

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

**COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

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**STATE OF ILLINOIS
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FOR THE TWO YEARS ENDED JUNE 30, 2012**

Agency Officials

Board Members of the Illinois State Board of Education:

Gery J. Chico, Chairperson
Steven R. Gilford, Vice-Chairperson (as of 01/26/12)
Dr. Christopher J. Ward, Vice-Chairperson (until 10/11/11)
Dr. Vinni M. Hall, Secretary
James W. Baumann

Dr. Andrea S. Brown
Dr. David L. Fields
Melinda A. LaBarre
Curt Bradshaw

State Superintendent of Education

Dr. Christopher A. Koch, Ed.D.

Cabinet members:

General Counsel/Legal

Nicole Bazer (as of 07/16/12)
Darren Reisberg (until 06/01/12)

Chief Internal Auditor

Melissa Oller

Deputy Superintendent/Chief Education Officer

Susan C. Morrison

Chief Operating Officer and Human Resources Director

Donald Evans

Chief Performance Officer

Peter Godard

Public Information Director/Deputy Superintendent

Matthew Vanover

Chief Financial Officer

Robert Wolfe (as of 08/16/12)
Linda Riley Mitchell (until 06/15/12)

Director of Assessment

Dr. Mary O'Brian

Assistant Superintendents:

Innovation and Improvement
Specialized Instruction Nutrition and Wellness
Center for Language and Early Child Development
Teacher and Leader Effectiveness

Dr. Monique Chism (until 01/15/13)
Elizabeth Hanselman
Reyna Hernandez
Dr. Linda Tomlinson

Agency offices are located at:

Alzina Building
100 North First Street
Springfield, Illinois 62777-0001

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

Gery J. Chico
Chairman

Christopher A. Koch, Ed.D.
State Superintendent of Education

April 17, 2013

E.C. Ortiz & Co., LLP
333 South Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

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, 2012. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2011, 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 very truly,

Illinois State Board of Education

Christopher A. Koch, Ed.D.
State Superintendent of Education

Robert Wolfe
Chief Financial Officer

Nicole Bazer
General Counsel

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
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SUMMARY

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

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	7
Repeated findings	3	2
Prior recommendations implemented or not repeated	4	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDING (GOVERNMENT AUDITING STANDARDS)</i>			
12-1	15	Financial Reporting	Material Weakness
<i>FINDINGS (STATE COMPLIANCE)</i>			
12-2	18	Noncompliance with Obsolete Mandated Duties	Significant Deficiency/ Noncompliance
12-3	20	Noncompliance with the School Code on Schools on Academic Watch Status	Significant Deficiency/ Noncompliance
12-4	21	Noncompliance with the School Code on Audit of All Claims for State Moneys	Significant Deficiency/ Noncompliance
12-5	22	Inaccurate Reporting of Reasons for Exiting Limited English Proficient Programs	Significant Deficiency/ Noncompliance
12-6	24	Noncompliance with the School Code on Board Membership	Noncompliance
12-7	25	Illinois Charter School Biennial Report Submitted Not Updated with the New Requirements	Significant Deficiency/ Noncompliance

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SCHEDULE OF FINDINGS, Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-8	26	Noncompliance with the Critical Health Problems and Comprehensive Health Education Act on Advisory Committee	Significant Deficiency/ Noncompliance
12-9	28	Weaknesses Regarding the Security and Control of Confidential Information	Significant Deficiency/ Noncompliance
12-10	30	Failure to Comply with the Identity Protection Act	Significant Deficiency/ Noncompliance

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

12-1	15	Financial Reporting	Material Weakness/ Noncompliance
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PRIOR FINDINGS NOT REPEATED

A	31	Controls Over Mandated Duties
B	31	Failure to Assume Duties
C	31	Private Business and Vocational Schools State Advisory Council
D	31	Noncompliance with the Fiscal Control and Internal Auditing Act

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on April 9, 2013. Attending were:

Representing Illinois State Board of Education

State Superintendent of Education
General Counsel/Legal
Chief Internal Auditor
Senior Internal Auditor
Deputy Superintendent/Chief Education Officer
Chief Operating Officer and Human Resources Director
Chief Financial Officer

Dr. Christopher A. Koch, Ed.D.
Nicole Bazer
Melissa Oller
Jodie Carey
Susan C. Morrison
Donald Evans
Robert Wolfe

**STATE OF ILLINOIS
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EXIT CONFERENCE, Continued

Representing Illinois State Board of Education, Continued

Division Administrator - Information Technology
Division Administrator - Federal and State Monitoring
Division Administrator - Fiscal and Procurement
Division Administrator - Special Education Services

John Shake
Mark Ribelin
Myong-Ae Kim
David Andel

Representing E.C. Ortiz & Co., LLP

Partner
Partner
Manager
Manager
Manager

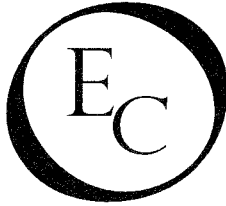
Edilberto C. Ortiz
Gilda B. Priebe
Villalyn S. Baluga
Netzyl S. Miraflores
Josephine B. Cabanos

Representing the Office of the Auditor General

Audit Manager
IT Audit Manager

Lisa Warden
Joe Gudgel

Responses to the recommendations were provided by Melissa Oller in a letter dated April 17, 2013.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
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, 2012. 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; and, accordingly, included examining, on a test basis, evidence about the Illinois State Board of Education's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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.

In our opinion, 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, 2012. However, the results of our procedures disclosed 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 12-1 through 12-10.

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 as a basis for designing our examination procedures 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 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in an entity's 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 an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 as described in the accompanying Schedule of Findings as item 12-1 to be a material weakness.

A significant deficiency in an entity's 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 12-2 through 12-5 and 12-7 through 12-10 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. We did not examine the Illinois State Board of Education's responses and, accordingly, we express no opinion on the responses.

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, 2012, and have issued our report thereon dated January 24, 2013, which contained unqualified 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 January 24, 2013. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 1 through 12 is presented for 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, 2012 in Schedules 1 through 12 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 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, 2012 in Schedules 1 through 12 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

We have 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 for the year ended June 30, 2011 and have issued our report thereon dated May 22, 2012, which contained unqualified 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, 2011 in Schedules 1 through 12 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, 2011 financial statements. The accompanying supplementary information for the year ended June 30, 2011 in Schedules 1 through 12 has been subjected to the auditing procedures applied in the audit of the June 30, 2011 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 statements or to those 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, 2011 in Schedules 1 through 12 is fairly stated in all material respects in relation to the basic financial statements taken 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, 2010, were audited by other auditors whose report thereon dated March 24, 2011, expressed unqualified 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 March 24, 2011, stated that the

supplementary information in Schedules 3, 5 through 9 and 11 for the year ended June 30, 2010 was subjected to the auditing procedures applied in the audit of the 2010 basic financial statements 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, 2010.

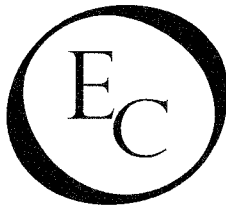
The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial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

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

E.C. Ortig & Co., LLP

Chicago, Illinois

April 17, 2013, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is January 24, 2013.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 William G. Holland
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 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, 2012, which collectively comprise the Illinois State Board of Education's basic financial statements and have issued our report thereon dated January 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Illinois State Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Illinois State Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Illinois State Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Illinois State Board of Education's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 12-1 to be a material weakness.

Compliance and Other Matters

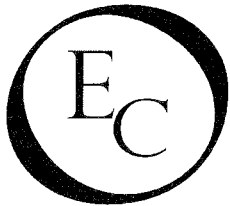
As part of obtaining reasonable assurance about whether the Illinois State Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

The Illinois State Board of Education's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Illinois State Board of Education's response and, accordingly, we express no opinion on it.

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

E.C. Artz & Co., LLP

Chicago, Illinois
January 24, 2013



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable William G. Holland
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, 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, 2012, of the statewide high school dropout rate by grade level, sex, race, and the annual student dropout rate of and the number of students who graduate from, transfer from, or otherwise leave bilingual programs; by the State Board of Education pursuant to 105 ILCS 5/1A-4. These agreed-upon procedures were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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, noting the Agency's mandated duties.
2. We obtained and reviewed the fiscal year 2011 Annual Report for the State Board of Education, noting compliance with the statute as follows:
 - a. Using the most recently available data, the Board prepared and submitted to the General Assembly and the Governor on or before January 14, 2012 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, 2011: 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, the name of such district, the date or dates on which the State Board of Education notified the school district of such act or omission, and 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.
3. We documented and determined the adequacy of the Agency's procedures for accumulating and reviewing dropout and transitional bilingual education data.
4. We obtained the list of school districts and verified submission of student data in Student Information System (SIS) for a sample of 40 school districts. We noted no exceptions.
5. We obtained the supporting file for the "2009-2010 and 2010-2011 High School Dropout Rates, by Grade Level, Gender, and Race/Ethnicity" prepared by the Agency. We traced dropout data for 20 selected students from the Agency's supporting file of dropout data to SIS and 20 selected students from SIS to Agency's supporting file of dropout data. We noted no exceptions.
6. We compared dropout data totals per the Agency's supporting file of dropout data for the school years 2009-2010 and 2010-2011 to those on the 2011 Annual Report filed with the General Assembly. All dropout totals, by grade level, gender, and race/ethnicity on the supporting file agreed to the report. We noted no exceptions.
7. We obtained the supporting file for the "2010-2011 Reasons for Exiting Limited English Proficient Programs" prepared by the Agency. We traced bilingual education data for 10 selected students from the Agency's supporting file of bilingual education data to SIS and 10 selected students to the Access file. We also traced bilingual education data for 10 selected students from SIS and another 10 students from Access file to the Agency's supporting file of bilingual education data. We noted some exceptions which are described in the accompanying Schedule of Findings as item 12-5.
8. We compared bilingual education data totals per the Agency's supporting file of bilingual education data for the school year 2010-2011 to those on the 2011 Annual Report filed with the General Assembly. All bilingual education data totals, by reason of exiting the bilingual program, on the supporting file agreed to the report but with exceptions which are described in the accompanying accompanying Schedule of Findings as item 12-5.
9. We obtained the schedule of bilingual education data generated from the Statistical Package for the Social Sciences (SPSS). We compared bilingual education data totals per the SPSS schedule to those on the 2011 Annual Report filed with the General Assembly. All bilingual education data totals, by reason of exiting the bilingual program, on the SPSS schedule agreed to the report but with exceptions which are described in the accompanying Schedule of Findings as item 12-5.

These agreed-upon procedures do not constitute an audit, the objective of which would be the expression of an opinion 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, the General Assembly, the Legislative Audit Commission, the Governor, Agency management, and Board members of the Illinois State Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

E.C. Ortiz & Co., LLP

Chicago, Illinois
April 17, 2013

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS

12-1 *Financial Reporting*

The Illinois State Board of Education (Agency) did not identify or prevent misstatements in the Generally Accepted Accounting Principles (GAAP) Reporting Package or the draft financial statements provided to auditors.

During our review of the GAAP Reporting Package submitted by the Agency to the Office of the State Comptroller and the draft financial statements, we noted the following:

- For 33 subrecipients selected for testing, grant expenditures totaling \$2,982,490 for obligations incurred during fiscal year 2013 were recorded as fiscal year 2012 expenditures. Agency officials stated they recorded the expenditures in fiscal year 2012 based on the assumption that the majority of the expenditures reported by the subrecipients through August 31, 2012 pertained to fiscal year 2012 activities. This assumption was based on the Agency's knowledge that it is normal operating procedure for school districts to pay obligations during the lapse period for items such as payroll and supplies incurred through June 30; however, the Agency did not obtain documentation from subrecipients to determine whether a legal obligation existed at June 30 when charging vouchers to fiscal year 2012 or recording the expenditures and related liability. This resulted in some expenditures not being charged to or reported in the correct fiscal year. When the sample error rate was projected to the population, the total liability overstatement was estimated to be \$4,706,739. Total amounts due to local governments of \$393 million were reported for the Agency's non-major funds as of June 30, 2012.
- The Agency recorded a reorganization incentive liability of \$7,560,607 as due to local governments in the General Revenue Fund (001) as of June 30, 2012 related to reorganized school districts in accordance with the School Code. However, the Agency reported the liability under the governmental fund financial statements instead of reporting it only under the government-wide financial statements. In addition, the Agency did not properly classify the short term and long-term portions of the liability amounting to \$2,667,683 and \$4,892,924, respectively, as other obligations in the government-wide statement of net assets and footnotes. Agency officials stated these reporting issues were due to oversight.

The misstatements noted above were not adjusted since the amounts were determined to be immaterial in relation to the fiscal year 2012 financial statements.

Management has the ultimate responsibility for the Agency's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the Agency's financial statements to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative

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controls to provide assurance that financial data is properly recorded and accounted for to permit the preparation of reliable financial reports. Statewide Accounting Management System (SAMS) Procedures 17.20.20 and 17.20.30 require vouchers identify the proper fiscal year and require the agency head's certification.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, paragraphs 79 and 82, and SAMS Procedures 03.20.20 and 03.50.10 state that governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting wherein expenditures and related liabilities should be recognized in the accounting period in which the liability is incurred, except for general long-term liabilities which should not be recognized until they are due (mature). Accordingly, the portion of general long-term liabilities that is not matured (due for payment) should not be reported as liabilities in governmental funds but should be reported in the government-wide statement of net assets.

GASB Statement No. 34, paragraph 16, and SAMS Procedure 03.20.20 further states that government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, wherein expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Additionally, GASB Statement No. 34, paragraph 31 states that liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

Failure to implement proper internal control procedures over expenditure processing and financial reporting may result in a material misstatement in the Agency's financial statements. (Finding Code Nos. 12-1, 11-1)

Recommendation

We recommend the Agency review its current process for preparation and review of the annual financial statements to ensure that financial information is complete and accurate in accordance with generally accepted accounting principles. We also recommend the Agency establish procedures to determine the proper reporting period for the expenditure amounts reported by its subrecipients through August 31 (lapse period).

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Agency Response

Agency management agrees with the finding. The Agency will implement modifications to the Electronic Expenditure Reporting System. Beginning with all fiscal year 2013 federal grant budget based programs, Local Education Agencies (LEAs) will be allowed to enter and confirm outstanding obligations on all June 30 required expenditure reports. Further, as cumulative cash basis expenditure reports are submitted for periods after June 30, LEAs will be required to split and confirm the calculated payment to reflect the portion attributed to the liquidation of obligations as of June 30 and prior from the portion attributed to expenditures for activities and obligations that occur July 1 and later. The fiscal year distinction will also be required and confirmed of any advances that are entered by the LEAs. Preliminary discussions have already occurred to implement these changes. The Agency will modify the State and Federal Grant Administration Policy, Fiscal Requirements and Procedures to reflect these changes as well as communicate the new requirements via webinars and other Agency communication channels to all LEAs that will be submitting June 30 expenditure reports. In addition, the Agency will ensure that the liability for the reorganization incentive liability will be classified properly on future financial statements.

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CURRENT FINDINGS - STATE COMPLIANCE

12-2 *Noncompliance with Obsolete Mandated Duties*

The Illinois State Board of Education (Agency) did not comply with or seek repeal of obsolete duties mandated by State statute.

During our testing of statutory mandates, we noted the following:

- The Agency did not develop and coordinate the Illinois Agenda for Cost-Effectiveness in Education (Agenda). The Education Cost-Effectiveness Agenda Act (105 ILCS 225/1 et seq.) requires the Agency to develop and coordinate the Agenda to utilize untapped resources to improve educational achievement and to ensure success of vital initiatives. The Illinois Cost-Effectiveness in Education Fund, consisting of grants, donations and appropriations, shall be used to fund the Agenda. Management stated the Fund was established in 1990 and dissolved in 1992, but never had any activity. Agency officials subsequently stated that a repeal of this mandate is planned in the near future.
- The Agency did not establish a Division of Conservation Education separately within the Agency. The Conservation Education Act (105 ILCS 415/2) requires the Agency to establish the Division of Conservation Education to cooperate with federal government and State agencies in education programs to carry out and perform the duties outlined in this Act. In 2002, Executive Order No. 3 abolished rights, powers, duties and functions vested by law in the Advisory Board for Conservation Education (105 ILCS 415/3, 4, and 7). The Executive Order did not include specific reference to repeal the statutory language creating the Division of Conservation Education (105 ILCS 415/2). Agency officials stated they failed to propose the repeal of this mandate at the time, as the related Advisory Board for Conservation Education and its corresponding functions were abolished.
- The Agency did not require entities to design programs which provide continuing education to update or improve a teacher's skill or knowledge in order to maintain a high level of performance. The School Code (105 ILCS 5/2-3.60) requires the Agency to require school districts, cooperatives or joint agreements with a governing board or board of control, administrative agents for educational service centers, and regional superintendents acting on behalf of such entities to design programs which provide continuing education to update or improve a teacher's skill or knowledge in order to maintain a high level of performance. Although a statutory change was introduced under House Bill 5826 in fiscal year 2012, the bill did not pass.

