16, 2016, expressed unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The report of the other auditors dated April 26, 2017, stated that the accompanying supplementary information for the year ended June 30, 2016 in Schedules 3 and 5, was subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
May 14, 2019

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

The Board Members of the
Illinois State Board of Education

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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 major fund, and the aggregate remaining fund information of the Illinois State Board of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Illinois State Board of Education's basic financial statements, and have issued our report thereon dated March 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Illinois State Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Illinois State Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois State Board of Education'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2018-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Illinois State Board of Education'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 determination of financial statement amounts. However, providing an opinion on compliance with those 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 are required to be reported under *Government Auditing Standards*.

Illinois State Board of Education's Response to Finding

The Illinois State Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings. The Illinois State Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Illinois State Board of Education'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 Illinois State Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Springfield, Illinois
March 19, 2019

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board Members of the
Illinois State Board of Education

As Special Assistant Auditors for the Auditor General, we have performed each of the procedures enumerated below, which were agreed to by the Auditor General and the Illinois State Board of Education, solely to assist the users in evaluating management's assertion about the Illinois State Board of Education's (Agency) compliance with respect to the reporting, during the year ended June 30, 2018, of the statewide high school dropout rate by grade, level, sex, race; the annual student dropout rate of and the number of students who graduate from, transfer from, or otherwise leave bilingual programs; a critique and analysis of the status of education in Illinois; and each act or omission of a school district as a consequence of scheduled, approved visits and which constituted a failure by the district to comply with applicable State or federal laws or regulations pursuant to 105 ILCS 5/1A-4, 105 ILCS 5/26-2a, and 105 ILCS 5/26-3a. The Illinois State Board of Education is responsible for the said reporting pursuant to 105 ILCS 5/1A-4, 105 ILCS 5/26-2a, and 105 ILCS 5/26-3a. The sufficiency of these procedures is solely the responsibility of specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. We reviewed the following articles of the School Code: 105 ILCS 5/1A-4, 105 ILCS 5/26-2a, and 105 ILCS 5/26-3a. We obtained and inspected the Fiscal Year 2017 Annual Report for the State Board of Education and verified the Annual Report complied with each of the following statutory requirements of the School Code:
 - a. Using the most recently available data, the Illinois State Board of Education prepared and submitted to the General Assembly and the Governor on or before January 14, 2018 a report or reports of its findings and recommendations.

- b. The Annual Report contained a separate section which provides a critique and analysis of the status of education in Illinois and which identifies its specific problems and recommends express solutions therefor.
- c. The Annual Report contained the following information for the preceding year ended June 30, 2017:
 - i. Each act or omission of a school district of which the State Board of Education has knowledge as a consequence of scheduled, approved visits and which constituted a failure by the district to comply with applicable State or federal laws or regulations relating to public education
 - ii. The name of such district
 - iii. The date or dates on which the State Board of Education notified the school district of such act or omission
 - iv. What action, if any, the school district took with respect thereto after being notified thereof by the State Board of Education.
- d. The report included the statewide high school dropout rate by grade level, sex and race and the annual student dropout rate of and the number of students who graduate from, transfer from or otherwise leave bilingual programs. High school dropout data included aged-out.

We found no exceptions as a result of the procedures performed.

- 2. We obtained the list of school districts and agreed submission of student data in Student Information System (SIS) for a sample of 40 school districts.

We found no exceptions as a result of the procedures performed.

- 3. We obtained the supporting file for the “2016-2017 High School Dropout Rates, by Grade Level, Gender, and Race/Ethnicity” prepared by the Agency. We agreed dropout data for 20 selected students from the Agency’s supporting file of dropout data to SIS and 20 students selected from SIS to Agency’s supporting file of dropout data.

During our testing, we noted one student’s Region County District Type School’s code in SIS did not agree to the Agency’s supporting file of high school dropout data.

- 4. We compared dropout data totals per the Agency’s supporting file of dropout data for the school year 2016-2017 to those on the 2016 Annual Report filed with the General Assembly and we agreed all dropout totals, by grade level, gender, and race/ethnicity on the supporting file to the report.

We found no exceptions as a result of the procedures performed.

5. We obtained the supporting file for the “2016-2017 English Learner Students by Transition Status and School Year Outcome” prepared by the Agency. We compared bilingual education data for 20 selected students from the Agency’s supporting file of bilingual education data to SIS and 20 selected students from SIS to the Agency’s supporting file of bilingual education data.

During our testing, we noted one student’s race in SIS did not agree to the Agency’s supporting file of bilingual education data.

6. We compared bilingual education data totals per the Agency’s supporting file of bilingual education data for school year 2016-2017 to those on the 2016 Annual Report filed with the General Assembly. We agreed all bilingual education data totals, by transition status, on the supporting file to the report.

We found no exceptions as a result of the procedures performed.

7. We obtained the schedule of bilingual education data generated from the Statistical Analysis system (SAS). We compared bilingual education data totals per the SAS schedule to those on the 2017 Annual Report filed with the General Assembly. We agreed all bilingual education data totals, by transition status, on the SAS schedule to the report.

We found no exceptions as a result of the procedures performed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. For the purposes of this report, we were not engaged to and did not conduct an examination or review of the subject of this report, the objective of which would be the expression of an opinion or conclusion, respectively, on management’s assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Auditor General, Board members of the Illinois State Board of Education, and Agency management, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
May 14, 2019

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SCHEDULE OF FINDINGS
CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

2018-001. **FINDING:** Financial Statement Reporting Error

The Illinois State Board of Education's financial statements and financial reporting forms were materially misstated due to an understatement of liabilities related to federal grants.

During our audit, we noted the Agency understated deferred inflows of resources for unavailable revenues in the amount of \$14.2 million. The Agency improperly reduced the unavailable revenue calculation for receipts of current year receivables over 60 days after year-end. The misstatement was identified during the financial audit and subsequently corrected by Agency personnel.

According to GASB Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions, resources recognized as receivables before availability requirements are met should be reported as deferred revenues. Furthermore, according to the State of Illinois, Office of the Comptroller's Statewide Accounting Management System Manual, sections 27.20.63 and 27.50.20, current year receivables not received within 60 days of year-end have not met the availability requirements and should be reported as deferred revenues. The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as an overall review of financial reporting for accuracy and compliance with generally accepted accounting principles.

Agency officials stated the misstatement was due to a reporting error on the Agency's financial statements and reporting forms. This error was not appropriately identified during the review process.

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SCHEDULE OF FINDINGS

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS - CONTINUED

2018-001. **FINDING:** Financial Statement Reporting Error - Continued

Failure to exercise due care during the financial reporting and review process could lead to future misstatements of the Agency's financial statements. (Finding Code No. 2018-001, 2017-001)

RECOMMENDATION

We recommend the Agency document the procedures for calculating available revenue, compare the amounts on the financial reporting forms to supporting calculations, and exercise due care during the financial statement preparation and review process to ensure accurate financial reporting.

AGENCY RESPONSE

The Agency agrees with the finding. In order to reduce the likelihood of future misstatements, the Agency will perform a comprehensive review of the GAAP package preparation checklists specific to the Agency's significant funds with a goal of developing more robust checklists which capture the unique aspects of each significant fund.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE

2018-002. **FINDING:** Noncompliance with the School Code on Bullying Prevention

The Illinois State Board of Education (Agency) did not adequately monitor the implementation of the bullying prevention policies.

During our testing, we noted:

- One of three charter schools (33%) and four of seven non-public, non-sectarian schools (57%) tested did not file with the Agency their policy on bullying.
- Eight of twenty (40%) bullying policies reviewed lacked the provisions required to be included in the policy.
- Six of twenty (30%) bullying policies on file with the Agency had not been reviewed or re-evaluated recently. These policies were last reviewed or re-evaluated between 1,148 to 1,608 days after the prior policy review.
- Four of twenty (20%) bullying policies on file with the Agency lacked information to determine how long it had been since revision.

We also noted during testing, the Agency did not have internal controls in place to monitor or provide technical support for the implementation of policies created under this mandate.

The School Code (105 ILCS 5/27-23.7(d)) requires each school district, charter school, and non-public, non-sectarian elementary or secondary school to create, maintain, and implement a policy on bullying which must be filed with the Agency. The School Code (105 ILCS 5/27-23.7(b)) also defines “policy on bullying” as a bullying prevention policy that includes the bullying definition as provided by the School Code, procedures for promptly reporting bullying, procedures for promptly informing parents or guardians of all students involved in the alleged incident of bullying, procedures for promptly investigating and addressing reports of bullying, as well as a policy evaluation process to assess the outcomes and effectiveness of the policy. Further, the School Code (105 ILCS 5/27-23.7(d)) requires the policy or implementing procedure include a process to investigate whether a reported act of bullying is within the permissible scope of the district’s or school’s jurisdiction and

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-002. **FINDING:** Noncompliance with the School Code on Bullying Prevention -
Continued

requires the district or school provide the victim with information regarding services available within the district and community, such as counseling, support services, and other programs. Additionally, the School Code (105 ILCS 5/27-23.7(d)) requires each school district, charter school, and non-public, non-sectarian elementary or secondary school to review and evaluate their policy every two years. The Agency is required to maintain the revised policies, as well as monitor and provide technical support for the implementation of the policies.

Agency officials stated there is a model policy that was created by the Agency and the Illinois Association of School Boards (IASB), which meets all requirements of the Code, and is accessible on the IASB website. Agency officials also stated they communicated the bullying policy requirements to all districts in 2015 but have not continued to monitor and enforce the requirements due to turnover within the Agency resulting in a lack of Agency resources and personnel.

Failure to adequately monitor the revision and implementation of bullying prevention policies by each school lessens the effectiveness of its purpose to educate students, parents and schools about behaviors and negative outcomes associated with bullying. (Finding Code No. 2018-002, 2016-001, 2014-003)

RECOMMENDATION

We recommend the Agency strengthen its controls to adequately monitor the implementation of bullying prevention policies by each school district, charter school, and non-public, non-sectarian schools to ensure compliance with the bullying prevention requirements of the School Code.

AGENCY RESPONSE

The Agency agrees with the finding. ISBE will continue to communicate the requirements for bullying policies to reinforce this mandate as well as strengthen ISBE's monitoring function.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-003. **FINDING:** Insufficient Controls over School Construction Projects

The Illinois State Board of Education (Agency) failed to process applications to determine and entitle eligible districts for school construction project grants.

The school construction program process calls for applications from districts with populations not exceeding 500,000 to be submitted to the Agency. The Agency will then review the received applications to determine eligibility, calculate grant indexes, issue entitlements, and when there is limited availability of funds, submit a priority ranking of entitled districts to the Capital Development Board (CDB). CDB issues school construction grants to those school districts entitled by the Agency when funds are appropriated by the General Assembly from the School Infrastructure Fund.

During our testing, we noted the Agency had not reviewed the 282 applications it received from school districts since fiscal year 2003 to determine whether the district was eligible and should have been entitled to receive a school construction grant.

The School Construction Law (105 ILCS 230/5-20) requires the Agency “review and approve district facilities plans prior to issuing grant entitlements.” Additionally, the School Construction Law (105 ILCS 230/5-25(a)) states the Agency “shall approve a district’s eligibility for a school construction project grant pursuant to the established standards.” In addition, the Illinois Administrative Code (Code) (23 Ill. Admin. Code 151.40(a)) states the State Superintendent of Education shall award construction grant entitlements to a district that submits a complete and accurate application which demonstrated a needed school construction project or projects. The Agency’s administrative rules (23 Ill. Admin. Code 151.50) further require priority ranking of construction grant entitlements if the appropriation for any fiscal year is insufficient to fund grants for all approved grant entitlements.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-003. **FINDING:** Insufficient Controls over School Construction Projects - Continued

Agency officials stated due to the Capital Development Board (CDB) not receiving an appropriation for school construction grants, management of the Agency did not find it appropriate, nor efficient, to have Agency personnel review the applications and entitle the districts knowing there were not sufficient funds to awards grants to the school districts. The Agency did seek legislative remedy during the examination period; however, the process has not been completed, thus the Agency's responsibilities to review and approve state construction grant applications have not been eliminated.

Agency officials estimated the unmet need for new school construction and addition projects was approximately \$3.6 billion at June 30, 2018. By not reviewing applications for school construction projects and entitling districts for aid from CDB, the Agency failed to comply with the School Construction Law and the Illinois Administrative Code. (Finding Code No. 2018-003, 2016-002)

RECOMMENDATION

We recommend the Agency review applications for school construction projects to calculate grant indexes, issue entitlements, and submit a priority ranking to CDB, unless legislation becomes effective that eliminates such responsibility.

AGENCY RESPONSE

The Agency agrees with the finding. Entitling would allow districts to seek referendum approval for school construction bonds for the district's required match of the project. Since there has not been an appropriation for this program since 2010, issuance of the bonds could result in a taxpayer liability for a project that may not materialize. Section 151.50 (e) of the 23 Administrative Code stipulated that, "If a district is not awarded a construction grant in a fiscal year for which it has received an entitlement, the district must update its application to establish its priority ranking for the following fiscal year." If ISBE had entitled all the districts that have submitted a School Construction Grant application, each of these districts would have been required to update their application each year for not, since there has not been an appropriation since 2010. ISBE introduced legislative language to amend the entitlement language in the statute; however, the language was not acted on in the past legislative session. The language has been introduced again for the 2019 session.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-004. **FINDING:** Reporting Requirements

The Illinois State Board of Education (Agency) did not adhere to various reporting requirements established by law.

During our testing, we noted the following:

- The School Code (105 ILCS 5/22-30(j)) requires the Agency to submit a report to the General Assembly and publish the report to the Agency’s internet website every year by October 1, identifying the frequency and circumstances of epinephrine administration during the preceding academic year. The Agency failed to submit “The Report of Use of Undesignated Epinephrine” for 2015-2016, and the 2016-2017 report was submitted 29 days late.
- The School Code (105 ILCS 5/14-8.02d) requires the Agency, in conjunction with the Annual State Report on Special Education Performance, to submit data on the performance of the due process hearing system to the members of the State Board of Education, the State Superintendent of Education, the Advisory Council on Education of Children with Disabilities, and the Screening Committee, and it must be made available to the public. Since its report for the 2008-2009 School Year, the Agency has not prepared and submitted an Annual State Report on Special Education Performance.

Agency officials stated the divisions responsible for producing the reports had limited staff resources to complete the reports.

In addition, during the prior examination period, the Agency did not ensure all required financial data for districts receiving an Early Childhood Education Block (ECEB) Grant was received by the Agency and submitted to the General Assembly. During the current examination period, we noted all required financial data was received and submitted to the General Assembly in the applicable reports filed.

Failure to report to the General Assembly and other bodies lessens school accountability and governmental oversight. (Finding Code No. 2018-004, 2016-007)

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-004. **FINDING:** Reporting Requirements - Continued

RECOMMENDATION

We recommend the Agency implement internal controls to ensure compliance with specific reporting requirements.

AGENCY RESPONSE

The Agency agrees with the finding. The 2017-2018 “Report of Use of Undesignated Epinephrine” was delivered and published in accordance with statute. The Agency plans to produce the Annual State Report on Special Education Performance, which will include due process hearing information, and make the report available to the mandated parties.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-005. **FINDING:** Noncompliance with Charter School Biennial Reporting Requirements

The Illinois State Board of Education (Agency) did not submit the Illinois Charter School Biennial Report in a timely manner, and the report submitted did not include all required information.

During our testing, we obtained the Illinois Charter School Biennial Report submitted by the Agency during the examination period, noting the report was submitted on January 22, 2018, which was 12 days late. Additionally, the report submitted did not include the following as required by law:

- Information regarding the regulations and policies from which charter schools were released to determine if the exemptions assisted or impeded the charter schools in meeting their stated mission; and
- Data on periodic evaluations of charter schools.

According to the School Code (105 ILCS 5/27A-12) “on or before the second Wednesday in January of every even-numbered year, the State Board shall issue a report to the General Assembly and the Governor on its findings for the previous 2 school years.” Additionally, within the report, the Agency “shall review information regarding the regulations and policies from which charter schools were released to determine if the exemptions assisted or impeded the charter schools in meeting their stated goals and objectives” and “shall undertake and report on periodic evaluations of charter schools that include evaluations of student academic achievement, the extent to which charter schools are accomplishing their missions and goals, the sufficiency of funding for charter schools, and the need for changes in the approval process for charter schools.”

Agency officials stated there was a delay in collection of student achievement data and demographics until the second week in January, which caused the delay in issuing the report. Agency personnel also stated the omission of certain information from the report was due to prior attempts of collecting such data yielding insufficient results; thus, the information requests for such data were not made. In addition, Agency officials stated it has never undertaken and reported on periodic evaluations of charter schools in the Illinois Charter School Biennial Report and noted turnover in the department and lack of awareness of the requirement may have contributed to the noncompliance.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-005. **FINDING:** Noncompliance with Charter School Biennial Reporting Requirements - Continued

Failure to issue the Illinois Charter School Biennial Report timely and to report on all required information is a violation of State statute. In addition, the availability of complete, timely data strengthens the oversight and monitoring of charter schools and is vital to ensuring the appropriate standards are being achieved. (Finding Code No. 2018-005)

RECOMMENDATION

We recommend the Agency attempt to collect all required data in a timely manner in order to publish a complete and accurate report to the General Assembly and Governor by the mandated deadline or seek legislative remedy.

AGENCY RESPONSE

The Agency agrees with the finding. The Agency will continue to work with the Data Strategies and Analytics division to include the Biennial Report data needs in the Agency's standard report catalog to ensure sufficient resources and time are allocated to the creation of the reports to meet the statutory deadline and requirements.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-006. **FINDING:** Noncompliance with Department of Transitional Bilingual Education Reporting Requirements

The Illinois State Board of Education (Agency) did not comply with the reporting requirements for the Department of Transitional Bilingual Education (Department).

During our testing, we noted the Department failed to draft and submit the annual report on programs in transitional bilingual education to the required legislative bodies for both fiscal years 2017 and 2018 as required by law.

According to the School Code (105 ILCS 5/2-3.39(7)) the Department is required to submit an annual report to the General Assembly, which includes an evaluation of programs in transitional bilingual education, the need for continuing such programs, and recommendations for improvement.

Agency officials stated the report was not drafted or submitted due to oversight. Also, because there was not a specified deadline included in the School Code, the report was not prioritized and thus never completed.

Failure to draft and submit the annual report on programs in transitional bilingual education reduces effective governmental oversight. In addition, inadequate program evaluation could affect the identification and implementation of necessary program improvements or the continuation of the program. (Finding Code No. 2018-006)

RECOMMENDATION

We recommend the Agency implement the necessary controls to ensure reporting requirements are met for programs in transitional bilingual education.

AGENCY RESPONSE

The Agency agrees with the finding. ISBE is currently in production of the report to be submitted to the legislature.

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For the Two Years Ended June 30, 2018

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-007. **FINDING:** Noncompliance with the School Code on Heroin and Opioid Drug Prevention Pilot Program

The Illinois State Board of Education (Agency) did not develop and establish a heroin and opioid drug prevention pilot program or comply with reporting requirements in relation to the pilot program.

During our testing, we noted the Agency, in conjunction with the Department of Human Services, did not develop a 3-year heroin and opioid drug prevention pilot program, and thus, did not submit the required annual report to the General Assembly.

The School Code (105 ILCS 5/22-81), requires the State Board of Education and the Department of Human Services to develop and establish a 3-year heroin and opioid drug prevention pilot program by January 1, 2017. The pilot program must use effective, research-proven, interactive teaching methods and technologies, and must provide students, parents, and school staff with scientific, social, and emotional learning content to help them understand the risks of drug use. Additionally, the State Board of Education, the Department of Human Services, and any contracted organization must submit an annual report to the General Assembly that includes: (i) a list of school districts participating in the pilot program; (ii) the grade levels each school district instructs under the pilot program; and (iii) any findings regarding the effectiveness of the pilot program.

Agency officials stated they assumed the Department of Human Services would lead the development of the 3-year heroin and opioid drug prevention pilot program; therefore, the Agency never acted on developing this pilot program.

Failure to develop a heroin and opioid prevention pilot program neglects the responsibility of the Agency to help schools work toward addressing the issue of heroin and opioid use and to educate students, parents, and staff about the risk of heroin and opioid use. (Finding Code No. 2018-007)

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-007. **FINDING:** Noncompliance with the School Code on Heroin and Opioid Drug Prevention Pilot Program - Continued

RECOMMENDATION

We recommend the Agency, in conjunction with the Department of Human Services, develop and establish the heroin and opioid drug prevention pilot program and begin submitting the required annual reports to the General Assembly

AGENCY RESPONSE

The Agency agrees with the finding. The Agency will work with DHS regarding the viability of a pilot program in conjunction with the other funded substance use prevention programs already administered by DHS within schools.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-008. **FINDING:** Failure to Develop Evidence Based Funding 5-Year Strategic Plan

The Illinois State Board of Education (Agency) did not develop a 5-year strategic plan for Evidence Based Funding (EBF).

During our testing, we noted the Agency did not develop and submit to the Governor and General Assembly a 5-year strategic plan for all school districts receiving funding under EBF.

The School Code (105 ILCS 5/18-8.15(h)(10)) requires the Agency to develop a 5-year strategic plan for all Organizational Units to help in planning for adequacy funding. The plan was required to be submitted to the Governor and the General Assembly no later than January 1, 2018.

Agency officials stated they were aware of the requirement; however, due to the complexities of the EBF legislation and the amount of time that had to be devoted to calculating the applicable funding amounts, the report was not completed. Agency officials also stated they continue to incorporate EBF within its broader strategic planning of the Agency and will continue to seek guidance from the Professional Review Panel.

Failure to file the 5-year strategic plan with the Governor and General Assembly is a violation of the School Code and prevents legislative bodies from having the tools necessary for future planning and decision making regarding EBF. (Finding Code No. 2018-008)

RECOMMENDATION

We recommend the Agency submit the 5-year strategic plan to the Governor and General Assembly as soon as possible, or seek legislative remedy.

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For the Two Years Ended June 30, 2018

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-008. **FINDING:** Failure to Develop Evidence Based Funding 5-Year Strategic Plan -
Continued

AGENCY RESPONSE

The Agency agrees with the finding. The Evidence-Based Funding for Student Success Act, or Public Act 100-0465, became law on August 31, 2017, and significant updates were finalized in March 2018. The Agency was unable to implement a 5-year strategic plan by the original mandated deadline of January 1, 2018. The Agency is aware of the requirements and will continue to develop a plan that addresses the statutory requirements.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-009. **FINDING:** Failure to Publish Evidence Based Funding Distribution Schedule

The Illinois State Board of Education (Agency) did not publish an Evidence Based Funding (EBF) distribution schedule for the 2018-2019 school year.

During our testing, we noted the Agency did not publish an EBF distribution schedule at its June 2018 Board meeting. This schedule was intended to provide all school districts with their funding schedule for the 2018-2019 school year.

The School Code (105 ILCS 5/18-8.15(h)(5)) requires the Agency to publish a yearly distribution schedule at its June Board meeting.

Agency officials stated, prior to EBF, the funding schedule that ISBE historically followed has been 22 equal payments, twice a month, from August to June. Since the EBF distribution schedule would be consistent with the former funding schedule, Agency officials did not consider a formal schedule necessary.

Failure to publish the distribution schedule is a violation of the School Code and prevents school districts from having access to an important tool that can be utilized for monthly planning and budgeting. (Finding Code No. 2018-009)

RECOMMENDATION

We recommend the Agency begin publishing a yearly distribution schedule at its June Board meeting or seek legislative remedy.

AGENCY RESPONSE

The Agency agrees with the finding. Publishing a payment schedule in June is not possible and ISBE plans to seek an amendment to the statute that recognizes a realistic publication date for the annual payment schedule.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-010. **FINDING:** Failure to Provide Timely Notification of Felony Convictions

The Illinois State Board of Education (Agency) did not provide timely notification to the State's retirement systems of teachers' felony convictions.

During our testing, we noted the Agency did not timely notify the Board of Trustees of the Teachers' Retirement System of the State of Illinois or the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of the City of Chicago of teachers' felony convictions after obtaining notice of the felony conviction for which the individual was sentenced to death or a prison term of one year or greater. We noted 10 of 12 (83%) convictions tested were not communicated to the necessary parties until 42 to 711 days after the revocation of the teacher's license. In addition, we noted the Agency does not maintain adequate records of when they receive notices of convictions.

The School Code (105 ILCS 5/21B-85) requires the Agency, when notified by a school board or otherwise learns that any person who is a teacher, has been convicted, either after a bench trial, trial by jury, or plea of guilty, of any offense for which a sentence to death or a term of imprisonment in a penitentiary for one year or more is provided, to promptly notify, in writing, the Board of Trustees of the Teachers' Retirement System of the State of Illinois and the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of the City of Chicago.

Agency officials stated the letters were not sent timely due to staffing constraints.

Failure to timely provide notification of teachers' felony convictions could prevent the Board of Trustees of the Teachers' Retirement System of the State of Illinois or the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of the City of Chicago from taking the actions necessitated by such situation. It is important that all parties of the school system obtain knowledge of such information timely to avoid any delays in the complete removal of the individual from the school system and all associated rights and privileges. (Finding Code No. 2018-010)

RECOMMENDATION

We recommend the Agency implement the necessary controls to ensure timely notification of teachers' convictions.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-010. **FINDING:** Failure to Provide Timely Notification of Felony Convictions -
Continued

AGENCY RESPONSE

The Agency agrees with the finding. ISBE has increased staffing levels and improved processes and systems to ensure letters are issued timely.

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-011. **FINDING:** Insufficient Controls over Illinois Teaching Excellence Program

The Illinois State Board of Education (Agency) failed to monitor and enforce restrictions under the Illinois Teaching Excellence Program.

During our testing, we noted the Agency was appropriated funds for the Illinois Teaching Excellence Program, which it then remitted to Illinois State University (ISU) for administration of the Program through an intergovernmental agreement. The Agency did not take responsibility for ensuring the funds were used in accordance with the requirements of the statute.

The School Code (105 ILCS 5/21B-70) states, " The State Board of Education shall allocate an amount as annually appropriated by the General Assembly for the Illinois Teaching Excellence Program for (i) application fees for each qualified educator seeking to complete certification through the National Board for Professional Teaching Standards, to be paid directly to the National Board for Professional Teaching Standards, and (ii) incentives for each qualified educator to be distributed to the respective school district." Sub-paragraph (c) also specifies certain restrictions on the amount of funds an individual applicant can receive giving preference to teachers in a poverty or low-performing school.

Agency officials stated they have not monitored individual payments made under the Illinois Teacher Excellence Program because they assumed the intergovernmental agreement transferred all responsibility to ISU after the funds were submitted. However, upon further review, it was noted the intergovernmental agreement did not transfer such responsibility to ISU. Thus, the Agency was still responsible for ensuring all requirements within the statute were met.

Failure to monitor and enforce restrictions for payments under the Illinois Teaching Excellence Program is a violation of State statute and could lead to misappropriation of State funds. (Finding Code No. 2018-011)

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SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE - CONTINUED

2018-011. **FINDING:** Insufficient Controls over Illinois Teaching Excellence Program -
Continued

RECOMMENDATION

We recommend the Agency review the intergovernmental agreement with ISU and make the appropriate amendments to clearly define the responsibilities within the statute. We further recommend the Agency monitor the activities of the intergovernmental agreement to ensure all requirements are met and funds are used in accordance with the requirements of the statute.

AGENCY RESPONSE

The Agency agrees with the finding. ISBE will request a breakdown of expenditure information by candidate name. ISBE will request this information moving forward.

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SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED

- A. **FINDING:** Noncompliance with the School Code Requirement on Establishment of Multiple Measure Index and Annual Measurable Objectives

During the prior examination period, the Agency did not establish a multiple measure index and correlating annual measurable objectives for each public school in the State of Illinois.

During the current examination period, we noted the Agency sought legislative remedy to repeal the requirements of 105 ILCS 5/2-3.25d due to a federal law passed in 2015 that revised student accountability, data reporting and state plan requirements. During fiscal year 2018, the Agency filed the bill with the Clerk, and 105 ILCS 5/2-3.25d was repealed by Public Act 100-1046, effective August 23, 2018. (Finding Code No. 2016-003)

- B. **FINDING:** Noncompliance with the Education Purchasing Program

During the prior examination period, the Agency did not create an education purchasing program or designate a State education purchasing entity as required by law.

During the current examination period, the Agency developed a plan to implement the education purchasing program, as well as, designated itself as the State education purchasing entity. (Finding Code No. 2016-005)

- C. **FINDING:** Noncompliance with the School Code on Salary and Benefits Survey Reporting

During the prior examination period, the Agency did not compile a statewide salary and benefits survey report for certificated personnel.

During the current examination period, the Agency compiled and made available on their website a statewide salary and benefits survey report for certificated personnel for each school year within the examination period. (Finding Code No. 2016-004)

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED - CONTINUED

D. **FINDING:** Noncompliance with the Critical Health Problems and Comprehensive Health Education Act

During the prior examination period, the Agency did not comply with the Critical Health Problems and Comprehensive Health Education Act by failing to make available to all elementary and secondary schools in Illinois instructional materials and guidelines to assist the schools in incorporating alcohol and drug abuse instruction into their existing curricula.