During the prior examination period, the Agency did not include a "multiracial" category in all collection forms and presentation reports, in its data collection and reporting process for State or local purposes. During the current examination period, the Agency sought repeal of the Agency requirement to include a "multiracial" category in all collections forms and presentation reports in its data collection and reporting process for State or local purposes. This requirement (105 ILCS 5/2-3.111) was repealed by Public Act 97-256, effective January 1, 2012.

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Failure to carry out or seek repeal of mandated duties is noncompliance with statutory requirements and does not achieve legislative intent for the affected programs. (Finding Code Nos. 12-2, 10-2, 08-2, 07-1, 06-1, 05-2, 04-6, 03-6, 02-13, 00-9)

Recommendation

We recommend the Agency either comply with mandates or seek legislative changes to eliminate these statutory requirements. Further, the Agency should identify all obsolete mandates and seek their repeal.

Agency Response

The Agency agrees with this finding and will continue to seek legislative changes to eliminate these statutory requirements.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-3 *Noncompliance with the School Code on Schools on Academic Watch Status*

The Illinois State Board of Education (Agency) did not take actions on all the schools identified to have been on academic watch status after three years following placement in such status.

During our testing of statutory mandates, we noted 526 schools from 139 school districts had been on academic watch status for four to ten years by the end of the 2010-2011 school year and 556 schools from 151 school districts had been on academic watch status for four to 11 years by the end of the 2011-2012 school year. The Agency took action on two school districts; however, the Agency had not taken the required action on the remaining schools and school districts noted after three years on such status.

The School Code (105 ILCS 5/2-3.25f) requires the State Board of Education to take one of several actions on schools and school districts that remained on academic watch status after three years following its placement on such status. School board members may be removed and an Independent Authority may be temporarily appointed for purposes of improving pupil performance and school improvement. Alternatively, the Agency may cease to recognize the school district or school, “direct the reassignment of pupils, or direct the reassignment or replacement of school district personnel who are relevant to the failure to meet adequate yearly progress criteria.”

Agency officials stated they failed to take action on schools that remained on academic watch status after three years due to lack of statutory clarity, resources, and litigation against the Agency for taking action in one of the two districts involved. In response to the prior finding, management stated they were in the process of evaluating the mandate with a possibility of seeking a legislative amendment. During the current period, the Agency began the process of establishing the Unit for District Oversight and Accountability to intervene in school districts. Officials stated the Agency sought a legislative amendment during the audit period under House Bill 3022, which did not pass. Senate Bill 2340 was introduced in the Spring of 2013 to clarify the statute.

Not taking appropriate action against schools placed on the academic watch list resulted in noncompliance with the School Code. In addition, this could result in the continued underperformance of those Illinois schools. (Finding Code Nos. 12-3, 10-4)

Recommendation

We recommend the Agency identify and reallocate resources or seek legislative amendment promptly to ensure compliance with the School Code.

Agency Response

The Agency agrees with the finding. ISBE took action as allowed by the School Code on two school districts. In one instance, the court halted the intervention due, in part, to issues raised about the clarity of the provision in the School Code that authorizes ISBE to remove school boards. The Agency is therefore in the process of reviewing available resources and has also proposed legislation to clarify statutory requirements.

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12-4 *Noncompliance with the School Code on Audit of All Claims for State Moneys*

The Illinois State Board of Education (Agency) did not adequately perform an audit of all claims by school districts for State moneys.

During our review of 40 school districts receiving State moneys for various school programs during fiscal years 2011 and 2012, we noted that no audit of claims was ever performed by the Agency for nine of 40 (22%) school districts tested. The Agency distributed a total of \$6.4 billion and \$6.2 billion in State moneys during fiscal years 2011 and 2012, respectively, to approximately 870 school districts.

The School Code (105 ILCS 5/2-3.32) requires the Agency to maintain a division of audits whose duty shall be to audit all claims for State moneys relative to the public school system.

Agency officials stated that the condition noted above was due to staffing constraints of the Agency division responsible for performing the on-site monitoring audit of school districts. As a result of these staffing limitations, the Agency utilizes an annual risk based model in order to select the highest risk local education agencies and related programs to be reviewed with the resources available.

Failure to adequately perform an audit of claims by school districts for State moneys resulted in noncompliance with the School Code. In addition, lack of audits may increase the risk of State funds being paid for unallowable claims and school districts not properly administering the State programs in accordance with laws, regulations, and program agreements which may not be detected. (Finding Code No. 12-4)

Recommendation

We recommend the Agency consider alternative ways to ensure compliance with the School Code, or identify and reallocate resources.

Agency Response

The Agency agrees with this finding. Management is reviewing legislation and is in the process of exploring alternative ways to ensure compliance.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-5 *Inaccurate Reporting of Reasons for Exiting Limited English Proficient Programs*

The data reported in the State Board of Education's (Agency's) 2011 Annual Report relating to the reasons for exiting Limited English Proficient (LEP) Programs were inaccurate.

The School Code (Code) (105 ILCS 5/1A-4) requires the Agency to annually prepare and submit to the General Assembly and the Governor on or before January 14 a report or reports of its findings and recommendations regarding bilingual program exit information. The Code further requires that the report shall include the number of students who graduate from, transfer from or otherwise leave bilingual programs.

In our tracing of the reported information in the annual report from the supporting files, we noted the following:

- Program exit codes for 20 of 40 sample students (50%) were not reported properly in the annual report; and
- Nine of 40 sample students (23%) reported by schools as dropped out or graduated from school were not correspondingly reported as exited from the LEP Programs in the annual report.

In addition, during our review of the support for the 2011 Annual Report for the reasons for exiting the LEP Programs, we noted that program exit codes were not properly summarized. A total of 1,493 students classified in the 2011 Annual Report as either dropped out, graduated, transferred, withdrawn by parents, not exited or others should have been classified as transitioned while 2,540 students were classified as transitioned but should have been either dropped out, graduated, transferred or others. In fiscal year 2011, a total of 197,388 students participated in or exited LEP Programs.

After our testing, a corrected schedule was generated by the Agency. The revised schedule showed the following differences from the 2011 Annual Report:

- Transitioned overstated by 1,047 (4%);
- Withdrawn by parents understated by 132 (4%);
- Graduated understated by 1,714 (1058%);
- Transferred understated by 7,975 (1307%);
- Dropped out understated by 1,244 (1367%);
- Others overstated by 3,709 (85%); and
- Not exited overstated by 6,309 (4%).

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

Agency officials stated that the reporting errors noted were due to weaknesses in the practices and procedures used in the preparation of the report.

Reporting inaccurate LEP information to the General Assembly and the Office of the Governor limits usefulness of data and prevents fulfillment of the purpose of the School Code provision. (Finding Code No. 12-5)

Recommendation

We recommend the Agency implement procedures to review and check the accuracy of the information included in the annual report prior to filing.

Agency Response

The Agency agrees with this finding. In September 2012, the Agency identified the necessary changes in practice to ensure accurate information is disclosed in the annual report and documented the new approved standard practices. The Agency will implement procedures to review and check the accuracy of information included in the annual report against these new approved standard practices.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-6 *Noncompliance with the School Code on Board Membership*

The Illinois State Board of Education (Agency) member appointments or reappointments had not been made as required by the School Code.

During our testing of statutory mandates, we noted that as of the end of fiscal year 2012, the Agency's Board had only seven members and a chairperson appointed by the Governor, leaving the Agency's Board with one vacancy. This vacancy was due to the resignation of a Board member on October 11, 2011. In addition, four of the seven Board members served with expired terms since January 12, 2011; three of which were subsequently reappointed by the Governor on August 14, 2012.

The School Code (105 ILCS 5/1A-1) states that the State Board of Education shall consist of eight members and a chairperson, who shall be appointed by the Governor with the advice and consent of the Senate from a pattern of regional representation.

Agency officials stated that the vacancy in the Board can only be filled by the Governor and is not within the Agency's authority, and they have been in constant communication with the Governor's Office for appointment/reappointment of Board members.

Failure to have a sufficient number of Board members resulted in noncompliance with the School Code. Although Board members are allowed to continue to serve past their terms until new appointments are made, untimely reappointment fails to satisfy School Code provisions for re-evaluation of Board membership every three years. In addition, there is a risk that the Board will be unable to conduct meetings and perform functions as intended should too many vacancies occur or members choose not to serve past their appointed term. (Finding Code No. 12-6)

Recommendation

We recommend the Agency work with the Governor's Office to timely fill any vacancy on the Board. In addition, the Agency should continue to work with the Governor's Office to ensure that reappointments of members with expired terms are made in a timely manner.

Agency Response

The Agency agrees with this finding. The Agency will continue to reach out to the Governor's Office to request appointments be made in order to bring the Board to full membership and the Agency will continue to interact with the Governor's Office when Board member's appointments are expiring.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-7 Illinois Charter School Biennial Report Submitted Not Updated with the New Requirements

The Agency's 2012 Illinois Charter School Biennial Report (Report) did not include the new requirements of the School Code.

During our review, we noted that the Agency submitted the 2009-2010 and 2010-2011 Illinois Charter School Biennial Report to the General Assembly and the Governor on the required due date (January 20, 2012). However, the Report included the same categories of data required by the law in effect July 30, 2009 through July 19, 2011 (same categories of data set forth in the last Charter School Report issued by the Agency in January 2010). The 2012 Report did not include new requirements that took effect on July 20, 2011 related to charter schools' progress, financial performance, and functions provided.

The School Code (Code) (105 ILCS 5/27A-12) Section 27A-12 requires that 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 two school years. The State Board's report shall include all of the following:

- (i) each authorizer's strategic vision for chartering and its progress toward achieving that vision;
- (ii) the academic and financial performance of each authorizer's charter schools;
- (iii) the status of each authorizer's charter school portfolio; and
- (iv) all authorizing functions provided by the authorizer and its operating costs and expenses.

Agency personnel stated that because this amendatory Act did not go into effect until late July 2011, and the State Charter School Commission was not appointed until the end of September 2011, Agency staff did not have sufficient time to promulgate rules for this new data collection and/or collect such information in time for incorporation in the 2012 Report.

The Agency's submission of a Biennial Report lacking required charter school information resulted in noncompliance with the Code. Further, failure to gather and report this information may result in a lack of information for monitoring and decision-making. (Finding Code No. 12-7)

Recommendation

We recommend the Agency include all required information in the Illinois Charter School Biennial Report to ensure compliance with the Code.

Agency Response

The Agency agrees with this finding. ISBE Charter staff will work with Rules and Waivers staff on Part 650 rulemaking specific to the new reporting requirements. In addition, ISBE has developed a close relationship with the State Charter School Commission and will work with that entity to develop a data collection form for authorizers that meets the criteria of the amended Charter law.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-8 *Noncompliance with the Critical Health Problems and Comprehensive Health Education Act on Advisory Committee*

The Illinois State Board of Education (Agency) did not comply with the Critical Health Problems and Comprehensive Health Education Act (Act) as to the maintenance of an active Advisory Committee.

We noted that the Agency's Advisory Committee as required by the Act had been dormant since April 2002. In addition, the terms of appointment of the members expired six to ten years ago and no successors were appointed as required by the Act.

Subsequent to our audit inquiries, the Agency began the process of re-establishing the Advisory Committee.

The Act (105 ILCS 110/5) states that "An Advisory Committee consisting of 11 members is hereby established as follows: the Director of Public Health or his or her designee, the Secretary of Human Services or his or her designee, and an additional person representing the Department of Human Services designated by the Secretary, the Director of Children and Family Services or his or her designee, the Chairman of the Illinois Joint Committee on School Health or his or her designee, and six members to be appointed by the State Board of Education to be chosen, insofar as is possible, from the following groups: colleges and universities, voluntary health agencies, medicine, dentistry, professional health associations, teachers, administrators, members of local boards of education, and lay citizens." Public members shall serve for four year terms, and until their successors are appointed and qualified. Vacancies in the terms of public members shall be filled for the balance of the unexpired terms. The Advisory Committee is required to advise the Agency on all matters relating to the implementation of the provisions of this Act and to assist in presenting advice and interpretation concerning a comprehensive health education program to the Illinois public, especially as related to critical health problems.

Agency officials stated that the Committee vacancies and failure to meet were due to oversight.

Failure to establish an active Advisory Committee resulted in nonperformance of its intended functions and noncompliance with the Act. (Finding Code No. 12-8)

Recommendation

We recommend the Agency ensure that an active Advisory Committee is re-established and maintained to comply with the provisions of the Act.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

Agency Response

The Agency agrees with this finding. The Illinois State Board of Education has solicited individuals from the agencies and groups representing the required membership and has filled all vacancies. The committee held its first meeting on January 24, 2013.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-9 *Weaknesses Regarding the Security and Control of Confidential Information*

The Illinois State Board of Education (Agency) had weaknesses relating to security and control of confidential information.

During our review, we noted the Agency had not:

- Performed a comprehensive risk assessment for identifying all confidential systems and data to ensure they were adequately secured. The Personal Information Protection Act (Act) (815 ILCS 530) requires that entities identify and protect all nonpublic personal information.
- Ensured confidential data was properly secured. We found social security numbers captured in a web application were not encrypted or redacted. In addition, a contractor doing business with the Agency reported two laptops stolen in June 2011. The two laptops contained confidential school district information and were not encrypted.
- Ensured all lockable bins for storing confidential and sensitive information were adequately secured.
- Developed formal policies and procedures to promote timely compliance with requirements outlined in the Act, in the event of a breach of personal information.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding, securing, and controlling access to hardware, software, and personal confidential information stored in the computer system.

Agency officials stated they had focused efforts on implementing security measures designed to ensure that confidential information is accessible only by those with appropriate authority and need.

The Agency has the responsibility to ensure confidential information is protected from accidental or unauthorized disclosure. Failure to establish, maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identity theft or other unintended use. (Finding Code No. 12-9)

Recommendation

We recommend the Agency:

- Perform a comprehensive risk assessment to identify all forms of confidential or personal information and ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard data and resources; and,

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- Ensure confidential information is adequately secured with methods such as encryption or redaction.
- Ensure bins used for storing confidential information until it can be appropriately disposed are adequately secured.
- Develop policies and procedures to ensure timely compliance with the requirements outlined in the Personal Information Protection Act in the event of a breach of confidential information.

Agency Response

The Agency agrees that processes are necessary to address the identified vulnerabilities related to the Agency's security and control of confidential information. The Agency is already taking steps to contract for a comprehensive risk analysis of the IT Division - including systems, process, staffing, etc., to determine best practices and ensure confidential information is adequately secured.

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CURRENT FINDINGS - STATE COMPLIANCE, Continued

12-10 *Failure to Comply with the Identity Protection Act*

The Illinois State Board of Education (Agency) failed to implement the provisions of the Identity Protection Act (Act).

The Identity Protection Act (5 ILCS 179) required the Agency to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the Policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

During our testing we noted that the Agency had not issued an identity-protection policy.

Agency officials stated they did not develop an identity-protection policy due to oversight.

Failure to implement provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 12-10)

Recommendation

We recommend the Agency develop and approve an identity protection policy as required in the Identity Protection Act.

Agency Response

The Agency agrees with this finding. Management has drafted an Identity Protection Policy and is currently reviewing the policy for implementation.

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PRIOR FINDINGS NOT REPEATED

A *Controls Over Mandated Duties*

During the prior examination period, the Agency did not have a system in place to identify and monitor laws applicable to the Agency and to ensure compliance.