During the current examination period, the Agency made available the Center for Disease Control Health Education Curriculum Analysis Tool (HECAT), which contained information and tools to assist the schools in incorporating alcohol and drug abuse instruction into their existing curricula. The HECAT includes information relating to both the physical and legal effects and ramifications of drug and substance abuse. (Finding Code No. 2016-006)

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ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

Schedule of Appropriations, Expenditures and Reappropriated/

Lapsed Balances - Fiscal Year 2018

Schedule of Appropriations, Expenditures and Reappropriated/

Lapsed Balances - Fiscal Year 2017

Comparative Schedule of Net Appropriations, Expenditures and

Reappropriated/Lapsed Balances

Schedule of Changes in State Property

Comparative Schedule of Cash Receipts and

Reconciliation of Cash Receipts to Deposits Remitted

to the State Comptroller

Analysis of Operations (Unaudited):

Agency Functions and Planning Program (Unaudited)

State Charter School Commission (Unaudited)

Analysis of Significant Variations in Expenditures (Unaudited)

Analysis of Significant Variations in Receipts (Unaudited)

Analysis of Significant Lapse Period Spending (Unaudited)

Analysis of Significant Account Balances (Unaudited)

Analysis of Accounts Receivable (Unaudited)

Budget Impasse Disclosures (Unaudited)

Alternative Financing in Lieu of Appropriations and Programs

to Address Untimely Payments to Vendors (Unaudited)

Interest Costs on Fiscal Year 2017 and 2018 Invoices (Unaudited)

Average Number of Employees (Unaudited)

Annual Statistics (Unaudited)

Emergency Purchases (Unaudited)

Memorandums of Understanding (Unaudited)

Service Efforts and Accomplishments (Unaudited)

Schedule of Indirect Cost Reimbursements (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountant's report also states that the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
APPROPRIATED FUNDS						
<i>General Revenue Fund - 001</i>						
Awards and Grants	\$ 3,669,329,600	\$ 3,563,693,610	\$ 92,141,317	\$ 3,655,834,927	\$ -	\$ 13,494,673
Lump Sum and Other Purposes	72,706,300	53,276,303	18,003,275	71,279,578	-	1,426,722
Community and Residential Services Authority	579,000	529,003	11,797	540,800	-	38,200
Total General Revenue Fund	<u>3,742,614,900</u>	<u>3,617,498,916</u>	<u>110,156,389</u>	<u>3,727,655,305</u>	<u>-</u>	<u>14,959,595</u>
<i>Education Assistance Fund - 007</i>						
Awards and Grants	<u>793,349,300</u>	<u>792,758,606</u>	<u>590,678</u>	<u>793,349,284</u>	<u>-</u>	<u>16</u>
<i>Teacher Certificate Fee Revolving Fund - 016</i>						
Awards and Grants	750,000	-	-	-	-	750,000
Lump Sum and Other Purposes	<u>6,000,000</u>	<u>1,554,701</u>	<u>84,640</u>	<u>1,639,341</u>	<u>-</u>	<u>4,360,659</u>
Total Teacher Certificate Fee Revolving Fund	<u>6,750,000</u>	<u>1,554,701</u>	<u>84,640</u>	<u>1,639,341</u>	<u>-</u>	<u>5,110,659</u>
<i>Drivers Education Fund - 031</i>						
Awards and Grants	<u>18,750,000</u>	<u>18,749,971</u>	<u>-</u>	<u>18,749,971</u>	<u>-</u>	<u>29</u>
<i>School District Emergency Financial Assistance Fund - 130</i>						
Awards and Grants	<u>1,000,000</u>	<u>-</u>	<u>53,860</u>	<u>53,860</u>	<u>-</u>	<u>946,140</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
School Construction Fund - 143						
Awards and Grants	\$ 4,391,137	\$ -	\$ -	\$ -	\$ 4,391,137	\$ -
S.B.E. Special Purpose Trust Fund - 144						
Lump Sum and Other Purposes	15,500,000	4,044,496	(91,055)	3,953,441	-	11,546,559
S.B.E. Teacher Certification Institutes Fund - 159						
Lump Sum and Other Purposes	2,208,900	1,238,716	4,229	1,242,945	-	965,955
S.B.E. Federal Department of Agriculture Fund - 410						
Personal Services	3,831,000	2,645,710	2,588	2,648,298	-	1,182,702
Employee Retirement Contribution						
Paid by the State	16,800	7,478	-	7,478	-	9,322
State Employees'/Teachers' Retirement	1,606,800	475,724	(17,916)	457,808	-	1,148,992
Social Security	191,200	64,613	8	64,621	-	126,579
Group Insurance	1,157,600	769,257	-	769,257	-	388,343
Contractual Services	12,100,000	4,819,131	1,197,772	6,016,903	-	6,083,097
Travel	400,000	231,589	22,078	253,667	-	146,333
Commodities	85,000	40,607	5,053	45,660	-	39,340
Printing	156,300	34,763	-	34,763	-	121,537
Equipment	310,000	37,870	5,298	43,168	-	266,832
Telecommunications	50,000	24,390	4,949	29,339	-	20,661
Awards and Grants	1,062,500,000	741,379,851	36,410,420	777,790,271	-	284,709,729
Total S.B.E. Federal Department of Agriculture Fund	1,082,404,700	750,530,983	37,630,250	788,161,233	-	294,243,467

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
<i>Common School Fund - 412</i>						
Awards and Grants	\$ 3,061,012,300	\$ 3,061,012,300	\$ -	\$ 3,061,012,300	\$ -	\$ -
<i>After - School Rescue Fund - 512</i>						
Lump Sum and Other Purposes	200,000	-	-	-	-	200,000
<i>S.B.E. Federal Agency Services Fund - 560</i>						
Personal Services	200,000	29,346	-	29,346	-	170,654
State Employees'/Teachers' Retirement	61,700	3,134	-	3,134	-	58,566
Social Security	5,400	390	-	390	-	5,010
Group Insurance	75,000	9,317	-	9,317	-	65,683
Contractual Services	945,000	84,253	8,014	92,267	-	852,733
Travel	30,000	8,515	735	9,250	-	20,750
Commodities	40,000	1,138	-	1,138	-	38,862
Printing	700	-	-	-	-	700
Equipment	11,000	703	-	703	-	10,297
Telecommunications	9,000	1,958	406	2,364	-	6,636
Awards and Grants	11,400,000	4,020,262	1,113,885	5,134,147	-	6,265,853
Total S.B.E. Federal Agency Services Fund	12,777,800	4,159,016	1,123,040	5,282,056	-	7,495,744

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
<i>S.B.E. Federal Department of Education Fund - 561</i>						
Personal Services	\$ 13,959,200	\$ 5,647,097	\$ (1,183)	\$ 5,645,914	\$ -	\$ 8,313,286
Employee Retirement Contribution						
Paid by the State	98,100	27,400	-	27,400	-	70,700
State Employees'/Teachers' Retirement	6,069,200	916,800	(28,118)	888,682	-	5,180,518
Social Security	1,062,700	122,865	19	122,884	-	939,816
Group Insurance	4,020,200	1,629,332	-	1,629,332	-	2,390,868
Contractual Services	21,370,000	9,099,257	526,676	9,625,933	-	11,744,067
Travel	1,600,000	240,537	37,538	278,075	-	1,321,925
Commodities	305,000	13,128	1,798	14,926	-	290,074
Printing	341,000	-	-	-	-	341,000
Equipment	679,000	94,710	23,633	118,343	-	560,657
Telecommunications	400,000	103,619	21,500	125,119	-	274,881
Lump Sum and Other Purposes	70,000,000	4,746,120	197,446	4,943,566	-	65,056,434
Awards and Grants	2,439,500,000	1,091,481,366	303,412,556	1,394,893,922	-	1,044,606,078
Total S.B.E. Federal Department of Education Fund	2,559,404,400	1,114,122,231	304,191,865	1,418,314,096	-	1,141,090,304
<i>Charter Schools Revolving Loan Fund - 567</i>						
Awards and Grants	200,000	-	-	-	-	200,000
<i>School Infrastructure Fund - 568</i>						
Lump Sum and Other Purposes	600,000	105,522	1,292	106,814	-	493,186
<i>School Technology Revolving Loan Fund - 569</i>						
Awards and Grants	7,500,000	2,228,850	-	2,228,850	-	5,271,150

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
<i>Temporary Relocation Expenses Revolving Grant Fund - 605</i>						
Awards and Grants	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
<i>Fund for the Advancement of Education - 640</i>						
Awards and Grants	619,000,000	619,000,000	-	619,000,000	-	-
<i>State Charter School Commission Fund - 674</i>						
Lump Sum and Other Purposes	1,200,000	773,309	46,375	819,684	-	380,316
<i>Personal Property Replacement Tax Fund - 802</i>						
Lump Sum and Other Purposes	70,000	70,000	-	70,000	-	-
Awards and Grants	17,770,000	16,676,523	41,032	16,717,555	-	1,052,445
Total Personal Property Replacement Tax Fund	17,840,000	16,746,523	41,032	16,787,555	-	1,052,445
Subtotal - Appropriated Funds	11,947,703,437	10,004,524,140	453,832,595	10,458,356,735	4,391,137	1,484,955,565

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Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586 FISCAL YEAR 2018	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Reappropriated July 1	Balances Lapsed October 31
NONAPPROPRIATED FUNDS						
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>						
Refunds	\$ 219,872	\$ -	\$ 219,872	\$ -		
<i>S.B.E. Federal Agency Services Fund - 560</i>						
Refunds	5,385	-	5,385	-		
<i>S.B.E. Federal Department of Education Fund - 561</i>						
Refunds	1,514,894	-	1,514,894	-		
Subtotal - Nonappropriated Funds	1,740,151	-	1,740,151	-		
GRAND TOTAL - ALL FUNDS	\$ 11,947,703,437	\$ 10,006,264,291	\$ 453,832,595	\$ 10,460,096,886	\$ 4,391,137	\$ 1,484,955,565

Note 1 : Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to Agency records.

Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Note 3: The Agency provides administrative support to the State Charter School Commission (Commission). The School Code (105 ILCS 5/27A-7.5(g-5)) states that funds or spending authority for the operation and administrative cost of the Commission shall be appropriated to the Agency in a separate line item. During Fiscal Year 2018, the Agency received a separate appropriation for the State Charter School Commission Fund (Fund 674) to be used for all costs associated with the Commission.

Note 4: The Agency provides staff assistance to the Community and Residential Services Authority (Authority). The School Code (105 ILCS 5/14-15.01(c)(5)) states that funds for the ordinary and contingent expenses of the Authority shall be appropriated to the Agency in a separate line item. During Fiscal Year 2018, the Agency received a separate lump sum appropriation for the Authority under the General Revenue Fund (001) to be used for all costs associated with the Authority.

Note 5: Negative lapse period retirement expenditures for S.B.E. Federal Department of Agriculture Fund (Fund 410) and S.B.E Federal Department of Education Fund (Fund 561) represent refunds received for excess employer pension contributions made in the first half of the Fiscal Year 2018 to the State Employees' Retirement System at a rate of 54.013%. The pension contribution rate was reduced by the Budget Implementation Act PA 100-0023. The effect of the change was to reduce the Fiscal Year 2018 contribution rate to 47.342%, certified in January 2018.

Note 6: Negative lapse period personal services and lump sum expenditures for S.B.E. Special Purpose Trust Fund (Fund 144) and S.B.E Federal Department of Education Fund (Fund 561) represent expenditure transfers to the General Revenue Fund (001) for cash management purposes.

STATE OF ILLINOIS
 ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
 Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

Public Acts 100-0021, 100-0586	Appropriations	Expenditures	Lapse Period Expenditures	Total Expenditures	Balances Reappropriated	Balances Lapsed
FISCAL YEAR 2018	(Net after Transfers)	Through June 30	July 1 to October 31	16 Months Ended October 31	July 1	October 31

Note 7: During Fiscal Year 2018, the Office operated without enacted appropriation until Public Act 100-0021 was signed into law on July 6, 2017. During the impasse, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 100-0021.

Note 8: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all costs incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 78 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriations.

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ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES
Appropriations for Fiscal Year 2017

Schedule 2

Fifteen Months Ended September 30, 2017

Public Acts 99-0524, 100-0021 FISCAL YEAR 2017	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Reappropriated July 1	Balances Lapsed September 30
APPROPRIATED FUNDS						
<i>General Revenue Fund - 001</i>						
Lump Sum and Other Purposes	\$ 70,253,400	\$ 57,227,573	\$ 11,605,199	\$ 68,832,772	\$ -	\$ 1,420,628
Awards and Grants	3,554,612,100	3,437,446,509	93,049,841	3,530,496,350	-	24,115,750
Community and Residential Services Authority	579,000	519,542	17,952	537,494	-	41,506
Total General Revenue Fund	<u>3,625,444,500</u>	<u>3,495,193,624</u>	<u>104,672,992</u>	<u>3,599,866,616</u>	<u>-</u>	<u>25,577,884</u>
<i>Teacher Certificate Fee Revolving Fund - 016</i>						
Lump Sum and Other Purposes	5,000,000	3,976,829	(1,061,842)	2,914,987	-	2,085,013
Awards and Grants	1,000,000	702,955	(7,861)	695,094	-	304,906
Total Teacher Certificate Fee Revolving Fund	<u>6,000,000</u>	<u>4,679,784</u>	<u>(1,069,703)</u>	<u>3,610,081</u>	<u>-</u>	<u>2,389,919</u>
<i>Drivers Education Fund - 031</i>						
Awards and Grants	18,750,000	18,749,966	-	18,749,966	-	34
<i>School District Emergency Financial Assistance Fund - 130</i>						
Awards and Grants	1,000,000	-	-	-	-	1,000,000
<i>School Construction Fund - 143</i>						
Awards and Grants	4,391,137	-	-	-	4,391,137	-
<i>S.B.E. Special Purpose Trust Fund - 144</i>						
Lump Sum and Other Purposes	15,500,000	5,026,577	(749,474)	4,277,103	-	11,222,897
<i>S.B.E. Teacher Certification Institute Fund - 159</i>						
Lump Sum and Other Purposes	2,208,900	-	-	-	-	2,208,900

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2017

Schedule 2

Fifteen Months Ended September 30, 2017

Public Acts 99-0524, 100-0021 FISCAL YEAR 2017	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Reappropriated July 1	Balances Lapsed September 30
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>						
Personal Services	\$ 3,831,000	\$ 2,540,127	\$ -	\$ 2,540,127	\$ -	\$ 1,290,873
Employee Retirement Contribution						
Paid by the State	16,800	4,854	-	4,854	-	11,946
State Employees'/Teachers' Retirement	1,606,800	1,022,241	-	1,022,241	-	584,559
Social Security	191,200	65,341	-	65,341	-	125,859
Group Insurance	1,157,600	815,558	-	815,558	-	342,042
Contractual Services	12,100,000	6,234,791	1,400,597	7,635,388	-	4,464,612
Travel	400,000	225,245	20,330	245,575	-	154,425
Commodities	85,000	38,154	2,499	40,653	-	44,347
Printing	156,300	17,427	-	17,427	-	138,873
Equipment	310,000	4,724	10,129	14,853	-	295,147
Telecommunications	50,000	24,420	2,394	26,814	-	23,186
Awards and Grants	1,062,500,000	739,969,994	26,595,123	766,565,117	-	295,934,883
Total S.B.E. Federal Department of Agriculture Fund	1,082,404,700	750,962,876	28,031,072	778,993,948	-	303,410,752
<i>Common School Fund - 412</i>						
Awards and Grants	3,611,012,300	3,611,012,300	-	3,611,012,300	-	-
<i>After School Rescue Fund - 512</i>						
Lump Sum and Other Purposes	200,000	-	-	-	-	200,000