During the current examination period, the Agency established procedures to identify and monitor laws applicable to the Agency. The Agency has also identified the division within the Agency responsible for monitoring and maintaining the listing. (Finding Code No. 10-1)

B *Failure to Assume Duties*

During the prior examination period, the Agency did not perform as the successor agency as required for the Illinois Summer School for the Arts (School).

During the current examination period, the Agency authorized the use of the School's remaining funds of \$12,532 on activities related to the arts. The School did not receive funding during the current examination period. The School's fiscal agent submitted an Expenditure Plan (Plan) to the Agency outlining the use of the remaining funds. The Agency reviewed and approved the Plan and authorized its spending; all of the remaining funds were spent in fiscal year 2012. (Finding Code No. 10-3)

C *Private Business and Vocational Schools State Advisory Council*

During the prior examination period, the Private Business and Vocational Schools State Advisory Council was not composed of 12 members, including a chairman as required.

During the current examination period, the Private Business and Vocational Schools Act (105 ILCS 425/1 et seq.) was repealed by P.A. 97-650 effective February 1, 2012 and replaced by the Private Business and Vocational Schools Act of 2012 (105 ILCS 426/1 et seq.), for which the Board of Higher Education is responsible for administering. (Finding Code No. 10-5)

D *Noncompliance with the Fiscal Control and Internal Auditing Act*

During the prior examination period, the Internal Audit Division did not ensure audits of major systems were performed at least once every two years as required by the Fiscal Control and Internal Auditing Act.

During the current examination period, it was noted that the Agency allocated additional staff to the Internal Audit Division. It was further noted that the planned audits for fiscal years 2011 and 2012 were all completed. (Finding Code Nos. 10-6, 08-3, 07-2, 06-2)

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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 2012
 - Schedule of Appropriations, Expenditures and Reappropriated / Lapsed Balances - Fiscal Year 2011
 - Comparative Schedule of Net Appropriations, Expenditures and Reappropriated/ Lapsed Balances
 - Comparative Schedule of Receipts, Disbursements and Fund Balances (Cash Basis) - Locally-Held Funds
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Significant Account Balances
 - Analysis of Accounts Receivable
- Analysis of Operations (Unaudited)
 - Agency Functions and Planning Program (Unaudited)
 - Average Number of Employees and Average Salary per Employee (Unaudited)
 - Annual Cost Statistics (Unaudited)
 - Memorandums of Understanding (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)
 - Schedule of Indirect Cost Reimbursements (Unaudited)

The accountants' 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 accountants' 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.

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Schedule 1

FISCAL SCHEDULES AND ANALYSIS

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2012

FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
APPROPRIATED FUNDS						
GENERAL REVENUE FUND (001)						
Personal Services	\$ 16,036,300	\$ 15,967,758	\$ 31,641	\$ 15,999,399	\$ -	\$ 36,901
Employee Retirement Contribution						
Paid by the State	201,800	199,211	117	199,328	-	2,472
Social Security	517,600	482,253	689	482,942	-	34,658
Contractual Services	4,500,000	3,225,193	540,686	3,765,879	-	734,121
Travel	197,450	143,047	28,774	171,821	-	25,629
Commodities	71,300	52,199	1,301	53,500	-	17,800
Printing	29,700	7,048	498	7,546	-	22,154
Equipment	207,200	69,239	133,038	202,277	-	4,923
Telecommunications	368,800	287,558	42,062	329,620	-	39,180
Operation of Automotive Equipment	23,800	15,658	2,765	18,423	-	5,377
Awards and Grants	2,562,813,265	2,483,032,218	77,349,683	2,560,381,901	-	2,431,364
Lump Sum and Other Purposes	26,946,301	11,802,166	10,897,518	22,699,684	-	4,246,617
Total General Revenue Fund	2,611,913,516	2,515,283,548	89,028,772	2,604,312,320	-	7,601,196
EDUCATION ASSISTANCE FUND (007)						
Awards and Grants	309,631,376	309,631,376	-	309,631,376	-	-
TEACHER CERTIFICATE FEE REVOLVING FUND (016)						
Lump Sum and Other Purposes	3,700,000	642,012	69,068	711,080	-	2,988,920

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 1

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012

FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
DRIVERS EDUCATION FUND (031)						
Personal Services	\$ 67,000	\$ 2,483	\$ -	\$ 2,483	\$ -	\$ 64,517
State Employees'/Teachers' Retirement	5,000	14	-	14	-	4,986
Social Security	3,000	34	-	34	-	2,966
Group Insurance	20,600	783	-	783	-	19,817
Awards and Grants	18,172,200	18,172,177	-	18,172,177	-	23
Total Drivers Education Fund	18,267,800	18,175,491	-	18,175,491	-	92,309
SCHOOL DISTRICT EMERGENCY FINANCIAL ASSISTANCE FUND (130)						
Awards and Grants	1,000,000	-	-	-	-	1,000,000
CAPITAL DEVELOPMENT BOND FUND (141)						
Construction Grants	25,000,000	-	-	-	25,000,000	-
SCHOOL CONSTRUCTION BOND FUND (143)						
Construction Grants	100,000,000	16,283,796	-	16,283,796	83,716,204	-
S.B.E. SPECIAL PURPOSE TRUST FUND (144)						
Lump Sum and Other Purposes	15,500,000	3,294,361	122,440	3,416,801	-	12,083,199
S.B.E. TEACHER CERTIFICATION INSTITUTE FUND (159)						
Lump Sum and Other Purposes	2,208,900	3,028	-	3,028	-	2,205,872

STATE OF ILLINOIS
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Schedule 1

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012
FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)						
Personal Services	\$ 3,538,300	\$ 3,264,183	\$ 780	\$ 3,264,963	\$ -	\$ 273,337
Employee Retirement Contribution Paid by the State	10,500	9,900	-	9,900	-	600
State Employees'/Teachers' Retirement	1,400,000	887,981	944	888,925	-	511,075
Social Security	170,000	82,715	60	82,775	-	87,225
Group Insurance	900,000	827,209	2,831	830,040	-	69,960
Contractual Services	3,910,000	1,357,412	233,344	1,590,756	-	2,319,244
Travel	400,000	208,105	17,764	225,869	-	174,131
Commodities	85,000	17,278	362	17,640	-	67,360
Printing	156,300	9,309	-	9,309	-	146,991
Equipment	250,000	208,193	1,176	209,369	-	40,631
Telecommunications	50,000	-	-	-	-	50,000
Awards and Grants	725,000,000	608,282,498	34,129,465	642,411,963	-	82,588,037
ARRA - Awards and Grants	914,300	-	-	-	-	914,300
Total S.B.E. Federal Department of Agriculture Fund	736,784,400	615,154,783	34,386,726	649,541,509	-	87,242,891
COMMON SCHOOL FUND (412)						
Awards and Grants	3,828,841,763	3,828,841,763	-	3,828,841,763	-	-

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Schedule 1

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012

FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
S.B.E. FEDERAL AGENCY SERVICES FUND (560)						
Personal Services	\$ 100,000	\$ 65,865	\$ -	\$ 65,865	\$ -	\$ 34,135
State Employees'/Teachers' Retirement	50,000	16,789	-	16,789	-	33,211
Social Security	5,000	906	-	906	-	4,094
Group Insurance	20,000	13,972	-	13,972	-	6,028
Contractual Services	900,000	106,910	31,138	138,048	-	761,952
Travel	30,000	10,876	-	10,876	-	19,124
Commodities	20,000	-	16,389	16,389	-	3,611
Printing	700	-	-	-	-	700
Equipment	11,000	-	-	-	-	11,000
Telecommunications	9,000	-	-	-	-	9,000
Awards and Grants	2,500,000	159,431	90,440	249,871	-	2,250,129
Total S.B.E. Federal Agency Services Fund	3,645,700	374,749	137,967	512,716	-	3,132,984

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FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012
FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
S.B.E. FEDERAL DEPARTMENT OF EDUCATION						
FUND (561)						
Personal Services	\$ 13,117,400	\$ 9,009,273	\$ 2,775	\$ 9,012,048	\$ -	\$ 4,105,352
Employee Retirement Contribution						
Paid by the State	97,000	40,470	-	40,470	-	56,530
State Employees'/Teachers' Retirement	5,375,000	2,406,775	-	2,406,775	-	2,968,225
Social Security	1,002,000	205,348	-	205,348	-	796,652
Group Insurance	3,590,900	2,328,520	3,130	2,331,650	-	1,259,250
Contractual Services	19,400,000	6,109,451	2,545,697	8,655,148	-	10,744,852
Travel	1,600,000	477,684	69,584	547,268	-	1,052,732
Commodities	305,000	15,453	190	15,643	-	289,357
Printing	341,000	10,660	-	10,660	-	330,340
Equipment	455,000	94,847	174,944	269,791	-	185,209
Telecommunications	400,000	-	-	-	-	400,000
Awards and Grants	1,995,950,000	969,298,721	294,640,619	1,263,939,340	-	732,010,660
ARRA - Awards and Grants	774,990,700	77,661,139	8,852,560	86,513,699	-	688,477,001
Lump Sum and Other Purposes	23,780,300	16,994,324	(604,867)	16,389,457	-	7,390,843
Total S.B.E. Federal Department of Education Fund	2,840,404,300	1,084,652,665	305,684,632	1,390,337,297	-	1,450,067,003
CHARTER SCHOOLS REVOLVING LOAN						
FUND (567)						
Awards and Grants	20,000	-	-	-	-	20,000

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FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012

FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
SCHOOL INFRASTRUCTURE FUND (568)						
Personal Services	\$ 97,900	\$ 63,909	\$ -	\$ 63,909	\$ -	\$ 33,991
State Employees'/Teachers' Retirement	5,000	263	-	263	-	4,737
Social Security	3,300	1,195	-	1,195	-	2,105
Group Insurance	20,600	6,795	-	6,795	-	13,805
Lump Sum and Other Purposes	600,000	370,154	1,532	371,686	-	228,314
Total School Infrastructure Fund	726,800	442,316	1,532	443,848	-	282,952
SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM FUND (569)						
Awards and Grants	5,000,000	603,000	-	603,000	-	4,397,000
TEMPORARY RELOCATION EXPENSES REVOLVING GRANT FUND (605)						
Awards and Grants	1,400,000	148,187	-	148,187	-	1,251,813
PERSONAL PROPERTY REPLACEMENT TAX FUND (802)						
Awards and Grants	13,031,450	11,421,806	90,813	11,512,619	-	1,518,831
BUILD ILLINOIS BOND FUND (971)						
Construction Grants	1,459,964	1,050,345	-	1,050,345	409,619	-
Total - All Appropriated Funds	10,518,535,969	8,406,003,226	429,521,950	8,835,525,176	109,125,823	1,573,884,970

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 1

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2012
FOURTEEN MONTHS ENDED AUGUST 31, 2012

Public Acts 97-0059, 97-0060, 97-0620, 97-0642, 97-0685, 97-0725	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01-8/31/12	Approximate Total Expenditures	Balances Reappropriated 7/01/12	Approximate Lapsed Balances
NONAPPROPRIATED FUNDS						
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)						
Refunds	\$ -	\$ 126,547	\$ -	\$ 126,547	\$ -	\$ -
S.B.E. FEDERAL AGENCY SERVICES FUND (560)						
Refunds	-	1,571	-	1,571	-	-
S.B.E. FEDERAL DEPARTMENT OF EDUCATION FUND (561)						
Refunds	-	4,469,068	-	4,469,068	-	-
U.S. DEPARTMENT OF EDUCATION JOBS PROGRAM FUND (857)						
ARRA - Awards and Grants	-	114,856,717	15,275,772	130,132,489	-	-
Total - All Nonappropriated Funds	-	119,453,903	15,275,772	134,729,675	-	-
Grand Total - All Funds	\$ 10,518,535,969	\$ 8,525,457,129	\$ 444,797,722	\$ 8,970,254,851	\$ 109,125,823	\$ 1,573,884,970

Note: The data was taken directly from Agency records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the State Comptroller for payment after August.

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ILLINOIS STATE BOARD OF EDUCATION

Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2011

EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
APPROPRIATED FUNDS						
GENERAL REVENUE FUND (001)						
Lump Sum and Other Purposes	\$ 24,549,400	\$ 21,533,677	\$ 1,575,737	\$ 23,109,414	\$ -	\$ 1,439,986
Awards and Grants	2,385,806,700	2,205,476,407	74,469,251	2,279,945,658	-	105,861,042
Total General Revenue Fund	2,410,356,100	2,227,010,084	76,044,988	2,303,055,072	-	107,301,028
EDUCATION ASSISTANCE FUND (007)						
Awards and Grants	602,439,300	602,439,300	-	602,439,300	-	-
TEACHER CERTIFICATE FEE REVOLVING FUND (016)						
Lump Sum and Other Purposes	3,700,000	716,582	52,913	769,495	-	2,930,505
DRIVERS EDUCATION FUND (031)						
Personal Services	66,950	12,412	-	12,412	-	54,538
State Employees'/Teachers' Retirement	1,100	72	-	72	-	1,028
Social Security	3,000	173	-	173	-	2,827
Group Insurance	20,600	3,308	-	3,308	-	17,292
Awards and Grants	24,229,600	24,229,564	-	24,229,564	-	36
Total Drivers Education Fund	24,321,250	24,245,529	-	24,245,529	-	75,721
SCHOOL DISTRICT EMERGENCY FINANCIAL ASSISTANCE FUND (130)						
Awards and Grants	1,000,000	49,760	-	49,760	-	950,240
CAPITAL DEVELOPMENT BOND FUND (141)						
Construction Grants	25,000,000	-	-	-	25,000,000	-

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2011

EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
SCHOOL CONSTRUCTION BOND FUND (143)						
Construction Grants	\$ 100,000,000	\$ -	\$ -	\$ -	\$ 100,000,000	\$ -
S.B.E. SPECIAL PURPOSE TRUST FUND (144)						
Lump Sum and Other Purposes	15,500,000	3,502,833	25,512	3,528,345	-	11,971,655
S.B.E. TEACHER CERTIFICATION INSTITUTE FUND (159)						
Lump Sum and Other Purposes	2,208,900	81,587	649	82,236	-	2,126,664
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)						
Personal Services	3,538,300	3,208,331	640	3,208,971	-	329,329
Employee Retirement Contribution						
Paid by the State	10,500	7,469	-	7,469	-	3,031
State Employees'/Teachers' Retirement	1,025,000	783,311	152	783,463	-	241,537
Social Security	165,000	80,134	9	80,143	-	84,857
Group Insurance	775,000	749,836	-	749,836	-	25,164
Contractual Services	4,010,000	1,420,223	229,718	1,649,941	-	2,360,059
Travel	400,000	212,979	25,312	238,291	-	161,709
Commodities	85,000	16,190	2,163	18,353	-	66,647
Printing	156,300	9,212	-	9,212	-	147,088
Equipment	150,000	41,104	83,389	124,493	-	25,507
Telecommunications	50,000	-	-	-	-	50,000
Awards and Grants	725,000,000	569,884,835	40,262,026	610,146,861	-	114,853,139
ARRA - Awards and Grants	3,657,300	-	-	-	-	3,657,300
Total S.B.E. Federal Department of Agriculture Fund	739,022,400	576,413,624	40,603,409	617,017,033	-	122,005,367

STATE OF ILLINOIS
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Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2011

EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
COMMON SCHOOL FUND (412)						
Awards and Grants	\$ 4,006,965,800	\$ 4,006,569,431	\$ (2,272)	\$ 4,006,567,159	\$ -	\$ 398,641
S.B.E. FEDERAL AGENCY SERVICES FUND (560)						
Personal Services	100,000	97,047	-	97,047	-	2,953
State Employees'/Teachers' Retirement	30,000	23,455	-	23,455	-	6,545
Social Security	5,000	1,338	-	1,338	-	3,662
Group Insurance	17,000	15,877	-	15,877	-	1,123
Contractual Services	900,000	160,138	94,458	254,596	-	645,404
Travel	30,000	9,515	1,783	11,298	-	18,702
Commodities	20,000	-	-	-	-	20,000
Printing	700	-	-	-	-	700
Equipment	11,000	-	-	-	-	11,000
Telecommunications	9,000	-	-	-	-	9,000
Awards and Grants	2,500,000	549,103	56,975	606,078	-	1,893,922
Total S.B.E. Federal Agency Services Fund	3,622,700	856,473	153,216	1,009,689	-	2,613,011

STATE OF ILLINOIS
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Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2011

EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
S.B.E. FEDERAL DEPARTMENT OF EDUCATION						
FUND (561)						
Personal Services	\$ 12,617,400	\$ 9,739,967	\$ 2,766	\$ 9,742,733	\$ -	\$ 2,874,667
Employee Retirement Contribution						
Paid by the State	95,000	39,794	-	39,794	-	55,206
State Employees'/Teachers' Retirement	3,589,500	2,390,969	237	2,391,206	-	1,198,294
Social Security	954,000	220,161	15	220,176	-	733,824
Group Insurance	3,116,600	2,138,068	10	2,138,078	-	978,522
Contractual Services	19,400,000	6,652,597	1,478,602	8,131,199	-	11,268,801
Travel	1,600,000	487,721	71,095	558,816	-	1,041,184
Commodities	305,000	6,066	3,825	9,891	-	295,109
Printing	341,000	3,360	290	3,650	-	337,350
Equipment	455,000	28,558	47,969	76,527	-	378,473
Telecommunications	400,000	-	-	-	-	400,000
Awards and Grants	1,815,250,000	1,013,452,884	269,982,735	1,283,435,619	-	531,814,381
ARRA - Awards and Grants	1,502,660,600	274,849,041	131,449,222	406,298,263	-	1,096,362,337
Lump Sums and Other Purposes	23,780,300	15,709,791	391	15,710,182	-	8,070,118
Total S.B.E. Federal Department of Education Fund	3,384,564,400	1,325,718,977	403,037,157	1,728,756,134	-	1,655,808,266

STATE OF ILLINOIS
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Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued

APPROPRIATIONS FOR FISCAL YEAR 2011

EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
CHARTER SCHOOLS REVOLVING LOAN FUND (567)						
Awards and Grants	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
SCHOOL INFRASTRUCTURE FUND (568)						
Personal Services	97,850	21,984	-	21,984	-	75,866
State Employees'/Teachers' Retirement	2,000	1,968	-	1,968	-	32
Social Security	3,300	310	-	310	-	2,990
Group Insurance	20,600	5,044	-	5,044	-	15,556
Lump Sum and Other Purposes	600,000	332,884	-	332,884	-	267,116
Total School Infrastructure Fund	723,750	362,190	-	362,190	-	361,560
SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM FUND (569)						
Awards and Grants	5,000,000	790,550	-	790,550	-	4,209,450
TEMPORARY RELOCATION EXPENSES REVOLVING GRANT FUND (605)						
Awards and Grants	1,400,000	168,105	-	168,105	-	1,231,895
BUILD ILLINOIS BOND FUND (971)						
Construction Grants	10,000,000	8,830,248	(290,212)	8,540,036	1,459,964	-
Total - All Appropriated Funds	11,335,844,600	8,777,755,273	519,625,360	9,297,380,633	126,459,964	1,912,004,003

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Schedule 2

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND REAPPROPRIATED / LAPSED BALANCES, Continued
APPROPRIATIONS FOR FISCAL YEAR 2011
EIGHTEEN MONTHS ENDED DECEMBER 31, 2011

Public Acts 96-0956, 96-0957, 97-0076	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Reappropriated 7/01/11	Lapsed Balances
NONAPPROPRIATED FUNDS						
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)						
Refunds	\$ -	\$ 574,056	\$ -	\$ 574,056	\$ -	\$ -
S.B.E. FEDERAL DEPARTMENT OF EDUCATION FUND (561)						
Refunds	-	2,828,684	71,973	2,900,657	-	-
U.S. DEPARTMENT OF EDUCATION JOBS PROGRAM FUND (857)						
ARRA - Awards and Grants	-	285,058,795	-	285,058,795	-	-
Total - All Nonappropriated Funds	-	288,461,535	71,973	288,533,508	-	-
Grand Total - All Funds	\$ 11,335,844,600	\$ 9,066,216,808	\$ 519,697,333	\$ 9,585,914,141	\$ 126,459,964	\$ 1,912,004,003

Note: The data was taken directly from Agency records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Agency and processed by the State Comptroller for payment to the vendor.

FISCAL SCHEDULES AND ANALYSIS, Continued

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

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
APPROPRIATED FUNDS			
GENERAL REVENUE FUND (001)			
Appropriations (Net After Transfers)	\$ 2,611,913,516	\$ 2,410,356,100	\$ 3,159,809,083
Expenditures			
Personal Services	15,999,399	-	16,303,661
Employee Retirement Contribution			
Paid by the State	199,328	-	-
Social Security	482,942	-	507,640
Contractual Services	3,765,879	-	-
Travel	171,821	-	-
Commodities	53,500	-	-
Printing	7,546	-	-
Equipment	202,277	-	-
Telecommunications	329,620	-	-
Operation of Automotive Equipment	18,423	-	-
Lump Sum and Other Purposes	22,699,684	23,109,414	36,630,195
Awards and Grants	2,560,381,901	2,279,945,658	2,133,031,681
ARRA - Education Stabilization Funds	-	-	922,248,400
Interfund Cash Transfers	-	-	100,000
Total Expenditures	2,604,312,320	2,303,055,072	3,108,821,577
Lapsed Balances	7,601,196	107,301,028	50,987,506
EDUCATION ASSISTANCE FUND (007)			
Appropriations (Net After Transfers)	309,631,376	602,439,300	945,859,100
Expenditures			
Awards and Grants	309,631,376	602,439,300	945,858,933
Lapsed Balances	-	-	167
TEACHER CERTIFICATE FEE REVOLVING FUND (016)			
Appropriations (Net After Transfers)	3,700,000	3,700,000	1,600,000
Expenditures			
Lump Sum and Other Purposes	711,080	769,495	778,155
Lapsed Balances	2,988,920	2,930,505	821,845

FISCAL SCHEDULES AND ANALYSIS, Continued

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

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
DRIVERS EDUCATION FUND (031)			
Appropriations (Net After Transfers)	\$ 18,267,800	\$ 24,321,250	\$ 18,018,600
Expenditures			
Personal Services	2,483	12,412	42,203
State Employees'/Teachers' Retirement	14	72	245
Social Security	34	173	586
Group Insurance	783	3,308	10,076
Awards and Grants	18,172,177	24,229,564	17,929,572
Total Expenditures	18,175,491	24,245,529	17,982,682
Lapsed Balances	92,309	75,721	35,918
SCHOOL DISTRICT EMERGENCY FINANCIAL ASSISTANCE FUND (130)			
Appropriations (Net After Transfers)	1,000,000	1,000,000	1,000,000
Expenditures			
Awards and Grants	-	49,760	48,120
Lapsed Balances	1,000,000	950,240	951,880
CAPITAL DEVELOPMENT BOND FUND (141)			
Appropriations (Net After Transfers)	25,000,000	25,000,000	25,000,000
Balances Reappropriated	25,000,000	25,000,000	-
Lapsed Balances	-	-	25,000,000
SCHOOL CONSTRUCTION BOND FUND (143)			
Appropriations (Net After Transfers)	100,000,000	100,000,000	100,000,000
Expenditures			
Construction Grants	16,283,796	-	-
Balances Reappropriated	83,716,204	100,000,000	-
Lapsed Balances	-	-	100,000,000

FISCAL SCHEDULES AND ANALYSIS, Continued

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND
REAPPROPRIATED / LAPSED BALANCES, Continued
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
S.B.E. SPECIAL PURPOSE TRUST FUND (144)			
Appropriations (Net After Transfers)	\$ 15,500,000	\$ 15,500,000	\$ 15,500,000
Expenditures			
Lump Sum and Other Purposes	3,416,801	3,528,345	3,941,044
Lapsed Balances	12,083,199	11,971,655	11,558,956
S.B.E. TEACHER CERTIFICATION INSTITUTE FUND (159)			
Appropriations (Net After Transfers)	2,208,900	2,208,900	1,008,900
Expenditures			
Lump Sum and Other Purposes	3,028	82,236	275,624
Lapsed Balances	2,205,872	2,126,664	733,276
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)			
Appropriations (Net After Transfers)	736,784,400	739,022,400	688,782,400
Expenditures			
Personal Services	3,264,963	3,208,971	3,168,147
Employee Retirement Contribution			
Paid by the State	9,900	7,469	6,826
State Employees'/Teachers' Retirement	888,925	783,463	790,078
Social Security	82,775	80,143	83,234
Group Insurance	830,040	749,836	686,508
Contractual Services	1,590,756	1,649,941	1,720,179
Travel	225,869	238,291	250,768
Commodities	17,640	18,353	13,744
Printing	9,309	9,212	23,242
Equipment	209,369	124,493	28,591
Awards and Grants	642,411,963	610,146,861	619,993,435
ARRA - Awards and Grants	-	-	3,653,962
Total Expenditures	649,541,509	617,017,033	630,418,714
Lapsed Balances	87,242,891	122,005,367	58,363,686
COMMON SCHOOL FUND (412)			
Appropriations (Net After Transfers)	3,828,841,763	4,006,965,800	3,216,188,083
Expenditures			
Awards and Grants	3,828,841,763	4,006,567,159	3,216,144,510
Lapsed Balances	-	398,641	43,573

FISCAL SCHEDULES AND ANALYSIS, Continued

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND
REAPPROPRIATED / LAPSED BALANCES, Continued
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
S.B.E. FEDERAL AGENCY SERVICES FUND (560)			
Appropriations (Net After Transfers)	\$ 3,645,700	\$ 3,622,700	\$ 3,611,200
Expenditures			
Personal Services	65,865	97,047	94,632
State Employees'/Teachers' Retirement	16,789	23,455	22,673
Social Security	906	1,338	1,303
Group Insurance	13,972	15,877	14,225
Contractual Services	138,048	254,596	234,320
Travel	10,876	11,298	6,886
Commodities	16,389	-	2,110
Awards and Grants	249,871	606,078	466,567
Total Expenditures	512,716	1,009,689	842,716
Lapsed Balances	3,132,984	2,613,011	2,768,484
S.B.E. FEDERAL DEPARTMENT OF EDUCATION FUND (561)			
Appropriations (Net After Transfers)	2,840,404,300	3,384,564,400	2,945,056,337
Expenditures			
Personal Services	9,012,048	9,742,733	10,333,240
Employee Retirement Contribution			
Paid by the State	40,470	39,794	39,390
State Employees'/Teachers' Retirement	2,406,775	2,391,206	2,535,709
Social Security	205,348	220,176	241,719
Group Insurance	2,331,650	2,138,078	2,062,711
Contractual Services	8,655,148	8,131,199	8,953,554
Travel	547,268	558,816	673,518
Commodities	15,643	9,891	22,740
Printing	10,660	3,650	62,259
Equipment	269,791	76,527	121,926
Awards and Grants	1,263,939,340	1,283,435,619	1,382,781,318
ARRA - Awards and Grants	86,513,699	406,298,263	521,227,280
Lump Sums and Other Purposes	16,389,457	15,710,182	14,611,784
Total Expenditures	1,390,337,297	1,728,756,134	1,943,667,148
Lapsed Balances	1,450,067,003	1,655,808,266	1,001,389,189

FISCAL SCHEDULES AND ANALYSIS, Continued

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

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
CHARTER SCHOOLS REVOLVING LOAN FUND (567)			
Appropriations (Net After Transfers)	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures			
Awards and Grants	-	-	18,000
Lapsed Balances	20,000	20,000	2,000
SCHOOL INFRASTRUCTURE FUND (568)			
Appropriations (Net After Transfers)	726,800	723,750	120,100
Expenditures			
Personal Services	63,909	21,984	87,936
State Employees'/Teachers' Retirement	263	1,968	510
Social Security	1,195	310	1,240
Group Insurance	6,795	5,044	17,856
Lump Sum and Other Purposes	371,686	332,884	-
Total Expenditures	443,848	362,190	107,542
Lapsed Balances	282,952	361,560	12,558
SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM FUND (569)			
Appropriations (Net After Transfers)	5,000,000	5,000,000	5,001,000
Expenditures			
Awards and Grants	603,000	790,550	1,468,300
Lapsed Balances	4,397,000	4,209,450	3,532,700
TEMPORARY RELOCATION EXPENSES REVOLVING GRANT FUND (605)			
Appropriations (Net After Transfers)	1,400,000	1,400,000	2,000,000
Expenditures			
Awards and Grants	148,187	168,105	578,303
Lapsed Balances	1,251,813	1,231,895	1,421,697

FISCAL SCHEDULES AND ANALYSIS, Continued

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

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
PERSONAL PROPERTY REPLACEMENT TAX FUND (802)			
Appropriations (Net After Transfers)	\$ 13,031,450	\$ -	\$ -
Expenditures			
Awards and Grants	11,512,619	-	-
Lapsed Balances	1,518,831	-	-
BUILD ILLINOIS BOND FUND (971)			
Appropriations (Net After Transfers)	1,459,964	10,000,000	10,000,000
Expenditures			
Construction Grants	1,050,345	8,540,036	-
Balances Reappropriated	409,619	1,459,964	-
Lapsed Balances	-	-	10,000,000
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	10,518,535,969	11,335,844,600	11,138,574,803
Expenditures	8,835,525,176	9,297,380,633	9,870,951,368
Balances Reappropriated	109,125,823	126,459,964	-
Lapsed Balances	1,573,884,970	1,912,004,003	1,267,623,435

FISCAL SCHEDULES AND ANALYSIS, Continued

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND
REAPPROPRIATED / LAPSED BALANCES, Continued
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
	P.A. 97-0059	P.A. 96-0956	P.A. 96-0035
	(a)	(b)	(c)
NONAPPROPRIATED FUNDS			
S.B.E. FEDERAL DEPARTMENT OF AGRICULTURE FUND (410)			
Expenditures			
Refunds	\$ 126,547	\$ 574,056	\$ 492,981
S.B.E. FEDERAL AGENCY SERVICES FUND (560)			
Expenditures			
Refunds	1,571	-	-
S.B.E. FEDERAL DEPARTMENT OF EDUCATION FUND (561)			
Expenditures			
Refunds	4,469,068	2,900,657	2,730,165
U.S. DEPARTMENT OF EDUCATION JOBS PROGRAM FUND (857)			
Expenditures			
ARRA - Awards and Grants	130,132,489	285,058,795	-
TOTAL - ALL NONAPPROPRIATED FUNDS			
Expenditures	134,729,675	288,533,508	3,223,146
TOTAL - ALL FUNDS			
Appropriations (Net After Transfers)	\$ 10,518,535,969	\$ 11,335,844,600	\$ 11,138,574,803
Expenditures	\$ 8,970,254,851	\$ 9,585,914,141	\$ 9,874,174,514
Balances Reappropriated	\$ 109,125,823	\$ 126,459,964	\$ -
Lapsed Balances	\$ 1,573,884,970	\$ 1,912,004,003	\$ 1,267,623,435

Note: For fiscal years 2012 and 2010, approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the State Comptroller for payment after August.