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2017

Schedule 2

Fifteen Months Ended September 30, 2017

Public Acts 99-0524, 100-0021 FISCAL YEAR 2017	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Reappropriated July 1	Balances Lapsed September 30
<i>S.B.E. Federal Agency Services Fund - 560</i>						
Personal Services	\$ 200,000	\$ 104,783	\$ -	\$ 104,783	\$ -	\$ 95,217
Employee Retirement Contribution						
Paid by the State	5,000	356	-	356	-	4,644
State Employees'/Teachers' Retirement	56,700	42,181	-	42,181	-	14,519
Social Security	5,400	2,531	-	2,531	-	2,869
Group Insurance	75,000	32,459	-	32,459	-	42,541
Contractual Services	945,000	126,166	58,998	185,164	-	759,836
Travel	30,000	7,215	294	7,509	-	22,491
Commodities	40,000	-	-	-	-	40,000
Printing	700	-	-	-	-	700
Equipment	11,000	-	-	-	-	11,000
Telecommunications	9,000	1,699	167	1,866	-	7,134
Awards and Grants	11,400,000	1,367,768	170,468	1,538,236	-	9,861,764
Total S.B.E. Federal Agency Services Fund	12,777,800	1,685,158	229,927	1,915,085	-	10,862,715
<i>S.B.E. Federal Department of Education - 561</i>						
Personal Services	13,959,200	6,206,068	134	6,206,202	-	7,752,998
Employee Retirement Contribution						
Paid by the State	98,100	41,064	-	41,064	-	57,036
State Employees'/Teachers' Retirement	6,069,200	2,484,634	-	2,484,634	-	3,584,566
Social Security	1,062,700	139,480	10	139,490	-	923,210
Group Insurance	4,020,200	2,057,328	-	2,057,328	-	1,962,872
Contractual Services	21,370,000	8,003,524	1,434,405	9,437,929	-	11,932,071
Travel	1,600,000	274,316	16,490	290,806	-	1,309,194
Commodities	305,000	8,387	80	8,467	-	296,533
Printing	341,000	2,663	-	2,663	-	338,337
Equipment	679,000	32,164	-	32,164	-	646,836
Telecommunications	400,000	91,809	9,000	100,809	-	299,191
Awards and Grants	2,387,500,000	1,174,946,756	248,816,370	1,423,763,126	-	963,736,874
Lump Sums and Other Purposes	70,000,000	21,965,721	7,525,749	29,491,470	-	40,508,530
Total S.B.E. Federal Department of Education	2,507,404,400	1,216,253,914	257,802,238	1,474,056,152	-	1,033,348,248

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2017

Schedule 2

Fifteen Months Ended September 30, 2017

Public Acts 99-0524, 100-0021 FISCAL YEAR 2017	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Reappropriated July 1	Balances Lapsed September 30
<i>Charter Schools Revolving Loan Fund - 567</i>						
Awards and Grants	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
<i>School Infrastructure Fund - 568</i>						
Lump Sum and Other Purposes	600,000	213,991	9,798	223,789	-	376,211
<i>School Technology Revolving Loan Fund - 569</i>						
Awards and Grants	7,500,000	1,922,750	-	1,922,750	-	5,577,250
<i>Temporary Relocation Expenses Revolving Grant Fund - 605</i>						
Awards and Grants	1,000,000	-	-	-	-	1,000,000
<i>Fund for the Advancement of Education - 640</i>						
Awards and Grants	253,000,000	247,036,121	-	247,036,121	-	5,963,879
<i>State Charter School Commission Fund - 674</i>						
Lump Sum and Other Purposes	1,000,000	647,209	207,287	854,496	-	145,504
<i>Budget Stabilization Fund - 686</i>						
Lump Sum and Other Purposes	1,000,000	1,000,000	-	1,000,000	-	-
<i>Personal Property Replacement Tax Fund - 802</i>						
Lump Sum and Other Purposes	70,000	70,000	-	70,000	-	-
Awards and Grants	17,670,000	16,708,888	(44,204)	16,664,684	-	1,005,316
Total Personal Property Replacement Tax Fund	17,740,000	16,778,888	(44,204)	16,734,684	-	1,005,316
Subtotal - Appropriated Funds	11,168,953,737	9,371,163,158	389,089,933	9,760,253,091	4,391,137	1,404,309,509

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES - CONTINUED
Appropriations for Fiscal Year 2017

Schedule 2

Fifteen Months Ended September 30, 2017

Public Acts 99-0524, 100-0021 FISCAL YEAR 2017	Appropriations (Net after Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Reappropriated July 1	Balances Lapsed September 30
NONAPPROPRIATED FUNDS						
<i>Teacher Certificate Revolving Fund - 016</i>						
Refunds		\$ 75	\$ -	\$ 75	\$ -	
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>						
Refunds		227,958	-	227,958	-	
<i>S.B.E. Federal Department of Education Fund - 561</i>						
Refunds		1,386,108	-	1,386,108	-	
Subtotal - Nonappropriated Funds		1,614,141	-	1,614,141	-	
GRAND TOTAL - ALL FUNDS	\$ 11,168,953,737	\$ 9,372,777,299	\$ 389,089,933	\$ 9,761,867,232	\$ 4,391,137	\$ 1,404,309,509

Note 1 : Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Agency records.

Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Note 3: The Agency provides administrative support to the State Charter School Commission (Commission). The School Code (105 ILCS 5/27A-7.5(g-5)) states that funds or spending authority for the operation and administrative cost of the Commission shall be appropriated to the Agency in a separate line item. During Fiscal Year 2017, the Agency received a separate appropriation for the State Charter School Commission Fund (Fund 674) to be used for all costs associated with the Commission.

Note 4: The Agency provides staff assistance to the Community and Residential Services Authority (Authority). The School Code (105 ILCS 5/14-15.01(c)(5)) states that funds for the ordinary and contingent expenses of the Authority shall be appropriated to the Agency in a separate line item. During Fiscal Year 2017, the Agency received a separate lump sum appropriation for the Authority under the General Revenue Fund (001) to be used for all costs associated with the Authority.

Note 5: Public Act 99-0524 authorizes the Agency to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 78 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency and submitted against its Fiscal Year 2017 appropriation.

Note 6: Negative lapse period awards and grants and lump sum expenditures for the Teacher Certificate Revolving Fund (Fund 016), S.B.E Special Purpose Trust Fund (Fund 144), and Personal Property Replacement Tax Fund (Fund 802) represent expenditure transfers to the General Revenue Fund (001) for cash management purposes and refunds received related to Fiscal Year 2017 expenditures.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
APPROPRIATED FUNDS			
<i>General Revenue Fund - 001</i>			
Appropriations (Net After Transfers)	\$ 3,742,614,900	\$ 3,625,444,500	\$ 2,495,235,039
Expenditures			
Lump Sum and Other Purposes	71,279,578	68,832,772	15,175,835
Lump Sum and Other Purposes - CRSA (Note 4)	540,800	537,494	455,950
Awards and Grants	3,655,834,927	3,530,496,350	2,479,128,305
Total Expenditures	3,727,655,305	3,599,866,616	2,494,760,090
Lapsed Balances	\$ 14,959,595	\$ 25,577,884	\$ 474,949
<i>Education Assistance Fund - 007</i>			
Appropriations (Net After Transfers)	\$ 793,349,300	\$ -	\$ 401,223,700
Expenditures			
Awards and Grants	793,349,284	-	401,223,700
Lapsed Balances	\$ 16	\$ -	\$ -
<i>Teacher Certificate Fee Revolving Fund - 016</i>			
Appropriations (Net After Transfers)	\$ 6,750,000	\$ 6,000,000	\$ 7,000,000
Expenditures			
Lump Sum and Other Purposes	1,639,341	2,914,987	3,915,716
Awards and Grants	-	695,094	864,755
Total Expenditures	1,639,341	3,610,081	4,780,471
Lapsed Balances	\$ 5,110,659	\$ 2,389,919	\$ 2,219,529
<i>Drivers Education Fund - 031</i>			
Appropriations (Net After Transfers)	\$ 18,750,000	\$ 18,750,000	\$ 18,500,000
Expenditures			
Awards and Grants	18,749,971	18,749,966	18,499,968
Lapsed Balances	\$ 29	\$ 34	\$ 32
<i>School District Emergency Financial Assistance Fund - 130</i>			
Appropriations (Net After Transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,166,800
Expenditures			
Awards and Grants	53,860	-	-
Lapsed Balances	\$ 946,140	\$ 1,000,000	\$ 1,166,800
<i>School Construction Fund - 143</i>			
Appropriations (Net After Transfers)	\$ 4,391,137	\$ 4,391,137	\$ 20,356,631
Expenditures			
Awards and Grants	-	-	15,965,494
Balances Reappropriated	\$ 4,391,137	\$ 4,391,137	\$ 4,391,137
Lapsed Balances	\$ -	\$ -	\$ -

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES - CONTINUED**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
<i>S.B.E. Special Purpose Trust Fund - 144</i>			
Appropriations (Net After Transfers)	\$ 15,500,000	\$ 15,500,000	\$ 15,500,000
Expenditures			
Lump Sum and Other Purposes	3,953,441	4,277,103	3,806,322
Lapsed Balances	\$ 11,546,559	\$ 11,222,897	\$ 11,693,678
<i>S.B.E. Teacher Certification Institute Fund - 159</i>			
Appropriations (Net After Transfers)	\$ 2,208,900	\$ 2,208,900	\$ 2,208,900
Expenditures			
Lump Sum and Other Purposes	1,242,945	-	-
Lapsed Balances	\$ 965,955	\$ 2,208,900	\$ 2,208,900
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>			
Appropriations (Net After Transfers)	\$ 1,082,404,700	\$ 1,082,404,700	\$ 869,904,700
Expenditures			
Personal Services	2,648,298	2,540,127	2,432,634
Employee Retirement Contribution			
Paid by the State	7,478	4,854	3,681
State Employees/Teachers' Retirement	457,808	1,022,241	941,076
Social Security	64,621	65,341	66,218
Group Insurance	769,257	815,558	785,535
Contractual Services	6,016,903	7,635,388	6,080,240
Travel	253,667	245,575	221,412
Commodities	45,660	40,653	151,344
Printing	34,763	17,427	31,937
Equipment	43,168	14,853	53,927
Telecommunications	29,339	26,814	21,630
Awards and Grants	777,790,271	766,565,117	808,518,476
Total Expenditures	788,161,233	778,993,948	819,308,110
Lapsed Balances	\$ 294,243,467	\$ 303,410,752	\$ 50,596,590
<i>Common School Fund - 412</i>			
Appropriations (Net After Transfers)	\$ 3,061,012,300	\$ 3,611,012,300	\$ 3,611,012,300
Expenditures			
Awards and Grants	3,061,012,300	3,611,012,300	3,611,012,300
Lapsed Balances	\$ -	\$ -	\$ -
<i>After-School Rescue Fund - 512</i>			
Appropriations (Net After Transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Lapsed Balances	\$ 200,000	\$ 200,000	\$ 200,000

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES - CONTINUED**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
<i>S.B.E. Federal Agency Services Fund - 560</i>			
Appropriations (Net After Transfers)	\$ 12,777,800	\$ 12,777,800	\$ 5,010,600
Expenditures			
Personal Services	29,346	104,783	89,971
Employee Retirement Contribution			
Paid by the State	-	356	-
State Employees/Teachers' Retirement	3,134	42,181	34,432
Social Security	390	2,531	2,150
Group Insurance	9,317	32,459	29,848
Contractual Services	92,267	185,164	145,675
Travel	9,250	7,509	9,452
Commodities	1,138	-	1,483
Printing	-	-	274
Equipment	703	-	-
Telecommunications	2,364	1,866	1,173
Awards and Grants	5,134,147	1,538,236	585,897
Total Expenditures	5,282,056	1,915,085	900,355
Lapsed Balances	\$ 7,495,744	\$ 10,862,715	\$ 4,110,245
<i>S.B.E. Federal Department of Education Fund - 561</i>			
Appropriations (Net After Transfers)	\$ 2,559,404,400	\$ 2,507,404,400	\$ 2,274,184,700
Expenditures			
Personal Services	5,645,914	6,206,202	6,600,179
Employee Retirement Contribution			
Paid by the State	27,400	41,064	32,697
State Employees/Teachers' Retirement	888,682	2,484,634	2,513,117
Social Security	122,884	139,490	146,737
Group Insurance	1,629,332	2,057,328	2,229,349
Contractual Services	9,625,933	9,437,929	9,544,851
Travel	278,075	290,806	319,274
Commodities	14,926	8,467	4,732
Printing	-	2,663	598
Equipment	118,343	32,164	28,624
Telecommunications	125,119	100,809	100,601
Lump Sum and Other Purposes	4,943,566	29,491,470	32,847,411
Awards and Grants	1,394,893,922	1,423,763,126	1,463,911,847
ARRA - Awards and Grants	-	-	272,095
Total Expenditures	1,418,314,096	1,474,056,152	1,518,552,112
Lapsed Balances	\$ 1,141,090,304	\$ 1,033,348,248	\$ 755,632,588
<i>Charter Schools Revolving Loan Fund - 567</i>			
Appropriations (Net After Transfers)	\$ 200,000	\$ 20,000	\$ 20,000
Lapsed Balances	\$ 200,000	\$ 20,000	\$ 20,000

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES - CONTINUED**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
<i>School Infrastructure Fund - 568</i>			
Appropriations (Net After Transfers)	\$ 600,000	\$ 600,000	\$ 40,600,000
Expenditures			
Lump Sum and Other Purposes	106,814	223,789	153,979
Lapsed Balances	\$ 493,186	\$ 376,211	\$ 40,446,021
<i>School Technology Revolving Loan Fund - 569</i>			
Appropriations (Net After Transfers)	\$ 7,500,000	\$ 7,500,000	\$ 2,000,000
Expenditures			
Awards and Grants	2,228,850	1,922,750	2,000,000
Lapsed Balances	\$ 5,271,150	\$ 5,577,250	\$ -
<i>Temporary Relocation Expenses Revolving Grant Fund - 605</i>			
Appropriations (Net After Transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,400,000
Expenditures			
Awards and Grants	-	-	60,500
Lapsed Balances	\$ 1,000,000	\$ 1,000,000	\$ 1,339,500
<i>Fund for the Advancement of Education - 640</i>			
Appropriations (Net After Transfers)	\$ 619,000,000	\$ 253,000,000	\$ 446,000,000
Expenditures			
Awards and Grants	619,000,000	247,036,121	445,999,994
Lapsed Balances	\$ -	\$ 5,963,879	\$ 6
<i>State Charter School Commission Fund - 674</i>			
Appropriations (Net After Transfers)	\$ 1,200,000	\$ 1,000,000	\$ 600,000
Expenditures			
Lump Sum and Other Purposes	819,684	854,496	576,650
Lapsed Balances	\$ 380,316	\$ 145,504	\$ 23,350
<i>Budget Stabilization Fund - 686</i>			
Appropriations (Net After Transfers)	\$ -	\$ 1,000,000	\$ -
Expenditures			
Lump Sum and Other Purposes	-	1,000,000	-
Lapsed Balances	\$ -	\$ -	\$ -

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES - CONTINUED**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
<i>Personal Property Replacement Tax Fund - 802</i>			
Appropriations (Net After Transfers)	\$ 17,840,000	\$ 17,740,000	\$ 15,720,000
Expenditures			
Lump Sum and Other Purposes	70,000	70,000	70,000
Awards and Grants	16,717,555	16,664,684	14,456,205
Total Expenditures	16,787,555	16,734,684	14,526,205
Lapsed Balances	\$ 1,052,445	\$ 1,005,316	\$ 1,193,795
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	\$ 11,947,703,437	\$ 11,168,953,737	\$ 10,227,843,370
Expenditures	\$ 10,458,356,735	\$ 9,760,253,091	\$ 9,352,126,250
Balances Reappropriated	\$ 4,391,137	\$ 4,391,137	\$ 4,391,137
Lapsed Balances	\$ 1,484,955,565	\$ 1,404,309,509	\$ 871,325,983
NONAPPROPRIATED FUNDS			
<i>Teacher Certificate Revolving Fund -016</i>			
Expenditures			
Refunds	\$ -	\$ 75	\$ 9,561
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>			
Expenditures			
Refunds	\$ 219,872	\$ 227,958	\$ 226,618
<i>S.B.E. Federal Agency Services Fund - 560</i>			
Expenditures			
Refunds	\$ 5,385	\$ -	\$ -
<i>S.B.E. Federal Department of Education Fund - 561</i>			
Expenditures			
Awards & Grants	\$ -	\$ -	\$ 947
Refunds	1,514,894	1,386,108	718,239
Total Expenditures	\$ 1,514,894	\$ 1,386,108	\$ 719,186

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND REAPPROPRIATED/LAPSED BALANCES - CONTINUED**

For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	2018	2017	2016
	P.A. 100-021, 100-0586	P.A. 99-0524, 100-0021	P.A. 99-0005, 99-0409, 99-0524, and Court-Ordered Expenditures
TOTAL - ALL NONAPPROPRIATED FUNDS			
Expenditures	\$ 1,740,151	\$ 1,614,141	\$ 955,365
TOTAL - ALL FUNDS			
Appropriations (Net After Transfers)	\$ 11,947,703,437	\$ 11,168,953,737	\$ 10,227,843,370
Expenditures	\$ 10,460,096,886	\$ 9,761,867,232	\$ 9,353,081,615
Balances Reappropriated	\$ 4,391,137	\$ 4,391,137	\$ 4,391,137
Lapsed Balances	\$ 1,484,955,565	\$ 1,404,309,509	\$ 871,325,983

Note 1: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Agency never received enacted personal services appropriations for Fund 001, the Agency was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

Note 2: During Fiscal Year 2016, the Agency operated without enacted appropriations for operations until Public Acts 99-0005, 99-0409 and 99-0524 were signed into law on July 1, 2015, August 20, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Agency's court-ordered payroll payments were merged into the enacted appropriations for Funds 410, 560 and 561. Further, the Agency incurred non-payroll obligations within Funds 001, 016, 144, 568, 674, and 802, which the Agency was unable to pay until the passage of Public Acts 99-0409 and 99-0524.

Note 3: Public Act 99-0524 authorizes the Agency to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 78 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency and submitted against its Fiscal Year 2017 appropriation.

Note 4: The Agency provides staff assistance to the Community and Residential Services Authority (Authority). The School Code (105 ILCS 5/14-15.01(c)(5)) states that funds for the ordinary and contingent expenses of the Authority shall be appropriated to the Agency in a separate line item. During Fiscal Year 2016, the Agency did not receive a separate lump sum appropriation for the Authority under the General Revenue Fund (001) to be used for all costs associated with the Authority until the passage of Public Act 99-0524. Thus, the payroll expenditures of the Authority were covered by the court order as described in Note 2 above and the other non-payroll expenditures were paid based on Public Act 99-0524 as described in Note 3 above. During Fiscal Year 2018 and 2017, the Agency received a separate lump sum appropriation for the Authority under the General Revenue Fund (001) to be used for all costs associated with the Authority.

Note 5: The Agency provides administrative support to the State Charter School Commission (Commission). The School Code (105 ILCS 5/27A-7.5(g-5)) states that funds or spending authority for the operation and administrative cost of the Commission shall be appropriated to the Agency in a separate line item. During Fiscal Year 2018, 2017, and 2016, the Agency received a separate appropriation for the State Charter School Commission Fund (Fund 674) to be used for all costs associated with the Commission.

Note 6: During Fiscal Year 2018, the Office operated without enacted appropriation until Public Act 100-0021 was signed into law on July 6, 2017. During the impasse, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 100-0021.

Note 7: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all costs incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 78 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriations.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF CHANGES IN STATE PROPERTY

Schedule 4

For the Two Years Ended June 30, 2018

	Balance			Balance			Balance
	June 30, 2016	Additions	Deductions	June 30, 2017	Additions	Deductions	June 30, 2018
Land and land improvements	\$ 1,062,643	\$ -	\$ -	\$ 1,062,643	\$ -	\$ -	\$ 1,062,643
Building and building improvements	436,360	-	-	436,360	-	-	436,360
Equipment	10,510,972	404,564	550,337	10,365,199	656,421	1,216,105	9,805,515
Total	\$ 12,009,975	\$ 404,564	\$ 550,337	\$ 11,864,202	\$ 656,421	\$ 1,216,105	\$ 11,304,518

Property and equipment by location:

	2017	2018
Springfield - Alzina Building, Concourse	\$ 1,291,247	\$ 838,443
Springfield - Alzina Building, First Floor	74,933	\$ 78,574
Springfield - Alzina Building, Second Floor	2,072,277	\$ 2,059,335
Springfield - Alzina Building, Third Floor	4,410,874	\$ 4,567,630
Springfield - Alzina Building, Fourth Floor	654,531	\$ 505,413
Lombard - Philip J. Rock Center	1,499,003	\$ 1,499,003
Chicago - James R. Thompson Center	1,861,337	\$ 1,756,120
Property and equipment, June 30	\$ 11,864,202	\$ 11,304,518
Accrual adjustments		
Property and equipment accounts payable - June 30	2,356,000	350,000
Property and equipment, accrual basis - June 30	\$ 14,220,202	\$ 11,654,518

Note: The data was reconciled to Agency property reports (C-15 Agency Report of State Property) submitted to the Office of the State Comptroller. This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Years Ended June 30, 2018, 2017, and 2016

Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenue Fund - 001			
Review and inspection school facilities	\$ 475	\$ 750	\$ 625
Miscellaneous	6,319	4,639	26,444
Total cash receipts per Agency	6,794	5,389	27,069
Less - In transit at End of Year	(94,064)	-	(9,093)
Plus - In transit at Beginning of Year	-	9,093	-
Prior year refunds/adjustments	12,169,519	6,043,744	2,485,298
Total cash receipts per State Comptroller Records	<u>\$ 12,082,249</u>	<u>\$ 6,058,226</u>	<u>\$ 2,503,274</u>
Teacher Certificate Fee Revolving Fund - 016			
Teacher's certification	\$ 3,746,625	\$ 4,441,545	\$ 4,667,531
Total cash receipts per Agency	3,746,625	4,441,545	4,667,531
Less - In transit at End of Year	(156,450)	(337,600)	(22,150)
Plus - In transit at Beginning of Year	337,600	22,150	105,525
Prior year refunds/adjustments	202,322	346,724	-
Total cash receipts per State Comptroller Records	<u>\$ 4,130,097</u>	<u>\$ 4,472,819</u>	<u>\$ 4,750,906</u>
School Construction Fund - 143			
Prior year refunds/adjustments	\$ -	\$ -	\$ 1,116
Total cash receipts per Agency	-	-	1,116
Less - In transit at End of Year	-	-	(1,116)
Plus - In transit at Beginning of Year	-	1,116	62,161
Prior year refunds/adjustments	-	458,234	1,520,772
Total cash receipts per State Comptroller Records	<u>\$ -</u>	<u>\$ 459,350</u>	<u>\$ 1,582,933</u>
S.B.E. Special Purpose Trust Fund - 144			
U.S. Department of Education	\$ 4,150,853	\$ 2,863,993	\$ 2,210,184
U.S. Department of Agriculture	3,323,296	1,788,618	514,796
Health and Human Services	-	19,628	-
Private organizations or individuals	300,000	160,000	45,000
Miscellaneous	-	923	6,992
Total cash receipts per Agency	7,774,149	4,833,162	2,776,972
Less - In transit at End of Year	-	-	(269)
Plus - In transit at Beginning of Year	-	269	-
Prior year refunds/adjustments	48,518	23,849	-
Total cash receipts per State Comptroller Records	<u>\$ 7,822,667</u>	<u>\$ 4,857,280</u>	<u>\$ 2,776,703</u>
S.B.E. Teacher Certification Institute Fund - 159			
Teacher's certification	\$ 819,633	\$ 686,575	\$ 547,016
Total cash receipts per Agency	819,633	686,575	547,016
Less - In transit at End of Year	(51,720)	(80,100)	(4,330)
Plus - In transit at Beginning of Year	80,100	4,330	22,657
Total cash receipts per State Comptroller Records	<u>\$ 848,013</u>	<u>\$ 610,805</u>	<u>\$ 565,343</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER - CONTINUED**
For the Years Ended June 30, 2018, 2017, and 2016

Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>S.B.E. Federal Department of Agriculture Fund - 410</i>			
U.S. Department of Agriculture	\$ 778,804,947	\$ 788,220,053	\$ 789,124,440
Federal program income	1,178	280	-
Miscellaneous	5,629	17,740	9,671
Total cash receipts per Agency	<u>778,811,754</u>	<u>788,238,073</u>	<u>789,134,111</u>
Less - In transit at End of Year	(214,189)	-	(73,324)
Plus - In transit at Beginning of Year	-	73,324	4,689
Prior year refunds/adjustments	718,542	81,243	183,542
Total cash receipts per State Comptroller Records	<u>\$ 779,316,107</u>	<u>\$ 788,392,640</u>	<u>\$ 789,249,018</u>
<i>S.B.E. Federal Agency Services Fund - 560</i>			
U.S. Department of Health and Human Services (DHHS)			
Training School Health Personnel	\$ 4,388,294	\$ 1,933,918	\$ 845,126
Total cash receipts per Agency	<u>4,388,294</u>	<u>1,933,918</u>	<u>845,126</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Prior year refunds/adjustments	-	-	727
Total cash receipts per State Comptroller Records	<u>\$ 4,388,294</u>	<u>\$ 1,933,918</u>	<u>\$ 845,853</u>
<i>S.B.E. Federal Department of Education Fund - 561</i>			
U.S. Department of Education	\$ 1,385,382,128	\$ 1,516,005,401	\$ 1,499,492,556
Federal stimulus package	-	-	685,743
Grantee interest income	-	-	534
Miscellaneous	-	136	-
Total cash receipts per Agency	<u>1,385,382,128</u>	<u>1,516,005,537</u>	<u>1,500,178,833</u>
Less - In transit at End of Year	(14,381)	-	(2,483,016)
Plus - In transit at Beginning of Year	-	2,483,016	1,296
Prior year refunds/adjustments	1,779,879	1,718,151	819,068
Total cash receipts per State Comptroller Records	<u>\$ 1,387,147,626</u>	<u>\$ 1,520,206,704</u>	<u>\$ 1,498,516,181</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER - CONTINUED**
For the Years Ended June 30, 2018, 2017, and 2016

Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>School Technology Revolving Loan Fund - 569</i>			
Loan repayments - principal	\$ 1,972,654	\$ 2,165,236	\$ 2,216,057
Loan repayments - interest	60,875	61,607	67,587
Total cash receipts per Agency	2,033,529	2,226,843	2,283,644
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller Records	<u>\$ 2,033,529</u>	<u>\$ 2,226,843</u>	<u>\$ 2,283,644</u>
<i>Temporary Relocation Expenses Revolving Grant Fund - 605</i>			
Loan repayments - principal	\$ 11,338	\$ 33,799	\$ 47,688
Total cash receipts per Agency	11,338	33,799	47,688
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Prior year refunds/adjustments	43,331	-	-
Total cash receipts per State Comptroller Records	<u>\$ 54,669</u>	<u>\$ 33,799</u>	<u>\$ 47,688</u>
<i>State Charter School Commission Fund - 674</i>			
Charter School Authorization Fee	\$ 999,516	\$ 1,009,948	\$ 669,935
Total cash receipts per Agency	999,516	1,009,948	669,935
Less - In transit at End of Year	(16,585)	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller Records	<u>\$ 982,931</u>	<u>\$ 1,009,948</u>	<u>\$ 669,935</u>
<i>Personal Property Replacement Tax Fund - 802</i>			
Total cash receipts per Agency	\$ -	\$ -	\$ -
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Prior year refunds/adjustments	91,247	120,711	27,993
Total cash receipts per State Comptroller Records	<u>\$ 91,247</u>	<u>\$ 120,711</u>	<u>\$ 27,993</u>
<i>GRAND TOTAL - ALL FUNDS</i>			
Total cash receipts per Agency	\$ 2,183,973,760	\$ 2,319,414,789	\$ 2,301,179,041
Less - In transit at End of Year	(547,389)	(417,700)	(2,593,298)
Plus - In transit at Beginning of Year	417,700	2,593,298	196,328
Prior year refunds/adjustments	15,053,358	8,792,656	5,037,400
Total cash receipts per State Comptroller Records	<u>\$ 2,198,897,429</u>	<u>\$ 2,330,383,043</u>	<u>\$ 2,303,819,471</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018

(UNAUDITED)

Agency Functions

The Illinois State Board of Education (Agency) is organized to provide leadership, assistance, resources, and advocacy so that every student is prepared to succeed in careers and postsecondary education and to share accountability for doing so with districts and schools. Its powers and duties are described in detail at School Code 105 ILCS 5/1A and 105 ILCS 5/2 and Article X of the Constitution of the State of Illinois.

The Agency is responsible for matters related to public schools and select private schools, serving students from pre-school through secondary school and career and technical education. In support of these responsibilities, the Board is required to analyze the present and future aims, needs, and requirements of education in the State.