Additional Public Act (P.A.) numbers applicable to each fiscal year are as follows:

(a) For Fiscal Year 2012: P.A. 97-0060, 97-0620, 97-0642, 97-0685, 97-0725

(b) For Fiscal Year 2011: P.A. 96-0957, 97-0076

(c) For Fiscal Year 2010: P.A. 96-0037, 96-0039, 96-0044, 96-0045, 96-0046, 96-0113, 96-0890, 96-1471

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

Schedule 4

FISCAL SCHEDULES AND ANALYSIS, Continued

**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND
BALANCES (CASH BASIS) - LOCALLY-HELD FUNDS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	Illinois Summer School for the Arts	2000 Income	Total
Balance July 1, 2010	\$ 5,616	\$ 6,736	\$ 12,352
Receipts	-	-	-
Disbursements	-	-	-
Balance June 30, 2011	5,616	6,736	12,352
Receipts	-	-	-
Disbursements	5,616	6,736	12,352
Balance June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Illinois State Board of Education first assumed responsibility of the funds during the current examination period.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 5

FISCAL SCHEDULES AND ANALYSIS, Continued

SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Land and land improvements	\$ 1,062,643	\$ -	\$ -	\$ 1,062,643	\$ -	\$ -	\$ 1,062,643
Building and building improvements	436,360	-	-	436,360	-	-	436,360
Equipment	10,550,158	285,888	340,244	10,495,802	1,343,335	1,143,109	10,696,028
Capital leases equipment	942,575	-	-	942,575	-	-	942,575
Total	\$ 12,991,736	\$ 285,888	\$ 340,244	\$ 12,937,380	\$ 1,343,335	\$ 1,143,109	\$ 13,137,606

Property and equipment by location:

	2011	2012
Springfield - Alzina Building, Concourse	\$ 2,097,223	\$ 1,710,956
Springfield - Alzina Building, First Floor	97,686	104,634
Springfield - Alzina Building, Second Floor	2,363,933	2,333,047
Springfield - Alzina Building, Third Floor	5,049,568	5,356,896
Springfield - Alzina Building, Fourth Floor	806,777	799,744
Lombard - Philip J. Rock Center	1,499,003	1,499,003
Chicago - James R. Thompson Center	1,023,190	1,333,326
Property and equipment, June 30	12,937,380	13,137,606
Accrual adjustments		
Property and equipment accounts payable - June 30	636,000	581,000
Property and equipment, accrual basis - June 30	\$ 13,573,380	\$ 13,718,606

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

Schedule 6

FISCAL SCHEDULES AND ANALYSIS, Continued

COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	2012	2011	2010
General Revenue Fund (001)			
Private business schools	\$ 80,075	\$ 160,900	\$ 115,650
Review and inspection school facilities	250	850	200
Federal stimulus package	-	958,235	1,015,226,173
Prior year refunds/adjustments	8,497,001	9,475,021	6,534,505
Miscellaneous	5,316	3,376	4,044
Total General Revenue Fund	<u>8,582,642</u>	<u>10,598,382</u>	<u>1,021,880,572</u>
Education Assistance Fund (007)			
Prior year refunds/adjustments	<u>278,409</u>	<u>30,011</u>	<u>1,008,453</u>
Teacher Certificate Fee Revolving Fund (016)			
Teacher's certification	2,594,498	1,710,282	1,817,867
Prior year refunds/adjustments	-	-	344
Total Teacher Certificate Fee Revolving Fund	<u>2,594,498</u>	<u>1,710,282</u>	<u>1,818,211</u>
Drivers Education Fund (031)			
Prior year refunds/adjustments	<u>-</u>	<u>-</u>	<u>5,982</u>
School District Emergency Financial Assistance Fund (130)			
Loan repayments - principal	1,063,932	583,356	686,134
Loan repayments - interest	8,383	11,222	16,612
Prior year refunds/adjustments	-	1,445	-
Total School District Emergency Financial Assistance Fund	<u>1,072,315</u>	<u>596,023</u>	<u>702,746</u>
S.B.E. Special Purpose Trust Fund (144)			
U.S. Department of Education	2,090,988	3,349,046	2,993,074
U.S. Department of Agriculture	742,679	1,047,115	1,188,007
U.S. Department of Health and Human Services	23,750	64,391	63,928
Private organizations or individuals	419,597	54,110	288,144
Prior year refunds/adjustments	-	-	100
Miscellaneous	274	49,940	38,983
Total S.B.E. Special Purpose Trust Fund	<u>3,277,288</u>	<u>4,564,602</u>	<u>4,572,236</u>
S.B.E. Teacher Certification Institute Fund (159)			
Teacher's certification	<u>667,997</u>	<u>252,133</u>	<u>271,633</u>
S.B.E. Federal Department of Agriculture Fund (410)			
U.S. Department of Agriculture	655,773,628	633,695,132	581,829,854
Federal program income	134	3,687	2,819
Federal stimulus package	-	23,329	3,630,633
Prior year refunds/adjustments	247,123	365,203	605,071
Miscellaneous	5,842	23,261	34,673
Total S.B.E. Federal Department of Agriculture Fund	<u>656,026,727</u>	<u>634,110,612</u>	<u>586,103,050</u>

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 6

FISCAL SCHEDULES AND ANALYSIS, Continued

COMPARATIVE SCHEDULE OF CASH RECEIPTS, Continued
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Common School Fund (412)			
Prior year refunds/adjustments	\$ -	\$ -	\$ 3,616
S.B.E. Federal Agency Services Fund (560)			
National Community Service	267,755	726,777	487,594
U.S. Department of Health and Human Services (DHHS)			
Training School Health Personnel	254,363	287,703	-
U.S. DHHS refugee services	5,847	-	251,816
Prior year refunds/adjustments	-	4,027	18,729
Total S.B.E. Federal Agency Services Fund	<u>527,965</u>	<u>1,018,507</u>	<u>758,139</u>
S.B.E. Federal Department of Education Fund (561)			
U.S. Department of Education	1,278,137,572	1,186,326,562	1,387,116,750
Federal stimulus package	209,690,411	399,453,147	387,334,211
Grantee interest income	92,708	158,725	310,511
Grantee interest income - ARRA	57,732	39,260	7,072
Prior year refunds/adjustments	5,909,706	2,508,108	3,751,966
Miscellaneous	475	2,720	17,545
Total S.B.E. Federal Department of Education Fund	<u>1,493,888,604</u>	<u>1,588,488,522</u>	<u>1,778,538,055</u>
Charter Schools Revolving Loan Fund (567)			
Loan repayments - principal	4,300	4,550	22,500
School Technology Revolving Loan Program Fund (569)			
Loan repayments - principal	1,172,901	1,682,412	2,251,548
Loan repayments - interest	33,434	45,569	66,268
Total School Technology Revolving Loan Program Fund	<u>1,206,335</u>	<u>1,727,981</u>	<u>2,317,816</u>
Temporary Relocation Expenses Revolving Grant Fund (605)			
Loan repayments - principal	113,927	254,795	222,364
General Revenue Fund - transfers-in	-	-	100,000
Total Temporary Relocation Expenses Revolving Grant Fund	<u>113,927</u>	<u>254,795</u>	<u>322,364</u>
U.S. Department of Education Jobs Program Fund (857)			
Federal stimulus package	114,856,717	285,058,795	-
Total Cash Receipts	<u>\$ 2,283,097,724</u>	<u>\$ 2,528,415,195</u>	<u>\$ 3,398,325,373</u>

Note: This schedule represents cash receipts per Office of the State Comptroller's records.

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 7

FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE YEAR ENDED JUNE 30, 2012

	General Revenue Fund (001)	Education Assistance Fund (007)	Teacher Certificate Fee Revolving Fund (016)	School District Emergency Financial Assistance Fund (130)	S.B.E. Special Purpose Trust Fund (144)
Cash receipts per Agency	\$ 72,516	\$ -	\$ 2,663,625	\$ 1,071,763	\$ 3,277,288
Adjustments:					
Cash on hand at June 30, 2011	13,125	-	34,674	103,878	-
Cash on hand at June 30, 2012	-	-	(103,801)	(103,326)	-
Prior year refunds/adjustments	8,497,001	278,409	-	-	-
Totals	8,582,642	278,409	2,594,498	1,072,315	3,277,288
Receipts per State Comptroller (SB04)	8,582,642	278,409	2,594,498	1,072,315	3,277,288
Agency/Comptroller variance	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION

Schedule 7

FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER, Continued
FOR THE YEAR ENDED JUNE 30, 2012

	S.B.E. Teacher Certification Institute Fund (159)	S.B.E. Federal Department of Agriculture Fund (410)	S.B.E. Federal Agency Services Fund (560)	S.B.E. Federal Department of Education Fund (561)	Charter Schools Revolving Loan Fund (567)
Cash receipts per Agency	\$ 684,953	\$ 655,779,537	\$ 527,965	\$ 1,487,970,750	\$ 4,800
Adjustments:					
Cash on hand at June 30, 2011	7,270	67	-	8,148	-
Cash on hand at June 30, 2012	(24,226)	-	-	-	(500)
Prior year refunds/adjustments	-	247,123	-	5,909,706	-
Totals	667,997	656,026,727	527,965	1,493,888,604	4,300
Receipts per State Comptroller (SB04)	667,997	656,026,727	527,965	1,493,888,604	4,300
Agency/Comptroller variance	\$ -	\$ -	\$ -	\$ -	\$ -

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FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER, Continued
FOR THE YEAR ENDED JUNE 30, 2012

	School Technology Revolving Loan Program Fund (569)	Temporary Relocation Expenses Revolving Grant Fund (605)	U.S. Department of Education Jobs Program Fund (857)	Total
Cash receipts per Agency	\$ 1,206,335	\$ 113,927	\$ 114,856,717	\$ 2,268,230,176
Adjustments:				
Cash on hand at June 30, 2011	-	-	-	167,162
Cash on hand at June 30, 2012	-	-	-	(231,853)
Prior year refunds/adjustments	-	-	-	14,932,239
Totals	1,206,335	113,927	114,856,717	2,283,097,724
Receipts per State Comptroller (SB04)	1,206,335	113,927	114,856,717	2,283,097,724
Agency/Comptroller variance	\$ -	\$ -	\$ -	\$ -

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FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE YEAR ENDED JUNE 30, 2011

	General Revenue Fund (001)	Education Assistance Fund (007)	Teacher Certificate Fee Revolving Fund (016)	School District Emergency Financial Assistance Fund (130)	S.B.E. Special Purpose Trust Fund (144)
Cash receipts per Agency	\$ 1,131,524	\$ -	\$ 1,655,950	\$ 594,028	\$ 4,564,602
Adjustments:					
Cash on hand at June 30, 2010	4,962	-	89,006	104,428	-
Cash on hand at June 30, 2011	(13,125)	-	(34,674)	(103,878)	-
Prior year refunds/adjustments	<u>9,475,021</u>	<u>30,011</u>	<u>-</u>	<u>1,445</u>	<u>-</u>
Totals	10,598,382	30,011	1,710,282	596,023	4,564,602
Receipts per State Comptroller (SB04)	<u>10,598,382</u>	<u>30,011</u>	<u>1,710,282</u>	<u>596,023</u>	<u>4,564,602</u>
Agency/Comptroller variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER, Continued
FOR THE YEAR ENDED JUNE 30, 2011

	S.B.E. Teacher Certification Institute Fund (159)	S.B.E. Federal Department of Agriculture Fund (410)	S.B.E. Federal Agency Services Fund (560)	S.B.E. Federal Department of Education Fund (561)	Charter Schools Revolving Loan Fund (567)
Cash receipts per Agency	\$ 239,862	\$ 633,725,634	\$ 1,014,480	\$ 1,585,974,373	\$ 4,550
Adjustments:					
Cash on hand at June 30, 2010	19,541	19,842	-	14,189	-
Cash on hand at June 30, 2011	(7,270)	(67)	-	(8,148)	-
Prior year refunds/adjustments	-	365,203	4,027	2,508,108	-
Totals	252,133	634,110,612	1,018,507	1,588,488,522	4,550
Receipts per State Comptroller (SB04)	252,133	634,110,612	1,018,507	1,588,488,522	4,550
Agency/Comptroller variance	\$ -	\$ -	\$ -	\$ -	\$ -

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FISCAL SCHEDULES AND ANALYSIS, Continued

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER, Continued
FOR THE YEAR ENDED JUNE 30, 2011

	School Technology Revolving Loan Program Fund (569)	Temporary Relocation Expenses Revolving Grant Fund (605)	U.S. Department of Education Jobs Program Fund (857)	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash receipts per Agency	\$ 1,727,981	\$ 254,795	\$ 285,058,795	\$ 2,515,946,574
Adjustments:				
Cash on hand at June 30, 2010	-	-	-	251,968
Cash on hand at June 30, 2011	-	-	-	(167,162)
Prior year refunds/adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,383,815</u>
Totals	1,727,981	254,795	285,058,795	2,528,415,195
Receipts per State Comptroller (SB04)	<u>1,727,981</u>	<u>254,795</u>	<u>285,058,795</u>	<u>2,528,415,195</u>
Agency/Comptroller variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

The expenditures for the Agency's operating divisions are financed by appropriations from various funds. The Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances compares expenditures by appropriated line item, fund and program for the fiscal years ended June 30, 2012, 2011 and 2010. The Agency's explanations for significant fluctuations in expenditures (changes of \$1,000,000 and 10% or greater) are detailed below.

Fiscal Year 2011 to 2012

Appropriated Funds

General Revenue Fund (001)

Personal Services - Increase of \$16 million (100%) was due to appropriation for Personal Services received in fiscal year 2012, which was paid from a Lump Sum appropriation in fiscal year 2011.

Contractual Services - Increase of \$4 million (100%) was due to appropriation for Contractual Services received in fiscal year 2012, which was paid from a Lump Sum appropriation in fiscal year 2011.

Awards and Grants - Increase of \$280 million (12%) was primarily due to funding of General State Aid being shifted partially to the General Revenue Fund in fiscal year 2012 from the Education Assistance Fund.

Education Assistance Fund (007)

Awards and Grants - Funding for General State Aid was partially shifted to the General Revenue Fund in fiscal year 2012, resulting in a decrease in expenditures for Awards and Grants by \$293 million (49%).

Drivers Education Fund (031)

Awards and Grants - Decrease of \$6 million (25%) was due to reduction in appropriation when the anticipated increase in traffic supervision fee did not materialize in fiscal year 2011.

School Construction Fund (143)

Construction Grants - Increase of \$16 million (100%) was due to School Maintenance Grants authorized for disbursement in fiscal year 2012. None noted in fiscal year 2011.

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

ARRA Awards and Grants - Decrease of \$320 million (79%) was brought about by the reduced funding in fiscal year 2012 of most ARRA grants particularly the following: (a) Title I Low Income decrease of \$137 million; (b) Special Ed IDEA Flow Through decrease of \$177 million; and (c) Title I School Improvement Part A decrease of \$6 million.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year 2011 to 2012, Continued

Appropriated Funds, Continued

Personal Property Replacement Tax Fund (802)

Awards and Grants - Fund was newly established in fiscal year 2012 to cover expenditures of Regional Office of Education Superintendents. Total fund spent in fiscal year 2012 amounted to \$12 million.

Build Illinois Bond Fund (971)

Construction Grants - Decrease of \$7 million (88%) was due to reduced appropriation in fiscal year 2012. Appropriation for \$10 million was enacted in fiscal year 2010 but release for school construction grants commenced only in fiscal year 2011. No additional appropriation was provided to the fund in fiscal year 2012.

Nonappropriated Funds

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

Refunds - Increase of \$2 million (54%) was due to an increase in unspent funds from various grants provided to local education agencies (LEAs) and returned to the Federal government in fiscal year 2012, mostly coming from Special Ed IDEA Flow Through - ARRA fund (\$1 million).

U.S. Department of Education Ed Jobs Program Fund (857)

ARRA- Awards and Grants - Decrease of \$155 million (54%) was generally attributable to the phasing out through fiscal year 2013 of the Ed Jobs Funding from the U.S. Dept. of Education.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year 2010 to 2011

Appropriated Funds

General Revenue Fund (001)

Personal Services - Decrease of \$16 million (100%) was due to the elimination of appropriation for Personal Services in fiscal year 2011. Payments to this GRF line item were made from a Lump Sum appropriation provided by the General Assembly.

Lump Sum and other Purposes - Decrease of \$14 million (37%) was due to the transfer of appropriation for student assessment contracts of \$27 million from Lump Sum to Awards and Grants line item. The transfer was offset by an increase in the appropriation for lump sum operations of the following: (a) \$8 million for the GRF-Agency Administration; (b) \$2 million for the GRF-School Support Admin; and (c) \$4 million for the GRF-Teach and Learn Admin.

ARRA Education Stabilization Funds - Decrease of \$922 million (100%) was due to the expiration of the ARRA - Education Stabilization funds in fiscal year 2010 and were no longer available in fiscal year 2011.

Education Assistance Fund (007)

Awards and Grants - Decrease of \$343 million (36%) was mainly due to the cut back on Special Education and transportation related appropriations. In fiscal year 2011, fund was used exclusively for General State Aid (GSA) payments.

Drivers Education Fund (031)

Awards and Grants - The increase of \$6 million (35%) was due to increased fee for traffic violation supervisions that took effect on January 1, 2010 which correspondingly increased the appropriation and expenditures for awards and grants.

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

ARRA - Awards and Grants - Decrease of \$4 million (100%) was due to the expiration of the USDA ARRA Nutrition Equipment program on September 30, 2010. No additional funding granted in fiscal year 2011.

Common School Fund (412)

Awards and Grants - Increase of \$790 million (25%) was primarily due to the increase in appropriation provided for General State Aid (GSA).

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year 2010 to 2011, Continued

Appropriated Funds, Continued

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

ARRA - Awards and Grants - Decrease of \$115 million (22%) was due to reduced funding in fiscal year 2011 of most ARRA grants particularly the following: (a) Title I Low Income for \$75 million; (b) Special Ed IDEA Flow Through for \$52 million; (c) Special Ed IDEA Preschool for \$2 million; and (d) Title IID Technology Competitive for \$4 million. The decrease was offset by the funding of new Title I School Improvement ARRA grants in fiscal year 2011 totaling \$18 million.

Build Illinois Bond Fund (971)

Construction Grants - Increase of \$9 million (100%) was due to school construction grants authorized for release in fiscal year 2011. None noted in fiscal year 2010.

Nonappropriated Funds

U.S. Department of Education Ed Jobs Program Fund (857)

ARRA - Awards and Grants - Education Jobs program started in fiscal year 2011 with total expenditures of \$285 million in awards and grants.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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, 2012, 2011 and 2010. The following are explanations obtained from Agency officials for the identified fluctuations (change of \$1,000,000 and 10% or greater):

Fiscal Year 2011 to 2012

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

US Department of Education - Decrease of \$1 million (38%) in indirect cost recoveries was mainly due to decreased funding of ARRA grants in fiscal year 2012 particularly from the Title I Low Income - ARRA and Special Ed IDEA Flow Through - ARRA grants.

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

Federal Stimulus Package - Decrease of \$190 million (48%) in fiscal year 2012 was due to the phasing out of funds available to the Agency through ARRA grants. Receipt of Title I Low Income - ARRA program was reduced by \$130 million while the Special Ed IDEA Flow Through - ARRA program was reduced by \$90 million. The decrease was slightly offset by the increase in receipt of the Title I School Improvement (1003G) - ARRA program by \$17 million and minimal increases in other ARRA grants.

Prior Year Refunds/Adjustments - The increase of \$3 million (136%) in fiscal year 2012 was primarily due to the return to the Agency of the following unused ARRA funds granted to LEAs in fiscal year 2010 and fiscal year 2011: (a) approximately \$2 million under Title I School Improvement (1003G) - ARRA; and (b) approximately \$1 million each under Title I Low Income - ARRA and Special Ed IDEA Flow Through - ARRA grants.

U.S. Department of Education Ed Jobs Program Fund (857)

Federal Stimulus Package - Decrease of \$170 million (60%) was mainly due to the phasing out through fiscal year 2013 of the U.S. Department of Education's Jobs stimulus program.

Fiscal Year 2010 to 2011

General Revenue Fund (001)

Federal Stimulus Package - Decrease of \$1,014 million (100%) is mainly due to the State Fiscal Stabilization Fund granted under ARRA in fiscal year 2010 only to help stabilize State and local government budgets in order to minimize and avoid reductions in education and other essential public services.

Prior Year Refunds/Adjustments - Increase of \$3 million (45%) in fiscal year 2011 was due to more unused funds returned to the Agency than in fiscal year 2010 specifically under the Early Childhood Education Block Grant.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year 2010 to 2011, Continued

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

Federal Stimulus Package - Decrease of \$4 million (99%) in fiscal year 2011 was primarily due to the diminished funding in Child Nutrition Equipment Assistance - ARRA program.

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

U.S. Department of Education grants - Decrease of \$201 million (14%) in fiscal year 2011 was mainly due to a reduction in funding for Special Ed IDEA Flow Through (\$149 million), Title I Low Income (\$21 million), and Title I School Improvement (1003G) (\$13 million) programs.

Prior Year Refunds/Adjustments - Decrease of \$1 million (33%) in fiscal year 2011 primarily due to reduction of unexpended funds returned to the Agency for Title I Low Income, Special Ed IDEA Flow Through and ONPAR programs.

U.S. Department of Education Ed Jobs Program Fund (857)

Federal Stimulus Package - Education Jobs program started in fiscal year 2011, thus the receipt of \$285 million as grants and awards to qualifying recipients.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year 2012

General Revenue Fund (001)

Lump Sum and Other Purposes - The significant lapse period expenditures amounting to \$11 million pertain to payments of student assessment contracts for work performed prior to June 30, 2012 paid by the Agency during the lapse period.

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

Contractual Services - The significant lapse period expenditures amounting to \$3 million pertain to payments of various contracts for works performed prior to June 30, 2012 paid during the lapse period.

Awards and Grants - The significant lapse period expenditures amounting to \$295 million pertain to reimbursements to LEAs processed during the lapse period which are mostly for Title I Low Income program and Fed Special Ed - IDEA Flow Through program.

ARRA - Awards and Grants - The significant lapse period expenditures amounting to \$9 million were the result of distributions to the sub-grantees (mostly LEAs) for grant activities incurred prior to June 30, 2012. About \$8 million of the lapse expenditures pertain to Title I School Improvement (1003G) - ARRA program.

U.S. Department of Education Ed Jobs Fund (857)

ARRA - Awards and Grants - The significant lapse period expenditures amounting to \$15 million were the result of distributions to the sub-grantees (mostly LEAs) for grant activities incurred prior to June 30, 2012. About \$10 million of the lapse expenditures pertain to reimbursement to Chicago District 299.

Fiscal Year 2011

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

Contractual Services - The significant lapse period expenditures amounting to \$1 million pertain to payments of various contracts for work performed prior to June 30, 2011 paid during lapse period.

Awards and Grants - The significant lapse period expenditures amounting to \$270 million pertain to reimbursements to LEAs processed during lapse period which are mostly for Fed Special Ed - IDEA Flow Through program, Title I Low Income program and Title II - Teacher Quality Reimbursement program.

ARRA - Awards and Grants - The significant lapse period expenditures amounting to \$131 million pertain to reimbursements to LEAs processed during lapse period which are mostly for Special Education IDEA Flow Through - ARRA and Title I Low Income - ARRA.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

The following explanations were obtained from Agency officials for the identified accounts:

Fiscal Year 2012

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. Account decreased by \$421 million (35%) in fiscal year 2012, from \$1,217 million in fiscal year 2011 to \$796 million in fiscal year 2012. Decrease was mainly due to the approximate decrease in held warrants by \$426 million slightly offset by the net increase in lapse period vouchers and other liabilities by approximately \$3 million.

Other receivables - Account represents receivables from LEAs on state grants that remained unexpended at the end of the program year. Account decreased by \$3 million (100%) in fiscal year 2012, from \$3 million in fiscal year 2011 to \$0 in fiscal year 2012. Decrease was mainly attributed to the remittance/refund of unexpended amounts by the LEAs.

Accounts payable and accrued liabilities - Account represents liabilities of the Agency at June 30 to vendors. Account decreased by \$1,116 million (98%) in fiscal year 2012, from \$1,134 million in fiscal year 2011 to \$18 million in fiscal year 2012. Decrease was due to lesser IOC held warrants at end of fiscal year 2012 by approximately \$428 million. In addition, about \$701 million of IOC held warrants classified as Accounts Payable in fiscal year 2011 was also reclassified in fiscal year 2012 as to type of payee (i.e., Due to local governments, other state funds, other agency funds or component units). The decrease was slightly offset by an increase in lapse period vouchers by \$13 million.

Due to local governments - Account represents liabilities of the Agency at June 30 to LEAs, including mandated categorical programs, to be paid from the subsequent year appropriation. Account increased by \$677 million (39%) in fiscal year 2012, from \$1,714 million in fiscal year 2011 to \$2,391 million in fiscal year 2012. Increase was mainly due to IOC held warrants amounting to \$701 million reclassified to this account in fiscal year 2012 from Accounts Payable account. Increase was partially offset by reduction in lapse period and future appropriation liabilities of \$24 million.

Nonmajor Funds/Special Revenue Funds

Cash and cash equivalents - Account represents the deposits in the custody of the State Treasurer, including cash on hand and in transit. Account increased by \$7 million (95%) in fiscal year 2012, from \$8 million in fiscal year 2011 to \$15 million in fiscal year 2012. Increase was mainly composed of the following: (a) increase in collection of teachers' certification fees of approximately \$3 million due to increase in rates effective fiscal year 2012 and number of certificates processed; (b) collection of remaining \$1 million financial assistance loans granted to LEAs; (c) Federal grants of around \$1 million released during lapse period; and (d) partial receipt of repayment of interfund borrowings of around \$2 million.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Securities lending collateral equity - Account represents the share of the Agency on the securities investment managed by the State Treasurer. Account increased by \$1 million (100%) in fiscal year 2012. Increase was mainly attributable to the increase in cash balance from interfund borrowing repayment and changes in Treasurer's investment mix.

Due from federal government - Account represents amounts due primarily from the U.S. Department of Agriculture and the U.S. Department of Education for reimbursement of grant payments due to LEAs at June 30. Account decreased by \$128 million (25%) in fiscal year 2012, from \$506 million in fiscal year 2011 to \$378 million in fiscal year 2012. Decrease was primarily due to the phase out of ARRA funds available to the Agency.

Due from other State funds - Account represents receivables from other State agencies and State funds. Account decreased by \$2 million (50%) in fiscal year 2012, from \$4 million in fiscal year 2011 to \$2 million in fiscal year 2012. Decrease was mainly due to interfund borrowing repayments by the General Fund.

Loans receivable - Account represents amounts due primarily from school districts that have borrowed funds under the Agency's various loan programs. Account decreased by \$2 million (67%) in fiscal year 2012, from \$3 million in fiscal year 2011 to \$1 million in fiscal year 2012. Decrease is attributable to loan repayments with \$1 million of which coming from the pay off of all emergency financial assistance loans. No new loans were granted in fiscal year 2012.

Accounts payable and accrued liabilities - Account represents liabilities of the Agency at June 30 to vendors. Account decreased by \$9 million (75%) in fiscal year 2012, from \$12 million in fiscal year 2011 to \$3 million in fiscal year 2012. Decrease was due to the following: (a) decrease in IOC held warrants at end of fiscal year 2012 by approximately \$1 million; (b) reclassification to Due to local governments of about \$6 million of IOC held warrants classified as Accounts Payable in fiscal year 2011; and (c) decrease in lapse period expenditures by \$2 million.

Obligations under securities lending - Account is in correlation with the securities lending collateral equity. Account increased by \$1 million (100%) in fiscal year 2012, from \$0 in fiscal year 2011 to \$1 million in fiscal year 2012. Increase is mainly attributable to increase in Treasurer's investment mix.

Due to local governments - Account represents liabilities of the Agency at June 30 to LEAs, including mandated categorical programs payable from subsequent year appropriations. Account decreased by \$124 million (24%) in fiscal year 2012, from \$517 million in fiscal year 2011 to \$393 million in fiscal year 2012. Decrease was mainly due to decrease in lapse period expenditures and future year appropriations of \$132 million. The decrease was slightly offset by the reclassification to this account of \$6 million IOC held warrants recorded as Accounts Payable in fiscal year 2011 and the establishment of the school maintenance liability in the amount of \$2 million.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES, Continued

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Due to component units of the State - Account represents liabilities of the Agency at June 30 to universities. Account increased by \$3 million (300%) in fiscal year 2012, from \$1 million in fiscal year 2011 to \$4 million in fiscal year 2012. Increase was mostly due to claims for reimbursements processed by the Agency during the lapse period.

Deferred revenue unavailable - Account represents revenues earned but not received within 60 days after the end of the fiscal year. Account decreased by \$20 million (45%) in fiscal year 2012, from \$44 million in fiscal year 2011 to \$24 million in fiscal year 2012. Decrease was the aftermath of the reduced funding in fiscal year 2012 of most ARRA grants.

Deferred revenue unearned - Account represents federal grants received for federal contractual payments but remained unexpended as of the end of the fiscal year. Account increased by \$1 million (100%) in fiscal year 2012.

Committed fund balance - Account represents that portion of fund balance consisting of amounts that can only be used for specific purposes, pursuant to formal action of the government's highest level of decision-making authority. Account increased by \$3 million (30%) in fiscal year 2012, from \$10 million in fiscal year 2011 to \$13 million in fiscal year 2012. Increase was mainly due to the increase in collected teachers' certification fee in fiscal year 2012.

Unassigned fund balance - Account represents the fund deficit caused by the liabilities of the Agency at June 30 for programs covered under funds 031, 561 and 857, which are to be paid from the subsequent year appropriation. Account increased by \$22 million (34%) in fiscal year 2012, from \$64 million deficit in fiscal year 2011 to \$42 million deficit in fiscal year 2012.

Fiscal Year 2011

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. Account increased by \$1,114 million (1082%) in fiscal year 2011, from \$103 million in fiscal year 2010 to \$1,217 million in fiscal year 2011. Increase was mainly due to the increase in held warrants by IOC at June 30, 2011 due to delay in voucher payments by the State.

Other receivables - Account represents receivables from LEAs on state grants that remained unexpended at the end of the program year. Account increased by \$1 million (50%) in fiscal 2011, from \$2 million in fiscal year 2010 to \$3 million in fiscal year 2011. Increase was mainly attributed to the Early Childhood Block Grant.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Accounts payable and accrued liabilities - Account represents liabilities of the Agency at June 30 to vendors. Account increased by \$1,132 million (56600%) in fiscal year 2011, from \$2 million in fiscal year 2010 to \$1,134 million in fiscal year 2011. Increase was due to increase in held warrants by IOC at June 30, 2011 due to delay in voucher payments by the State.

Nonmajor Funds/Special Revenue Funds

Unexpended appropriations - Account represents the amount of lapse period warrants and any change in liabilities for reappropriated accounts in the current year. Account increased by \$8 million (100%) in fiscal year 2011. Increase was due to increase in held warrants by IOC at June 30, 2011 due to delay in voucher payments by the State.

Due from federal government - Account represents amounts due primarily from the U.S. Department of Agriculture and the U.S. Department of Education for reimbursement of grant payments due to LEAs at June 30. Account increased by \$183 million (57%) in fiscal year 2011, from \$323 million in fiscal year 2010 to \$506 million in fiscal year 2011. Increase was mainly due to increase in lapse period LEA claims and estimated liabilities mostly under ARRA programs of \$205 million partially offset by the decrease in lapse claims for National School Lunch Program under Fund 410 (SBE Federal Department of Agriculture Fund) of \$16 million.

Due from other State funds - Account represents receivables from other State agencies and State funds. Account increased by \$3 million (300%) in fiscal year 2011, from \$1 million in fiscal year 2010 to \$4 million in fiscal year 2011. Increase was mainly due to interfund borrowings of the General Fund from other nonmajor funds, with \$2 million coming from Fund 569 (School Technology Revolving Loan Program fund).

Loans receivable - Account represents amounts due primarily from school districts that have borrowed funds under the Agency's various loan programs. Account decreased by \$2 million (40%) in fiscal year 2011, from \$5 million in fiscal year 2010 to \$3 million in fiscal year 2011. Decrease was mainly due to loan repayments.

Accounts payable and accrued liabilities - Account represents liabilities of the Agency at June 30 to vendors. Account increased by \$7 million (140%) in fiscal year 2011, from \$5 million in fiscal year 2010 to \$12 million in fiscal year 2011. Increase was due to increase in held warrants by IOC at June 30, 2011 due to delay in voucher payments by the State.

Due to local governments - Account represents liabilities of the Agency at June 30 to LEAs, including mandated categorical programs payable from subsequent year appropriations. Account increased by \$180 million (53%) in fiscal year 2011, from \$337 million in fiscal year 2010 to \$517 million in fiscal year 2011. Increase was mainly due to increase in lapse period expenditures and future year appropriations due to increased funding of ARRA related grants.