The governing board of the Illinois State Board of Education (Board) consists of nine members who are appointed by the Governor with the consent of the Senate. Board members serve four-year terms, with membership limited to two consecutive terms. Through this nine-member board, the Agency sets state educational policies and guidelines for public schools – preschool through grade 12 – as well as for career and technical education. The Board analyzes the goals, needs, and requirements of education, and recommends legislation to the General Assembly for the benefit of the more than 2 million students in Illinois public schools.

The Governor, with the advice and consent of the Senate, appoints the Chair of the State Board of Education. The current chair is Darren Reisberg. The Board appoints the State Superintendent of Education. The current State Superintendent of Education, Dr. Carmen I. Ayala, was appointed to the position on March 1, 2019. During the audit period, the Board Chair was James Meeks and the State Superintendent was Dr. Tony Smith.

Planning Program

The Illinois State Board of Education first developed and submitted a five-year Comprehensive Strategic Plan for Elementary and Secondary Education in 2005, pursuant to Public Act 93-1036. Agency staff members revisit the plan each year to review the Agency's accomplishments and to update and refine its strategies to ensure every student in the state is prepared for success. The Strategic Plan has evolved over the years, specifically being reassessed in 2008 after an analysis of data and emerging trends. The Agency updated the Strategic Plan to strengthen and align the Agency's mission and goals with the changing educational demands of preparing students for success in careers and college in the 21st century. In 2015, the Agency amended the Strategic Plan to improve student success in Illinois by articulating its vision, updating its mission, and refocusing on specific, high-reaching goals that are measurable.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Vision Statement:

Illinois is a state of whole, healthy children nested in whole, healthy systems supporting communities wherein all people are socially and economically secure.

Mission Statement:

To provide leadership and resources to achieve excellence across all Illinois districts by engaging legislators, school administrators, teachers, students, parents, families, and other stakeholders in formulating and advocating for policies that enhance education, empower districts, and ensure equitable outcomes for all students.

The Agency has long strived to prepare every student for college and careers once they leave high school. However, the Agency recognized the need to make this goal more personalized and concrete. At the State Superintendent's request, the Board unanimously approved new agency goals. They are as follows:

Every child in each public school system in the state of Illinois deserves to attend a system wherein:

- All kindergarteners are assessed for readiness.
- 90 percent or more of third-grade students are reading at or above grade level.
- 90 percent or more of fifth-grade students meet or exceed expectations in mathematics.
- 90 percent or more of ninth-grade students are on track to graduate with their cohort.
- 90 percent or more of students graduate from high school ready for college and career.
- All students are supported by highly prepared and effective teachers and school leaders.
- Every school offers a safe and healthy learning environment for all students.

The Illinois State Board of Education also acts as the fiscal agent for Community and Residential Services Authority as authorized by 105 ILCS 5/14-15.01.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
STATE CHARTER SCHOOL COMMISSION
For the Three Years Ended June 30, 2018

(UNAUDITED)

Effective January 25, 2013, the School Code (Code) (105 ILCS 5/27A-7.5) established the State Charter School Commission (Commission) as an independent commission consisting of nine members with statewide chartering jurisdiction and authority. The Commission is under the State Board of Education (Board) for administrative purposes and the Board shall provide administrative support to the Commission as needed.

The Commission is responsible for authorizing high-quality charter schools throughout the State, particularly schools designed to expand opportunities for at-risk students. In particular, the Commission is responsible for: managing any and all appeals timely filed from charter proposal denials in a variety of circumstances; authorizing and managing any charter schools either created by granting an appeal and/or charter schools transferred to the Commission by the Board; filing a biennial report regarding charter authorizing best practices; and modeling best practices for the State of Illinois.

The Commission is authorized to raise funds to support Commission work in two ways: (1) by charging an authorizer fee to the schools it supervises (the Commission is allowed by law to charge up to 3%) and (2) by seeking charitable contributions. These revenues are deposited into the State Charter School Commission Fund (Fund 674).

See page 62 for Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller for Fund 674 receipts for the years ended June 30, 2018, 2017 and 2016.

The School Code (105 ILCS 5/27A-7.5(g)) also states that funds or spending authority for the operation and administrative costs of the commission shall be appropriated to the Board in a separate line item. During Fiscal Years 2016, 2017 and 2018, the Agency received a separate appropriation for the State Charter School Commission Fund (Fund 674) to be used for all costs associated with the Commission. See pages 45 to 51 for the Schedule of Appropriations, Expenditures and Reappropriated/Lapsed Balances for Fund 674 expenditures against the Agency's appropriations.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018

(UNAUDITED)

The expenditures for the Agency's operating divisions are financed by appropriations from various funds. The Comparative Schedule of Net Appropriations, Expenditures, and Reappropriated/Lapsed Balances compares expenditures by appropriated line items, fund and program for the fiscal years ended June 30, 2018, 2017 and 2016. The Agency's explanations for significant fluctuations in expenditures (changes of \$1,000,000 and 10% or greater) are detailed below.

Fiscal Year 2017 to 2018

Appropriated Funds

Education Assistance Fund (007)

Awards and Grants – Increase of \$793.3 million (100%) is due to the Fiscal Year (FY) 2018 appropriation for Evidence Based Funding. In FY17, Fund 007 did not receive an appropriation due to a change in the General State Aid funding allocation by the General Assembly, thereby increasing the General Revenue Fund appropriation for General State Aid payments.

Teacher Certificate Fee Revolving Fund (016)

Lump Sum and Other Purposes – Decrease of \$1.3 million (44%) is primarily due to shifting administrative expenditures from Fund 016 to Fund 159 in FY18 for cash management purposes.

S.B.E. Teacher Certification Institute Fund (159)

Lump Sum and Other Purposes – Increase of \$1.2 million (100%) is primarily due to shifting administrative expenditures to Fund 159 from Fund 016 in FY18 for cash management purposes.

S.B.E. Federal Department of Agriculture Fund (410)

Contractual Services – Decrease of \$1.6 million (21%) is primarily due to ISBE processing payments for a rebate program to National School Lunch Program Participants of approximately \$2.1 million in FY17. That rebate program was not available in FY18.

Common School Fund (412)

Awards and Grants – Decrease of \$550 million (15%) is primarily due to the appropriation allocation of Evidence Based Funding enacted by the General Assembly for FY18. \$550 million of appropriations were shifted from Fund 412 to Fund 007 in FY18 for cash management purposes.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

S.B.E. Federal Agency Services Fund (560)

Awards and Grants – Increase of \$3.6 million (234%) is primarily due to \$3.8 million that was spent on Abstinence Education in FY18. There was no spending for this program in FY17.

S.B.E Federal Department of Education Fund (561)

State Employees' / Teachers' Retirement – Decrease of \$1.6 million (64%) was primarily due to less overall federal funding available in FY18 compared to FY17 which reduced personnel costs in FY18 from this fund. In addition, the Teachers' Retirement System employer retirement contribution rates decreased from 38.54% in FY17 to 10.1% in FY18 of which the rate change alone accounted for a \$1.3 million reduction in FY18.

Lump Sum and Other Purposes – Decrease of \$24.5 million (83%) was primarily due to a decrease in spending of \$15.1 and \$8.6 million that was noted on the Title VI State Assessments and Early Learning Challenge programs, respectively, in FY18. The Early Learning Challenge grant program ended 12/31/17. The decrease in FY18 spending for Title IV State Assessments was due to the change in cost allocation between the State and the Federal fund source for funds management.

Fund for the Advancement of Education (640)

Awards and Grants – Increase of \$372 million (151%) was primarily due to the appropriation for Evidence Based Funding that increased by \$366 million in FY18 as a result of the enactment of appropriations.

Budget Stabilization Fund (686)

Lump Sums and Other Purposes – Decrease of \$1 million (100%) was primarily due to an appropriation received in FY17 that was funded due to the Budget Impasse. No such funds were received in FY18.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Fiscal Year 2016 to 2017

General Revenue Fund (001)

Lump Sum and Other Purposes – Increase of \$54 million (354%) was due to increased spending in FY17 due to the Budget Impasse.

Awards and Grants – Increase of \$1.05 billion (42%) was due to General State Aid increasing by \$1.05 billion in Fiscal Year (FY) 2017.

Education Assistance Fund (007)

Awards and Grants – Decrease of \$401.2 million (100%) was due to the lack of an appropriation for Fund 007 in FY17. In FY17, the General Assembly changed the funding allocation for General State Aid payments, thereby increasing the General Revenue Fund (001) appropriation for General State Aid payments and decreasing the Education Assistance Fund (007).

Teacher Certificate Fee Revolving Fund (016)

Lump Sum and Other Purposes – Decrease of \$1 million (26%) was due to a decrease of \$1 million in the Teacher Mentoring appropriation.

School Construction Fund (143)

Awards and Grants – Decrease of \$16 million (100%) was due to no expenditures incurred by school districts for maintenance projects in FY17.

S.B.E. Federal Department of Agriculture Fund (410)

Contractual Services – Increase of \$1.6 million (26%) was due to ISBE purchasing software licenses for participants in the National School Lunch Program in the amount of \$1.6 million in FY17. During FY17, the need arose for additional contractual services, in particular to meet new USDA review requirements.

S.B.E. Federal Department of Education Fund (561)

Lump Sum and Other Purposes – Decrease of \$3.4 million (10%) was due to a decrease in spending in FY17 by approximately \$5.8 million on the Early Learning Challenge program. The decrease in the program was due to limited funding availability and federal assessment award spending increasing by approximately \$2.4 million to utilize available federal funds for funds management purposes.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Fund for the Advancement of Education (640)

Awards and Grants – Decrease of \$199 million (45%) was primarily due to General State Aid appropriations decreasing by \$193 million for FY17.

Budget Stabilization Fund (686)

Lump Sums and Other Purposes – Increase of \$1 million (100%) was primarily due to an appropriation received in FY17 that was funded due to the Budget Impasse. No such funds were received in FY16.

Personal Property Replacement Tax Fund (802)

Awards and Grants – Increase of \$2.2 million (15%) was primarily due to a \$2 million increase in appropriation for FY17 as enacted by the General Assembly for services of Regional Offices of Education.

STATE OF ILLINOIS
STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018

(UNAUDITED)

To analyze cash receipts, the Comparative Schedule of Cash Receipts was utilized to identify significant fluctuations in Agency cash receipts by fund and by source for the fiscal years ended June 30, 2018, 2017 and 2016. The following are explanations obtained from Agency officials for the identified fluctuations (change of \$1,000,000 and 10% or greater):

Fiscal Year 2017 to 2018

General Revenue Fund (001)

Prior Year Refunds/Adjustments – Increase of \$6 million (100%) was primarily due to increased refunds on Early Childhood Block Grants. In preparing and reviewing final submissions of FY17 Grant Expenditure Reports, it was determined that grantees had unexpended cash on hand. A select amount of not-for-profits did not expend all grant funds and/or ceased operations prior to the end of the fiscal year because of continued delays in the release of State General Revenue Funds. The Agency requested refunds of the unexpended funds, which were received in FY18.

S.B.E Special Purpose Trust Fund (144)

U.S. Department of Education – Increase of \$1.3 million (45%) was primarily due to increased drawdowns of federal indirect cost recoveries. The Agency utilized its ability to draw indirect costs more frequently in FY18 based on administrative expenditures incurred for grant management.

U.S. Department of Agriculture – Increase of \$1.5 million (86%) was primarily due to increased drawdowns of federal indirect cost recoveries. The Agency utilized its ability to draw indirect costs more frequently in FY18 based on administrative expenditures incurred for grant management.

S.B.E Federal Agency Services Fund (560)

Training School Health Personnel – Increase of \$2.5 million (127%) was primarily due to additional funding from a new Affordable Care Act Abstinence Education Program grant from the U.S. Department of Health and Human Services for Title V State Sexual Risk Avoidance Education, CFDA number 93.235.

Fiscal Year 2016 to 2017

General Revenue Fund (001)

Prior Year Refunds/Adjustments – Increase of \$3.6 million (144%) was primarily due to increased refunds on the Early Childhood Block Grant. The primary contributing factor to this increase was due to a select amount of not-for-profits ceasing operations prior to the end of the fiscal year because of continued delays in the release of State General Revenue Funds.

STATE OF ILLINOIS
STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

School Construction Fund (143)

Prior Year Refunds/Adjustments – Decrease of \$1.1 million (71%) was primarily due to a larger portion of the refunds occurring in the fiscal year that the funds were disbursed for fiscal year 2017 versus fiscal year 2016.

S.B.E Special Purpose Trust Fund (144)

U.S. Department of Agriculture – Increase of \$1.3 million (247%) was primarily due to increased drawdowns of federal indirect cost recoveries.

S.B.E Federal Agency Services Fund (560)

Training School Health Personnel – Increase of \$1.1 million (129%) was primarily due to additional funding for grant program Substance Abuse and Mental Health Services for Projects of Regional and National Significance, CFDA number 93.243.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018

(UNAUDITED)

The Schedule of Appropriations, Expenditures, and Reappropriated / Lapsed Balances is presented on pages 41 to 52. The following are explanations obtained from Agency Officials for significant lapse period spending (\$1,000,000 and 10% or greater).

Fiscal Year 2018

General Revenue Fund (001)

Lump Sum and Other Purposes – The significant lapse period expenditures totaling \$18 million pertain to payments of various contracts for services performed prior to June 30, 2018 for student assessments and reimbursements to school districts for the Preliminary Scholastic Aptitude Test (PSAT) assessment.

S.B.E. Federal Department of Agriculture Fund (410)

Contractual Services – The significant lapse period expenditures totaling \$1.2 million pertain to payments of various contracts for services performed prior to June 30, 2018 for the Child Nutrition program. These expenditures were primarily for advertising, social media campaign, and assisting school districts with United States Department of Agriculture (USDA) requirements.

S.B.E. Federal Agency Services Fund (560)

Awards and Grants – The significant lapse period expenditures totaling \$1.1 million resulted from all four grantees of the Substance Abuse/Mental Health Services Program having a grant period end date of September 30, 2018. Thus, the timing of the completion of expenditure reports caused an increase in expenditures during lapse period for services performed prior to June 30. The increase is also due to FY18 being the first year for the Abstinence Education Grants, which resulted in a larger amount of expenditures.

S.B.E. Federal Department of Education (561)

Awards and Grants – The significant lapse period expenditures totaling \$303 million pertain to reimbursements to Local Education Agencies (LEAs) for services performed prior to June 30 and processed during the lapse period, which are primarily for the Title I Low Income program, the Individual with Disability – Pre School program and the Title III Improving Teacher Quality program.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Fiscal Year 2017

General Revenue Fund (001)

Lump Sum and Other Purposes – The significant lapse period expenditures totaling \$11.6 million pertain to expenditure adjustments for cost allocation purposes and funds management, and the processing of invoices for services rendered prior to June 30, 2017.

Teacher Certificate Fee Revolving Fund (016)

Lump Sum and Other Purposes – The significant lapse period refunds totaling \$1 million is primarily a result of voucher corrections processed to reallocate information technology payments for funds management purposes.