FISCAL SCHEDULES AND ANALYSIS, Continued

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES, Continued

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Due to other State funds - Account represents liability to other State agencies and State funds. Account increased by \$4 million (100%) in fiscal year 2011, from \$4 million in fiscal year 2010 to \$8 million in fiscal year 2011. Increase was mainly attributed to the mandatory transfers from the Illinois Community College Board (Agency 684) under CFDA# 84.048.

Deferred revenue unavailable - Account represents revenues earned but not received within 60 days after end of fiscal year. Account increased by \$39 million (780%) in fiscal year 2011, from \$5 million in fiscal year 2010 to \$44 million in fiscal year 2011. Increase was mainly due to increase of ARRA related grants in fiscal year 2011.

Reserved for long-term portion of loans receivable - Account represents reserved funds for the long-term portion of loans receivable. Account decreased by \$2 million (40%) in fiscal year 2011, from \$5 million in fiscal year 2010 to \$3 million in fiscal year 2011. Decrease was mainly due to loan collections from various LEAs.

Unreserved, unrestricted net assets - Account represents the deficit caused by the liabilities of the Agency at June 30 for programs covered under funds 031, 561 and 857, which are to be paid from the subsequent year appropriations. Account decreased by \$37 million (206%) in fiscal year 2011, from \$18 million deficit in fiscal year 2010 to \$55 million deficit in fiscal year 2011.

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

Schedule 12

FISCAL SCHEDULE AND ANALYSIS, Continued

ANALYSIS OF ACCOUNTS RECEIVABLE
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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 school districts.

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

	<u>2012</u>	<u>2011</u>
Due from federal government	\$ 378,098	\$ 506,076
Due from local governments (net of allowance of \$144 in 2012)	1,814	2,366
Other receivables	522	3,458
Due from other State funds	1,892	3,733
Due from component units of the State	<u>82</u>	<u>324</u>
Total receivables	<u>\$ 382,408</u>	<u>\$ 515,957</u>
Aging of other receivables:		
Receivables - current	\$ 67	\$ 1,683
1 - 30 days past due	15	-
31 - 90 days past due	12	332
91 - 180 days past due	46	207
181 - 365 days past due	-	220
Over 365 days past due	<u>382</u>	<u>1,016</u>
Total other receivables	<u>\$ 522</u>	<u>\$ 3,458</u>

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

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.

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED)

AGENCY FUNCTIONS AND PLANNING PROGRAM (Unaudited)
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Agency Functions

The Illinois State Board of Education (Agency) was organized to provide leadership, assistance, resources and advocacy so that every student is prepared to succeed in careers and postsecondary education, and share accountability for doing so with districts and schools. The Agency is responsible for oversight of elementary and secondary public 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, Education.

The Agency is responsible for matters related to public schools and selected private schools, serving students from pre-school through secondary school and vocational 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 specific powers and duties of the State Board of Education are described in Article 1A of the School Code (105 ILCS 5/1A et seq.).

The Illinois State Board of Education consisted of nine members who are appointed by the Governor with the consent of the Senate. Board members serve four-year terms, with State Board membership limited to two consecutive terms.

The Governor, with the advice and consent of the Senate, appoints the Chair of the State Board of Education. The current chair is Gery J. Chico. The Board appoints the State Superintendent of Education. The current State Superintendent of Education, Dr. Christopher Koch, was appointed to the position on December 1, 2006.

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. The Strategic Plan has evolved over the years, specifically being reassessed in 2008 after an analysis of data and emerging trends. The Agency refocused the vision of the Strategic Plan to strengthen and align its goals with the changing educational demands of preparing students for success in careers and college in the 21st century. A new mission and goals were adopted as follows:

Mission Statement:

The mission of the Illinois State Board of Education is to provide leadership, assistance, resources and advocacy so that every student is prepared to succeed in careers and postsecondary education, and share accountability for doing so with districts and schools.

This mission statement was accompanied by three broad yet clearer goals that better reflect the priorities of the Agency. The goals and objectives are intended to assist the Agency in reaching the ultimate learning outcome for every student in Illinois. The Agency ensures that the goals and objectives are met through monitoring the performance strategies. The Agency provides assistance to school districts in meeting the goals and related objectives listed below:

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

AGENCY FUNCTIONS AND PLANNING PROGRAM (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Goal No.1: Every student will demonstrate academic achievement and be prepared for success after high school.

Goal No.2: Every student will be supported by highly prepared and effective teachers and school leaders.

Goal No.3: Every school will offer a safe and healthy learning environment for all students.

The Agency's strategy focuses on four critical areas to achieve the goals for Illinois schoolchildren. These four initiatives help guide the Agency in its mission and goals.

1. Improving internationally benchmarked student learning standards and a new and improved assessment system aligned to college and career readiness standards.

The Agency's first initiative is the adoption and implementation of world class learning standards and assessments. The Agency adopted the Common Core State Standards as Illinois' newly revised learning standards for K-12 education in English-language arts and math and a new assessment system based on the Common Core will be in place for the 2014-2015 school year.

2. Establishing a longitudinal data system that will allow the Agency to collect student data throughout pre-K to 20 system and ultimately, into the work force.

The Agency's second key reform area is creating and implementing a statewide longitudinal data system. With funding provided by federal grants that the Agency secured, the Agency continue to make progress in building the infrastructure and systems that will support the Illinois Longitudinal Data System. The statewide Illinois Longitudinal Data System will provide data to help track the outcomes of students as they progress from pre-K through postsecondary education and into the work force.

3. Implementing program and policy changes to improve teacher and school leader effectiveness.

The Agency's third key reform area is adopting policies and procedures to ensure every student is supported by a highly effective teacher in the classroom and a highly effective school leader in every building.

4. Targeting statewide interventions and support to the lowest performing schools and districts.

The Agency's fourth initiative is to prioritize resources and have the political will to intervene with drastic measures in the lowest performing schools.

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**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

**AVERAGE NUMBER OF EMPLOYEES AND
AVERAGE SALARY PER EMPLOYEE (Unaudited)
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

Average number of employees by division is presented as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
NUMBER OF EMPLOYEES AT JUNE 30			
State Operating and Trust Funds	264	276	287
Federal Trust Funds	<u>182</u>	<u>181</u>	<u>201</u>
Total Agency employees at June 30	<u>446</u>	<u>457</u>	<u>488</u>
AVERAGE NUMBER OF EMPLOYEES			
State Operating and Trust Funds	275	282	296
Federal Trust Funds	<u>177</u>	<u>186</u>	<u>195</u>
Total average number of employees	<u>452</u>	<u>468</u>	<u>491</u>
Total personal service expenditures	<u>\$ 31,253,071</u>	<u>\$ 32,393,887</u>	<u>\$ 33,149,831</u>
Average salary per employee	<u>\$ 69,144</u>	<u>\$ 69,218</u>	<u>\$ 67,515*</u>

** Amount reported in the prior year report was revised to conform with the average salary calculation used for fiscal years 2012 and 2011.*

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

**ANNUAL COST STATISTICS (Unaudited)
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Number of Public School Districts, 2011-2012

	<u>Operating</u>	<u>Nonoperating</u>	<u>Other</u>	<u>Total</u>
Elementary (Pre K-8)	377	-	-	377
Secondary (9-12)	99	2	-	101
Unit	390	-	-	390
State-operated	5	-	-	5
Total	<u>871</u>	<u>2</u>	<u>0</u>	<u>873</u>

Number of Public and Nonpublic Attendance Centers, 2011-2012

	<u>Public</u> ⁽¹⁾	<u>Nonpublic</u> ⁽²⁾	<u>Total</u>
Elementary	2,578	1,044	3,622
Junior High	621	N/A	621
High School/ Secondary	682	146	828
Unit	N/A	208	208
Special Education and Others	391	70	461
Total	<u>4,272</u>	<u>1,468</u>	<u>5,740</u>

⁽¹⁾ Includes Department of Corrections

⁽²⁾ Voluntarily reported and registered with ISBE

School Enrollment, 2011-2012

	<u>Public</u>	<u>Nonpublic</u> ⁽³⁾	<u>Total</u>	<u>Percent</u>
Elementary (Pre K-8)	1,455,660	177,884	1,633,544	70.4%
Secondary (9-12)	631,968	55,941	687,909	29.6%
Total	<u>2,087,628</u>	<u>233,825</u>	<u>2,321,453</u>	<u>100.0%</u>
Percent	<u>89.9%</u>	<u>10.1%</u>	<u>100.0%</u>	

⁽³⁾ Nonpublic schools reported data on a voluntary basis; does not include ungraded students.

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Racial - Ethnic Distribution of Statewide Public School Enrollment, 2011-2012

	<u>Students</u>	<u>Percent</u>
White Non-Hispanic	1,058,628	50.7%
Black Non-Hispanic	379,485	18.2%
Hispanic	492,273	23.6%
Asian	87,775	4.2%
American Indian-Alaskan	6,610	0.3%
Hawaiian or Other Pacific Islander	2,117	0.1%
Multi Racial	60,740	2.9%
Total	<u>2,087,628</u>	<u>100.0%</u>
Total percent of minority students		<u>49.3%</u>

Public School Bilingual (Limited English Proficient) Education Enrollment, 2011-2012

	<u>Chicago</u>	<u>Downstate</u>	<u>Total</u>	<u>Percent</u>
Spanish	60,310	107,021	167,331	80.7%
Polish	1,161	4,689	5,850	2.8%
Arabic	1,351	4,313	5,664	2.7%
Urdu	827	1,971	2,798	1.3%
Pilipino (Tagalog)	398	1,451	1,849	0.9%
Gujarati	212	1,565	1,777	0.9%
Cantonese (Chinese)	989	405	1,394	0.7%
Korean	78	1,267	1,345	0.6%
Vietnamese	466	876	1,342	0.6%
Mandarin (Chinese)	320	952	1,272	0.6%
Russian	88	1,127	1,215	0.6%
Assyrian (Syriac, Aramaic)	246	562	808	0.4%
French	220	579	799	0.4%
Hindi	94	639	733	0.4%
Telugu (Telegu)	47	582	629	0.3%
Japanese	33	552	585	0.3%
Ukrainian	190	342	532	0.3%
Malayalam	25	500	525	0.3%

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Public School Bilingual (Limited English Proficient) Education Enrollment, 2011-2012 (Continued)

	<u>Chicago</u>	<u>Downstate</u>	<u>Total</u>	<u>Percent</u>
Others (Unidentified)	216	1,297	1,513	0.7%
Others (Identified)	2,418	7,038	9,456	4.5%
 Total	 <u>69,689</u>	 <u>137,728</u>	 <u>207,417</u>	 <u>100.0%</u>

Twelfth Grade Graduates, 2011-2012

	<u>Public</u>	<u>Nonpublic</u>	<u>Total</u>
Male	66,047	8,882	74,929
Female	68,213	8,632	76,845
 Total	 <u>134,260</u>	 <u>17,514</u>	 <u>151,774</u>

Public Secondary School Dropouts by Gender and Ethnicity, 2011-2012

	<u>Female</u>	<u>Male</u>	<u>Total</u>
White Non-Hispanic	2,126	3,268	5,394
Black Non-Hispanic	2,345	3,160	5,505
Hispanic	1,627	2,330	3,957
Asian	44	97	141
Native Hawaiian-Pacific Islander	4	4	8
American Indian-Alaskan	25	38	63
Multiracial	138	191	329
 Total	 <u>6,309</u>	 <u>9,088</u>	 <u>15,397</u>

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Median/Mean Salaries for Selected Full-Time Personnel, 2011-2012

	<u>Median</u>	<u>Mean</u>
Pre-Kindergarten Teachers	\$53,923	\$57,716
Kindergarten Teachers	55,789	58,991
Elementary Teachers (1-8)	60,837	64,025
Secondary Teachers (9-12)	67,536	71,649
Special Education Teachers	62,386	65,770
District Administrators	103,244	106,847
School Service Personnel	68,868	71,756
Supervisors	88,393	91,619
District Superintendents	143,655	158,313
Principals	105,590	109,947
Assistant Principals	97,459	98,402

Salaries include board-paid retirement, extra-duty pay, flexible benefit plans, bonus payments and retirement incentives.

Public School Pupil-to-Teacher Ratios, 2011-2012

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>
2002-03	18.4	18.2
2003-04	19.4	18.8
2004-05	18.9	18.4
2005-06	19.1	18.9
2006-07	18.8	18.8
2007-08	18.3	18.0
2008-09	18.4	18.0
2009-10	18.2	18.2
2010-11	18.8	18.9
2011-12	18.9	18.8

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Number of Public School Districts, 2010-2011

	<u>Operating</u>	<u>Nonoperating</u>	<u>Other</u>	<u>Total</u>
Elementary (Pre K-8)	378	-	-	378
Secondary (9-12)	101	2	-	103
Unit	388	-	-	388
State-operated	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total	<u>872</u>	<u>2</u>	<u>-</u>	<u>874</u>

Number of Public and Nonpublic Attendance Centers, 2010-2011

	<u>Public</u> ⁽¹⁾	<u>Nonpublic</u> ⁽²⁾	<u>Total</u>
Elementary	2,603	843	3,446
Junior High	618	N/A	618
High School/ Secondary	689	122	811
Unit	N/A	128	128
Special Education and Others	<u>386</u>	<u>38</u>	<u>424</u>
Total	<u>4,296</u>	<u>1,131</u>	<u>5,427</u>

⁽¹⁾ Includes Department of Corrections

⁽²⁾ Voluntarily reported and registered with ISBE

School Enrollment, 2010-2011

	<u>Public</u>	<u>Nonpublic</u> ⁽³⁾	<u>Total</u>	<u>Percent</u>
Elementary (Pre K-8)	1,461,307	184,089	1,645,396	70.3%
Secondary (9-12)	<u>636,838</u>	<u>57,234</u>	<u>694,072</u>	<u>29.7%</u>
Total	<u>2,098,145</u>	<u>241,323</u>	<u>2,339,468</u>	<u>100.0%</u>
Percent	<u>89.7%</u>	<u>10.3%</u>	<u>100.0%</u>	

⁽³⁾ Nonpublic schools reported data on a voluntary basis; does not include ungraded students.

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Racial - Ethnic Distribution of Statewide Public School Enrollment, 2010-2011

	<u>Students</u>	<u>Percent</u>
White Non-Hispanic	1,077,037	51.3%
Black Non-Hispanic	386,754	18.4%
Hispanic	478,050	22.8%
Asian	85,872	4.1%
American Indian-Alaskan	7,549	0.4%
Hawaiian or Other Pacific Islander	2,937	0.1%
Multi Racial	59,946	2.9%
Total	<u>2,098,145</u>	<u>100.0%</u>
Total percent of minority students		<u>48.7%</u>

Public School Bilingual Education Enrollment, 2010-2011

	<u>Chicago</u>	<u>Downstate</u>	<u>Total</u>	<u>Percent</u>
Spanish	58,239	101,744	159,983	81.0 %
Polish	1,263	4,310	5,573	2.8%
Arabic	1,255	3,608	4,863	2.5%
Urdu	812	1,856	2,668	1.4%
Gujarati	241	1,557	1,798	0.9%
Pilipino (Tagalog)	404	1,374	1,778	0.9%
Korean	98	1,318	1,416	0.7%
Vietnamese	472	860	1,332	0.7%
Cantonese (Chinese)	920	397	1,317	0.6%
Russian	98	1,096	1,194	0.6%
Mandarin (Chinese)	288	861	1,149	0.6%
Assyrian (Syriac, Aramaic)	236	517	753	0.4%
French	205	486	691	0.4%
Hindi	88	551	639	0.3%
Japanese	33	558	591	0.3%
Malayalam	38	489	527	0.3%
Telugu (Telegu)	33	464	497	0.2%

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Public School Bilingual Education Enrollment, 2010-2011 (Continued)

	<u>Chicago</u>	<u>Downstate</u>	<u>Total</u>	<u>Percent</u>
Others (Unidentified)	233	1,066	1,299	0.7%
Others (Identified)	2,398	6,922	9,320	4.7%
 Total	 <u>67,354</u>	 <u>130,034</u>	 <u>197,388</u>	 <u>100%</u>

Twelfth Grade Graduates, 2010-2011

	<u>Public</u>	<u>Nonpublic</u>	<u>Total</u>
Male	65,044	8,574	73,618
Female	67,604	8,464	76,068
 Total	 <u>132,648</u>	 <u>17,038</u>	 <u>149,686</u>

Public Secondary School Dropouts by Gender and Ethnicity, 2010-2011

	<u>Female</u>	<u>Male</u>	<u>Total</u>
White Non-Hispanic	2,347	3,586	5,933
Black Non-Hispanic	3,144	4,028	7,172
Hispanic	1,872	2,552	4,424
Asian	60	103	163
Native Hawaiian-Pacific Islander	8	15	23
American Indian-Alaskan	30	57	87
Multiracial	154	254	408
 Total	 <u>7,615</u>	 <u>10,595</u>	 <u>18,210</u>

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

ANNUAL COST STATISTICS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Median/Mean Salaries for Selected Full-Time Personnel, 2010-2011

	<u>Median</u>	<u>Mean</u>
Pre-Kindergarten Teachers	\$ 47,920	\$ 50,674
Kindergarten Teachers	54,716	57,810
Elementary Teachers (1-8)	58,425	61,691
Secondary Teachers (9-12)	67,178	71,546
Special Education Teachers	61,364	64,289
Administrators	101,587	105,306
School Service Personnel	67,653	69,986
Supervisors	87,455	89,552
District Superintendents	143,337	156,901
Principals	105,146	108,533
Assistant Principals	95,270	96,615

Salaries include board-paid retirement, extra-duty pay, flexible benefit plans, bonus payments and retirement incentives.