S.B.E. Federal Department of Agriculture Fund (410)

Contractual Services – The significant lapse period expenditures totaling \$1.4 million pertain to payments of various contracts for services performed prior to June 30, 2017, primarily for advertising and professional services to conduct resource management reviews in June for Summer Nutrition Program.

S.B.E. Federal Department of Education (561)

Contractual Services – The significant lapse period expenditures totaling \$1.4 million pertain to payments of various contracts for services performed prior to June 30, 2017 for technical assistance for English Learners, My Illinois Interactive Report Card, common core standards and National Board standards.

Awards and Grants – The significant lapse period expenditures totaling \$249 million pertain to reimbursements to Local Education Agencies (LEAs) for services performed before June 30 and processed during the lapse period, which are mostly for the Individual with Disability – Pre School program, the Title III Improving Teacher Quality program and the For Preschool Expansion Program.

Lump Sum and Other Purposes – The significant lapse period expenditures totaling \$7.5 million pertain to payments to the Illinois Department of Human Services (DHS) per the Intergovernmental Agreement (IGA) for the Race to the Top Early Learning Challenge grant. In addition, payments of various contracts were made for student assessments performed prior to June 30, 2017. According to the IGA with DHS, DHS may submit a final claim by the Friday of the second full week in August annually for all services performed or costs incurred on or prior to the previous June 30.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Two Years Ended June 30, 2018

(UNAUDITED)

The following explanations were obtained from Agency officials for identified fluctuations in significant account balances. The scopes for the explanations were identified by using the materiality threshold which was established during the Illinois State Board of Education's Financial Audit for the years ending June 30, 2018 and 2017, respectively. (Fiscal Year 2018 – General Revenue Fund \$26,147,000 and 10% or greater, Nonmajor/Special Revenue Fund \$10,322,000 and 10% or greater. Fiscal Year 2017 – General Revenue Fund \$24,825,992 and 10% or greater, Nonmajor/Special Revenue Fund \$9,130,346 and 10% or greater)

Fiscal Year 2018

Major Fund/General Fund

Unexpended Appropriations – Account represents the amount of lapse period warrants and any change in liabilities for appropriated accounts in the current year. The account decreased by \$818 million (65%) in Fiscal Year 2018, from \$1.26 billion in Fiscal Year 2017 to \$442 million in Fiscal Year 2018. The decrease was primarily due to fewer held warrants in Fund 001 at June 30, 2018 (\$312 million) compared to June 30, 2017 (\$1.1 billion), which was due to a more stabilized budget environment and decrease in bill backlog.

Due to local governments – Account represents liabilities of the Agency at June 30 to local education agencies, including mandated categorical programs to be paid from the subsequent year appropriation. The account decreased \$808 million (41%) in Fiscal Year 2018, from \$1.97 million in Fiscal Year 2017 to \$1.16 million in Fiscal Year 2018. The decrease was primarily due to fewer held warrants in Fund 001 at June 30, 2018 (\$312 million) compared to June 30, 2017 (\$1.1 billion), which was due to a more stabilized budget environment and decrease in bill backlog.

Nonmajor/Special Revenue Funds

Due from Federal Government – Account represents receivables at June 30 from other Federal governments. The account increased by \$49 million (14%) in Fiscal Year 2018, from \$348 million in Fiscal Year 2017 to \$397 million in Fiscal Year 2018. The increase was due to timing of disbursements to Local Education Agencies (LEAs) changing in Fiscal Year 2018 with increased disbursements during Fiscal Year 2018 lapse period. The amounts due from Federal Government correlate with lapse spending.

Accounts payable and accrued liabilities – Account represents liabilities of the Agency at June 30 to vendors. The account decreased by \$11.4 million (28%) in Fiscal Year 2018, from \$41.2 million in Fiscal Year 2017 to \$29.8 million in Fiscal Year 2018. The decrease was primarily due to a decrease of \$10.4 million in lapse payments to vendors for Fund 561, as two large payments were made in Fiscal Year 2017 lapse period that were not made in Fiscal Year 2018 lapse period.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Due to local governments – Account represents liabilities of the Agency at June 30 to local education agencies, including mandated categorical programs, to be paid from the subsequent year appropriation. The account increased by \$59 million (18%) in Fiscal Year 2018, from \$333 million in Fiscal Year 2017 to \$ 392 million in Fiscal Year 2018. The increase was due to the timing of disbursements to Local Education Agencies changing in Fiscal Year 2018 with increased disbursements during the Fiscal Year 2018 lapse period. This resulted in an increased amount due from Federal Government, which also correlates with lapse spending.

Unavailable Revenue – Account represents revenues earned but not received within 60 days after end of fiscal year. The account decreased \$15.9 million (19%), from \$83.9 million in Fiscal Year 2017 to \$68.1 million in Fiscal Year 2018, attributed to Fund 561 activity. Fund 561 reported an increase in Due from Federal Government receivables of \$40.3 million over prior year, and an increase in lapse period draws of current year receivables of \$56.2 million over the prior year, which accounts for the decrease in unavailable revenue. The increase in Due from Federal Government receivables for Fund 561 is due to increased disbursements during Fiscal Year 2018 lapse period of \$38 million over prior year.

Unassigned balance – Account represents the fund deficit caused by the liabilities of the Agency at June 30 for programs covered under Fund 031 (Drivers Education Fund), Fund 560 (S.B.E. Federal Agency Services Fund), and Fund 561 (S.B.E. Federal Department of Education Fund), which are to be paid from the subsequent year appropriation. The account increased by \$15.8 million (16%) in Fiscal Year 2018, from \$102.3 million deficit in Fiscal Year 2017 to \$86.4 million deficit in Fiscal Year 2018.

Fiscal Year 2017

Major Fund/General Fund

Unexpended Appropriations – Account represents the amount of lapse period warrants and any change in liabilities for reappropriated accounts in the current year. The account increased by approximately \$696 million (123%) in fiscal year 2017, from \$564 million in Fiscal Year 2016 to \$1.26 billion in Fiscal Year 2017. The fluctuation was primarily due to an increase in held warrants for Fund 001 of \$659 million at June 30, 2017.

Accounts payable and accrued liabilities – Account represents liabilities of the Agency at June 30 to vendors. The account increased by \$27.1 million (85%) in Fiscal Year 2017, from \$31.9 million in Fiscal Year 2016 to \$59 million in Fiscal Year 2017. The increase was primarily due to an increase in held warrants at June 30, 2017.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Due to local governments – Account represents liabilities of the Agency at June 30 to local education agencies, including mandated categorical programs, to be paid from the subsequent year appropriation. The account decreased by \$233 million (11%) in Fiscal Year 2017, from \$2.2 billion in Fiscal Year 2016 to \$2 billion in Fiscal Year 2017. The decrease is a result of more warrants held at June 30, 2017 and a reduction in liabilities to be paid from future year appropriations as a result of Evidence Based Funding.

Unassigned balance – Account represents the fund deficit caused by the liabilities of the Agency at June 30 for programs covered under Fund 031 (Drivers Education Fund), Fund 560 (S.B.E. Federal Agency Services Fund), and Fund 561 (S.B.E. Federal Department of Education Fund), which are to be paid from the subsequent year appropriation. The account increased by \$894 million (53%) in Fiscal Year 2017, from \$1.68 billion deficit in Fiscal Year 2016 to \$783 million deficit in Fiscal Year 2017.

Nonmajor Funds/Special Revenue Funds

Due from Federal Government – Account represents receivables at June 30 from other Federal governments. The account decreased by \$39 million (10%) in Fiscal Year 2017, from \$387 million in Fiscal Year 2016 to \$348 million in Fiscal Year 2017. The decrease is due to the timing of expenditures for school districts reimbursement requests. In Fiscal Year 2017 lapse spending for these expenditures was lower than in Fiscal Year 2016. The decrease in lapse spending corresponds to less due from the Federal Government at June 30, 2017.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2018

(UNAUDITED)

Receivables of the Illinois State Board of Education consist mainly of reimbursement or formula allocation amounts due to the Agency arising from its administration of Federal and State grant awards. The principal grantors are agencies of the federal government, other State agencies or local education agencies.

The following is a schedule of receivable balances (expressed in thousands):

	<u>2018</u>		<u>2017</u>
Due from federal government	\$ 397,429	\$	347,647
Due from local governments	270		975
Other receivables	7,603		9,500
Due from other State funds	4,379		6,622
Due from component units of the State	5		-
Loans and notes receivable	3,239		2,994
	<hr/>		
Total receivables	\$ 412,925	\$	367,738

An aging schedule of the Agency's due from local governments, other receivables and loans and note receivables (amounts expressed in thousands) at June 30, 2018 and 2017 is presented below:

	<u>2018</u>		<u>2017</u>
Current	\$ 10,154	\$	12,562
1 – 30 days past due	-		-
31 – 90 days past due	30		-
91 – 180 days past due	114		-
181 days – 1 year past due	67		192
Over 1 year past due	747		715
	<hr/>		
Total due from local governments, other receivables and loans, and notes receivable	\$ 11,112	\$	13,469

Other receivables consist mainly of unexpended funds from school districts, refunds requested from subrecipients and reimbursements due to commodity losses.

Receivable amounts are recorded at year-end through the annual process of adjusting the financial statements to generally accepted accounting principles (GAAP) for reporting purposes. The agency implements the collection procedures listed in SAMS Manual procedure 26.40.10 as well as makes frequent collection attempts via letter, telephone calls and the Comptroller offset system.

The Agency had an allowance for uncollectible accounts receivable of \$ 1,825 (expressed in thousands) for the year ended June 30, 2018. The Agency did not have an allowance for uncollectible accounts receivable at June 30, 2017.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2018

(UNAUDITED)

Payment of Prior Year Costs in Future Years

Article 74 of Public Act 99-0524 authorized the Illinois State Board of Education to pay Fiscal Year 2016 costs using the Illinois State Board of Education’s Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Illinois State Board of Education to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Illinois State Board of Education’s Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Illinois State Board of Education’s payments of its prior period costs using future appropriations:

Fund #	Fund Name	Fiscal Year 2016 Invoices	
		Paid From Fiscal Year 2017 Appropriations	
		Number	Dollar Value
001	General Revenue Fund	1,164	\$33,408,594
144	SBE Special Purpose Trust Fund	35	172,562
674	State Charter School Commission Fund	9	41,932
686	Budget Stabilization	84	999,806
		1,292	\$34,622,894

Fund #	Fund Name	Fiscal Year 2017 Invoices	
		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value
001	General Revenue Fund	161	\$ 891,394
016	Teacher Certificate Fee Revolving Fund	1	120
144	SBE Special Purpose Trust Fund	2	683
410	SBE Federal Department of Agriculture Fund	1	3,150
561	SBE Federal Department of Education Fund	6	214,186
674	State Charter School Commission Fund	1	81
		172	\$ 1,109,614

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018

(UNAUDITED)

Transactions Involving the Illinois Finance Authority

The Agency and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Years 2017 or 2018.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

During Fiscal Year 2017 and Fiscal Year 2018, none of the Agency's vendors participated in the Vendor Payment Program (VPP).

STATE OF ILLINOIS
STATE BOARD OF EDUCATION
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS - CONTINUED**
For the Two Years Ended June 30, 2018

(UNAUDITED)

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program - Continued

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Agency lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Agency was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the Agency receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

During Fiscal Year 2017, the Agency had 8 vendors participate in VSI for 50 invoices, totaling \$14,837,680. During Fiscal Year 2018, the Agency had 5 vendors participate in VSI for 20 invoices, totaling \$16,804,633. A summary of the amount of transactions by qualified purchaser follows:

Transactions by Qualified Purchaser

Qualified Purchaser	Dollar Value	
	Fiscal Year 2017	Fiscal Year 2018
A	\$ 14,680,591	\$ 15,050,495
B	60,324	653,950
C	18,312	1,100,188
D	78,453	-
TOTAL	\$ 14,837,680	\$ 16,804,633

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
INTEREST COSTS ON FISCAL YEAR 2017 AND 2018 INVOICES
For the Two Years Ended June 30, 2018

(UNAUDITED)

Prompt Payment Interest Costs

The Illinois State Board of Education calculated prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2017 and 2018. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30 day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Agency. The following charts show the Illinois State Board of Education's prompt payment interest incurred related to fiscal year 2017 invoices and fiscal year 2018 invoices, calculated on the accrual basis of accounting, through June 30, 2017 and June 30, 2018, by fund:

PROMPT PAYMENT INTEREST INCURRED

YEAR ENDED JUNE 30, 2017

Fund	Fund Name	Vouchers	Vendors	Interest Incurred
001	General Revenue Fund	272	141	\$ 990,976
016	Teacher Certificate Fee Revolving Fund	1	1	2,308
568	School Infrastructure Fund	2	1	405
674	State Charter School	2	2	119
TOTAL		277	145	\$ 993,808

PROMPT PAYMENT INTEREST INCURRED

YEAR ENDED JUNE 30, 2018

Fund	Fund Name	Vouchers	Vendors	Interest Incurred
001	General Revenue Fund	230	134	\$ 451,049 (1)
007	Education Assistance Fund	-	1	20,365 (2)
016	Teacher Certificate Fee Revolving Fund	1	1	120
674	State Charter School	5	5	77
TOTAL		236	141	\$ 471,611

- (1) Includes prompt payment interest due to one vendor in the amount of \$26,882 which was unpaid by ISBE due to lack of sufficient appropriation.
- (2) Includes prompt payment interest due to one vendor in the amount of \$20,365 which was unpaid by ISBE due to lack of sufficient appropriation.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
AVERAGE NUMBER OF EMPLOYEES
For the Three Years Ended June 30, 2018

(UNAUDITED)

Average number of employees by division is presented as follows:

<u>Division</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
State Superintendent	30	26	21
First Deputy Superintendent	14	17	11
Finance	63	57	55
Operations and Professional Capital	78	75	81
Educational Services	6	4	5
Educational Services - Teaching and Learning	57	54	55
Educational Services - Special Education	45	42	34
Educational Services - Equity and Access	24	19	16
Innovation & Secondary Transformation	45	42	47
Safe & Healthy Climate	35	39	54
 Total average number of employees	 <u>397</u>	 <u>375</u>	 <u>379</u>

Note: The Agency underwent a reorganization of Divisions effective Fiscal Year 2017. The average number of employees by division for Fiscal Year 2016 has been reclassified for consistency and comparability with Fiscal Years 2017 and 2018.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANNUAL STATISTICS
For the Two Years Ended June 30, 2018

(UNAUDITED)

Number of Public School Districts, 2017-2018

	<u>Operating</u>	<u>Non-Operating</u>	<u>Other</u>	<u>Total</u>
Elementary (Pre K-8)	368	-	-	368
Secondary (9-12)	96	-	-	96
Unit	388	-	-	388
State-Operated	-	-	14	14
Total	<u>852</u>	<u>-</u>	<u>14</u>	<u>866</u>