Public School Pupil-to-Teacher Ratios, 2010-2011

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>
2001-02	19.1	18.3
2002-03	18.4	18.2
2003-04	19.4	18.8
2004-05	18.9	18.4
2005-06	19.1	18.9
2006-07	18.8	18.8
2007-08	18.3	18.0
2008-09	18.4	18.0
2009-10	18.2	18.2
2010-11	18.8	18.9

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited)

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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
2012	World-Class Instructional Design and Assessment (WIDA)	Title III Elementary and Secondary Education Act (ESEA) requires the vendor to provide the assessment, Access for English Language Learners (ELLs), which is validated through comparative studies by the WIDA Consortia.	07/01/2009 - 06/30/2012	\$ 4,361,389
2012	Peoria County Regional Office of Education	Contractor will administer, plan and implement the Illinois Virtual High School (IVHS).	04/01/2009 - 06/30/2013	1,450,000
2012	Northern Illinois University (NIU)	Illinois Interactive Report Card (IIRC)	09/10/2003 - 06/30/2012	1,179,539
2012	Board of Trustees of the University of Illinois	Contractor will work with ISBE and the partners in the Illinois New Teacher Collaborative.	08/01/2006 - 08/31/2012	910,840
2012	Illinois Student Assistance Commission (ISAC)	To establish a partnership between ISBE and ISAC and provide funding for ISAC to perform certain services related to the State Longitudinal Data Systems (SLDS) ARRA Grant.	06/23/2011- 06/30/2016	806,234

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2012	Illinois Department of Human Services (IDHS)	The Gateways to Opportunity Scholarship Program (formerly T.E.A.C.H. Early Childhood Program) and the Illinois Infant Toddler Credential will increase the number and quality of teachers in early childhood programs. The Gateways Scholarship Program is an individual-based scholarship opportunity for practitioners that is administered by Illinois Network of Child Care Resource and Referral Agencies (INCCRRA) with funding from IDHS. The goals of the program are to enhance practitioner education levels, increase fractioned compensation and improve the consistency of care for children. The Illinois Infant Toddler Credential validates the specialized knowledge, skills, and experience needed to work with infants and toddlers and is recognized by the State of Illinois.	01/04/2011-06/30/2012	\$ 500,000
2012	Regional Office of Education #41	Building State Capacity and Title IV Statewide Activities	09/28/2011-06/30/2012	424,622
2012	Illinois State University	The contractor shall coordinate the work of the 7 regional coordinators and 62 candidate cohort facilitators (CCF) to partner teachers, National Board Certified Teachers (NBCTs) candidates, and National Board for Professional Teaching Standards (NBPTS) supporters to recruit & support Illinois NBPTS candidates.	06/30/2010 - 06/30/2012	372,808
2012	Regional Office of Education #51	To provide staff support for statewide education initiatives.	10/15/2009 - 06/30/2012	250,000

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUM OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2012	Wisconsin Center for Education Research (WCER)	Spanish Academic Language Standards and Assessment (SALSA) - Intergovernmental agreement specifies contractual deliverables for the SALSA Enhanced Assessment Grant.	11/17/2011 - 08/31/2012	\$ 239,827
2012	University of Illinois	To provide annual survey of intended and unintended consequences of assessment programs, annual evaluation of psychometric services, and accuracy of test scale calculators, with periodic special reports.	05/05/2008 - 06/30/2012	211,000
2012	Illinois Community College Board (ICCB)	To establish a partnership between ISBE and the ICCB and provide funding for ICCB to perform certain services related to the SLDS ARRA Grant.	03/31/2011 - 06/30/2013	164,775
2012	University of Illinois	To provide oversight and coordination to on-going and emerging board priorities.	05/30/2008 - 06/30/2012	142,366
2012	Regional Office of Education #39	Professional development coordinator	12/01/2011 - 06/30/2012	137,570
2012	University of Illinois	Contractor will assist ISBE on Board priorities (high school reform), serve on Superintendent's senior leadership team, serve as resource person, represent ISBE, and perform all other tasks assigned at the request of State Superintendent.	05/30/2008 - 06/30/2012	136,434
2012	Illinois Department of Public Health (IDPH)	Agreement to pay IDPH for conducting health inspections at Summer Food Service Programs (SFSP) sites.	05/01/2009 - 04/30/2014	135,000

**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2012	Illinois Board of Higher Education	To establish a partnership between ISBE and the IBHE to provide funding for the Project Services and develop and implement the successor to the Illinois Shared Enrollment and Graduation (ISEG) Database to include independent, not-for-profit colleges and universities and for-profit colleges and universities.	12/08/2009 - 06/30/2013	\$ 126,951
2012	Northern Illinois University	21st Century Community Learning Centers (CCLC) Evaluation	01/16/2006 - 12/31/2011	121,568
2012	Illinois Board of Higher Education (IBHE)	To establish a partnership between ISBE and the IBHE and provide funding for IBHE to perform certain services related to the SLDS ARRA Grant.	01/04/2011 - 06/30/2013	109,979
2012	Regional Office of Education #51	To provide consultant support for statewide initiatives supported by the Illinois Mathematics and Sciences Partnership Program, McKinney-Vento Homeless Education Program, Learn and Serve Program and Enhancing Education Through Technology program .	10/15/2009 - 06/30/2012	107,270
2012	Madison County ROE #41	To provide updated surveys and assessments for the Illinois Data Portal.	06/23/2011 - 09/30/2011	53,750
2012	Department of Human Services	Building State Capacity	07/01/2011 - 09/30/2011	50,000

**STATE OF ILLINOIS
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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2011	World-Class Instructional Design and Assessment	Title III ESEA requires the vendor to provide the assessment, Access for ELLs, which is validated through comparative studies by the WIDA Consortia.	07/01/2009 - 06/30/2012	\$ 4,147,798
2011	Peoria County Regional Office of Education	Contractor will administer, plan and implement the Illinois Virtual High School (IVHS).	04/01/2009 - 06/30/2013	1,280,000
2011	Northern Illinois University	IIRC	09/10/2003 - 06/30/2012	995,771
2011	Board of Trustees of the University of Illinois	Contractor will work with ISBE and partners in the Illinois New Teacher Collaborative.	08/01/2006 - 08/31/2012	679,596
2011	Illinois State University	Contractor will provide technical assistance and professional support services (including fiscal services) for ISBE's obligations under Gates Foundation grant.	11/01/2008 - 06/30/2012	660,000
2011	Illinois Department of Human Services	The Gateways to Opportunity Scholarship Program (formerly T.E.A.C.H. Early Childhood Program) and the Illinois Infant Toddler Credential will increase the number and quality of teachers in early childhood programs. The Gateways Scholarship Program is an individual-based scholarship opportunity for practitioners that is administered by Illinois Network of child Care Resource and Referral Agencies (INCCRRA) with funding from IDHS. The goals of the program are to enhance practitioner education levels, increase practitioner compensation and improve the consistency of care for children. The Illinois Infant Toddler Credential validates the specialized knowledge, skills, and experience needed to work with infants and toddlers and is recognized by the State of Illinois.	01/04/2011 - 06/30/2012	500,000

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2011	Rock Island Regional Office of Education	Monitoring preschool for all 3-5 programs.	10/08/2010 - 06/30/2011	\$ 409,422
2011	Illinois State University	The contractor shall coordinate the work of the 7 regional coordinators and 62 candidate cohort facilitators (CCF) to partner teachers, NBCTs, candidates, and NBPTs supporters to recruit & support Illinois NBPTS candidates.	06/30/2010 - 06/30/2012	380,625
2011	University of Illinois	To provide annual survey of intended and unintended consequences of assessment programs, annual evaluation of psychometric services, and accuracy of test scale calculators, with periodic special reports.	05/05/2008 - 06/30/2012	250,000
2011	Regional Office of Education #51	Intergovernmental agreement to provide consultant Support for Statewide initiatives supported by the Illinois Mathematics and Science Partnership Program.	07/01/2010 - 06/30/2011	212,700
2011	Madison County ROE #41	To provide updated surveys and assessments for the Illinois Data Portal.	06/23/2011-09/30/2011	161,250
2011	Illinois Student Assistance Commission (ISAC)	To establish a partnership between ISBE and ISAC and provide funding for ISAC to perform certain services related to the SLDS ARRA Grant.	06/23/2011 - 06/30/2013	147,161
2011	Northern Illinois University	21st CCLC Evaluation	01/16/2006 - 08/31/2011	144,089

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

MEMORANDUMS OF UNDERSTANDING (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Fiscal Year	Parties of Agreement	Description	Period Covered	Amount
2011	University of Illinois	Contractor will assist ISBE on Board priorities (high school reform), serve on Superintendent's senior leadership team, serve as resource person, represent ISBE, and perform all other tasks assigned at the request of State Superintendent.	05/30/2008 - 06/30/2012	\$ 142,366
2011	Illinois Department of Public Health	Agreement to pay IDPH for conducting health inspections at Summer Food Service Programs (SFSP) sites.	05/01/2009 - 04/30/2014	135,000
2011	Illinois Board of Higher Education (IBHE)	Intergovernmental Agreement to integrate existing infrastructure and data systems of both IBHE and ISBE for Illinois Longitudinal Data System.	12/04/2009 - 06/30/2013	131,369
2011	Regional Office of Education #51	To provide staff support for statewide education initiatives.	10/15/2009 - 06/30/2012	115,350
2011	DuPage Regional Office of Education #19	Contractor shall provide services to support ISBE administration of the Reading 1st Program.	08/24/2010 - 09/30/2010	97,750

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

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 the 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 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	Performance Measures		
<u>Schools/Students</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Number of Operating School Districts	866	868	868
Number of Schools with Report Card Information	3,873	3,904	3,912
Low-Income Rate	49.0%	48.1%	45.4%
Limited English Proficient Rate	9.4%	8.8%	7.6%
Dropout Rate	2.5%	2.7%	3.8%
Attendance Rate	94.4%	94.0%	93.9%
Student Mobility Rate	13.1%	12.8%	13.0%
Chronic Truancy Rate	8.6%	3.2%	3.6%
Graduation Rate	82.3%	83.8%	87.8%

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited), Continued

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

Performance Indicators	Performance Measures		
Student Achievement - Percent of Students Meeting or Exceeding State Performance Standards	<u>2012</u>	<u>2011</u>	<u>2010</u>
Reading			
Third Grade	76.1	74.7	73.7
Fourth Grade	76.0	74.7	73.7
Fifth Grade	77.8	76.4	74.7
Sixth Grade	81.7	84.1	81.2
Seventh Grade	78.1	78.8	77.5
Eight Grade	86.2	85.0	84.1
Eleventh Grade	50.7	51.0	54.0
Mathematics			
Third Grade	87.7	87.3	86.3
Fourth Grade	88.1	87.7	86.0
Fifth Grade	83.6	84.0	83.4
Sixth Grade	85.0	84.0	84.6
Seventh Grade	84.6	84.3	84.4
Eight Grade	85.0	86.3	83.7
Eleventh Grade	51.6	51.3	52.7
Science			
Fourth Grade	79.8	79.3	76.7
Seventh Grade	79.9	81.9	82.4
Eleventh Grade	51.7	49.2	52.4
ACT Composite Score (schools with Report Card Information)	20.6	20.6	20.7

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

Performance Indicators	Performance Measures		
<u>Teacher Information</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Number of Teachers (Full Time Equivalent)	127,830	128,262	132,502
Years of Teaching Experience (average)	12.9	13.2	12.7
Percent with Graduate Degree	61.7	60.4	57.4
Students Per Teacher (elementary)	18.9	18.8	18.2
Students Per Teacher (secondary)	18.8	18.9	18.2
Students Per Administrator	205.0	211.3	203.8
Teacher Salary (average)	\$66,614	\$64,978	\$63,296
Administrator Salary (average)	\$110,870	\$109,759	\$109,091
<u>Financial Information</u> (2010-2011; 2009-2010; 2008-2009)			
Instructional Expenditures Per Pupil	\$6,824	\$6,773	\$6,483
Operational Expenditures Per Pupil	\$11,664	\$11,537	\$11,197
<u>Percent of Expenditures by Function</u> (2010-2011; 2009-2010; 2008-2009)			
Instruction	48.3%	47.5%	46.1%
General Administration	3.3%	3.2%	3.2%
Support Services	30.7%	31.5%	32.2%
Other Expenditures	17.7%	17.8%	18.5%
<u>Percent of Expenditures by Fund</u> (2010-2011; 2009-2010; 2008-2009)			
Education	73.7%	72.9%	69.6%
Operations and Maintenance	5.9%	6.0%	7.9%
Transportation	3.8%	3.8%	3.8%
Bond and Interest	7.4%	7.2%	7.0%
All Others	9.2%	10.1%	11.7%

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

SCHEDULE OF INDIRECT COST REIMBURSEMENTS (Unaudited)

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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 2012 and 2011 and the related fund balances.

	<u>2012</u>	<u>2011</u>
Fund Balance, Beginning	\$ 2,074,674	\$ 1,101,374
Special Education - Grants to States	836,362	1,298,554
Child Nutrition Grants	742,679	1,047,116
Title I Grants to Local Education Agencies	552,320	1,011,108
Statewide Data Systems	284,089	220,143
Improving Teacher Quality State Grants	69,727	96,980
School Improvement Grants	56,612	47,763
Twenty-First Century Community Learning Centers	54,759	65,194
English Language Acquisition State Grants	53,136	149,873
Striving Readers	48,775	50,181
Career and Technical Education - Basic		
Grants to States	47,963	67,455
Special Education - Preschool Grants	34,960	80,198
Mathematics and Science Partnerships	24,301	63,185
Special Education - State Personnel Development	12,533	10,048
Cooperative Agreements to Support Comprehensive		
School Health Programs to Prevent the Spread of		
HIV and Other Important Health Problems	12,332	22,002
Learn and Serve America	11,418	42,389
Education for the Homeless Children and Youth	8,084	22,668
Title I State Agency Program for Neglected		
and Delinquent Children and Youth	2,497	470
Rural Education	2,106	6,297
Charter Schools	1,174	33,383
Technology Literacy Challenge Fund Grants	1,057	-

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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

SCHEDULE OF INDIRECT COST REIMBURSEMENTS (Unaudited), Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Tech-Prep Education	\$ 333	\$ 14,746
Even Start - State Educational Agencies	200	9,175
Educational Technology State Grants	-	45,907
Reading First State Grants	-	36,308
Commodities - State Grants	-	16,886
Migrant Education - State Grant Program	-	1,740
Transition To Teaching	-	784
	<u>2,857,417</u>	<u>4,460,553</u>
 Total Available	 4,932,091	 5,561,927
 Less: Expenditures		
Agency Operations	<u>2,818,349</u>	<u>3,487,253</u>
 Fund Balance, Ending	 <u>\$ 2,113,742</u>	 <u>\$ 2,074,674</u>