Number of Public School Districts, 2016-2017

	<u>Operating</u>	<u>Non-Operating</u>	<u>Other</u>	<u>Total</u>
Elementary (Pre K-8)	368	-	-	368
Secondary (9-12)	98	-	-	98
Unit	386	-	-	386
State-Operated	-	-	4	4
Total	<u>852</u>	<u>-</u>	<u>4</u>	<u>856</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANNUAL STATISTICS - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Number of Public and Nonpublic Attendance Centers, 2017-2018

	<u>Public</u> (1)	<u>Nonpublic</u> (2)	<u>Total</u>
Elementary	2,466	688 (a)	3,154
Junior High	610	-	610
High School/Secondary	713	113	826
Unit	446	93	539
Special Education and Others	-	11	11
	<u>4,235</u>	<u>905</u>	<u>5,140</u>

Number of Public and Nonpublic Attendance Centers, 2016-2017

	<u>Public</u> (1)	<u>Nonpublic</u> (2)	<u>Total</u>
Elementary	2,481	675 (a)	3,156
Junior High	611	-	611
High School/Secondary	712	110	822
Unit	434	93	527
Special Education and Others	-	14	14
	<u>4,238</u>	<u>892</u>	<u>5,130</u>

(1) Includes Department of Corrections

(2) Voluntarily reported and registered with ISBE

(a) Includes Junior High

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANNUAL STATISTICS - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

School Enrollment, 2017-2018

	<u>Public</u>	<u>Nonpublic</u> (3)	<u>Total</u>	<u>Percent</u>
Elementary (Pre K-8)	1,388,961	152,950	1,541,911	69.8%
Secondary (9-12)	616,192 (b)	50,914 (b)	667,106	30.2%
Total	<u>2,005,153</u>	<u>203,864</u>	<u>2,209,017</u>	<u>100.0%</u>
Percent	<u>90.8%</u>	<u>9.2%</u>		

School Enrollment, 2016-2017

	<u>Public</u>	<u>Nonpublic</u> (3)	<u>Total</u>	<u>Percent</u>
Elementary (Pre K-8)	1,410,674	152,886	1,563,560	70.0%
Secondary (9-12)	617,488 (b)	52,377 (b)	669,865	30.0%
Total	<u>2,028,162</u>	<u>205,263</u>	<u>2,233,425</u>	<u>100.0%</u>
Percent	<u>90.8%</u>	<u>9.2%</u>		

(3) Nonpublic schools reported data on a voluntary basis

(b) Includes ungraded students

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANNUAL STATISTICS - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Racial - Ethnic Distribution of Statewide Public School Enrollment, 2017-2018

	Students	Percent
White Non-Hispanic	962,350	48.0%
Black Non-Hispanic	337,776	16.8%
Hispanic	524,950	26.2%
Asian	101,676	5.1%
American Indian-Alaskan	5,601	0.3%
Hawaiian or Other Pacific Islander	2,095	0.1%
Multi Racial	70,705	3.5%
Total	2,005,153	100.0%
Total percent of minority students		52.0%

Racial - Ethnic Distribution of Statewide Public School Enrollment, 2016-2017

	Students	Percent
White Non-Hispanic	983,275	48.5%
Black Non-Hispanic	344,943	17.0%
Hispanic	520,614	25.7%
Asian	98,800	4.9%
American Indian-Alaskan	8,413	0.4%
Hawaiian or Other Pacific Islander	2,146	0.1%
Multi Racial	69,971	3.4%
Total	2,028,162	100.0%
Total percent of minority students		51.5%

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
ANNUAL STATISTICS - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Public Secondary School Dropouts by Gender and Ethnicity, 2017-2018

	<u>Female</u>	<u>Male</u>	<u>Total</u>
White Non-Hispanic	1,399	2,280	3,679
Black Non-Hispanic	1,824	2,356	4,180
Hispanic	1,722	2,708	4,430
Asian	53	92	145
American Indian-Alaskan	20	28	48
Hawaiian or Other Pacific Islander	2	13	15
Multi Racial	153	228	381
	<u>5,173</u>	<u>7,705</u>	<u>12,878</u>

Public Secondary School Dropouts by Gender and Ethnicity, 2016-2017

	<u>Female</u>	<u>Male</u>	<u>Total</u>
White Non-Hispanic	1,508	2,185	3,693
Black Non-Hispanic	1,945	2,456	4,401
Hispanic	1,601	2,446	4,047
Asian	45	63	108
American Indian-Alaskan	15	33	48
Hawaiian or Other Pacific Islander	5	3	8
Multi Racial	159	205	364
	<u>5,278</u>	<u>7,391</u>	<u>12,669</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
EMERGENCY PURCHASES
For the Two Years Ended June 30, 2018

(UNAUDITED)

The Illinois State Board of Education reported the following emergency purchases to the Office of the Auditor General during Fiscal Years 2018 and 2017:

Description	Estimated Amount	Actual Amount	Date Filed
Firm engaged to perform Administration of a Science Assessment	\$ 80,000	\$ 37,511.47	7/11/2016

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
MEMORANDUMS OF UNDERSTANDING
For the Two Years Ended June 30, 2018

(UNAUDITED)

The Illinois State Board of Education (ISBE) enters into many memorandums of understanding (MOU) which include interagency agreements. Due to the large number of memorandums in which ISBE enters into, the details of some of the significant agreements during the examination period are provided below:

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2018	ROE #51	This interagency agreement provides content expertise based on the New Illinois Learning Standards incorporating the Common Core to ISBE staff. Will collaborate with assessment and support communication and activities regarding the assessment.	7/1/17-6/30/18	\$1,049,290
2018	Peoria ROE #48	This interagency agreement is for the administration, planning and implementation of the Illinois Virtual School. Will include management and delivery of on-line courses for students as well professional development for educators.	7/1/17-6/30/18	\$1,166,338
2018	University of Illinois Cooperative Extension	This interagency agreement serves as mentors and use the Specific, Measurable, Achievable, Relevant and Time based (SMART) goals concept to assist schools in implementing the new USDA requirements.	7/1/17-6/30/18	\$1,125,000
2018	University of Kansas	This interagency agreement provides assessments aligned to the Common Core Essential Elements for students with the most significant cognitive disabilities.	7/1/17-6/30/18	\$2,263,500
2018	Northern Illinois University	This interagency agreement revamps and update the MyIIRC and will develop a new continuous improvement planning document.	7/1/17-6/30/18	\$1,750,000
2018	Illinois State University	This interagency agreement convenes and facilitates the work of multi-state teams to support common core statewide implementation planning.	7/1/17-6/30/18	\$2,313,517
2018	Board of Trustees SIU	This interagency agreement helps to fulfill the requirements under ESSA for the Illinois Science Assessment (ISA). Will provide a cadre of Illinois teachers, teacher retirees, and graduate students to score ISA constructed response items	3/5/18-6/30/18	\$1,183,580
2018	University of Wisconsin	This interagency agreement evaluates services designed to assess the progress of children in attaining English proficiency as required by Title I of the No Child Left behind Act of 2001. Offers an English language test (ACCESS for ELLS).	7/1/17-6/30/18	\$5,502,991

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
MEMORANDUMS OF UNDERSTANDING - CONTINUED
For the Two Years Ended June 30, 2018

(UNAUDITED)

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2017	Peoria County ROE	This interagency agreement is for the administration, planning and implementation the Illinois Virtual School. Includes the learning management system, delivery of on-line courses, course content as well as new course development for both students and educators.	7/1/16-6/30/17	\$1,200,000
2017	University of Illinois Cooperative Extension	This interagency agreement serves as mentors and use the Specific, Measurable, Achievable, Relevant and Time based (SMART) goals concept to assist schools in implementing the new USDA requirements.	7/1/16-6/30/17	\$1,312,500
2017	University of Kansas	This interagency agreement provides assessments aligned to the Common Core Essential Elements for students with the most significant cognitive disabilities.	7/1/16-6/30/17	\$1,089,114
2017	Northern Illinois University	This interagency agreement revamps and update the MyIIRC.	7/1/16-6/30/17	\$1,744,589
2017	Southern Illinois University	This interagency agreement helps to fulfill the requirements under ESSA for the Illinois Science Assessment (ISA). Will provide a cadre of Illinois teachers, teacher retirees, and graduate students to score ISA constructed response items	1/31/17-6/30/17	\$1,696,293
2017	IL Dept. of Human Services	IDHS administers MIECHV. ISBE and IDHS collaborate to ensure that high quality home visiting services are provided to children and their families who are most at risk to prepare children for success in school.	4/1/17-6/30/17	\$2,100,000
2017	University of Wisconsin	This interagency agreement evaluates services designed to assess the progress of children in attaining English proficiency as required by Title I of the No Child Left behind Act of 2001. Offers an English language test (ACCESS for ELLS).	7/1/16-6/30/17	\$9,935,752
2017	IL Dept. of Human Services	ISBE is the fiscal agent for RTT-ELC funds. This agreement will give ISBE the authority to transfer funds to the Illinois Department of Human Services to comply with the terms of the states RTT-ELC application.	7/1/16-12/31/16	\$9,215,600

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Three Years Ended June 30, 2018

(UNAUDITED)

The general objective of Service Efforts and Accomplishments (SEA) reporting is to provide the user of the Agency's financial statements with the information necessary to evaluate efficiency and effectiveness of the Agency's use of financial and other resources. This is especially important given the significance of the Illinois State Board of Education to the State as a whole and the ongoing public debate concerning education policy across the nation. Charter school information is included in the district statistics. The following data was extracted from the School Report Card: Statewide Trend Data. School Report Cards are to be made public by November 1 of each year.

Particular service efforts and accomplishments reported by the Agency are as follows:

Performance Indicators Schools/Students	Performance Measures		
	2018	2017	2016
Number of Operating School Districts	852	856	855
Number of Schools with Report Card Information	3,888	3,796	3,735
Low-Income Rate	49.4%	50.2%	49.9%
Limited English Proficient Rate	11.7%	10.7%	10.5%
Dropout Rate	2.1%	2.1%	2.0%
Attendance Rate	93.9%	94.0%	94.4%
Student Mobility Rate	6.9%	6.9%	12.2%
Chronic Truancy Rate	11.2%	10.8%	9.8%
Graduation Rate	85.4%	87.0%	85.5%

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
For the Three Years Ended June 30, 2018

(UNAUDITED)

Performance Indicators	Performance Measures		
Student Achievement – Percent of Students Meeting or Exceeding State Performance Standards	2018	2017	2016
Reading			
Third Grade	37.0	36.1	35.5
Fourth Grade	38.6	37.0	36.9
Fifth Grade	35.6	36.6	35.3
Sixth Grade	34.1	34.9	34.9
Seventh Grade	39.8	40.0	37.3
Eighth Grade	36.4	37.4	39.1
Eleventh Grade	36.9	39.8	34.1
Mathematics			
Third Grade	37.7	39.2	39.6
Fourth Grade	31.5	30.8	30.5
Fifth Grade	30.8	29.5	31.7
Sixth Grade	26.9	28.1	28.7
Seventh Grade	30.7	27.2	27.3
Eighth Grade	30.5	32.3	31.8
Eleventh Grade	34.3	36.4	21.8
Science			
Fifth Grade	52.6	54.3	57.5
Eighth Grade	57.7	59.0	61.1
High School	38.9	40.3	40.8
ACT Composite Score (Schools with Report Card Information)	N/A	21.2	20.6

N/A – Information was not available for the period presented

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
For the Three Years Ended June 30, 2018

(UNAUDITED)

Performance Indicators	Performance Measures		
	2018	2017	2016
Teacher Information			
Total Number of Teachers (Full Time Equivalent)	128,999	129,575	127,152
Years of Teaching Experience (Average)	13.2	13.1	13.1
Percent with Graduate Degree	61.0%	60.9%	61.4%
Students Per Teacher (Elementary)	19.0	18.7	18.7
Students Per Teacher (Secondary)	19.3	19.4	18.9
Students Per Administrator	180.6	189.6	176.5
Teacher Salary (Average)	\$65,721	\$64,516	\$63,450
Administer Salary (Average)	\$107,279	\$106,273	\$103,634
Financial Information			
(2016-2017; 2015-2016; 2014-2015)			
Instructional Expenditures Per Pupil	\$8,024	\$7,853	\$7,712
Operational Expenditures Per Pupil	\$13,337	\$12,973	\$12,821
Percent of Expenditures by Function			
(2016-2017; 2015-2016; 2014-2015)			
Instruction	49.1%	49.6%	49.4%
General Administration	3.1%	3.1%	3.2%
Support Services	28.9%	29.1%	29.3%
Other Expenditures	18.9%	18.2%	18.1%
Percent of Expenditures by Fund			
(2016-2017; 2015-2016; 2014-2015)			
Education	71.6%	73.4%	73.4%
Operations and Maintenance	7.1%	6.2%	6.4%
Transportation	3.8%	3.8%	3.7%
Debt Services	9.5%	8.2%	8.1%
All Others	8.0%	8.4%	8.4%

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF INDIRECT COST REIMBURSEMENTS
For the Two Years Ended June 30, 2018

(UNAUDITED)

Indirect cost reimbursements are primarily Letter of Credit draw downs of federal funds deposited directly into the General Revenue Fund, S.B.E. Special Purpose Trust Fund, and the S.B.E. Federal Agency Services Fund, Department of Agriculture and Department of Education Funds in the State treasury. Indirect costs are based on a fixed rate negotiated annually with the cognizant federal agency, the U.S. Department of Education. "Fund Balance" represents the amount of cash available at June 30 from previously drawn indirect cost funds. "Total Available" represents the beginning year fund balance plus any indirect cost funds drawn during the current fiscal year. Following are the reimbursements deposited during fiscal years 2018 and 2017 and the related fund balances.

	2018	2017
Fund Balance, Beginning	\$ 4,480,543	\$ 6,698,923
Special Education – Grants to States	2,006,808	679,208
Special Education – Part D Improvement Grants	27,997	-
Child Nutrition Grants	3,082,342	1,788,618
School Health Aids Training Grants	-	19,628
Title I Grants to Local Education Agencies	1,266,070	768,471
Twenty-First Century Community Learning Centers	126,878	94,146
Early Learning Challenge Grants	240,954	-
Special Education - Preschool Grants	93,003	67,429
Career and Technical Education - Basic Grants to States	110,489	79,776
Supporting Effective Instruction State Grant	124,577	105,954
Title II Math and Science Grants	76,623	74,286
Race to the Top Grants	-	599,325
Rural Education	10,246	5,843
English Language Acquisition State Grants	124,471	108,439
School Improvement Grants	151,554	258,939
Education for the Homeless Children and Youth	32,138	18,965
Migrant Education - State Grant Program	-	1,976
Title I State Agency Program for Neglected and Delinquent Children and Youth	-	1,236
	<hr/> 7,474,150	<hr/> 4,672,239
Total Available	<hr/> 11,954,693	<hr/> 11,371,162
Less: Expenditures		
Agency Operations	<hr/> 3,239,944	<hr/> 6,890,619
Fund Balance, Ending	<hr/> <hr/> \$ 8,714,749	<hr/> <hr/> \$ 4,480,543